

Company Registration No. 08764433 (England and Wales)

MANOR COATING SYSTEMS (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	M Smith P Smith D Smith
Secretary	P D Smith
Company number	08764433
Registered office	Head Office Otley Road Charlestown Baildon West Yorkshire BD17 7DP
Auditor	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

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MANOR COATING SYSTEMS (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors present the strategic report for the year ended 30 November 2020.

Fair review of the business

The year to 30 November 2020 was dominated by the Covid pandemic and Brexit. The business has remained open throughout the current crisis continuing to serve our customers many of whom have been directly supporting the national emergency response. The agricultural and construction sectors have remained busy throughout the pandemic.

Annual turnover declined by 5.7% although outside the first eight weeks of lockdown the business traded at levels above those in 2019.

The group received a Coronavirus Business Interruption Loan (CIBL) which it intends to fully repay during 2021. The group also benefited from the Coronavirus Job Retention Scheme (CJRS) which was particularly vital for preserving employment in the first weeks of the pandemic. Receipts from the CJRS together with difficult but necessary reductions in headcount resulted in improved profitability for the year.

Brexit has significantly increase operating disruption with customers in Ireland and Northern Ireland and has delayed raw materials from Continental Europe.

We completed the update of the solvent tank farm following on from investments in the resin tank farm completed the previous year.

Overall the business completed the year in a far stronger position that could have been envisaged at the start of the pandemic.

Principal risks and uncertainties

The business continues to face risks from the medium and long term consequences of the Covid pandemic and Brexit. The post Brexit chemical regulatory framework remains far from clear and raw material supply chains remain stretched by Brexit with delays a regular occurrence.

The price of oil continues to fluctuate and short term disruptions such as the weather in the Gulf of Mexico and ships stuck in the Suez canal impact global trade.

Approved by the Board and signed on its behalf by:

P D Smith

Secretary

17 May 2021

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors present their annual report and financial statements for the year ended 30 November 2020.

Principal activities

The principal activity of the company is that of a holding company.

The principal activity of the group is the manufacture and supply of paint and related liquid coatings and investment in commercial property.

Directors

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

M Smith

P Smith

M C Brannan

D Smith

(Resigned 17 March 2021)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Financial instruments

All the group's sales are denominated in pounds sterling.

Purchases made in foreign currencies are a modest proportion of the overall costs of the business. Foreign exchange differences are taken to the profit and loss account as they arise.

Materials manufactured or refined outside the United Kingdom are mainly purchased through independent third party agents and distributors who carry the currency risk.

The group enforces credit terms through working with its customers.

Auditor

In accordance with the company's articles, a resolution proposing that BHP LLP be reappointed as auditor of the group will be put at a General Meeting.

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 auditor of the company 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 auditor of the company is aware of that information.

By order of the board

P D Smith

Secretary

17 May 2021

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2020

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 group and company, and of the profit or loss of the group 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANOR COATING SYSTEMS (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Manor Coating Systems (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, 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 FRS 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 group's and the parent company's affairs as at 30 November 2020 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.

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 UK, including the FRC'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.

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 group's or the parent 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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MANOR COATING SYSTEMS (HOLDINGS) LIMITED

Opinions 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 parent 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MANOR COATING SYSTEMS (HOLDINGS) LIMITED

Use of our report

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.

Ann Brown (Senior Statutory Auditor)
For and on behalf of BHP LLP

17 May 2021

Chartered Accountants
Statutory Auditor

New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2020

		2020	2019
	Notes	£	£
Turnover	3	9,755,841	10,345,904
Change in stocks of finished goods and in work in progress		(105,289)	23,365
Other operating income		167,419	-
Raw materials and consumables		(5,227,955)	(5,840,660)
Staff costs	6	(2,369,003)	(2,502,265)
Depreciation	4	(164,191)	(123,253)
Other operating expenses		(1,364,499)	(1,462,496)
Operating profit	4	692,323	440,595
Interest receivable and similar income	8	6,778	10,421
Gain/(loss) in current asset investments	9	5,709	30,992
Profit before taxation		704,810	482,008
Tax on profit	10	(118,331)	(51,236)
Profit for the financial year		586,479	430,772
Other comprehensive income			
Tax relating to other comprehensive income		(45,080)	(4,532)
Total comprehensive income for the year		541,399	426,240

