

Company Registration No. SC212755 (Scotland)

HIGHLAND COLOUR COATERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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COMPANIES HOUSE

HIGHLAND COLOUR COATERS LIMITED

COMPANY INFORMATION

Directors

D Ashmead
G S Crowley
R Sheils
L Reed
R G Steel
G Bulloch
P McCafferty

Secretary

R G Steel

Company number

SC212755

Registered office

Pinefield Industrial Estate
Elgin
Moray
IV30 6FG

Auditors

Johnston Carmichael LLP
Commerce House
South Street
Elgin
IV30 1JE

HIGHLAND COLOUR COATERS LIMITED

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HIGHLAND COLOUR COATERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report and financial statements for the year ended 31 March 2011.

Principal activities and review of the business

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

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

The year to 31 March 2011 saw an improvement in the volume of business compared to the previous year and this helped the company achieve satisfactory results for the year.

The company, in concert with its parent company, Highland Metals, has largely completed a substantial investment programme in plant and facilities and although this will increase the company's cost base in the short term, the directors believe that this will enable the company and the Group to meet the challenges of a market place which is expected to remain very tight for the foreseeable future.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 April 2010:

D Ashmead

G S Crowley

R Sheils

L Reed

R G Steel

R Tait

(Resigned 30 November 2011)

G Bulloch

P McCafferty

D Pattle

(Appointed 13 April 2010 and resigned 1 April 2011)

HIGHLAND COLOUR COATERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

Statement of directors' responsibilities

The directors are responsible for preparing 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 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.

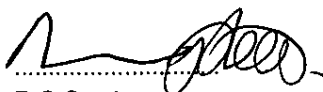
Statement of disclosure to auditors

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

19/12/2011

HIGHLAND COLOUR COATERS LIMITED

INDEPENDENT AUDITORS' 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 2011 set out on pages 5 to 15. 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).

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 2011 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 matter prescribed by the Companies Act 2006

In our opinion the information given in 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 AUDITORS' 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

Helen Rogers (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

21 December 2011

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 2011

	Notes	2011 £	2010 £
Turnover	2	4,307,359	4,054,303
Cost of sales		(2,363,853)	(2,319,763)
Gross profit		1,943,506	1,734,540
Distribution costs		(469,047)	(342,111)
Administrative expenses		(1,261,169)	(1,361,078)
Other operating income		23,400	23,400
Operating profit	3	236,690	54,751
Loss on sale of tangible assets		-	(2,655)
Profit on ordinary activities before interest		236,690	52,096
Interest payable and similar charges	4	(30,000)	(33,000)
Profit on ordinary activities before taxation		206,690	19,096
Tax on profit on ordinary activities	5	(82,765)	25,140
Profit for the year	15	123,925	44,236

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

There are no recognised gains and losses other than those passing through the profit and loss account.

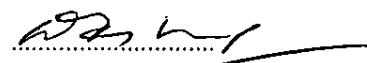
HIGHLAND COLOUR COATERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	6	3,954,504		2,400,970	
Investments	7	98		98	
		<u>3,954,602</u>		<u>2,401,068</u>	
Current assets					
Stocks	8	228,184		217,866	
Debtors	9	1,047,381		905,112	
Cash at bank and in hand		454,361		162,127	
		<u>1,729,926</u>		<u>1,285,105</u>	
Creditors: amounts falling due within one year	10	<u>(3,883,979)</u>		<u>(1,984,015)</u>	
Net current liabilities			<u>(2,154,053)</u>		<u>(698,910)</u>
Total assets less current liabilities			1,800,549		1,702,158
Provisions for liabilities	11		(85,974)		(86,608)
Accruals and deferred income	12		<u>(396,692)</u>		<u>(421,592)</u>
			<u>1,317,883</u>		<u>1,193,958</u>
Capital and reserves					
Called up share capital	14	1,000,000		1,000,000	
Profit and loss account	15	317,883		193,958	
Shareholders' funds	16	<u>1,317,883</u>		<u>1,193,958</u>	

Approved by the Board and authorised for issue on 19/12/2011


D Ashmead
Director

Company Registration No. SC212755

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	- Straight line over 25 years
Assets in course of construction	- 0%
Plant and machinery	- Straight line over 4 to 10 years
Computer equipment	- Straight line over 4 to 10 years
Fixtures, fittings & equipment	- Straight line over 4 to 10 years

No depreciation is provided in these accounts in respect of the facility block extension, as the asset is presently under construction.

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value with proper provision being made for obsolete and slow moving stock. 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.

1.6 Pensions

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

1.7 Deferred taxation

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 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.

