

Company Registration No. SC061436 (Scotland)

HIGHLAND METALS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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HIGHLAND METALS LIMITED

COMPANY INFORMATION

Directors	D Ashmead G S Crowley R G Steel G C Bulloch
Secretary	R G Steel
Company number	SC061436
Registered office	Pinefield Industrial Estate Elgin IV30 6FG
Auditors	Johnston Carmichael LLP Commerce House South Street Elgin IV30 1JE
Business address	Pinefield Industrial Estate Elgin IV30 6FG

HIGHLAND METALS LIMITED

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HIGHLAND METALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and financial statements for the year ended 31 March 2013.

Principal activities and review of the business

The principal activity of the company is that of the supply of galvanizing, powder coating and the duplex service combining these processes, "Colourgalv".

The company has a broad customer base covering a wide range of industries including construction, engineering, oil, fencing and agriculture.

The year to 31 March 2013 results reflect the fact that the company's market place in general remained tight with the construction industry in particular still experiencing little or no growth.

The current year is likely to be similar although there is somewhat more optimism regarding the economy in general. The directors believe that the company continues to be well placed to take advantage of the opportunities this will bring.

Results and dividends

The results for the year are set out on page 5.

A dividend amounting to £137,505 has been paid as disclosed in note 6.

Directors

The following directors have held office since 1 April 2012:

D Ashmead
G S Crowley
R G Steel
G C Bulloch

Statement of directors' responsibilities

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 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 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.

HIGHLAND METALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

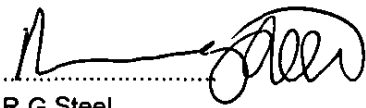
Statement of disclosure to auditors

The directors confirm that;

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



R G Steel

Director

13/12/13

HIGHLAND METALS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HIGHLAND METALS LIMITED

We have audited the financial statements of Highland Metals Limited for the year ended 31 March 2013 set out on pages 5 to 15. 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 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 in the directors report on pages 1 - 2, 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 Practices Board'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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 31 March 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

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

HIGHLAND METALS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF HIGHLAND METALS LIMITED

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.

Johnston Carmichael LLP

Helen Rogers (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

20 December 2013

Chartered Accountants
Statutory Auditor

Commerce House
South Street
Elgin
IV30 1JE

HIGHLAND METALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £	2012 £
Turnover	2	3,258,471	3,656,039
Cost of sales		(1,889,483)	(1,990,062)
Gross profit		1,368,988	1,665,977
Distribution costs		(228,095)	(246,283)
Administrative expenses		(784,785)	(794,049)
Other operating income		3,500	-
Operating profit	3	359,608	625,645
Profit on sale of investments		-	8,711
Profit on ordinary activities before interest		359,608	634,356
Investment income	4	26,486	15,036
Other interest receivable and similar income	4	38,784	54,592
Profit on ordinary activities before taxation		424,878	703,984
Tax on profit on ordinary activities	5	(95,367)	(179,335)
Profit for the year	16	329,511	524,649

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.


HIGHLAND METALS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2013

	Notes	2013		2012	
		£	£	£	£
Fixed assets					
Tangible assets	7	550,326		428,707	
Investments	8	2,399,305		2,384,534	
		<u>2,949,631</u>		<u>2,813,241</u>	
Current assets					
Stocks	9	276,590	311,707		
Debtors	10	4,181,935	4,316,504		
Investments	11	1,500,000	1,000,000		
Cash at bank and in hand		335,827	655,005		
		<u>6,294,352</u>	<u>6,283,216</u>		
Creditors: amounts falling due within one year	12	<u>(874,651)</u>	<u>(920,997)</u>		
Net current assets		<u>5,419,701</u>		<u>5,362,219</u>	
Total assets less current liabilities		<u>8,369,332</u>		<u>8,175,460</u>	
Provisions for liabilities	13	<u>(18,379)</u>		<u>(16,513)</u>	
		<u>8,350,953</u>		<u>8,158,947</u>	
Capital and reserves					
Called up share capital	15	27,501	27,501		
Other reserves	16	94,999	94,999		
Profit and loss account	16	8,228,453	8,036,447		
Shareholders' funds	17	<u>8,350,953</u>		<u>8,158,947</u>	

Approved by the Board and authorised for issue on 19/11/13


D Ashmead
Director

Company Registration No. SC061436

HIGHLAND METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Turnover

Turnover represents amounts receivable for galvanizing services performed net of VAT and trade discounts. Turnover is recognised at the point of despatch.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Heritable Property	- Straight line over 25 years
Plant and machinery	- Straight line over 4 to 10 years

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value. Temporary diminution in value is not adjusted for through the accounts.

Current asset investments are stated at the lower of cost and net realisable value.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value with proper provision being made for obsolete and slow moving stock. Cost comprises the invoiced price of goods and materials purchased on a first in first out basis. The cost of work in progress comprises materials, direct labour and attributable production overheads.

