

Company Registration No. 02792107 (England and Wales)

SPECIALIST COATINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

SPECIALIST COATINGS LIMITED

COMPANY INFORMATION

Directors	Mr A D Mitchell Mrs I Mitchell Dr A Mitchell
Secretary	Mrs I Mitchell
Company number	02792107
Registered office	Faverdale Faverdale Industrial Estate Darlington Co Durham DL3 0PP
Auditor	Robson Laidler Accountants Limited Fernwood House Fernwood Road Jesmond Newcastle Upon Tyne NE2 1TJ
Accountants	DMC North Accounting Services Limited A1 Marquis Court Team Valley Trading Estate Gateshead NE11 0RU

SPECIALIST COATINGS LIMITED

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SPECIALIST COATINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

Fair review of the business

The company has continued to invest in its property situated at its Faverdale, Darlington site. There has been continued renovation of the onsite properties and investment in plant and equipment.

The company has suffered, like many business's, during the coronavirus pandemic. Turnover has fallen during the year, however we hope this returns to pre pandemic performance in the 2022 year end.

Principal risks and uncertainties

The UK economy, in general, the continued uncertainty surrounding the ongoing COVID-19 global pandemic, along with the fluctuating price of oil have proven to be risks that the company has faced during this year. Planning for the continued effects of the UK reacting to the COVID-19 pandemic, including furlough and redundancies, has remained a challenge as the future effects of this pandemic remain unclear.

Development and performance

The company has utilised all of the property, plant and equipment investment from previous years to ensure that the turnover has not continued to fall during the Covid-19 pandemic. The company still has plans to expand in future years with strategies in place to ensure that the performance of the company is not affected by the ongoing pandemic. The company has reacted quickly to ensure that government lockdowns and current COVID-19 variants have been planned for in the best possible way so as to cause as little effect on performance as possible.

Key performance indicators

Sales and cash flow still remain as the major key performance indicators for the company to monitor performance and position.

	2021	2020	
	£'000	£'000	%
Sales	6,754	9,093	(25.72) %
Cash	342	36 850	%

The sales of the company have decreased on the previous year by 25.72%. There has also been an increase in the bank balances in the current year.

The company continues to maintain a good working relationship with its banking provider.

Other information and explanations

Going forward the directors hope to continue to develop the Faverdale site and will look to increase operations as available capacity increases at this site. The goal being to continue to achieve cost savings as a result of economies of scale. The company does have exciting opportunities in the pipeline, however, the current plight of the COVID-19 pandemic remains the biggest threat to these opportunities.

On behalf of the board

Mr A D Mitchell

Director

21 December 2021

SPECIALIST COATINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A D Mitchell

Mrs I Mitchell

Dr A Mitchell

Auditor

Robson Laidler Accountants Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr A D Mitchell

Director

21 December 2021

SPECIALIST COATINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SPECIALIST COATINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPECIALIST COATINGS LIMITED

Opinion

We have audited the financial statements of Specialist Coatings Limited (the 'company') for the year ended 31 March 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

SPECIALIST COATINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SPECIALIST COATINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The risk of material misstatement due to error or fraud has been assessed in conjunction with how internal controls may mitigate any such risk. These controls are reviewed as part of the audit by performing systems walkthroughs to ensure they operate effectively. Other substantive testing is also performed on all material balances and therefore any instances of non-compliance should be identified or considered insignificant.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SPECIALIST COATINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) **TO THE MEMBERS OF SPECIALIST COATINGS LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Michael Moran FCA (Senior Statutory Auditor)
For and on behalf of Robson Laidler Accountants Limited

22 December 2021

Statutory Auditor

Fernwood House
Fernwood Road
Jesmond
Newcastle Upon Tyne
NE2 1TJ

SPECIALIST COATINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	6,753,788	9,093,010
Cost of sales		(3,324,484)	(4,467,787)
Gross profit		<u>3,429,304</u>	<u>4,625,223</u>
Administrative expenses		(2,581,245)	(2,901,692)
Other operating income		460,926	301,516
Operating profit	4	<u>1,308,985</u>	<u>2,025,047</u>
Interest receivable and similar income		3,030	12,106
Interest payable and similar expenses	7	(10,624)	(17,125)
Profit before taxation		<u>1,301,391</u>	<u>2,020,028</u>
Tax on profit	8	(101,303)	(156,791)
Profit for the financial year		<u><u>1,200,088</u></u>	<u><u>1,863,237</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SPECIALIST COATINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Profit for the year	1,200,088	1,863,237
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,200,088</u>	<u>1,863,237</u>

