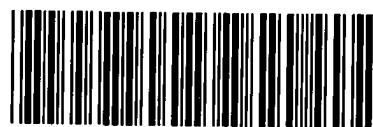


**CARRS COATINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

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**CARRS COATINGS LIMITED**

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**COMPANY INFORMATION**

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|                            |  |
|----------------------------|--|
| <b>Directors</b>           | P Westwood<br>D Roberts  |
| <b>Registered number</b>   | 06628569   |
| <b>Registered office</b>   | 2E Eagle Road<br>North Moons Moat<br>Redditch<br>Worcestershire<br>B98 9HF   |
| <b>Independent auditor</b> | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>The Colmore Building<br>20 Colmore Circus<br>Birmingham<br>West Midlands<br>B4 6AT |

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**CARRS COATINGS LIMITED**

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## CARRS COATINGS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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The directors present their report and the financial statements for the year ended 31 March 2018.

#### Business review

Companies in the Trimite Group, of which Carrs Coatings Limited is part, develop and manufacture high performance and technologically superior coatings for a range of sectors including defence, aerospace, automotive, railway and heavy industrial. We are focused on providing solutions for our customers which enhance product performance, accelerate manufacturing processes or make their products more aesthetically appealing. We provide these bespoke solutions from pre-treatments through to finishes for a variety of substrates.

As the market in which the Group operates evolves, Management has spent a considerable amount of time and resource putting in place plans to enable the business to better serve its customers whilst delivering results to shareholders. As a result a number of important planned steps were successfully completed during the financial year for the company and its associates which form the Trimite Group:

- Changes to the ultimate beneficial ownership
- Refinancing and re-banking
- Changes to the Board of Directors to enhance the skill set and enable further targeted growth
- Site consolidation and restructuring
- Centralisation of key functions such as HR, Finance and Purchasing
- Disposal of non-core US business
- Acquisition of Firwood Paints Ltd, to augment the Group's product and technical portfolio.

For the year ending 31 March 2019, a first consolidated set of financial statements will be drawn up for the Trimite group of companies.

A number of exceptional costs were incurred as a result of the activities detailed above. Coupled with industry wide raw material price inflation, operating results were down against prior year. Exceptional costs totalled £47,757 in the year. Without these an operating profit before contribution to central management fees of £30,771 would have been recognised.

Coupled with the above, the coatings industry is in a period of high raw material price inflation, which is depressing margin performance. A number of mitigating actions have been taken to address this situation, including customer price increases, purchasing initiatives, stock rationalisation and manufacturing efficiencies.

As a result of these changes, the Group are now better equipped and has firmer foundations to allow product development and sales growth to consolidate its position as world recognised providers of high quality industrial coatings.

#### Directors

The directors who served during the year were:

P Westwood  
J Irwin (resigned 30 September 2017)  
D Roberts

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## CARRS COATINGS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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#### Directors' responsibilities statement

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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

#### Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors 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 auditor is aware of that information.

#### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**CARRS COATINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 12<sup>TH</sup> DECEMBER 2018 and signed on its behalf.



**P Westwood**  
Director



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARRS COATINGS LIMITED

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### Opinion

We have audited the financial statements of Carrs Coatings Limited for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Who we are reporting to

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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



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

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matter on which we are required to report by the Companies Act 2006

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 Directors' report.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.





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

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### Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.



David Mnton BSc (Hons) ACA  
Senior statutory auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
Date: 18 December 2018

**CARRS COATINGS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018**

|   | Note | 2018<br>£        | 2017<br>£        |
|---|------|------------------|------------------|
| Turnover                                    |      | 6,345,506        | 6,444,877        |
| Cost of sales                               |      | (5,018,276)      | (4,604,758)      |
| <b>Gross profit</b>                         |      | <b>1,327,230</b> | <b>1,840,119</b> |
| Administrative expenses                     |      | (1,654,474)      | (1,669,930)      |
| Exceptional administrative expenses         | 5    | (47,757)         | -                |
| <b>Operating (loss)/profit</b>              |      | <b>(375,001)</b> | <b>170,189</b>   |
| Interest payable and expenses               |      | (37,247)         | (20,877)         |
| <b>(Loss)/profit before tax</b>             |      | <b>(412,248)</b> | <b>149,312</b>   |
| Tax on (loss)/profit                        |      | 67,936           | (15,836)         |
| <b>(Loss)/profit for the financial year</b> |      | <b>(344,312)</b> | <b>133,476</b>   |

There was no other comprehensive income for 2018 (2017:£Nil).

The notes on pages 10 to 20 form part of these financial statements.

