

CARRS COATINGS LIMITED

Financial Statements for the Year Ended 31 March 2022

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for the year ended 31 March 2022

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**CARRS COATINGS LIMITED**

**Company Information**  
**for the year ended 31 March 2022**

<b>Directors:</b>	S P Thornhill M Cobb
<b>Registered office:</b>	2e Eagle Road North Moons Moat Redditch West Midlands B98 9HF
<b>Registered number:</b>	06628569 (England and Wales)
<b>Auditors:</b>	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham West Midlands B15 3BE
<b>Bankers:</b>	HSBC UK Bank plc 1 Centenary Square Birmingham B1 1HQ

CARRS COATINGS LIMITED (REGISTERED NUMBER: 06628569)

Balance Sheet  
31 March 2022

	Notes	£	2022 £	£	2021 £
<b>Fixed assets</b>					
Tangible assets	4		250,850		255,774
<b>Current assets</b>					
Stocks	5	1,078,947		881,426	
Debtors	6	2,419,952		2,989,317	
Cash at bank		24,961		21,340	
		<u>3,523,860</u>		<u>3,892,083</u>	
<b>Creditors</b>					
Amounts falling due within one year	7	<u>4,011,423</u>		<u>3,958,978</u>	
<b>Net current liabilities</b>			<u>(487,563)</u>		<u>(66,895)</u>
<b>Total assets less current liabilities</b>			<u>(236,713)</u>		<u>188,879</u>
<b>Capital and reserves</b>					
Called up share capital	9		100		100
Retained earnings			<u>(236,813)</u>		<u>188,779</u>
<b>Shareholders' funds</b>			<u>(236,713)</u>		<u>188,879</u>

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2023 and were signed on its behalf by:

M Cobb - Director

Notes to the Financial Statements  
for the year ended 31 March 2022

1. **Statutory information**

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

2. **Accounting policies**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Going concern**

The net debt position of the Trimite Top Co Limited group, of which Carrs Coating Limited forms a part, is carefully managed and the business retains an excellent relationship with the primary lender, Duke Royalty UK Limited, who remains supportive of the group's medium term strategy and growth plans.

The directors obtained a pledge of continued financial support from the ultimate parent company, Trimite Top Co Limited until at least 31 May 2024.

On this basis 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.

**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:

Sales of goods

Revenue from the sale of good is recognised when all 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 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 dispatch.

**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. Accounting policies - continued**

**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 the balance sheet 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.

**Financial instruments**

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

Debt instruments (other than those wholly repayable and 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 debtors and creditors, 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 costs 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 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 Balance sheet 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.

**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 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. Accounting policies - continued**

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on straight line basis over the lease term.

Benefits received and receivable an 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 lessee's benefit from the use of the lessee asset.

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.

**Debtors**

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

**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 significant risk of change in value.

**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.

**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.

**Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Notes to the Financial Statements - continued  
for the year ended 31 March 2022

## 2. Accounting policies - continued

### Pensions

The Company operated 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 Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 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 Balance sheet 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.

### 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.

### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

### Government grants

Grants of a revenue nature are recognised in other operating income within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

## 3. Employees and directors

The average number of employees during the year was 37 (2021 - 36).

## 4. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Totals £
<b>Cost</b>				
At 1 April 2021	1,369,220	45,040	98,563	1,512,823
Additions	25,856	26,528	790	53,174
At 31 March 2022	1,395,076	71,568	99,353	1,565,997
<b>Depreciation</b>				
At 1 April 2021	1,125,192	42,532	89,325	1,257,049
Charge for year	44,681	10,113	3,304	58,098
At 31 March 2022	1,169,873	52,645	92,629	1,315,147
<b>Net book value</b>				
At 31 March 2022	225,203	18,923	6,724	250,850
At 31 March 2021	244,028	2,508	9,238	255,774



Notes to the Financial Statements - continued  
for the year ended 31 March 2022

5. **Stocks**

	2022	2021
	£	£
Raw materials	735,353	563,549
Work-in-progress	88,517	63,902
Finished goods	255,077	253,975
	<u>1,078,947</u>	<u>881,426</u>