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 30 NOVEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13		2,678,878		2,416,481
Current assets					
Stocks	17	1,290,130		1,349,200	
Debtors	18	2,058,273		2,063,323	
Investments	19	477,063		467,038	
Cash at bank and in hand		2,861,944		1,380,278	
		<u>6,687,410</u>		<u>5,259,839</u>	
Creditors: amounts falling due within one year	20	<u>(2,139,921)</u>		<u>(1,892,332)</u>	
Net current assets			4,547,489		3,367,507
Total assets less current liabilities			<u>7,226,367</u>		<u>5,783,988</u>
Creditors: amounts falling due after more than one year	21		(800,000)		-
Provisions for liabilities					
Deferred tax liability	23	<u>265,723</u>	(265,723)	<u>164,743</u>	(164,743)
Net assets			<u>6,160,644</u>		<u>5,619,245</u>
Capital and reserves					
Called up share capital	25		52,500		52,500
Revaluation reserve			1,098,216		1,143,296
Capital redemption reserve			47,500		47,500
Profit and loss reserves			<u>4,962,428</u>		<u>4,375,949</u>
Total equity			<u>6,160,644</u>		<u>5,619,245</u>

The financial statements were approved by the board of directors and authorised for issue on 17 May 2021 and are signed on its behalf by:

P Smith
Director

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 30 NOVEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	14		52,504		52,504
Current assets					
Debtors	18	2,126,255		2,146,741	
Investments	19	477,063		467,038	
Cash at bank and in hand		1,879,576		600,225	
		<u>4,482,894</u>		<u>3,214,004</u>	
Creditors: amounts falling due within one year	20	<u>(9,553)</u>		<u>(9,458)</u>	
Net current assets			4,473,341		3,204,546
Total assets less current liabilities			<u>4,525,845</u>		<u>3,257,050</u>
Creditors: amounts falling due after more than one year	21		(800,000)		-
Net assets			<u><u>3,725,845</u></u>		<u><u>3,257,050</u></u>
Capital and reserves					
Called up share capital	25		52,500		52,500
Profit and loss reserves			3,673,345		3,204,550
Total equity			<u><u>3,725,845</u></u>		<u><u>3,257,050</u></u>

The financial statements were approved by the board of directors and authorised for issue on 17 May 2021 and are signed on its behalf by:

P Smith
Director

Company Registration No. 08764433

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2020

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 December 2018		52,500	1,147,828	47,500	4,312,677	5,560,505
Year ended 30 November 2019:						
Profit for the year		-	-	-	430,772	430,772
Other comprehensive income:						
Tax relating to other comprehensive income		-	(4,532)	-	-	(4,532)
Total comprehensive income for the year		-	(4,532)	-	430,772	426,240
Dividends	11	-	-	-	(367,500)	(367,500)
Balance at 30 November 2019		52,500	1,143,296	47,500	4,375,949	5,619,245
Year ended 30 November 2020:						
Profit for the year		-	-	-	586,479	586,479
Other comprehensive income:						
Tax relating to other comprehensive income		-	(45,080)	-	-	(45,080)
Total comprehensive income for the year		-	(45,080)	-	586,479	541,399
Balance at 30 November 2020		52,500	1,098,216	47,500	4,962,428	6,160,644

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 December 2018		52,500	2,399,993	2,452,493
Year ended 30 November 2019:				
Profit and total comprehensive income for the year		-	1,172,057	1,172,057
Dividends	11	-	(367,500)	(367,500)
Balance at 30 November 2019		52,500	3,204,550	3,257,050
Year ended 30 November 2020:				
Profit and total comprehensive income for the year		-	468,795	468,795
Balance at 30 November 2020		52,500	3,673,345	3,725,845

