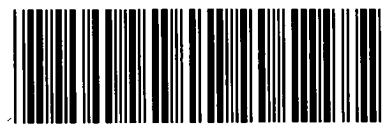


Company Registration No. SC212755 (Scotland)

**HIGHLAND COLOUR COATERS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

TUESDAY



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COMPANIES HOUSE

# HIGHLAND COLOUR COATERS LIMITED

## COMPANY INFORMATION

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

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# HIGHLAND COLOUR COATERS LIMITED

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# HIGHLAND COLOUR COATERS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present the strategic report for the year ended 31 March 2017.

### **Fair review of the business**

The directors are pleased with the results for the year ended 31 March 2017, with profit before taxation having increased to £0.7M brought about by improved business volumes and prices, the latter driven largely by increased commodity costs – zinc in particular.

The company has continued to invest in fixed assets and with increased business levels additional investment in working capital has been required. Cash generated from operations in the year was more than sufficient to enable such investment and the company Balance Sheet at the end of the year remains very healthy.

### **Principal risks and uncertainties**

The business is exposed to adverse movement in the markets potentially leading to reduced turnover however with the broad customer base, meaning limited exposure to any one sector, and measures to control cost the directors are satisfied that this risk is properly managed.

Volatility of commodity costs is also a risk to the business however there is a zinc surcharge policy in place to counteract any increase in cost.

### **Key performance indicators**

The directors manage the main areas of the business using a broad range of key financial performance indicators designed to ensure regular, tight monitoring and control of all operational activity.

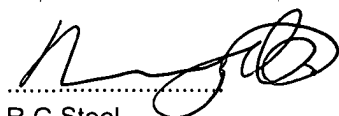
These financial indicators focus mainly on revenue growth and operating margin and with regard to the latter, specific ratios to measure the effectiveness of labour and raw material consumption are analysed in detail, allowing real time management and control of key aspects of operational performance.

There are also non-financial key performance indicators used to ensure continuous improvement in Health & Safety, Quality and Environmental performance.

### **Future developments**

The directors have a positive outlook for the company and aim to continue to develop and improve the business through ensuring that the necessary investment is made in the company's assets – with particular regard to its people and plant and equipment.

On behalf of the board



R G Steel

Director

15/12/17

# HIGHLAND COLOUR COATERS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2017**

---

The directors present their report and financial statements for the year ended 31 March 2017.

### Principal activities

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

### Directors

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

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 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.

# HIGHLAND COLOUR COATERS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2017**

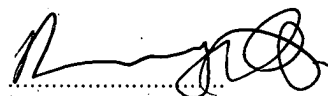
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### Statement of disclosure to auditor

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.

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of future developments.

On behalf of the board



R G Steel

Director

15/12/17

# 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 2017 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 2017 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, 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.

# 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

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 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

18/12/17....

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 2017

	Notes	2017 £	2016 £
Turnover	3	6,060,029	5,490,306
Cost of sales		(3,533,093)	(3,162,410)
<b>Gross profit</b>		<b>2,526,936</b>	<b>2,327,896</b>
Distribution costs		(515,625)	(513,475)
Administrative expenses		(1,341,566)	(1,400,045)
Other operating income		30,840	30,840
<b>Operating profit</b>	<b>4</b>	<b>700,585</b>	<b>445,216</b>
Interest receivable and similar income	7	4	1
Interest payable and similar expenses	8	(30,000)	(30,000)
<b>Profit before taxation</b>		<b>670,589</b>	<b>415,217</b>
Taxation	9	(143,327)	(103,017)
<b>Profit for the financial year</b>	<b>21</b>	<b>527,262</b>	<b>312,200</b>
<b>Total comprehensive income for the year</b>		<b>527,262</b>	<b>312,200</b>