SPECIALIST COATINGS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		6,246,737		6,542,165
Current assets					
Stocks	11	47,235		47,235	
Debtors	12	3,521,420		4,324,360	
Cash at bank and in hand		344,652		35,830	
		<u>3,913,307</u>		<u>4,407,425</u>	
Creditors: amounts falling due within one year	13	<u>(4,024,281)</u>		<u>(5,049,363)</u>	
Net current liabilities			(110,974)		(641,938)
Total assets less current liabilities			<u>6,135,763</u>		<u>5,900,227</u>
Creditors: amounts falling due after more than one year	14		(285,141)		(581,243)
Provisions for liabilities					
Deferred tax liability	17	<u>163,388</u>		<u>184,838</u>	
			(163,388)		(184,838)
Net assets			<u>5,687,234</u>		<u>5,134,146</u>
Capital and reserves					
Called up share capital	20		8		8
Revaluation reserve			827,521		836,827
Profit and loss reserves			<u>4,859,705</u>		<u>4,297,311</u>
Total equity			<u>5,687,234</u>		<u>5,134,146</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 21 December 2021 and are signed on its behalf by:

Mr A D Mitchell
Director

Company Registration No. 02792107

SPECIALIST COATINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 April 2019		8	846,133	3,071,768	3,917,909
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	1,863,237	1,863,237
Dividends	9	-	-	(647,000)	(647,000)
Transfers		-	(9,306)	9,306	-
Balance at 31 March 2020		8	836,827	4,297,311	5,134,146
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	1,200,088	1,200,088
Dividends	9	-	-	(647,000)	(647,000)
Transfers		-	(9,306)	9,306	-
Balance at 31 March 2021		8	827,521	4,859,705	5,687,234

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Specialist Coatings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Faverdale, Faverdale Industrial Estate, Darlington, Co Durham, DL3 0PP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purpose of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosure' - Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Almit Group Limited. These consolidated financial statements are available from its registered office Faverdale, Faverdale Industrial Estate, Darlington, DL3 0PP.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Plant and equipment	15% reducing balance
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Wet and powder painting of metal structures	6,753,788	9,093,010

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Turnover and other revenue (Continued)

	2021	2020
	£	£
Other significant revenue		
Interest income	3,030	12,106
Grants received	17,425	19,509
	<u> </u>	<u> </u>
	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	6,753,788	9,093,010
	<u> </u>	<u> </u>

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	1,443	-
Government grants	(17,425)	(19,509)
Depreciation of owned tangible fixed assets	279,844	221,797
Depreciation of tangible fixed assets held under finance leases	36,797	124,594
Loss on disposal of tangible fixed assets	816	-
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Production and administration	98	105
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,274,414	2,831,070
Social security costs	180,701	238,921
Pension costs	35,610	38,624
	<u> </u>	<u> </u>
	2,490,725	3,108,615
	<u> </u>	<u> </u>

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	36,481	35,250

7 Interest payable and similar expenses

	2021 £	2020 £
Other finance costs:		
Interest on finance leases and hire purchase contracts	9,024	17,125
Other interest	1,600	-
	10,624	17,125

8 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	122,753	166,472
Deferred tax		
Origination and reversal of timing differences	(21,450)	(9,681)
Total tax charge	101,303	156,791

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	1,301,391	2,020,028
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	247,264	383,805
Tax effect of income not taxable in determining taxable profit	(2,783)	(3,506)
Group relief	(10,513)	(21,260)
Permanent capital allowances in excess of depreciation	41,434	29,926
Research and development tax credit	(152,649)	(222,493)
Deferred tax adjustments in respect of prior years	(21,450)	(9,681)
Taxation charge for the year	101,303	156,791

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Dividends

	2021 £	2020 £
Interim paid	647,000	647,000

10 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 April 2020	5,300,000	3,545,284	115,761	8,421	8,969,466
Additions	-	-	3,501	19,778	23,279
Disposals	-	-	-	(8,038)	(8,038)
At 31 March 2021	5,300,000	3,545,284	119,262	20,161	8,984,707
Depreciation and impairment					
At 1 April 2020	150,168	2,182,135	89,211	5,787	2,427,301
Depreciation charged in the year	106,000	204,472	4,433	1,736	316,641
Eliminated in respect of disposals	-	-	-	(5,972)	(5,972)
At 31 March 2021	256,168	2,386,607	93,644	1,551	2,737,970
Carrying amount					
At 31 March 2021	5,043,832	1,158,677	25,618	18,610	6,246,737
At 31 March 2020	5,149,832	1,363,149	26,550	2,634	6,542,165

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and equipment	-	706,032

Land and buildings with a carrying amount of £5,043,832 were revalued to £5,300,000 at 23rd October 2018 by Knight Frank LLP, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

Freehold land and buildings with a carrying amount of £5,043,832 (2020 - £5,149,832) have been pledged to secure borrowings of the company and the group via cross guarantees. The company is not able to pledge these assets as security for other borrowings or to sell them to another entity without prior agreement of the lenders.