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	31	1,145,081		749,293	
Income taxes (paid)/refunded		(39,289)		39,127	
Net cash inflow from operating activities		1,105,792		788,420	
Investing activities					
Purchase of tangible fixed assets		(426,588)		(212,327)	
Proceeds on disposal of tangible fixed assets		-		168,140	
Interest received		1,963		4,700	
Dividends received		499		656	
Net cash used in investing activities		(424,126)		(38,831)	
Financing activities					
Proceeds of new bank loans		800,000		-	
Dividends paid to equity shareholders		-		(367,500)	
Net cash generated from/(used in) financing activities		800,000		(367,500)	
Net increase in cash and cash equivalents		1,481,666		382,089	
Cash and cash equivalents at beginning of year		1,380,278		998,189	
Cash and cash equivalents at end of year		2,861,944		1,380,278	

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

Company information

Manor Coating Systems (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Head Office, Otley Road, Charlestown, Baildon, West Yorkshire, BD17 7DP.

The group consists of Manor Coating Systems (Holdings) Limited and all of its subsidiaries.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £468,795 (2019 - £1,172,057 profit).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Manor Coating Systems (Holdings) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 November 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

The Directors have considered the impact of COVID-19 on the Group's trade, workforce and supply chain, as well as the wider economy. Whilst it is not considered practical to accurately assess the duration and extent of the disruption, the Directors are confident that they have in place plans to deal with any financial losses that may arise. Such plans include, but are not limited to fully utilising the support that has been made available by the government in relation to staff costs and payment deferral of taxation.

The Directors therefore continue to adopt the going concern basis of preparation for these financial statements.

1.4 Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers and rental income.

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 dispatch 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.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Tangible fixed assets

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

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Plant and machinery	Straight line over 10 & 15 years
Fixtures, fittings & equipment	Straight line over 4, 10 & 15 years
Motor vehicles	Straight line over 4 years

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

Freehold property is included in the balance sheet at its fair value.

Although this accounting policy is in accordance with the applicable accounting standard, FRS 102 "The Financial Reporting Standard," it is a departure from the general requirement of the Companies Act 2006 for all tangible fixed assets to be depreciated.

The accounting policy adopted is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

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 recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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 profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

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 group 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 group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group'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 recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The group operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.17 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Grants received in relation to the government Coronavirus Job Retention Scheme (Furlough) have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

Support received in relation to the interest paid by the UK government under the Coronavirus Business Interruption Loan Scheme is recognised within other operating income on the accruals basis to match the corresponding expense.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.19 Freehold properties

Certain of the group's properties are utilised by other trading companies within the group.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

3 Turnover and other revenue

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

	2020 £	2019 £
Turnover		
Sales	9,755,841	10,345,904
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	1,963	4,700
Dividends received	4,815	5,721
Grants received	167,419	-
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
	2020 £	2019 £
Sales - UK	9,552,565	10,152,798
Sales - Overseas	203,276	193,106
	<u> </u>	<u> </u>
	9,755,841	10,345,904
	<u> </u>	<u> </u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(167,419)	-
Depreciation of owned tangible fixed assets	164,191	123,253
Profit on disposal of tangible fixed assets	-	(10,195)
Operating lease charges	147,021	179,074
	<u> </u>	<u> </u>

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	1,380	1,356
Audit of the company's subsidiaries	17,210	18,530
	<u>18,590</u>	<u>19,886</u>
For other services		
Taxation compliance services	<u>3,479</u>	<u>3,662</u>

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administration and support	<u>69</u>	<u>74</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	2,001,571	2,103,039	-	-
Social security costs	194,736	228,596	-	-
Pension costs	172,696	170,630	-	-
	<u>2,369,003</u>	<u>2,502,265</u>	<u>-</u>	<u>-</u>

