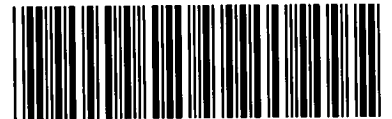


**HIGHLAND COLOUR COATERS
LIMITED**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2016

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COMPANIES HOUSE

HIGHLAND COLOUR COATERS LIMITED

COMPANY INFORMATION

Directors	G S Crowley R Sheils L Reed R G Steel G Bulloch I Boyle J Macintosh
Secretary	R G Steel
Company number	SC212755
Registered office	Pinefield Industrial Estate ELGIN IV30 6FG
Auditor	Johnston Carmichael LLP Commerce House South Street ELGIN IV30 1JE

HIGHLAND COLOUR COATERS LIMITED

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HIGHLAND COLOUR COATERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present the strategic report for the year ended 31 March 2016.

Fair review of the business

The company has a broad customer base covering a wide range of industries including construction, engineering, oil, fencing and agriculture.

The directors are satisfied with the performance for the year to 31 March 2016 which has seen both turnover and operating profit increase.

Although there is some degree of uncertainty generally in the market following the "Brexit" decision and the decline in the oil and gas industry, there is confidence that the business will remain profitable in the forthcoming year.

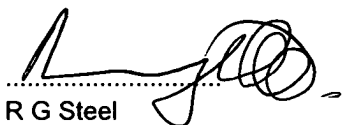
Principal risks and uncertainties

The directors believe that the risks and uncertainties facing the business are generally those common to the risks and uncertainties in the construction and engineering sectors but the financial status of the business together with the directors' regular progress and strategy reviews ensure that the company is well placed to deal with risks and uncertainties as they arise.

Key performance indicators

The directors monitor the progress of the business using numerous measures and key performance indicators and are satisfied that these measures and indicators confirm progress with regard to meeting the primary objectives of the business.

On behalf of the board



R G Steel

Director

11/11/2016

HIGHLAND COLOUR COATERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company is that of the supply of galvanizing, powder coating and the duplex service combining these processes, "Colourgalt".

Directors

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

D Ashmead	(Retired 11 December 2015)
G S Crowley	
R Sheils	
L Reed	
R G Steel	
G Bulloch	
I Boyle	
J Macintosh	

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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 to 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.

HIGHLAND COLOUR COATERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

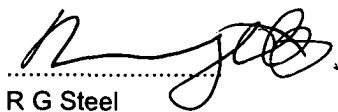
Statement of disclosure to auditor

The directors confirm that;

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



R G Steel

Director

11/11/2016

HIGHLAND COLOUR COATERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HIGHLAND COLOUR COATERS LIMITED

We have audited the financial statements of Highland Colour Coaters Limited for the year ended 31 March 2016 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out within the Directors' report on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

HIGHLAND COLOUR COATERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HIGHLAND COLOUR COATERS LIMITED

Matters on which we are required to report by exception

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Johnston Carmichael LLP

Fiona Munro (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

18/11/16

Chartered Accountants
Statutory Auditor

Commerce House
South Street
ELGIN
IV30 1JE

HIGHLAND COLOUR COATERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	3	5,490,306	5,032,970
Cost of sales		(3,162,410)	(2,792,118)
Gross profit		2,327,896	2,240,852
Distribution costs		(513,475)	(509,388)
Administrative expenses		(1,400,045)	(1,408,021)
Other operating income		30,840	30,840
Operating profit	4	445,216	354,283
Interest receivable and similar income	7	1	12
Interest payable and similar charges	8	(30,000)	(30,012)
Profit before taxation		415,217	324,283
Taxation	9	(103,017)	(71,105)
Profit for the financial year	21	312,200	253,178
Total comprehensive income for the year		312,200	253,178

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

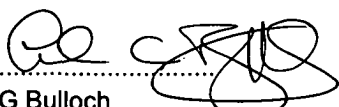
HIGHLAND COLOUR COATERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	10	3,703,410		3,831,080	
Investments	11	98		98	
		<u>3,703,508</u>		<u>3,831,178</u>	
Current assets					
Stocks	12	348,995		423,948	
Debtors	13	1,163,004		1,207,579	
Cash at bank and in hand		639,639		322,431	
		<u>2,151,638</u>		<u>1,953,958</u>	
Creditors: amounts falling due within one year	14	(3,439,493)		(3,655,014)	
Net current liabilities		<u>(1,287,855)</u>		<u>(1,701,056)</u>	
Total assets less current liabilities		<u>2,415,653</u>		<u>2,130,122</u>	
Creditors: amounts falling due after more than one year	15	(431,235)		(462,075)	
Provisions for liabilities	16	(66,630)		(62,459)	
Net assets		<u><u>1,917,788</u></u>		<u><u>1,605,588</u></u>	
Capital and reserves					
Called up share capital	20	1,000,000		1,000,000	
Profit and loss reserves	21	917,788		605,588	
Total equity		<u><u>1,917,788</u></u>		<u><u>1,605,588</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 25/10/2016 and are signed on its behalf by:


 G Bulloch
 Director

Company Registration No. SC212755

HIGHLAND COLOUR COATERS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2014		1,000,000	352,410	1,352,410
Period ended 31 March 2015:				
Profit and total comprehensive income for the year		-	253,178	253,178
Balance at 31 March 2015		1,000,000	605,588	1,605,588
Period ended 31 March 2016:				
Profit and total comprehensive income for the year		-	312,200	312,200
Balance at 31 March 2016		1,000,000	917,788	1,917,788

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

Highland Colour Coaters Limited is a company limited by shares incorporated in Scotland. The registered office is Pinefield Industrial Estate, ELGIN, IV30 6FG.

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 on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of Highland Colour Coaters Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company has taken advantage of the reduced disclosure framework of FRS 102 available to certain qualifying subsidiaries; namely:

- The requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the financial period;
- The requirement to present a Statement of Cash Flows;
- The disclosure requirements in relation to financial instruments;
- The disclosure requirements in relation to certain share-based payment arrangements; and
- The requirement to disclose key management personnel compensation in total.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Highland Colour Coaters Limited is a wholly owned subsidiary of Highland Metals Limited and the results of Highland Colour Coaters Limited are included in the consolidated financial statements of Highland Metal Developments Limited which is the ultimate parent company.

1.2 Going concern

The company had a net current liability position at the year-end as a result of the ongoing funding provided from the parent company, Highland Metals Limited. The directors of Highland Metals Limited have undertaken not to demand settlement of the outstanding funding until such time as there are sufficient funds available.

1.3 Turnover

Turnover represents amounts receivable for galvanizing and powder coating services net of VAT and trade discounts. Turnover is recognised at the point of despatch.

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 despatch 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.

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

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

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

Freehold land and buildings	- Straight line over 25 years
Plant and machinery	- Straight line over 4 to 10 years
Fixtures, fittings & equipment	- Straight line over 4 to 10 years

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 the profit and loss account.

Land is not depreciated.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the profit and loss account.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.7 Stocks

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises the invoiced price of goods and materials on a first in first out basis. The cost of work in progress comprises materials, direct labour and attributable production overheads.

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 the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 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 statement of financial position 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.

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

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, including trade and other payables, bank loans and loans from fellow group companies, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

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

1.11 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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.12 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.

1.13 Retirement benefits

The company operates group personal pensions for the employees, whereby defined contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

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.

Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

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.

Critical estimates

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock

The calculation of the value of the zinc held in the kettle is based on the total quantity held, which remains relatively constant and which in turn is made up of the estimated tonnage of zinc itself (valued at cost) and the estimated tonnage of residues (valued at estimated realisable value).

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Galvanizing services	4,339,645	3,880,651
Powder coating services	1,150,661	1,152,319
	<u>5,490,306</u>	<u>5,032,970</u>

Other significant revenue

Interest income	1	12
Grants released	30,840	30,840
	<u>30,840</u>	<u>30,840</u>

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	<u>5,490,306</u>	<u>5,032,970</u>

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(30,840)	(30,840)
Fees payable to the company's auditor for the audit of the company's financial statements	7,850	7,600
Depreciation of owned tangible fixed assets	259,419	277,460
Loss on disposal of tangible fixed assets	-	2,813
Cost of stocks recognised as an expense	<u>968,690</u>	<u>905,572</u>

5 Employees

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

	2016 Number	2015 Number
Office	8	9
Factory	51	47
	<u>59</u>	<u>56</u>

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

5 Employees (Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,099,103	1,901,763
Social security costs	195,734	175,083
Pension costs	36,054	30,759
	<u>2,330,891</u>	<u>2,107,605</u>

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	231,326	310,585
Company pension contributions to defined contribution schemes	3,645	3,999
	<u>234,971</u>	<u>314,584</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>101,379</u>	<u>134,519</u>
--------------------------------------	----------------	----------------

Qualifying services are invoiced by and paid to the highest paid director's management services company.

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Other interest income	<u>1</u>	<u>12</u>

8 Interest payable and similar charges

	2016 £	2015 £
Other interest	<u>30,000</u>	<u>30,012</u>

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	99,659	38,216
Adjustments in respect of prior periods	(813)	(9,387)
Total current tax	<u>98,846</u>	<u>28,829</u>
Deferred tax		
Origination and reversal of timing differences	10,417	42,276
Changes in tax rates	(6,246)	-
Total deferred tax	<u>4,171</u>	<u>42,276</u>
Total tax charge	<u>103,017</u>	<u>71,105</u>

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £	2015 £
Profit before taxation	<u>415,217</u>	<u>324,283</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	83,043	68,099
Tax effect of expenses that are not deductible in determining taxable profit	-	515
Adjustments in respect of prior years	(813)	(9,387)
Research and development tax credit	-	(12,719)
Tax at marginal rate	-	(1,414)
Deferred tax adjusted to the closing rate	(7,402)	(3,516)
Ineligible depreciation	28,189	29,527
Tax expense for the year	<u>103,017</u>	<u>71,105</u>