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

The company operates group personal pensions for the employees, whereby contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.7 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

HIGHLAND METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies **(continued)**

1.8 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Highland Metal Developments Limited, and is included in the consolidated accounts of that company.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2013	2012
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	90,820	89,698
Auditors' remuneration (including expenses and benefits in kind)	9,000	9,000
	<u>99,820</u>	<u>98,700</u>

4 Investment income	2013	2012
	£	£
Income from fixed asset investments	26,486	15,036
Bank interest	38,764	54,564
Other interest	20	28
	<u>65,270</u>	<u>69,628</u>

HIGHLAND METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

5	Taxation	2013 £	2012 £
	Domestic current year tax		
	U.K. corporation tax	93,501	183,532
	Total current tax	<u>93,501</u>	<u>183,532</u>
	Deferred tax		
	Deferred tax charge/(credit) current year	2,554	(2,603)
	Adjustment to deferred tax resulting from change in tax rate	(688)	(1,594)
		<u>1,866</u>	<u>(4,197)</u>
		<u>95,367</u>	<u>179,335</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>424,878</u>	<u>703,984</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2012 - 26.00%)	<u>101,971</u>	<u>183,036</u>
	Effects of:		
	Non deductible expenses	288	296
	Depreciation in excess of capital allowances	526	6,454
	Pension contributions	42	(131)
	Marginal Relief	(2,969)	(380)
	Dividends and distributions received	(6,357)	(3,909)
	Sale of investments	-	(1,834)
		<u>(8,470)</u>	<u>496</u>
	Current tax charge for the year	<u>93,501</u>	<u>183,532</u>
6	Dividends	2013 £	2012 £
	Ordinary interim paid	<u>137,505</u>	<u>137,505</u>

HIGHLAND METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

7 Tangible fixed assets

	Heritable Property £	Plant and machinery £	Total £
Cost			
At 1 April 2012	601,511	1,553,337	2,154,848
Additions	-	212,439	212,439
Disposals	-	(3,995)	(3,995)
At 31 March 2013	601,511	1,761,781	2,363,292
Depreciation			
At 1 April 2012	392,078	1,334,063	1,726,141
On disposals	-	(3,995)	(3,995)
Charge for the year	13,473	77,347	90,820
At 31 March 2013	405,551	1,407,415	1,812,966
Net book value			
At 31 March 2013	195,960	354,366	550,326
At 31 March 2012	209,433	219,274	428,707

Freehold land with a value of £7,220 (2012 - £7,220) has not been depreciated.

HIGHLAND METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

8 Fixed asset investments

	Listed investments	Shares in group undertakings	Total
	£	£	£
Cost			
At 1 April 2012	1,384,536	999,998	2,384,534
Additions	14,771	-	14,771
	<u>1,399,307</u>	<u>999,998</u>	<u>2,399,305</u>
At 31 March 2013	1,399,307	999,998	2,399,305
Net book value			
At 31 March 2013	<u>1,399,307</u>	<u>999,998</u>	<u>2,399,305</u>
At 31 March 2012	<u>1,384,536</u>	<u>999,998</u>	<u>2,384,534</u>

The company holds 99% of the ordinary shares of Highland Colour Coaters Limited. The company also owns £880,000 of the 10% Redeemable Preference shareholding in Highland Colour Coaters Limited.

Highland Colour Coaters Limited holds 98% of the ordinary shares of Highland Galvanizers Limited.

Investments in publicly traded shares are valued at cost at £399,942 (2012: £399,942), the market value for the shares as at 31 March 2013 is £320,031 (2012: £371,809), the temporary diminution in value has not been adjusted for inline with the accounting policy.

9 Stocks and work in progress

	2013	2012
	£	£
Raw materials and consumables	276,349	308,293
Work in progress	241	3,414
	<u>276,590</u>	<u>311,707</u>

10 Debtors

	2013	2012
	£	£
Trade debtors	616,392	718,173
Amounts owed by parent and fellow subsidiary undertakings	3,524,341	3,579,413
Other debtors	41,202	18,918
	<u>4,181,935</u>	<u>4,316,504</u>

HIGHLAND METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

11 Current asset investments	2013 £	2012 £
Other unlisted investments	1,500,000	1,000,000

12 Creditors: amounts falling due within one year	2013 £	2012 £
Trade creditors	541,547	490,079
Corporation tax	93,501	183,532
Other taxes and social security costs	58,696	65,271
Other creditors	180,907	182,115
	<u>874,651</u>	<u>920,997</u>

13 Provisions for liabilities	Deferred tax liability £
Balance at 1 April 2012	16,513
Profit and loss account	1,866
Balance at 31 March 2013	<u>18,379</u>

The deferred tax liability is made up as follows:

	2013 £	2012 £
Accelerated capital allowances	19,274	17,405
Other timing differences	(895)	(892)
	<u>18,379</u>	<u>16,513</u>

HIGHLAND METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

14 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2013 £	2012 £
Contributions payable by the company for the year	48,487	50,754

15 Share capital

Allotted, called up and fully paid
27,501 Ordinary shares of £1 each

	2013 £	2012 £
	27,501	27,501

16 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2012	94,999	8,036,447
Profit for the year	-	329,511
Dividends paid	-	(137,505)
Balance at 31 March 2013	94,999	8,228,453

Other reserves

Capital redemption reserve

Balance at 1 April 2012 & at 31 March 2013

94,999

17 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	329,511	524,649
Dividends	(137,505)	(137,505)
Net addition to shareholders' funds	192,006	387,144
Opening shareholders' funds	8,158,947	7,771,803
Closing shareholders' funds	8,350,953	8,158,947

HIGHLAND METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

18 Capital commitments	2013	2012
	£	£
At 31 March 2013 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	24,300	-
	<u>24,300</u>	<u>-</u>

19 Directors' remuneration	2013	2012
	£	£
Remuneration for qualifying services	528,692	513,537
Company pension contributions to defined contribution schemes	15,049	14,611
	<u>543,741</u>	<u>528,148</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2012 - 2).

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

Remuneration for qualifying services	<u>301,955</u>	<u>301,970</u>
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Qualifying services are invoiced by and paid to the highest paid director's management services company and included within the remuneration for qualifying services is £132,547 (2012 - £131,583) in respect of fees paid by subsidiary undertakings.

HIGHLAND METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2013 Number	2012 Number
Administration and directors	11	13
Production	23	22
	<u>34</u>	<u>35</u>

Employment costs

	2013 £	2012 £
Wages and salaries	949,252	981,792
Social security costs	89,463	97,483
Other pension costs	48,487	50,754
	<u>1,087,202</u>	<u>1,130,029</u>

21 Control

The ultimate parent company and controlling party is Highland Metal Developments Limited. Highland Metal Developments Limited heads the only group for which consolidated financial statements have been prepared. Copies of these results are publicly available and can be obtained from the Registrar of Companies at Companies House, Edinburgh.

22 Related party relationships and transactions

Other transactions

The company has taken advantage of the exemption from providing related party information available to a subsidiary undertaking where 100% of the voting rights are controlled within a group and where that group prepares consolidated financial statements in which the subsidiary is included.

HIGHLAND METALS LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2013

HIGHLAND METALS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2013

		2013		2012
	£	£	£	£
Turnover				
Sales		3,258,471		3,656,039
Cost of sales				
Production materials	788,072		840,177	
Production services	331,676		423,942	
Wages and superannuation	511,153		525,548	
Employer' NI contributions	49,559		53,233	
Staff pension costs defined contribution	16,526		17,742	
Maintenance and repairs	156,066		91,395	
Health and safety	36,431		38,025	
		<u>(1,889,483)</u>		<u>(1,990,062)</u>
Gross profit	42.01%	1,368,988	45.57%	1,665,977
Distribution costs		228,095		246,283
Administrative expenses		784,785		794,049
		<u>(1,012,880)</u>		<u>(1,040,332)</u>
		356,108		625,645
Other operating income				
Rent receivable		3,500		-
Operating profit		359,608		625,645
Exceptional items				
Profit on sale of investments	-		8,711	
		-		8,711
Other interest receivable and similar income				
Bank interest - received	38,764		54,564	
Interest on tax refund - received	20		28	
		<u>38,784</u>		<u>54,592</u>
Income from investments				
Listed investment interest - received	11,714		-	
Unlisted investment interest - received	14,772		15,036	
		<u>26,486</u>		<u>15,036</u>
Profit before taxation	13.04%	<u>424,878</u>	19.26%	<u>703,984</u>

HIGHLAND METALS LIMITED

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2013

	2013 £	2012 £
Distribution costs		
Carriage outwards	228,095	246,283
	<u>228,095</u>	<u>246,283</u>
Administrative expenses		
Salaries and superannuation	41,954	74,290
Directors' remuneration	226,737	211,568
Employer's NI contributions	10,918	19,366
Directors social security	28,986	24,884
Directors' contributions on money purchase scheme	15,049	14,611
Staff pension costs defined contribution	16,912	18,401
Directors Fees	169,408	170,386
Office supplies and services	13,169	12,837
Rates	42,564	40,169
Insurance	28,336	27,095
Sales promotion	44,311	31,510
Motor and travel expenses	14,576	17,713
Legal and prof fees - allowable	4,288	9,529
Audit fees	9,000	9,000
Bad and doubtful debts	2,780	3,138
Sundry expenses - allowable	24,977	19,854
Depreciation on fixed assets	90,820	89,698
	<u>784,785</u>	<u>794,049</u>