6. **Debtors: amounts falling due within one year**

	2022	2021
	£	£
Trade debtors	1,854,916	1,850,537
Amounts owed by group undertakings	463,526	991,038
Corporation tax	-	17,657
Prepayments	101,510	130,085
	<u>2,419,952</u>	<u>2,989,317</u>

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

7. **Creditors: amounts falling due within one year**

	2022	2021
	£	£
Trade creditors	1,125,973	1,006,044
Amounts owed to group undertakings	1,359,671	1,105,421
Social security and other taxes	21,456	61,495
VAT	34,838	113,203
Other creditors	4,697	2,406
Invoice discounting facility	1,376,108	1,527,656
Accruals and deferred income	88,680	142,753
	<u>4,011,423</u>	<u>3,958,978</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.

8. **Leasing agreements**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	239,308	291,751
Between one and five years	886,344	902,561
In more than five years	313,914	535,500
	<u>1,439,566</u>	<u>1,729,812</u>

9. **Called up share capital**

**Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	2022	2021
			£	£
100	Ordinary	1	<u>100</u>	<u>100</u>

Notes to the Financial Statements - continued  
for the year ended 31 March 2022

**10. Disclosure under Section 444(5B) of the Companies Act 2006**

The Report of the Auditors was unqualified.

We draw attention to note 2 'Going concern' in the Financial Statements and to the Consolidated Financial Statements of Trimite Top Co Limited, of which Carrs Coatings Limited forms a part.

These accounts show the group incurred a net loss of £2.2M during the year ended 31 March 2022 and, as of that date, the group's current liabilities exceeded the total assets by £6.5M and its total liabilities exceeded total assets by £8.4M.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the company and group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company or group were unable to continue as a going concern.

The group is reliant on its primary lender, Duke Royalty UK Limited, who remains supportive of the group's medium term strategy and growth plans. The group has received a pledge of continued financial support from Duke Royalty UK Limited until at least 31 May 2024.

We also draw attention to the contingent liabilities note within the financial statements which states that, as a result of prevailing market conditions, whilst the group was able to fulfil all of its loan repayment obligations, it was unable to meet certain debt servicing benchmarks set out in its bank and other loan agreements during the year ended 31 March 2022. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting including a review of commitment they have received from Duke Royalty UK Limited.

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

Andrew Hughes (Senior Statutory Auditor)  
for and on behalf of Haines Watts Birmingham LLP

**11. Contingent liabilities**

The company and certain fellow group companies have entered into a cross-guarantee agreements in relation to loan facilities with Duke Royalty UK Limited. At 31 March 2022 the contingent liability under these arrangements was £12,174,914 (2021 £10,486,289).

Whilst the group was able to fulfil all of its loan repayment obligations, it was unable to meet certain debt servicing benchmarks set out in its bank and other loan agreements during the year ended 31 March 2022. Duke Royalty UK Limited have formally waived the breach for 2022. The group expects to be in breach for the year ended 31 March 2023.

**12. Pension commitments**

The company operates a defined contributions pension scheme in respect of its employees. The assets of the scheme are administered by independent managers. The pension cost charge represents contributions paid from the company and amounted to £24,041 (2021 £23,430). Contributions totalling £4,697 (2021 £3,968) were payable to the fund at the balance sheet date and are included in creditors.

13. **Related party disclosures**

The company has taken advantage of the exemption available under FRS 102 not to disclose transactions between the group company and its parent and 100% owned subsidiaries within the Trimite Top Co Limited group.

During the year, the company sold goods to Trimite Scotland Limited amounting to £22,770 (2021 £6,545), a company having common directorship until February 2022. At the year end, the amount owed from Trimite Scotland Limited was £4,244 (2021 £2,181).

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

14. **Post balance sheet events**

Firwood Paints Limited, a fellow group company, intends to transfer its trade and assets to Carrs Coatings Limited as part of its short term plans, these plans are ongoing with an expected timeframe within the year ended 2024.

15. **Ultimate controlling party**

The immediate parent company is Trimite Bid Co Limited, a company registered in England.

The ultimate parent company is Trimite Top Co Limited, a company registered in England. The issued share capital of Trimite Top Co Limited is owned by numerous parties and therefore, in the opinion of the Directors, there is no ultimate controlling party in the Company.

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