1.8 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

1 Accounting policies

(continued)

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of the ultimate parent Highland Metal Developments Limited, a company incorporated in Scotland, and is included in the consolidated accounts of that company.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging:		
Depreciation of tangible assets	273,087	261,671
Auditors' remuneration (including expenses and benefits in kind)	7,200	6,200
and after crediting:		
Government grants	23,400	23,400

4 Interest payable

	2011 £	2010 £
Other interest	30,000	33,000

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

5	Taxation	2011 £	2010 £
	Domestic current year tax		
	U.K. corporation tax	83,399	26,662
	Total current tax	83,399	26,662
	Deferred tax		
	Deferred tax credit current year	(20,482)	(17,199)
	Adjustment to deferred tax resulting from change in tax rate	20,473	(34,603)
	Deferred tax adjust re previous year	(625)	-
		(634)	(51,802)
		82,765	(25,140)
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	206,690	19,096
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2010 - 21.00%)	57,873	4,010
	Effects of:		
	Non deductible expenses	187	713
	Depreciation in excess of capital allowances	39,807	26,296
	Amortisation of capital grants	(6,552)	(4,914)
	Small companies relief	(7,447)	-
	Chargeable disposals	-	557
	Other tax adjustments	(469)	-
		25,526	22,652
	Current tax charge for the year	83,399	26,662

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

6 Tangible fixed assets

	Freehold buildings	Assets in course of construction	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2010	2,043,561	142,243	1,938,079	9,922	4,133,805
Additions	-	1,779,608	47,013	-	1,826,621
At 31 March 2011	2,043,561	1,921,851	1,985,092	9,922	5,960,426
Depreciation					
At 1 April 2010	509,476	-	1,218,226	5,133	1,732,835
Charge for the year	74,602	-	197,493	992	273,087
At 31 March 2011	584,078	-	1,415,719	6,125	2,005,922
Net book value					
At 31 March 2011	1,459,483	1,921,851	569,373	3,797	3,954,504
At 31 March 2010	1,534,085	142,243	719,853	4,789	2,400,970

Freehold land with a cost of £162,298 (2010 - £162,298) has not been depreciated.

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2010 & at 31 March 2011	98
Net book value	
At 31 March 2011	98
At 31 March 2010	98

The company holds 98% of the ordinary shares of Highland Galvanizers Limited, a dormant company incorporated in Scotland.

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

8	Stocks and work in progress	2011 £	2010 £
	Raw materials and consumables	225,777	209,923
	Work in progress	2,407	7,943
		<u>228,184</u>	<u>217,866</u>
9	Debtors	2011 £	2010 £
	Trade debtors	982,733	892,458
	Other debtors	64,648	12,654
		<u>1,047,381</u>	<u>905,112</u>
10	Creditors: amounts falling due within one year	2011 £	2010 £
	Trade creditors	523,530	231,208
	Amounts owed to parent and fellow subsidiary undertakings	3,061,874	1,401,508
	Corporation tax	83,399	26,662
	Other taxes and social security costs	72,053	146,862
	Accruals and deferred income	143,123	177,775
		<u>3,883,979</u>	<u>1,984,015</u>

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

11 Provisions for liabilities

	Deferred tax liability £
Balance at 1 April 2010	86,608
Profit and loss account	(634)
	<hr/>
Balance at 31 March 2011	85,974
	<hr/>

The deferred tax liability is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	85,974	86,608
	<hr/>	<hr/>

12 Accruals and deferred income

	Government grants £
Balance at 1 April 2010	421,592
Grants received during the year	(1,500)
Amortisation in the year	(23,400)
	<hr/>
Balance at 31 March 2011	396,692
	<hr/>

13 Pension and other post-retirement benefit commitments

Defined contribution

The company operates group personal pensions for the employees, whereby contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

	2011 £	2010 £
Contributions payable by the company for the year	18,395	26,490
	<hr/>	<hr/>

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

14 Share capital	2011 £	2010 £
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.

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2010	193,958
Profit for the year	123,925
	<u>317,883</u>
Balance at 31 March 2011	

16 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	123,925	44,236
Opening shareholders' funds	1,193,958	1,149,722
	<u>1,317,883</u>	<u>1,193,958</u>
Closing shareholders' funds		

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

17 Directors' remuneration	2011 £	2010 £
Remuneration for qualifying services	288,980	288,407
Company pension contributions to defined contribution schemes	2,106	6,232
	<u>291,086</u>	<u>294,639</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2010 - 2).

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

Remuneration for qualifying services	<u>130,875</u>	<u>130,719</u>
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Qualifying services are invoiced by and paid to the highest paid director's management services company.

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2011 Number	2010 Number
Office	17	17
Factory	42	45
	<u>59</u>	<u>62</u>

Employment costs

	2011 £	2010 £
Wages and salaries	1,645,959	1,781,142
Social security costs	167,837	136,804
Other pension costs	18,395	26,490
	<u>1,832,191</u>	<u>1,944,436</u>

HIGHLAND COLOUR COATERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

19 Control

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

20 Related party relationships and transactions

Other transactions

The company has taken advantage of the exemption from providing related party information available to a subsidiary undertaking where 100% of the voting rights are controlled within a group and where that group prepares consolidated financial statements in which the subsidiary is included.