**CARRS COATINGS LIMITED**  
**REGISTERED NUMBER:06628569**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

|   | Note | 2018<br>£               | 2017<br>£               |
|---|------|-------------------------|-------------------------|
| Tangible assets   | 6    | 205,276                 | 234,775                 |
|   |      | <u>205,276</u>          | <u>234,775</u>          |
| <b>Current assets</b>                                   |      |                         |                         |
| Stocks  | 7    | 650,448                 | 763,763                 |
| Debtors: amounts falling due within one year            | 8    | 3,188,710               | 2,344,519               |
| Cash at bank and in hand                                | 9    | 2,743                   | 58,072                  |
|   |      | <u>3,841,901</u>        | <u>3,166,354</u>        |
| Creditors: amounts falling due within one year          | 10   | (2,523,771)             | (1,521,971)             |
| <b>Net current assets</b>                               |      | <u>1,318,130</u>        | <u>1,644,383</u>        |
| <b>Total assets less current liabilities</b>            |      | <u>1,523,406</u>        | <u>1,879,158</u>        |
| Creditors: amounts falling due after more than one year | 11   | (125,746)               | (137,186)               |
|   |      | <u>1,397,660</u>        | <u>1,741,972</u>        |
| <b>Net assets</b>                                       |      | <u><u>1,397,660</u></u> | <u><u>1,741,972</u></u> |
| <b>Capital and reserves</b>                             |      |                         |                         |
| Called up share capital                                 | 14   | 100                     | 100                     |
| Profit and loss account                                 |      | 1,397,560               | 1,741,872               |
|   |      | <u><u>1,397,660</u></u> | <u><u>1,741,972</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**P Westwood**  
Director

12 December 2018

The notes on pages 10 to 20 form part of these financial statements.

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**CARRS COATINGS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

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|   | Called up<br>share capital | Profit and<br>loss account | Total equity     |
|---|----------------------------|----------------------------|------------------|
|   | £                          | £                          | £                |
| At 1 April 2017                                 | 100                        | 1,741,872                  | 1,741,972        |
| <b>Comprehensive expense for the year</b>       |                            |                            |                  |
| Loss for the year                               | -                          | (344,312)                  | (344,312)        |
| <b>Total comprehensive expense for the year</b> | -                          | (344,312)                  | (344,312)        |
| <b>At 31 March 2018</b>                         | <b>100</b>                 | <b>1,397,560</b>           | <b>1,397,660</b> |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

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|  | Called up<br>share capital | Profit and<br>loss account | Total equity     |
|--|----------------------------|----------------------------|------------------|
|  | £                          | £                          | £                |
| At 1 April 2016                                | 100                        | 1,608,396                  | 1,608,496        |
| <b>Comprehensive income for the year</b>       |                            |                            |                  |
| Profit for the year                            | -                          | 133,476                    | 133,476          |
| <b>Total comprehensive income for the year</b> | -                          | 133,476                    | 133,476          |
| <b>At 31 March 2017</b>                        | <b>100</b>                 | <b>1,741,872</b>           | <b>1,741,972</b> |

The notes on pages 10 to 20 form part of these financial statements.

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## CARRS COATINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 1. General information

Carrs Coatings Limited is a private company limited by shares and is incorporated in England and Wales. The registered office address is 2E Eagle Road, North Moons Moat, Redditch, Worcestershire, B98 9HF. The financial statements are presented in sterling (£).

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### 2.2 Going concern

The directors consider that the company has sufficient resources to continue operating as a going concern for a period of at least twelve months from the date of signing the financial statements. The financial statements have therefore been prepared on a going concern basis.

##### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is generally recognised on despatch.

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## CARRS COATINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                       |                                     |
|-----------------------|-------------------------------------|
| Plant and machinery   | - Straight line basis over 10 years |
| Motor vehicles        | - Straight line basis over 4 years  |
| Fixtures and fittings | - Straight line basis over 3 years  |
| Office equipment      | - Straight line basis over 3 years  |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

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**2. Accounting policies (continued)**

**2.8 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

**2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.10 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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## CARRS COATINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.11 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### 2.12 Leased assets: the company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### 2.13 Pensions

###### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

##### 2.14 Borrowing costs

All borrowing costs are recognised in the Income statement in the year in which they are incurred.

##### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.



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## CARRS COATINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### 2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

#### 3. Auditor's remuneration

|   | 2018<br>£     | 2017<br>£     |
|---|---------------|---------------|
| Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements | <u>14,750</u> | <u>14,500</u> |

#### 4. Employees

Directors were remunerated through other group companies.

