

Registered number: 00339277

NICHOLLS & CLARKE GLASS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



NICHOLLS & CLARKE GLASS LIMITED

COMPANY INFORMATION

Directors	K S A Forbes - Chairman S A Forbes B.A. (Hons) D I Forbes G D Cooper B.Sc. FCCA. ACIS.
Company secretary	G D Cooper B.Sc. FCCA. ACIS.
Registered number	00339277
Registered office	41-51 Freshwater Road Chadwell Heath Romford Essex RM8 1SP
Independent auditors	BDO LLP Statutory Auditor 150 Aldersgate Street London EC1A 4AB

NICHOLLS & CLARKE GLASS LIMITED

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NICHOLLS & CLARKE GLASS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Business review

The Company is a wholly owned subsidiary of Nicholls & Clarke Limited, which is the ultimate parent company.

The principal activities of the Company are the marketing and distribution of glass to the building trade within the United Kingdom. There have not been any significant changes in the Company's activities in the year under review. The Directors expect the Company to continue to trade in a similar manner in the foreseeable future.

Turnover increased by 0.6% to £16.9 million (2017: £16.8 million). Loss after tax was £0.9 million (2017: £0.2 million profit). The balance sheet on page 8 shows that net assets have decreased to £4.2 million (2017: £5.2 million). Details of the amounts owed by and to other group undertakings are shown in notes 12 and 13.

The directors do not anticipate any significant changes to the underlying business. The Nicholls & Clarke Group manages its operations on a business unit basis. For this reason the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the company including future developments is discussed further in the Group's annual report which does not form part of this report.

Principal risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

- Stock availability and prices: the company monitors stock sources on an international basis.
- Environmental risks: the company places considerable emphasis upon environmental compliance in each of its businesses and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practise is incorporated into its key processes.
- Debtors: the company maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with all customers and these are closely managed.
- Major disruption/disaster: business continuity planning is reviewed regularly.
- The effect of legislation or other regulatory activities: the group monitors forthcoming and current legislation regularly.
- All appropriate measures are taken to protect the company's intellectual property rights and to minimise the risk of infringement of third party rights.
- Competitive risk: the company operates in highly competitive markets. The diversity of operations reduces the possible effect of action by any single competitor.

Research and development

The Company pursues a policy of continuous development and improvement of its products. Expenditure is written off in the year in which it is incurred.

This report was approved by the board and signed on its behalf.



K S A Forbes - Chairman
Director



S A Forbes B.A. (Hons)
Director

Date: 15 July 2019

NICHOLLS & CLARKE GLASS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors

The directors who served during the year were:

K S A Forbes - Chairman
S A Forbes B.A. (Hons)
D I Forbes
G D Cooper B.Sc. FCCA. ACIS.

Results and dividends

The loss for the year, after taxation, amounted to £916,520 (2017 - profit £203,171).

The directors do not recommend the payment of a dividend.

Directors indemnities

The Company maintains directors' liability insurance providing appropriate cover for any legal action brought against its directors.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to 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.

NICHOLLS & CLARKE GLASS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

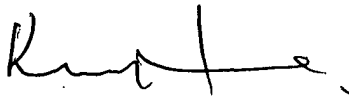
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

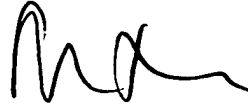
On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.

This report was approved by the board and signed on its behalf.



K S A Forbes - Chairman
Director

Date: 15 July 2019



S A Forbes B.A. (Hons)
Director

Date: 15 July 2019

NICHOLLS & CLARKE GLASS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NICHOLLS & CLARKE GLASS LIMITED

Opinion

We have audited the financial statements of Nicholls & Clarke Glass Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 Financial Reporting Standard 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 31 December 2018 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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

NICHOLLS & CLARKE GLASS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NICHOLLS & CLARKE GLASS LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 on page 2, 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.

NICHOLLS & CLARKE GLASS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NICHOLLS & CLARKE GLASS LIMITED (CONTINUED)

Auditors' 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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 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.