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	317,271	321,452
Company pension contributions to defined contribution schemes	51,095	40,822
	<u>368,366</u>	<u>362,274</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

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

Remuneration for qualifying services	148,192	154,289
Company pension contributions to defined contribution schemes	21,989	18,833
	<u>170,181</u>	<u>173,122</u>

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	1,963	4,251
Other interest income	-	449
	<u>1,963</u>	<u>4,700</u>
Total interest revenue	1,963	4,700
Other income from investments		
Dividends received	4,815	5,721
	<u>4,815</u>	<u>5,721</u>
Total income	<u>6,778</u>	<u>10,421</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,963	4,251
	<u>1,963</u>	<u>4,251</u>

9 Amounts written off investments

	2020 £	2019 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	5,709	30,992
	<u>5,709</u>	<u>30,992</u>

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	62,431	39,289
Adjustments in respect of prior periods	-	(53)
	<u>62,431</u>	<u>39,236</u>
Deferred tax		
Origination and reversal of timing differences	55,900	12,000
	<u>55,900</u>	<u>12,000</u>
Total tax charge	<u>118,331</u>	<u>51,236</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:

	2020 £	2019 £
Profit before taxation	<u>704,810</u>	<u>482,008</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	133,914	91,582
Tax effect of expenses that are not deductible in determining taxable profit	3,436	1,237
Change in unrecognised deferred tax assets	454	(790)
Other permanent differences	(19,473)	(40,740)
Under/(over) provided in prior years	-	(53)
	<u>118,331</u>	<u>51,236</u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Revaluation of property	<u>45,080</u>	<u>4,532</u>

11 Dividends

	2020 £	2019 £
Dividends paid	<u>-</u>	<u>367,500</u>

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 December 2019 and 30 November 2020	140,308
Amortisation and impairment	
At 1 December 2019 and 30 November 2020	140,308
Carrying amount	
At 30 November 2020	-
At 30 November 2019	-

The company had no intangible fixed assets at 30 November 2020 or 30 November 2019.

13 Tangible fixed assets

Group	Freehold land and buildings	Plant and fixtures, machinery & fittings	Motor vehicles & equipment	Total
	£	£	£	£
Cost				
At 1 December 2019	1,453,274	2,066,765	817,290	4,509,965
Additions	-	272,202	41,828	426,588
Disposals	-	(70,247)	(21,869)	(92,116)
At 30 November 2020	1,453,274	2,268,720	837,249	4,844,437
Depreciation and impairment				
At 1 December 2019	-	1,307,839	742,155	2,093,484
Depreciation charged in the year	-	77,791	24,406	164,191
Eliminated in respect of disposals	-	(70,247)	(21,869)	(92,116)
At 30 November 2020	-	1,315,383	744,692	2,165,559
Carrying amount				
At 30 November 2020	1,453,274	953,337	92,557	2,678,878
At 30 November 2019	1,453,274	758,926	75,135	2,416,481

The company had no tangible fixed assets at 30 November 2020 or 30 November 2019.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	-	52,504	52,504

Movements in fixed asset investments Company

Shares in group undertakings

£

Cost or valuation

At 1 December 2019 and 30 November 2020

52,504

Carrying amount

At 30 November 2020

52,504

At 30 November 2019

52,504

15 Subsidiaries

Details of the company's subsidiaries at 30 November 2020 are as follows:

Name of undertaking	Class of shareholding	% Held	
		Direct	Indirect
John Hargreaves & Son (Bradford) Limited	Ordinary shares		100.00
Manor Coating Systems (Properties) Limited	Ordinary shares	100.00	
Manor Coating Systems Limited	Ordinary shares	100.00	
Manor Paint Ltd	Ordinary shares	100.00	
Manor Paint Shop Ltd	Ordinary shares	100.00	
Paintfire Limited	Ordinary shares		100.00
Shipley Paint Limited	Ordinary shares		100.00
The Paint Place Limited	Ordinary shares	100.00	

Name of undertaking

Nature of business

John Hargreaves & Son (Bradford) Limited	Dormant
Manor Coating Systems (Properties) Limited	Investment in commercial property
Manor Coating Systems Limited	Manufacture and supply of paint and related liquid coatings
Manor Paint Ltd	Dormant
Manor Paint Shop Ltd	Dormant
Paintfire Limited	Dormant
Shipley Paint Limited	Dormant
The Paint Place Limited	Dormant

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

15 Subsidiaries

(Continued)

The investments in subsidiaries are all stated at cost.