The average monthly number of employees, including directors, during the year was 42 (2017 - 44).

**CARRS COATINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**5. Exceptional items**

|                                   | 2018<br>£     | 2017<br>£ |
|-----------------------------------|---------------|-----------|
| Exceptional items - restructuring | 47,757        | -         |
|                                   | <u>47,757</u> | <u>-</u>  |

**6. Tangible fixed assets**

|                       | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Fixtures and<br>fittings<br>£ | Office<br>equipment<br>£ | Total<br>£       |
|-----------------------|-----------------------------|------------------------|-------------------------------|--------------------------|------------------|
| <b>Cost</b>           |                             |                        |                               |                          |                  |
| At 1 April 2017       | 1,057,716                   | 9,081                  | 21,829                        | 82,938                   | 1,171,564        |
| Additions             | 77,373                      | -                      | -                             | 14,131                   | 91,504           |
| At 31 March 2018      | <u>1,135,089</u>            | <u>9,081</u>           | <u>21,829</u>                 | <u>97,069</u>            | <u>1,263,068</u> |
| <b>Depreciation</b>   |                             |                        |                               |                          |                  |
| At 1 April 2017       | 840,152                     | 6,263                  | 21,251                        | 69,123                   | 936,789          |
| Charge for the year   | 108,125                     | 1,879                  | 193                           | 10,806                   | 121,003          |
| At 31 March 2018      | <u>948,277</u>              | <u>8,142</u>           | <u>21,444</u>                 | <u>79,929</u>            | <u>1,057,792</u> |
| <b>Net book value</b> |                             |                        |                               |                          |                  |
| At 31 March 2018      | <u>186,812</u>              | <u>939</u>             | <u>385</u>                    | <u>17,140</u>            | <u>205,276</u>   |
| At 31 March 2017      | <u>217,564</u>              | <u>2,818</u>           | <u>578</u>                    | <u>13,815</u>            | <u>234,775</u>   |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

|                     | 2018<br>£    | 2017<br>£     |
|---------------------|--------------|---------------|
| Plant and machinery | <u>1,189</u> | <u>63,775</u> |

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**CARRS COATINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**7. Stocks**

|                                     | 2018<br>£      | 2017<br>£      |
|-------------------------------------|----------------|----------------|
| Raw materials and consumables       | 522,177        | 570,187        |
| Work in progress (goods to be sold) | 86,408         | 87,372         |
| Finished goods and goods for resale | 41,863         | 106,204        |
|                                     | <u>650,448</u> | <u>763,763</u> |

**8. Debtors**

|  | 2018<br>£        | 2017<br>£        |
|--|------------------|------------------|
| Trade debtors                                | 1,526,839        | 1,213,562        |
| Amounts owed by group undertakings (note 17) | 1,338,091        | 975,208          |
| Amounts owed by related parties (note 17)    | 115,421          | 67,444           |
| Prepayments and accrued income               | 133,245          | 85,409           |
| Tax recoverable                              | 21,511           | -                |
| Deferred taxation                            | 53,603           | 2,896            |
|  | <u>3,188,710</u> | <u>2,344,519</u> |

Amounts owed by group undertakings and related parties are interest free, unsecured and repayable on demand.

**9. Cash and cash equivalents**

|                          | 2018<br>£       | 2017<br>£ |
|--------------------------|-----------------|-----------|
| Cash at bank and in hand | 2,743           | 58,072    |
| Less: bank overdrafts    | <u>(69,607)</u> | <u>-</u>  |

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**CARRS COATINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**10. Creditors: Amounts falling due within one year**

|   | 2018<br>£        | 2017<br>£        |
|---|------------------|------------------|
| Bank overdrafts   | 69,607           | -                |
| Invoice discounting facility                                | 1,259,758        | 806,643          |
| Obligations under finance lease and hire purchase contracts | 4,232            | 15,421           |
| Trade creditors   | 773,298          | 572,998          |
| Amounts owed to group undertakings                          | 210,063          | -                |
| Corporation tax   | -                | 16,983           |
| Other taxation and social security                          | 119,115          | 86,410           |
| Accruals and deferred income                                | 87,698           | 23,516           |
|   | <u>2,523,771</u> | <u>1,521,971</u> |

The invoice discounting facility is secured by a fixed and floating charge over the company's assets. Finance leases and hire purchase arrangements are secured against the assets to which they relate.

Amounts owed to group undertakings are interest free and repayable on demand.