BDO LLP

Gareth Jones FCA (Senior Statutory Auditor)

for and on behalf of

BDO LLP

Statutory Auditor

150 Aldersgate Street

London

EC1A 4AB

Date: 15 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NICHOLLS & CLARKE GLASS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	Continuing operations 2018 £	Restructuring costs 2018 £	Total 2018 £	Continuing operations 2017 £	Restructuring costs 2017 £	Total 2017 £
Turnover	4	16,882,136	-	16,882,136	16,806,574	-	16,806,574
Cost of sales		(11,303,907)	-	(11,303,907)	(10,799,699)	-	(10,799,699)
Gross profit		5,578,229	-	5,578,229	6,006,875	-	6,006,875
Distribution costs	5	(1,651,287)	(164,114)	(1,815,401)	(1,574,262)	-	(1,574,262)
Administrative expenses	5	(4,354,886)	(432,880)	(4,787,766)	(4,175,883)	-	(4,175,883)
Operating (loss)/profit	5	(427,944)	(596,994)	(1,024,938)	256,730	-	256,730
Tax on (loss)/profit	8	108,418	-	108,418	(53,559)	-	(53,559)
(Loss)/profit for the financial year		(319,526)	(596,994)	(916,520)	203,171	-	203,171

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 10 to 22 form part of these financial statements.

NICHOLLS & CLARKE GLASS LIMITED
REGISTERED NUMBER: 00339277

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	9	3,752,468	2,086,416
Investments	10	4,750	4,750
		<u>3,757,218</u>	<u>2,091,166</u>
Current assets			
Stocks	11	1,701,907	1,319,903
Debtors: amounts falling due within one year	12	4,722,174	5,014,476
Cash at bank and in hand		213,930	578,681
		<u>6,638,011</u>	<u>6,913,060</u>
Creditors: amounts falling due within one year	13	(6,153,798)	(3,792,786)
Net current assets		<u>484,213</u>	<u>3,120,274</u>
Total assets less current liabilities		<u>4,241,431</u>	<u>5,211,440</u>
Provisions for liabilities			
Deferred tax	14	(2,993)	(56,482)
		<u>(2,993)</u>	<u>(56,482)</u>
Net assets		<u><u>4,238,438</u></u>	<u><u>5,154,958</u></u>
Capital and reserves			
Called up share capital	15	3,001,500	3,001,500
Profit and loss account	16	1,236,938	2,153,458
		<u><u>4,238,438</u></u>	<u><u>5,154,958</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 July 2019.

K S A Forbes - Chairman
Director



S A Forbes B.A. (Hons)
Director



The notes on pages 10 to 22 form part of these financial statements.

NICHOLLS & CLARKE GLASS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	1,500	1,950,287	1,951,787
Profit for the year	-	203,171	203,171
Shares issued during the year	3,000,000	-	3,000,000
At 1 January 2018	3,001,500	2,153,458	5,154,958
Comprehensive income for the year			
Loss for the year	-	(916,520)	(916,520)
At 31 December 2018	3,001,500	1,236,938	4,238,438

The notes on pages 10 to 22 form part of these financial statements.

NICHOLLS & CLARKE GLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

The Company is a United Kingdom private company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is 41-51 Freshwater Road, Chadwell Heath, Romford, Essex, RM8 1SP.

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company for the year ended 31 December 2018 and are presented to the nearest pound.

The Company has determined that GBP is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

The principal activity of the Company during the period was manufacture, distribution and retailing of glass and glass related products.

2. Accounting policies

2.1 Basis of preparation of financial statements

The company is exempt from the obligation to prepare and deliver group accounts under section 400 of Company Act 2006 as it is included in the consolidated accounts of Nicholls & Clarke Limited.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Nicholls & Clarke Limited as at 31 December 2018 and these financial statements may be obtained from 41-51 Freshwater Road, Chadwell Heath, Romford, Essex, RM8 1SP, UK.

NICHOLLS & CLARKE GLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 Going concern

The directors believe that the Company is well placed to manage its business risk successfully given the Company's significant cash position and profitability.

After making further enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly the directors continue to adopt the going concern basis in preparing their annual accounts.

