

Company Registration number 02229343

**CORROCOAT CORROSIONEERING LIMITED**

**Financial Statements**

**For the year ended 30 June 2015**

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# **CORROCOAT CORROSIONEERING LIMITED**

## **Financial statements for the year ended 30 June 2015**

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# **CORROCOAT CORROSIONEERING LIMITED**

## **Directors, officers and advisers**

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### **Directors**

C J Watkinson  
C A Harper  
G D Greenwood-Sole  
P Watkinson  
N Riley  
R Cole

### **Secretary and registered office**

C A Harper  
Forster Street  
Leeds  
LS10 1PW

### **Registered number**

02229343

### **Auditors**

Montpelier Audit Limited  
Sanderson House  
Station Road  
Horsforth  
Leeds  
LS18 5NT

### **Accountants**

Montpelier Chartered Accountants  
Montpelier Professional (Leeds) Limited  
Sanderson House  
Station Road  
Horsforth  
Leeds  
LS18 5NT

# CORROCOAT CORROSIONEERING LIMITED

## Strategic report for the year ended 30 June 2015

The directors present strategic report and the financial statements of the company for the year ended 30 June 2015.

### Review of the business

The company's principal activity during the year was that of corrosion and mechanical engineering of critical plant and equipment in major UK industries.

### Results and performance

The results for the company show a loss on ordinary activities before taxation of £23,399 (2014: £76,763 loss). The company's net assets at 30 June 2015 were £28,105 (2014: £29,504).

### Business environment

The global economy has continued to suffer, presenting both an uncertain business climate and a challenging trading environment.

### Strategy

The company's success is dependent upon continued investment by the Corrocoat group in research and development and quality control to ensure that the company's products and services remain market leaders, which is actively pursued by the parent company.

### Key performance indicators

The Board of Directors monitors the progress of the company by reference to the following key performance indicators:

	2015	2014	
Turnover	£3,469,685	£2,541,130	
Gross profit margin	23.6%	23.6%	
Profit before tax	£23,399 (loss)	£76,763 (loss)	
Return on capital employed	-	-	Profit before tax as a proportion of equity shareholder funds
Cash generated (consumed)	/(£158,197)	£89,635	

### Principal risks and uncertainties

The process of risk assessment and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to approval by the Board of Directors and ongoing review by management. Compliance with regulations, legal and ethical standards is a high priority for the company.

The directors consider the main risk to the company to be that posed by technology and development in the market place. The group mitigates that risk by investing in research and development that both enhances the Corrocoat technology and develops new products.

In addition the company is exposed to certain financial risks which are discussed in the Director's Report.

Signed on behalf of the board

  
C A HARPER  
Director

Approved by the Board on .....

29th March 2016

# **CORROCOAT CORROSIONEERING LIMITED**

## **Directors' report for the year ended 30 June 2015**

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The directors present their report and the financial statements of the company for the year ended 30 June 2015.

### **Results and dividends**

The results for the year are shown on the profit and loss account on page 7. The loss for the year after taxation was £1,399.

No dividends were paid or declared during the year.

### **FINANCIAL RISK MANAGEMENT AND OBJECTIVES AND POLICIES**

The company uses various financial instruments: these include group loans, cash and various items, such as trade debtors and trade creditors that arise directly from the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

No transactions of a speculative nature are undertaken.

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

#### **Market risk**

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk (the company does not have any listed investments). The company's policies for managing currency risk are set out in the subsection entitled "currency risk" below

#### **Currency risk**

The company's largest market is in the United Kingdom. The company's exposure to exchange rate fluctuations is not considered by the board to be significant because most foreign customers are invoiced in sterling.

#### **Credit risk**

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the financial institutions in question have high credit ratings assigned by international credit rating agencies. The principal credit risk therefore arises from its trade debtors, although this risk is monitored by effective credit control, the procedures for which are monitored by the directors.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by an overdraft facility.

### **Directors**

The directors who served during the year were:

C J Watkinson  
C A Harper  
G D Greenwood-Sole  
P Watkinson  
N Riley  
R Cole

# **CORROCOAT CORROSIONEERING LIMITED**

## **Directors' report for the year ended 30 June 2015 (continued)**

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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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditors**

To the knowledge and belief of the directors, there is no relevant information that the company's auditors are not aware of, and the directors have taken all the steps necessary to ensure the directors are aware of any relevant information, and to establish that the company's auditors are aware of the information.

### **Auditors**

A resolution to reappoint Montpelier Group as auditors of the company will be proposed at the forthcoming annual general meeting.