**11. Creditors: Amounts owed to group undertakings after more than one year**

|   | 2018<br>£      | 2017<br>£      |
|---|----------------|----------------|
| Amounts owed to related parties (note 17) | <u>125,746</u> | <u>137,186</u> |

**12. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

|                 | 2018<br>£    | 2017<br>£     |
|-----------------|--------------|---------------|
| Within one year | <u>4,232</u> | <u>15,421</u> |

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CARRS COATINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

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13. Deferred taxation

|                            | 2018<br>£     | 2017<br>£    |
|----------------------------|---------------|--------------|
| At beginning of year       | 2,896         | (7,019)      |
| Credited to profit or loss | 50,707        | 9,915        |
| <b>At end of year</b>      | <b>53,603</b> | <b>2,896</b> |

The deferred tax asset is made up as follows:

|                                | 2018<br>£ | 2017<br>£ |
|--------------------------------|-----------|-----------|
| Accelerated capital allowances | 6,815     | 2,896     |
| Tax losses carried forward     | 45,560    | -         |
| Short term timing differences  | 1,228     | -         |

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**CARRS COATINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**14. Share capital**

|   | 2018<br>£  | 2017<br>£  |
|---|------------|------------|
| <b>Allotted, called up and fully paid</b> |            |            |
| 100 Ordinary shares of £1 each            | <b>100</b> | <b>100</b> |

**15. Pension commitments**

The company operates a defined contribution pension scheme in respect of its employees. The scheme and its assets are administered by independent managers. The pension scheme charge represents contributions paid from the company and amounted to £22,211 (2017: £23,151).

**16. Commitments under operating leases**

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 2018<br>£        | 2017<br>£        |
|--|------------------|------------------|
| <b>Land and buildings</b>                    |                  |                  |
| Not later than 1 year                        | 238,376          | 212,344          |
| Later than 1 year and not later than 5 years | 944,733          | 813,099          |
| Later than 5 years                           | 1,153,492        | 1,299,603        |
|  | <b>2,336,601</b> | <b>2,325,046</b> |
|  |                  |                  |
|  | 2018<br>£        | 2017<br>£        |
| <b>Other</b>                                 |                  |                  |
| Not later than 1 year                        | 82,376           | 82,319           |
| Later than 1 year and not later than 5 years | 115,721          | 194,658          |
|  | <b>198,097</b>   | <b>276,977</b>   |

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## CARRS COATINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 17. Related party transactions

During the year the company purchased goods amounting to £79,543 (2017: £211,213) from Weilburger Coatings (UK) Limited, a company controlled by the same controlling party. During the year the company made sales to Weilburger Coatings (UK) Limited of £982,090 (2017: £637,836). At the year end, the company was owed £1,338,091 (2017: £970,095) by Weilburger Coatings (UK) Limited. Additionally, the company received management recharges from Weilburger Coatings (UK) Limited of £358,832 (2017: £229,000).

During the year the company purchased goods amounting to £57 (2017: £Nil) from Trimite Technologies Limited, a company controlled by the same controlling party. During the year the company made sales to Trimite Technologies Limited of £35,225 (2017: £29,844). At the year end, the company owed Trimite Technologies Limited £118,471 (2017: £5,114 owed by Trimite Technologies Limited).

At the year end, the company owed Trimite Global Coatings Limited, a company controlled by the same controlling party £91,592 (2017: £Nil). No interest is charged on the loan and the amount is considered to be repayable on demand.

At the year end, the company owed Meritage Management Group Limited, a company having common directorship, £125,745 (2017: £137,186). Interest is charged on the loan at a rate of 3.5% per annum. There are no set repayment terms for the loan and the balance will be paid as and when agreed by both parties and both parties agreeing the balance will not be paid prior to 31 March 2019.

During the year, the company made sales to Trimite Scotland Limited of £13,528 (2017: £7,353), a company having common directorship. At the year end, the company was owed £8,234 (2017: £1,033).

During the year the company made sales to Master Paintmakers Ltd of £21,922 (2017: £4,290), a company having common directorship. At the year end, the company was owed £107,187 (2017: £66,411) from Master Paintmakers Limited.

Key management is considered to include all of the directors who are remunerated through other group companies.

#### 18. Controlling party

Prior to the current year group reorganisation the ultimate parent company was Stretford Holdings Limited, a company registered in Gibraltar, by virtue of holding 90% of the shares in the company.

Following a group reorganisation in the financial period, the immediate parent company is Trimite Bidco Limited and the ultimate parent company is Trimite Topco Limited, a company registered in England. The ultimate controlling party is Mr and Mrs D Roberts, the majority shareholder.