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Tangible fixed assets		(Continued)	
		2021 £	2020 £
Cost		4,834,756	4,834,756
Accumulated depreciation		(603,134)	(506,440)
Carrying value		<u>4,231,622</u>	<u>4,328,316</u>
11 Stocks		2021 £	2020 £
Raw materials and consumables		<u>47,235</u>	<u>47,235</u>
12 Debtors		2021 £	2020 £
Amounts falling due within one year:			
Trade debtors		1,838,088	2,760,593
Amounts owed by group undertakings		1,426,771	1,260,038
Other debtors		236,515	283,957
Prepayments and accrued income		20,046	19,772
		<u>3,521,420</u>	<u>4,324,360</u>
13 Creditors: amounts falling due within one year		2021 £	2020 £
	Notes		
Bank loans and overdrafts	15	898,884	360,261
Obligations under finance leases	16	-	169,399
Trade creditors		563,778	645,050
Amounts owed to group undertakings		1,787,369	3,019,037
Corporation tax		37,184	166,472
Other taxation and social security		434,219	303,216
Government grants	18	15,381	17,425
Other creditors		57,485	173,769
Accruals and deferred income		229,981	194,734
		<u>4,024,281</u>	<u>5,049,363</u>

Obligations under finance leases were fully repaid during the year.

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	16	-	280,721
Government grants	18	285,141	300,522
		<u>285,141</u>	<u>581,243</u>

Obligations under finance leases were fully repaid during the year.

15 Loans and overdrafts

	2021 £	2020 £
Bank loans	898,884	-
Bank overdrafts	-	360,261
	<u>898,884</u>	<u>360,261</u>
Payable within one year	<u>898,884</u>	<u>360,261</u>

Included in bank loans is a CBILS amount of £898,884, which has been fully repaid in April 2021.

Other loans relates to a shareholder loan account.

The bank borrowings and invoice finance facilities are secured against the former Amedga Building, Faverdale Industrial Estate, a charge over the debtor book and by a cross guarantee and debenture over the assets of all the Almit group companies.

16 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	-	169,399
In two to five years	-	280,721
	<u>-</u>	<u>450,120</u>

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	163,388	184,838
	<u>163,388</u>	<u>184,838</u>
Movements in the year:		2021 £
Liability at 1 April 2020		184,838
Credit to profit or loss		(21,450)
		<u>163,388</u>
Liability at 31 March 2021		<u>163,388</u>

18 Deferred grants

	2021 £	2020 £
Arising from government grants	300,522	317,947
	<u>300,522</u>	<u>317,947</u>
Deferred income is included in the financial statements as follows:		
Current liabilities	15,381	17,425
Non-current liabilities	285,141	300,522
	<u>300,522</u>	<u>317,947</u>

19 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	35,610	38,624
	<u>35,610</u>	<u>38,624</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

20 Share capital

(Continued)

	2021 Number	2020 Number	2021 £	2020 £
Preference share capital Issued and fully paid				
Ordinary preference shares of £1 each	6	6	6	6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Preference shares classified as equity			6	6
			<u> </u>	<u> </u>
Total equity share capital			8	8
			<u> </u>	<u> </u>

21 Financial commitments, guarantees and contingent liabilities

There are unlimited inter-company bank guarantees in place between fellow subsidiaries, Almit Metal Finishing Limited, Timla Developments Limited, Timla Limited and Almit Properties Limited. The bank has a right of set-off against all group bank accounts.

22 Related party transactions

	2021 £	2020 £
Amounts due to related parties		
A S M Surface Technologies Limited	31,117	31,717
	<u> </u>	<u> </u>

23 Directors' transactions

Dividends totalling £87,000 (2020 - £87,000) were paid in the year in respect of shares held by the company's directors.

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Closing balance £
Directors loan account	2.25	118,033	109,588	3,030	230,651
		<u>118,033</u>	<u>109,588</u>	<u>3,030</u>	<u>230,651</u>

SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

24 Ultimate controlling party

The company's immediate and ultimate parent company is Almit Group Limited, a company registered in England & Wales. The smallest and largest group accounts that the company's results are incorporated into are those produced by Almit Group Limited, copies of which can be obtained from the registered office Almit Group Limited at Faverdale, Faverdale Industrial Estate, Darlington, County Durham, DL3 0PP.

The company's ultimate controlling party is A Mitchell, M Mitchell and S Mitchell due to their controlling interest in the ultimate parent company Almit Group Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.