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

10 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2015	4,476,513	2,496,775	38,446	7,011,734
Additions	35,136	94,919	1,694	131,749
At 31 March 2016	4,511,649	2,591,694	40,140	7,143,483
Depreciation and impairment				
At 1 April 2015	1,237,964	1,923,734	18,956	3,180,654
Depreciation charged in the year	172,303	83,782	3,334	259,419
At 31 March 2016	1,410,267	2,007,516	22,290	3,440,073
Carrying amount				
At 31 March 2016	3,101,382	584,178	17,850	3,703,410
At 31 March 2015	3,238,549	573,041	19,490	3,831,080

Freehold land with a cost of £178,398 (2015 - £178,398) has not been depreciated.

11 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	25	98	98

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 1 April 2015 & 31 March 2016	98
Carrying amount	
At 31 March 2016	98
At 31 March 2015	98

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

12 Stocks

	2016 £	2015 £
Raw materials and consumables	341,458	419,055
Work in progress	7,537	4,893
	<u>348,995</u>	<u>423,948</u>

Stock and work in progress is measured at the lower of cost and estimated selling price less costs to complete and sell. Stock is stated after provisions for impairment of £5,940 (2015 - £2,970).

13 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,137,069	1,175,573
Corporation tax recoverable	810	-
Other debtors	25,125	32,006
	<u>1,163,004</u>	<u>1,207,579</u>

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	395,900	482,218
Amounts due to fellow group undertakings	2,442,306	2,780,198
Corporation tax	99,659	38,216
Other taxation and social security	301,662	163,854
Accruals and deferred income	199,966	190,528
	<u>3,439,493</u>	<u>3,655,014</u>

15 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Government grants	18	<u>431,235</u>	<u>462,075</u>

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

16 Provisions for liabilities

		2016 £	2015 £
Deferred tax liabilities	17	66,630	62,459
		<u>66,630</u>	<u>62,459</u>

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	67,872	63,875
Other timing differences	(1,242)	(1,416)
	<u>66,630</u>	<u>62,459</u>
Movements in the year:		2016 £
Liability at 1 April 2015		62,459
Charge to profit or loss		4,171
Liability at 31 March 2016		<u>66,630</u>

18 Government grants

	2016 £	2015 £
Arising from government grants	<u>431,235</u>	<u>462,075</u>

The company received an initial government grant in 2003 of £480,000, which is amortised over 25 years, with a balance of £281,192 included in the total above at the year end. The conditions of the grant have been satisfied.

A further grant was received in 2012 of £187,500, which has also been amortised over 25 years, with a balance of £150,043 included in the total above at the year end. The conditions of this grant have not yet been satisfied, it has been agreed that these grants are not repayable if specific criteria are met by the deadline of June 2017. If the conditions are not satisfied the whole grant of £187,500 will potentially be repayable.

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

19 Retirement benefit schemes

Defined contribution schemes

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.

The charge to profit and loss in respect of defined contribution schemes was £36,054 (2015 - £30,759).

20 Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
120,000 Ordinary shares of £1 each	120,000	120,000
880,000 Redeemable convertible preference shares of £1 each	880,000	880,000
	<u>1,000,000</u>	<u>1,000,000</u>

The 10% non voting redeemable convertible preference shares can be redeemed at the earliest of 31 December 2002 and at the latest 31 December 2020. These are redeemable at the option of the company and there is no premium on redemption.

21 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	605,588	352,410
Profit for the year	312,200	253,178
	<u>917,788</u>	<u>605,588</u>

The profit and loss reserves represents accumulated profits less distributions.

22 Financial commitments, guarantees and contingent liabilities

Grant income of £187,500 has been recognised in the accounts, however these amounts may become repayable if certain conditions are not met.

23 Related party transactions

The company has taken advantage of the exemption within FRS 102 Section 33 paragraph 33.1A from the requirement to disclose transactions with other subsidiary companies within the same group.

24 Controlling party

The company is a subsidiary of Highland Metals Limited. The ultimate parent company is Highland Metal Developments Limited, which heads the only group for which consolidated financial statements have been prepared. Copies of these results are publicly available and can be obtained from the Registrar of Companies at Companies House, Edinburgh.

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

25 Subsidiaries

These financial statements are separate company financial statements for Highland Colour Coaters Limited.

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Highland Galvanizers Limited	Scotland Dormant	Ordinary	98.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Highland Galvanizers Limited	-	98

26 Reconciliations on adoption of FRS 102

Reconciliation of equity

	1 April 2014	31 March 2015
	£	£
Equity as reported under previous UK GAAP and under FRS 102	1,352,410	1,605,588

Reconciliation of profit or loss

	2015 £
Profit or loss as reported under previous UK GAAP and under FRS 102	253,178

There are no FRS 102 transition adjustments.