Company Registration No. 02229343 (England and Wales)

CORROCOAT CORROSIONEERING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

CORROCOAT CORROSIONEERING LIMITED

COMPANY INFORMATION

Directors	Mr C A Harper Mr R E Cole Mr G D Greenwood Sole Mr N P Riley Mr C J Watkinson Mr P J Watkinson
Secretary	Mr C A Harper
Company number	02229343
Registered office	Forster Street Leeds LS10 1PW
Auditor	Buckle Barton Limited Sanderson House Station Road Horsforth Leeds LS18 5NT

CORROCOAT CORROSIONEERING LIMITED

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CORROCOAT CORROSIONEERING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Business environment

During the year under review, the UK economy has continued to suffer, presenting both an uncertain business climate and a challenging trading environment.

Results and performance

The results for the company show a loss on ordinary activities before taxation of £423,850 (2016: £4,524). The company's net liabilities at 30 June 2017 were £394,367 (2016: £14,482 net assets).

Sales for the year declined by 44% compared to the previous year and margins have remained under pressure, a reflection of the difficult trading conditions we experienced in most sectors in which we operate.

The directors have taken appropriate steps to address these issues which have resulted in a significant improvement in sales and profitability in the first half of the current financial year.

Being a part of the Corrosioneering Group, the company has the full support of the parent company, and we continue, along with our sister company Corrocoat Ltd, our extensive research and development programme to extend our range of specialist anti-corrosion products and services, in order to remain the leader in our field and move forward to a positive future.

The company's balance sheet remains strong with net current assets at 30 June 2017 of £918,672 and total assets less current liabilities of £1,143,483. The loan from the ultimate parent company of £1.5m assures the adequacy of the company's financial resources to operate for the foreseeable future. This group funding remains a long term liability and will not be called upon until such time as the company is in a position to commence repayments.

Strategy

The company's success is dependent upon its parent company's continued investment in research and development and quality control to ensure that the company's products and services remain market leaders. The Corrocoat group has continued to invest in research and development and take advantage of new product and technological developments. The group as a whole (headed by Corrosioneering Group Limited) continues to seek new markets for the company's products and services in those territories where it has little or no representation.

Key performance indicators

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

	2017	2016
Turnover	£2,692,654	£4,185,927
Gross profit margin	16%	16%
Loss before tax	£423,849	£4,524
Return on capital employed	0	0
Cash generated / (consumed)	£75,681	(£8,176)
EBITDA	£338,135 (loss)	£22,765 (profit)

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 Corrocoat 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 Directors' Report.

On behalf of the board

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Mr C A Harper

Director

28.3.18

CORROCOAT CORROSIONEERING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Principal activities
The principal activity of the company continued to be that of corrosion and mechanical engineering of critical plant and equipment in major UK industries.

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

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

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 final dividend.

Auditor
In accordance with the company's articles, a resolution proposing that Buckle Barton Limited be reappointed as auditor of the company 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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

....
Mr C A Harper
Director
Date: 28.3.18

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CORROCOAT CORROSIONEERING LIMITED

Opinion

We have audited the financial statements of Corrocoat Corrosioneering Limited (the 'company') for the year ended 30 June 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CORROCOAT CORROSIONEERING LIMITED

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, 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.

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 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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.

MARK DALTON BA (HONS) FCA (SENIOR STATUTORY AUDITOR)
for and on behalf of Buckle Barton Limited, Statutory Auditor
Sanderson House
Station Road
Horsforth
Leeds
LS18 5NT

28.3.18

CORROCOAT CORROSIONEERING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover	3	2,692,654	4,815,926
Cost of sales		(2,254,160)	(4,048,578)
Gross profit		438,494	767,348
Administrative expenses		(852,486)	(764,360)
Operating (loss)/profit	4	(413,992)	2,988
Interest receivable and similar income	7	-	93
Interest payable and similar expenses	8	(9,857)	(7,605)
Loss before taxation		(423,849)	(4,524)
Tax on loss	9	15,000	(9,099)
Loss for the financial year		(408,849)	(13,623)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

CORROCOAT CORROSIONEERING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	2017 £	2016 £
Loss for the year	(408,849)	(13,623)
Other comprehensive income	-	-
Total comprehensive income for the year	(408,849)	(13,623)

CORROCOAT CORROSIONEERING LIMITED

BALANCE SHEET

AS AT 30 JUNE 2017

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		224,811		247,485
Current assets					
Stocks	11	215,308		231,823	
Debtors	12	1,011,739		1,607,665	
Cash at bank and in hand		103,350		27,669	
		1,330,397		1,867,157	
Creditors: amounts falling due within one year	13	(411,725)		(503,723)	
Net current assets			918,672		1,363,434
Total assets less current liabilities			1,143,483		1,610,919
Creditors: amounts falling due after more than one year	14		(1,537,850)		(1,581,437)
Provisions for liabilities	15		-		(15,000)
Net (liabilities)/assets			(394,367)		14,482
Capital and reserves					
Called up share capital	18		600,000		600,000
Share premium account			326,000		326,000
Profit and loss reserves			(1,320,367)		(911,518)
Total equity			(394,367)		14,482

The financial statements were approved by the board of directors and authorised for issue on 28-3-18 and are signed on its behalf by:

....