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

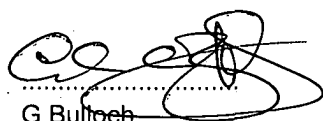
# HIGHLAND COLOUR COATERS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	10	3,848,067		3,703,410	
Investments	11		98		98
		<u>3,848,165</u>		<u>3,703,508</u>	
<b>Current assets</b>					
Stocks	12	628,122		348,995	
Debtors	13	1,378,655		1,163,004	
Cash at bank and in hand		575,632		639,639	
		<u>2,582,409</u>		<u>2,151,638</u>	
<b>Creditors: amounts falling due within one year</b>	14	(3,493,748)		(3,439,493)	
<b>Net current liabilities</b>			(911,339)		(1,287,855)
<b>Total assets less current liabilities</b>			<u>2,936,826</u>		<u>2,415,653</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(400,395)		(431,235)
<b>Provisions for liabilities</b>	17		(91,381)		(66,630)
<b>Net assets</b>			<u>2,445,050</u>		<u>1,917,788</u>
<b>Capital and reserves</b>					
Called up share capital	20	1,000,000		1,000,000	
Profit and loss reserves	21	1,445,050		917,788	
<b>Total equity</b>			<u>2,445,050</u>		<u>1,917,788</u>

The financial statements were approved by the board of directors and authorised for issue on 15/12/17 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 2017

---

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2015	1,000,000	605,588	1,605,588
Year ended 31 March 2016:			
Profit and total comprehensive income for the year	-	312,200	312,200
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	1,000,000	917,788	1,917,788
Year ended 31 March 2017:			
Profit and total comprehensive income for the year	-	527,262	527,262
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	<u>1,000,000</u>	<u>1,445,050</u>	<u>2,445,050</u>

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

---

### 1 Accounting policies

#### Company information

Highland Colour Coaters Limited is a private 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 under the historical cost convention. The principal accounting policies adopted are set out below.

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. 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 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 2017

---

### 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 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).

#### 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 balance sheet when the company becomes party to the contractual provisions of the instrument.

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

---

### 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.

#### **Impairment of financial assets**

Financial assets 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. The impairment loss is recognised in profit and 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.

#### **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 trade and other payables 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.

#### **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.

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

---

### 1 Accounting policies

(Continued)

#### **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 is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **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.

#### **1.13 Retirement benefits**

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

#### **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.

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 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).

### 3 Turnover and other revenue

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

	2017 £	2016 £
<b>Turnover</b>		
Galvanizing services	4,720,092	4,339,645
Powder coating services	1,339,937	1,150,661
	<u>6,060,029</u>	<u>5,490,306</u>

#### Other significant revenue

Interest income	4	1
Grants released	<u>30,840</u>	<u>30,840</u>

#### Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	<u>6,060,029</u>	<u>5,490,306</u>



# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 4 Operating profit

	2017 £	2016 £
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	8,100	7,850
Depreciation of owned tangible fixed assets	271,466	259,419
Loss on disposal of tangible fixed assets	20,091	-
Cost of stocks recognised as an expense	1,108,352	968,690

The company has taken advantage of the exemption from the disclosure of remuneration paid to its auditors for non-audit services. This exemption is available to the company as it prepares consolidated accounts which are required to include such disclosures in those accounts.

### 5 Employees

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

	2017 Number	2016 Number
Office	8	8
Factory	58	51
	66	59

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,233,341	2,099,103
Social security costs	210,354	195,734
Pension costs	38,682	36,054
	2,482,377	2,330,891

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	210,145	231,326
Company pension contributions to defined contribution schemes	3,686	3,645
	<u>213,831</u>	<u>234,971</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

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

Remuneration	<u>65,767</u>	<u>101,379</u>
--------------	---------------	----------------

Qualifying services are invoiced and paid to the directors management services company and included in remuneration for qualifying services. Directors fees amounted to £100,831 (2016 - £126,554) during the year,

### 7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Other interest income	<u>4</u>	<u>1</u>

### 8 Interest payable and similar expenses

	2017 £	2016 £
Other interest	<u>30,000</u>	<u>30,000</u>
	<u>30,000</u>	<u>30,000</u>