### **Signed on behalf of the board**



**C A HARPER**  
Director

Approved by the Board on

29th. March 2016

# **CORROCOAT CORROSIONEERING LIMITED**

## **Independent auditors' report to the members of Corrocoat Corrosioneering Limited**

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We have audited the financial statements of Corrocoat Corrosioneering Limited for the year ended 30 June 2015, which are set out on pages 7 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors' are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **CORROCOAT CORROSIONEERING LIMITED**

### **Independent auditors' report to the members of Corrocoat Corrosioneering Limited (continued)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**MARK DALTON BA ACA (Senior Statutory Auditor)**  
**for and on behalf of Montpelier Audit Limited, Statutory Auditor**  
Montpelier Audit Limited  
Sanderson House  
Station Road  
Horsforth  
Leeds  
LS18 5NT

29 March 2016



# **CORROCOAT CORROSIONEERING LIMITED**

## **Profit and loss account for the year ended 30 June 2015**

	Notes	2015 £	2014 £
Turnover	2	3,469,685	2,541,130
Cost of sales		2,650,749	1,940,205
Gross profit		818,936	600,925
Distribution costs		54,863	3,956
Administrative expenses		782,184	671,172
Other operating income	3	837,047 834	675,128 2,395
Operating loss		(17,277)	(71,808)
Other interest receivable and similar income		-	145
Interest payable and similar charges		(6,122)	(5,100)
Loss on ordinary activities before taxation	4	(23,399)	(76,763)
Taxation on loss on ordinary activities	7	22,000	13,457
Loss for the financial year		(1,399)	(63,306)

None of the company's activities was acquired or discontinued during the above two years.

There were no recognised gains nor losses other than those included in the profit and loss account.

The notes on pages 9 to 12 form part of these financial statements.

# CORROCOAT CORROSIONEERING LIMITED

## Balance sheet at 30 June 2015

	Notes	2015		2014	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		189,596		110,890
<b>Current assets</b>					
Stock	9	351,459		186,081	
Debtors	10	845,687		867,886	
Cash at bank and in hand		35,845		194,042	
		<u>1,232,991</u>		<u>1,248,009</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(495,083)</u>		<u>(327,056)</u>	
<b>Net current assets</b>			<u>737,908</u>		<u>920,953</u>
<b>Total assets less current liabilities</b>			<u>927,504</u>		<u>1,031,843</u>
<b>Creditors: amounts falling due after more than one year</b>	12		<u>(899,399)</u>		<u>(1,002,339)</u>
			<u>28,105</u>		<u>29,504</u>
<b>Capital and reserves</b>					
Called up share capital	13	600,000		600,000	
Share premium account	14	326,000		326,000	
Deficit on profit and loss account	14	(897,895)		(896,496)	
<b>Shareholders' funds</b>	15		<u>28,105</u>		<u>29,504</u>

Approved by the board of directors on 29/3/2016 and signed on its behalf.

C A Harper - Director

Company Registration No: 02229343

The notes on pages 9 to 12 form part of these financial statements.

# CORROCOAT CORROSIONEERING LIMITED

## Notes to the financial statements for the year ended 30 June 2015

### 1 Accounting policies

#### a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards.

The company has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as it qualifies as a small company.

#### b) Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

#### c) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Motor vehicles	25%	on cost
Tooling	50%	on cost
Equipment, fixtures and fittings	Over 1 to 6 years	
Plant and machinery	16.6%	on cost

#### d) Stocks

Stock and work in progress is valued at the lower of cost and estimated net realisable value.

Cost of raw materials is determined on the first in first out basis. In the case of work in progress and finished goods, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which the stock can be released in the normal course of business, less further costs to completion of sale.

#### e) Pension scheme

Defined contribution scheme

The pension costs charged against profits represent the amount of contributions payable to the scheme in respect of the accounting period.

### 2 Turnover

Turnover represents amounts receivable in respect of goods sold and services provided, stated net of value added tax and relates entirely to the company's principal activity. The geographical analysis of turnover is as follows:-

	2015	2014
	£'000	£'000
United Kingdom	3,454	2,458
Asia	16	60
Africa	-	17
America	-	6
	<u>3,470</u>	<u>2,541</u>

### 3 Other operating income

	2015	2014
	£	£
Sale of waste and miscellaneous equipment	<u>834</u>	<u>2,395</u>

### 4 Loss on ordinary activities before taxation

This is stated after charging:

	2015	2014
	£	£
Depreciation of owned assets	49,747	56,569
Profit on disposal of fixed assets	(4,846)	(9,778)
Auditors' remuneration	<u>8,000</u>	<u>11,755</u>

# CORROCOAT CORROSIONEERING LIMITED

## Notes to the financial statements for the year ended 30 June 2015 (continued)

### 5 Employee information

	2015	2014
	£	£
Wages and salaries	1,456,697	1,171,966
Social security costs	112,709	113,694
Pension costs	27,354	38,653
	<u>1,596,760</u>	<u>1,324,313</u>