2.4 Turnover

The turnover represents the amount invoiced for goods during the year in regard to the manufacture, retailing and distribution of glass and glass related products exclusive of Value Added Tax.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

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

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

NICHOLLS & CLARKE GLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Improvements	- 4 - 25% of cost per annum
Plant and machinery	- 5 - 50% of cost per annum
Motor vehicles	- 15 - 33% of cost per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NICHOLLS & CLARKE GLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Financial instruments

Financial instruments are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

Subsequent measurement

At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method. Investments in preference and ordinary shares classified as basic financial instruments, and all financial instruments not classified as basic are measured at fair value at the end of the reporting period, with the resulting changes recognised in the profit and loss. Where their fair value cannot be reliably measured, they are recognised at cost less impairment.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

2.12 Debtors

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

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NICHOLLS & CLARKE GLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Due to the simplicity of the Company's transaction streams and year-end financial position, the directors consider there to be no critical judgements, estimates or assumptions in the preparation of these financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sale of goods	<u>16,882,136</u>	<u>16,806,574</u>

All turnover arose within the United Kingdom.

NICHOLLS & CLARKE GLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible assets	572,763	400,264
Debtors impairment	88,643	67,210
Other operating lease rentals	328,758	259,000
Profit on sale of tangible assets	(14,508)	-
	<u>572,763</u>	<u>400,264</u>

Included within operating profit are purchases for stock £9.6 million (2017: £8.7 million). There were no foreign exchange gains or losses.

The split of results for the year was as follows:

	Total 2018 £	Restructuring costs 2018 £	Continuing operations 2018 £
Turnover	16,882,136	-	16,882,136
Cost of sales	(11,303,907)	-	(11,303,907)
Gross profit	<u>5,578,229</u>	<u>-</u>	<u>5,578,229</u>
Distribution and selling costs	(1,815,401)	(164,114)	(1,651,287)
Administration and production costs	(4,787,766)	(432,880)	(4,354,886)
Operating loss	<u>(1,024,938)</u>	<u>(596,994)</u>	<u>(427,944)</u>

All income and expenditure in 2017 derived from continuing operations.

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	15,500	13,700
	<u>15,500</u>	<u>13,700</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

NICHOLLS & CLARKE GLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,311,172	3,726,637
Social security costs	380,470	329,229
Cost of defined contribution scheme	127,208	119,752
	<u>4,818,850</u>	<u>4,175,618</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Distribution staff	34	32
Administrative staff	135	122
	<u>169</u>	<u>154</u>

The directors' remuneration is borne by the ultimate parent company.

8. Taxation

	2018 £	2017 £
Current tax on profits for the year	-	54,929
Adjustments in respect of previous periods	(54,929)	-
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(53,489)	(1,370)
	<u> </u>	<u> </u>
Taxation on (loss)/profit on ordinary activities	<u>(108,418)</u>	<u>53,559</u>

NICHOLLS & CLARKE GLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	<u>(1,024,938)</u>	<u>256,730</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(194,738)	49,412
Effects of:		
Effect of expenses not deductible for tax purposes	11,720	1,420
Depreciation on non-qualifying assets	11,770	2,547
Remeasurement of deferred tax	6,293	180
Tax losses carried back	54,225	-
Adjustments to tax charge in respect of prior periods	(54,929)	-
Group relief	57,241	-
Total tax charge for the year	<u>(108,418)</u>	<u>53,559</u>

NICHOLLS & CLARKE GLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2018	491,967	4,137,061	1,920,751	6,549,779
Additions	402,917	1,789,173	53,099	2,245,189
Disposals	-	(12,750)	(220,305)	(233,055)
At 31 December 2018	<u>894,884</u>	<u>5,913,484</u>	<u>1,753,545</u>	<u>8,561,913</u>
Depreciation				
At 1 January 2018	366,886	2,591,871	1,504,606	4,463,363
Charge for the year on owned assets	39,740	382,754	150,269	572,763
Disposals	-	(6,376)	(220,305)	(226,681)
At 31 December 2018	<u>406,626</u>	<u>2,968,249</u>	<u>1,434,570</u>	<u>4,809,445</u>
Net book value				
At 31 December 2018	<u>488,258</u>	<u>2,945,235</u>	<u>318,975</u>	<u>3,752,468</u>
At 31 December 2017	<u>125,081</u>	<u>1,545,190</u>	<u>416,145</u>	<u>2,086,416</u>

10. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	4,750
At 31 December 2018	<u>4,750</u>

NICHOLLS & CLARKE GLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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10. Fixed asset investments (continued)

Nicholls and Glass Limited owns 100% of the ordinary share capital of Treseburg s.r.o whose main activity is the manufacture of building materials.

The registered office for Treseburg s.r.o is:

Praha 3,
Rohacova 188/37,
PSC 13000,
Czech Republic.

11. Stocks

	2018	2017
	£	£
Finished goods and goods for resale	1,701,907	1,319,903

12. Debtors

	2018	2017
	£	£
Trade debtors	3,010,902	3,309,229
Amounts owed by group undertakings	1,068,639	1,101,540
Prepayments and accrued income	584,635	603,707
Corporation tax receivable	57,998	-
	4,722,174	5,014,476

The trade debtors, amounts owed by group undertakings and deposits of £385,662 included above are carried at amortised cost.

NICHOLLS & CLARKE GLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	396,815	370,585
Amounts owed to group undertakings	5,359,402	3,060,257
Corporation tax	-	6,930
Other taxation and social security	277,821	239,272
Accruals and deferred income	119,760	115,742
	<u>6,153,798</u>	<u>3,792,786</u>

The trade creditors, amounts owed to group undertakings and accruals are carried at amortised cost.

14. Deferred taxation

	2018 £
At beginning of year	(56,482)
Charged to profit or loss	53,489
At end of year	<u>(2,993)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(83,530)	(56,482)
Tax losses carried forward	78,269	-
Short term timing differences	2,268	-
	<u>(2,993)</u>	<u>(56,482)</u>

15. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
3,001,500 (2017 - 3,001,500) Ordinary shares of £1.00 each	<u>3,001,500</u>	<u>3,001,500</u>

NICHOLLS & CLARKE GLASS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

17. Capital commitments

At 31 December 2018 the Company had capital commitments as follows:

	2018 £	2017 £
Tangible assets	<u>427,054</u>	<u>777,311</u>

18. Pension commitments

Defined contribution plan

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £174,646 (2017: £119,752).

19. Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework, as set out in the Directors Report. The board is responsible for developing and monitoring the Company's risk management strategy and policies. There have been no changes to the Company's exposure to risk or the methods used to measure and manage these risks during the year.

The Company has exposure to the following risks from the use of its financial instruments.

Credit risk management

Trade accounts receivable are from a broad customer base. The Company monitors the financial position of their customers on an ongoing basis. The granting of credit is controlled by application and accounts limits. An allowance is made for specific bad debts and at the reporting date management did not consider there to be any material credit risk exposure.

Price risk

The directors do not feel the Company is exposed to any other significant financial risk.

NICHOLLS & CLARKE GLASS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	243,303	260,289
Later than 1 year and not later than 5 years	332,541	574,333
	<u>575,844</u>	<u>834,622</u>

21. Contingencies

The Company participates in a group registration for VAT purposes and, whilst the parent and each subsidiary takes up its own liability, this company is contingently liable for any additional unpaid VAT of all other group companies which amounted to £7,243 as at 31 December 2018 (2017: £52,681).

22. Related party exemptions

The Company has taken advantage of the exemption given by section 33 of FRS 102, and has therefore not given details of transactions with the wholly-owned trading subsidiaries of Nicholls & Clarke Limited.

23. Controlling party

The ultimate controlling parent company is Nicholls & Clarke Limited, which is registered in England and Wales. The smallest and largest group into which these accounts are consolidated is Nicholls & Clarke Limited.

The full set of consolidated financial statements can be obtained from the company's registered address:

41-51 Freshwater Road
Chadwell Heath
Romford
Essex
RM8 1SP
UK