Mr C A Harper
Director

Company Registration No. 02229343

CORROCOAT CORROSIONEERING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2015	600,000	326,000	(897,895)	28,105
Year ended 30 June 2016:				
Loss and total comprehensive income for the year	-	-	(13,623)	(13,623)
Balance at 30 June 2016	600,000	326,000	(911,518)	14,482
Year ended 30 June 2017:				
Loss and total comprehensive income for the year	-	-	(408,849)	(408,849)
Balance at 30 June 2017	600,000	326,000	(1,320,367)	(394,367)

1 Accounting policies

Company information

Corrocoat Corrosioneering Limited is a private company limited by shares incorporated in England and Wales. The registered office is Forster Street, Leeds, LS10 1PW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements and further information in this respect is provided in the Strategic Report.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest 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.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 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 recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	16.6% on cost
Fixtures and fittings	Over 1 to 6 years
Motor vehicles	25% on cost

1 Accounting policies **(Continued)**

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 credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

1.6 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.8 Financial instruments

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

Financial assets and liabilities are offset, with 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.

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 company 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 company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

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

1 Accounting policies **(Continued)**

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 company'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 liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 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 are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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 company's turnover is as follows:

	2017 £	2016 £
Turnover		
Repairs and applications - works	1,914,896	2,020,218
Repairs and applications - site	772,320	2,794,612
Sundry income	5,438	1,096
	2,692,654	4,815,926

Other significant revenue		
Interest income	-	93

Turnover analysed by geographical market

	2017 £'000	2016 £'000
United Kingdom	2,645	4,788
Asia	48	28
	2,693	4,816

4 Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging/(crediting):	2017 £	2016 £
Exchange losses	19	-
Fees payable to the company's auditor for the audit of the company's financial statements	11,765	8,000
Depreciation of owned tangible fixed assets	79,620	60,489
Profit on disposal of tangible fixed assets	(8,533)	(2,051)

5 Employees

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

	2017 Number	2016 Number
Administration	6	6
Production	49	45
Selling and distribution	5	6
	60	57

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	397,097	373,324
Pension costs	39,529	36,095
	436,626	409,419

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	63,152	57,580

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Other interest income	-	93

8 Interest payable and similar expenses

	2017 £	2016 £
Other interest on financial liabilities	9,857	7,605

9 Taxation

	2017	2016
	£	£
Current tax		
Adjustments in respect of previous years	-	(1)
Group tax relief	-	(5,900)
Total current tax	-	(5,901)
Deferred tax		
Origination and reversal of timing differences	(15,000)	15,000
Total tax (credit)/charge	(15,000)	9,099

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Loss before taxation	(423,849)	(4,524)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	(84,770)	(905)
Tax effect of expenses that are not deductible in determining taxable profit	319	97
Adjustments in respect of previous years	(13,586)	(1)
Group relief	79,667	(5,946)
Other permanent differences	170	92
Deferred tax rounding	3,200	9,862
Payment receivable for group relief	-	5,900
Taxation for the year	(15,000)	9,099

10 Tangible fixed assets

	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2016	868,290	59,056	213,050	1,140,396
Additions	680	560	57,629	58,869
Disposals	-	-	(61,195)	(61,195)
At 30 June 2017	868,970	59,616	209,484	1,138,070
Depreciation and impairment				
At 1 July 2016	739,694	38,302	114,914	892,910
Depreciation charged in the year	27,189	8,882	43,549	79,620
Eliminated in respect of disposals	-	-	(59,271)	(59,271)
At 30 June 2017	766,883	47,184	99,192	913,259
Carrying amount				
At 30 June 2017	102,087	12,432	110,292	224,811
At 30 June 2016	128,596	20,754	98,135	247,485

11 Stocks

	2017	2016
	£	£
Raw materials and consumables	127,983	143,082
Work in progress	87,325	88,741
	215,308	231,823

12 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	753,816	1,348,295
Corporation tax recoverable	-	1
Amounts due from group and associated undertakings	75,642	153,639
Other debtors	44,140	61,055
Prepayments and accrued income	138,141	44,675
	1,011,739	1,607,665

13 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	186,785	235,420
Amounts due to group undertakings	115,403	96,923
Other taxation and social security	56,208	85,223
Accruals and deferred income	53,329	86,157
	411,725	503,723

14 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Amounts due to group undertakings	1,537,850	1,581,437

15 Provisions for liabilities

	Notes	2017	2016
		£	£
Deferred tax liabilities	16	-	15,000

16 Deferred taxation

Deferred tax assets and liabilities are offset where the 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 2017	Liabilities 2016
Balances:	£	£
ACAs	-	15,000

	2017
Movements in the year:	£
Liability at 1 July 2016	15,000
Credit to profit or loss	(15,000)
Liability at 30 June 2017	-

17 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	39,529	36,095

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
575,000 Ordinary A equity shares of £1 each	575,000	575,000
25,000 Ordinary B equity shares of £1 each	25,000	25,000
	600,000	600,000

19 Related party transactions

During the year ended 30 June 2017 the company sold goods & services totalling £223,117 (2016: £42,140) to Glassflake Limited, a company under the control of Charles John Watkinson. Included in debtors at 30 June 2017 is an amount of £32,359 (2016: £13,972) due from Glassflake Limited. All transactions were on arms length, commercial terms.

20 Controlling party

The company's parent company is Corrocoat Limited which is itself a wholly owned subsidiary company of Corrosioneering Group Limited (a company incorporated in England & Wales). The results for the company and Corrocoat Limited are included in the consolidated accounts of Corrosioneering Group Limited which are available from the Registrar of Companies in England & Wales.
The company has taken advantage of the exemptions available under the Companies act 2006 and not disclosed transactions with Corrocoat Limited, Corrosioneering Group Limited and wholly owned subsidiaries of Corrosioneering Group Limited. The company has also taken advantage of the exemptions available under FRS102 and not prepared a cash flow statement as the company's cash flows are included in the consolidated cash flow statement prepared by Corrosioneering Group Limited.
The ultimate controlling party is Charles John Watkinson, a director of the company.