The average number of persons employed during the year, including executive directors, was made up as follows:

	2015	2014
	Number	Number
Administration	4	1
Production	52	51
Selling and distribution	6	6
	<u>62</u>	<u>58</u>

### 6 Directors' emoluments

	2015	2014
	£	£
Emoluments	57,014	55,496
Company contributions to money purchase pension schemes	1,710	1,665
	<u>58,724</u>	<u>57,161</u>

The number of directors who were accruing benefits under company pension schemes were as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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### 7 Tax on profit on ordinary activities

	2015	2014
	£	£
United Kingdom corporation tax at 21%(23.1)%	-	(13,928)
Credit for group relief surrendered	(22,000)	-
Adjustments in respect of previous years	-	471
	<u>(22,000)</u>	<u>(13,457)</u>

#### Factors affecting tax charge for the period

Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21%(23.1)%	(4,913)	(16,120)
Effects of:		
Expenses not deductible for tax purposes	1,343	1,483
Losses surrendered to group companies and other differences	(22,000)	1,180
Other timing differences	3,570	-
Current tax charge for the year	<u>(22,000)</u>	<u>(13,457)</u>

# CORROCOAT CORROSIONEERING LIMITED

## Notes to the financial statements for the year ended 30 June 2015 (continued)

### 8 Tangible fixed assets

	Motor vehicles	Equipment fixtures & fittings	Plant & machinery	Total
	£	£	£	£
Cost:				
At 1 July 2014	193,331	35,175	730,665	959,171
Additions	19,500	21,135	89,664	130,299
Disposals	(30,420)	-	-	(30,420)
<b>At 30 June 2015</b>	<b>182,411</b>	<b>56,310</b>	<b>820,329</b>	<b>1,059,050</b>
Depreciation:				
At 1 July 2014	104,171	27,418	716,692	848,281
Provision for the year	41,560	4,070	4,117	49,747
Adjustments for disposals	(28,574)	-	-	(28,574)
<b>At 30 June 2015</b>	<b>117,157</b>	<b>31,488</b>	<b>720,809</b>	<b>869,454</b>
Net book value:				
<b>At 30 June 2015</b>	<b>65,254</b>	<b>24,822</b>	<b>99,520</b>	<b>189,596</b>
At 30 June 2014	89,160	7,757	13,973	110,890

### 9 Stocks

	2015	2014
	£	£
Raw materials	143,358	129,484
Work in progress	208,101	56,597
	<b>351,459</b>	<b>186,081</b>

### 10 Debtors

	2015	2014
	£	£
Trade debtors	478,041	323,940
Other debtors	636	16,298
Amounts owed by group undertakings and undertakings in which the company has a participating interest	90,168	388,608
Prepaid expenses and accrued income	262,914	125,556
Tax repayments due	13,928	13,484
	<b>845,687</b>	<b>867,886</b>

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

	2015	2014
	£	£
Trade creditors	254,320	137,069
Amounts owed to group undertakings and undertakings in which the company has a participating interest	84,244	66,178
Other tax and social security	88,684	70,209
Accruals and deferred income	67,835	53,600
	<b>495,083</b>	<b>327,056</b>

# CORROCOAT CORROSIONEERING LIMITED

## Notes to the financial statements for the year ended 30 June 2015 (continued)

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

	2015	2014
	£	£
Amounts due to parent company	899,399	1,002,339

### 13 Called-up share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
Equity shares:		
Ordinary shares class A of £1 each	575,000	575,000
Ordinary shares class B of £1 each	25,000	25,000
	600,000	600,000

### 14 Reserves

	Share premium account	Profit and loss account
	£	£
At 1 July 2014	326,000	(896,496)
Loss for the year	-	(1,399)
	326,000	(897,895)

### 15 Reconciliation of movement in shareholders' funds

	2015	2014
	£	£
Loss for the year	(1,399)	(63,306)
Shareholders' funds at 1 July 2014	29,504	92,810
Shareholders' funds at 30 June 2015	28,105	29,504

### 16 Controlling party

The company's immediate parent undertaking is Corrocoat Limited, which is itself a wholly owned subsidiary of Corrosioneering Group Limited (a company incorporated in England & Wales). The results of Corrocoat Corrosioneering Limited are included within the consolidated accounts prepared by Corrosioneering Group Limited, which are available from The Registrar Of Companies in England & Wales.

The ultimate controlling party is Charles John Watkinson, a director of the company.

The company has taken advantage of the exemptions available under the Companies Act 2006 and not disclosed transactions with Corrosioneering Group Limited and other wholly owned subsidiaries of that company.