All of the subsidiaries are consolidated.

The registered office for the company's subsidiaries is Head Office, Otley Road, Charlestown, Baildon, West Yorkshire, BD17 7DP.

16 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	477,063	467,038	477,063	467,038

17 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	791,521	745,302	-	-
Finished goods and goods for resale	498,609	603,898	-	-
	1,290,130	1,349,200	-	-

18 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	1,853,279	1,884,493	-	-
Other debtors	3,150	750	-	-
Prepayments and accrued income	201,844	178,080	-	-
	2,058,273	2,063,323	-	-
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	2,126,255	2,146,741
Total debtors	2,058,273	2,063,323	2,126,255	2,146,741

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

19 Current asset investments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Equity investments	477,063	467,038	477,063	467,038

20 Creditors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Trade creditors	1,307,392	1,199,356	-	-
Corporation tax payable	62,382	39,240	8,932	7,667
Other taxation and social security	340,794	246,537	-	-
Other creditors	12,935	10,861	3	3
Accruals and deferred income	416,418	396,338	618	1,788
	2,139,921	1,892,332	9,553	9,458

21 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	22	800,000	-	800,000	-

22 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	800,000	-	800,000	-
Payable between one and two years	800,000	-	800,000	-

Bank loans are secured by fixed charges over the group's assets.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	189,679	125,849
Revaluations	115,723	70,643
Short term timing differences	(39,679)	(31,749)
	<u>265,723</u>	<u>164,743</u>

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 December 2019	164,743	-
Charge to profit or loss	55,900	-
Movement on revaluation reserve	45,080	-
	<u>265,723</u>	<u>-</u>

Of the deferred tax liability set out above, £26,000 is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

24 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>172,696</u>	<u>170,630</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £12,935 (2019 - £10,861) were payable to the scheme at the end of the period and are included in creditors.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

25 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
52,500 Ordinary shares of £1 each	52,500	52,500

Each share is entitled to one vote in any circumstance. Dividends are paid in proportion to shareholdings.

26 Financial commitments, guarantees and contingent liabilities

There is a debenture in place creating a fixed and floating charge over the assets of Manor Coating Systems Limited. A cross guarantee exists between Manor Coating Systems (Holdings) Limited, Manor Coating Systems (Properties) Limited and Manor Coating Systems Limited supported by debentures from Manor Coating Systems (Properties) Limited and Manor Coating Systems (Holdings) Limited.

27 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the group for certain properties and vehicles.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	81,561	116,849	-	-
Between two and five years	147,061	205,935	-	-
In over five years	80,263	102,153	-	-
	<u>308,885</u>	<u>424,937</u>	<u>-</u>	<u>-</u>

29 Directors' transactions

Dividends totalling £0 (2019 - £367,500) were paid in the year in respect of shares held by the company's directors.

30 Controlling party

The company is controlled by the directors who own 100% of the called up share capital.

MANOR COATING SYSTEMS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

31 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	586,479	430,772
Adjustments for:		
Taxation charged	118,331	51,236
Investment income	(6,778)	(10,421)
Gain on disposal of tangible fixed assets	-	(10,195)
Depreciation and impairment of tangible fixed assets	164,191	123,253
Net movement in current asset investments	(5,709)	(30,992)
Movements in working capital:		
Decrease in stocks	59,070	40,620
Decrease in debtors	5,050	329,373
Increase/(decrease) in creditors	224,447	(174,353)
Cash generated from operations	1,145,081	749,293

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.