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 9 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	129,184	99,659
Adjustments in respect of prior periods	(10,608)	(813)
Total current tax	<u>118,576</u>	<u>98,846</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	28,453	10,417
Changes in tax rates	(3,702)	(6,246)
Total deferred tax	<u>24,751</u>	<u>4,171</u>
Total tax charge	<u>143,327</u>	<u>103,017</u>

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:

	2017 £	2016 £
Profit before taxation	<u>670,589</u>	<u>415,217</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	134,118	83,043
Tax effect of expenses that are not deductible in determining taxable profit	5	-
Adjustments in respect of prior years	(10,608)	(813)
Deferred tax adjusted to the closing rate	(8,723)	(7,402)
Ineligible depreciation	28,535	28,189
Taxation for the year	<u>143,327</u>	<u>103,017</u>

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 10 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2016	4,511,649	2,591,694	40,140	7,143,483
Additions	88,183	351,188	275	439,646
Disposals	-	(52,050)	-	(52,050)
At 31 March 2017	4,599,832	2,890,832	40,415	7,531,079
<b>Depreciation and impairment</b>				
At 1 April 2016	1,410,267	2,007,516	22,290	3,440,073
Depreciation charged in the year	175,020	93,042	3,404	271,466
Eliminated in respect of disposals	-	(28,527)	-	(28,527)
At 31 March 2017	1,585,287	2,072,031	25,694	3,683,012
<b>Carrying amount</b>				
At 31 March 2017	3,014,545	818,801	14,721	3,848,067
At 31 March 2016	3,101,382	584,178	17,850	3,703,410

Freehold land with a cost of £178,398 (2016 - £178,398) has not been depreciated.

### 11 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	26	98	98

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 April 2016 & 31 March 2017	98
<b>Carrying amount</b>	
At 31 March 2017	98
At 31 March 2016	98

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 12 Stocks

	2017 £	2016 £
Raw materials and consumables	620,873	341,458
Work in progress	7,249	7,537
	<u>628,122</u>	<u>348,995</u>

The replacement cost of stock is £110,727 more than the value of stock in the financial statements.

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 (2016 - £5,940).

### 13 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,353,637	1,137,069
Corporation tax recoverable	-	810
Other debtors	25,018	25,125
	<u>1,378,655</u>	<u>1,163,004</u>

### 14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	823,208	395,900
Amounts due to fellow group undertakings	2,272,530	2,442,306
Corporation tax	129,177	99,659
Other taxation and social security	96,435	301,662
Accruals and deferred income	172,398	199,966
	<u>3,493,748</u>	<u>3,439,493</u>

### 15 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Government grants	16	<u>400,395</u>	<u>431,235</u>

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 16 Government grants

	2017 £	2016 £
Arising from government grants	400,395	431,235

The company received an initial government grant in 2003 of £480,000, which is amortised over 25 years, with a balance of £257,792 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 £142,603 included in the total above at the year end. In the event that the conditions of this grant which are still outstanding are not satisfied the whole grant of £187,500 will potentially be repayable.

### 17 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	18	91,381	66,630
		91,381	66,630

### 18 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 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	92,411	67,872
Other timing differences	(1,030)	(1,242)
	91,381	66,630
<b>Movements in the year:</b>		2017 £
Liability at 1 April 2016		66,630
Charge to profit or loss		24,751
Liability at 31 March 2017		91,381

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 19 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	38,682	36,054

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

	2017	2016
	£	£
<b>Allotted, called up and fully paid</b>		
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

	2017	2016
	£	£
At the beginning of the year	917,788	605,588
Profit for the year	527,262	312,200
	<u>1,445,050</u>	<u>917,788</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 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017	2016
	£	£
Acquisition of property, plant and equipment	<u>26,400</u>	<u>-</u>

# HIGHLAND COLOUR COATERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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### 24 Related party transactions

#### Transactions with related parties

The company has taken advantage of the exemption available within FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

### 25 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.

### 26 Subsidiaries

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

Details of the company's subsidiaries at 31 March 2017 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	-	100
	=====	=====