

Company Registration No. SC159622 (Scotland)

THISTLE WINDOWS & CONSERVATORIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

THISTLE WINDOWS & CONSERVATORIES LIMITED

COMPANY INFORMATION

Directors Edward Nicol Robson
Ian James Bruce

Company number SC159622

Registered office Thistle House
Woodside Road
Bridge of Don
Aberdeen
United Kingdom
AB23 8EF

Auditor Azets Audit Services
37 Albyn Place
Aberdeen
United Kingdom
AB10 1JB

THISTLE WINDOWS & CONSERVATORIES LIMITED

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THISTLE WINDOWS & CONSERVATORIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present the strategic report for the year ended 31 August 2020.

Fair review of the business

The directors are satisfied that performance has been in line with expectations and projections.

Results and performance

In the financial period the company's revenues decreased by 22%. This was a direct result of the COVID-19 pandemic and associated lockdowns. Turnover is expected to recover slightly in the current year with less interruptions to trade.

Principal risks and uncertainties

The recent economic and political uncertainty is without doubt hindering growth within the home improvements sector. Material price inflation is also considered a risk which is currently difficult to quantify. Despite these risks and an extremely competitive market, the directors are confident that the diverse product range and a customer base who place a high value on quality and service, mitigates much of the risk to future profitability.

Key performance indicators

The directors' consider the following to be the Major Key Performance Indicators:

	2020	2019
Revenue	£8,751,145	£11,272,888
Gross profit %	12.4%	24.1%
Net Assets	£1,162,904	£1,488,320

The directors are satisfied that in 2019/20 the company performed reasonably against these and other KPIs given the interruption to trade through COVID-19.

COVID-19

At the time of signing this report, the country is currently facing uncertainties surrounding COVID-19 and the impact this will have on the company's trade, customers, suppliers and wider economy.

The company believes that it has sufficient reserves and resources together with proposed Government support schemes to be able to prepare the accounts on a going concern basis.

On behalf of the board

Ian James Bruce

Director

4 August 2021

THISTLE WINDOWS & CONSERVATORIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their annual report and financial statements for the year ended 31 August 2020.

Principal activities

The principal activity of the company continued to be that of home improvement specialists.

Results and dividends

The results for the year are set out on page 4.

Ordinary dividends were paid amounting to £174,000. The directors do not recommend payment of a final dividend.

Directors

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

Edward Nicol Robson

Ian James Bruce

Future developments

Despite the uncertainties referred to in the Strategic Report, the directors are confident that the company will continue to grow and trade profitably in the forthcoming years.

Auditor

Azets Audit Services were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed 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

Ian James Bruce

Director

4 August 2021

THISTLE WINDOWS & CONSERVATORIES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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.

THISTLE WINDOWS & CONSERVATORIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	2019 £
Turnover	3	8,751,145	11,272,888
Cost of sales		(7,658,551)	(8,555,434)
Gross profit		1,092,594	2,717,454
Administrative expenses		(2,111,192)	(2,424,590)
Other operating income		959,853	27,151
Operating (loss)/profit	4	(58,745)	320,015
Interest payable and similar expenses	7	(89,395)	(90,786)
(Loss)/profit before taxation		(148,140)	229,229
Tax on (loss)/profit	8	8,100	(44,540)
(Loss)/profit for the financial year		(140,040)	184,689
Other comprehensive income			
Tax relating to other comprehensive income		(11,376)	-
Total comprehensive income for the year		(151,416)	184,689

THISTLE WINDOWS & CONSERVATORIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THISTLE WINDOWS & CONSERVATORIES LIMITED

Opinion

We have audited the financial statements of Thistle Windows & Conservatories Limited (the 'company') for the year ended 31 August 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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.

THISTLE WINDOWS & CONSERVATORIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THISTLE WINDOWS & CONSERVATORIES 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: <https://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.

Alan Taylor (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

4 August 2021

Chartered Accountants
Statutory Auditor

37 Albyn Place
Aberdeen
United Kingdom
AB10 1JB

THISTLE WINDOWS & CONSERVATORIES LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10		3,025,312		3,001,592
Current assets					
Stocks	11	1,972,017		2,481,990	
Debtors	12	537,957		609,205	
Cash at bank and in hand		176,803		1,148	
		<u>2,686,777</u>		<u>3,092,343</u>	
Creditors: amounts falling due within one year	14	<u>(2,597,577)</u>		<u>(2,937,130)</u>	
Net current assets			89,200		155,213
Total assets less current liabilities			<u>3,114,512</u>		<u>3,156,805</u>
Creditors: amounts falling due after more than one year	15		(1,731,949)		(1,461,067)
Provisions for liabilities					
Deferred tax liability	18	<u>219,659</u>	<u>(219,659)</u>	<u>207,418</u>	<u>(207,418)</u>
Net assets			<u><u>1,162,904</u></u>		<u><u>1,488,320</u></u>
Capital and reserves					
Called up share capital	20		10,000		10,000
Revaluation reserve			558,959		570,335
Profit and loss reserves			593,945		907,985
Total equity			<u><u>1,162,904</u></u>		<u><u>1,488,320</u></u>

The financial statements were approved by the board of directors and authorised for issue on 4 August 2021 and are signed on its behalf by:

Ian James Bruce
Director

Company Registration No. SC159622

THISTLE WINDOWS & CONSERVATORIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2020

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 September 2018		10,000	570,335	927,296	1,507,631
Year ended 31 August 2019:					
Profit and total comprehensive income for the year		-	-	184,689	184,689
Dividends	9	-	-	(204,000)	(204,000)
Balance at 31 August 2019		10,000	570,335	907,985	1,488,320
Year ended 31 August 2020:					
Loss for the year		-	-	(140,040)	(140,040)
Other comprehensive income:					
Tax relating to other comprehensive income		-	(11,376)	-	(11,376)
Total comprehensive income for the year		-	(11,376)	(140,040)	(151,416)
Dividends	9	-	-	(174,000)	(174,000)
Balance at 31 August 2020		10,000	558,959	593,945	1,162,904

THISTLE WINDOWS & CONSERVATORIES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	24	783,856		654,266	
Interest paid		(89,395)		(90,786)	
Income taxes paid		(6,317)		-	
Net cash inflow from operating activities		688,144		563,480	
Investing activities					
Purchase of tangible fixed assets		(292,590)		(693,918)	
Proceeds on disposal of tangible fixed assets		13,587		52,967	
Net cash used in investing activities		(279,003)		(640,951)	
Financing activities					
Proceeds from borrowings		-		450,000	
Proceeds of new bank loans		850,000		-	
Repayment of bank loans		(62,383)		(88,970)	
Payment of finance leases obligations		(154,258)		93,519	
Dividends paid		(174,000)		(204,000)	
Net cash generated from financing activities		459,359		250,549	
Net increase in cash and cash equivalents		868,500		173,078	
Cash and cash equivalents at beginning of year		(691,697)		(864,775)	
Cash and cash equivalents at end of year		176,803		(691,697)	
Relating to:					
Cash at bank and in hand		176,803		1,148	
Bank overdrafts included in creditors payable within one year		-		(692,845)	

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Company information

Thistle Windows & Conservatories Limited is a private company limited by shares incorporated in Scotland. The registered office is Thistle House, Woodside Road, Bridge of Don, Aberdeen, United Kingdom, AB23 8EF.

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 pound sterling.

The financial statements have been prepared under the historical cost convention, modified to include properties at fair value. 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.

It is the opinion of the directors that the COVID-19 pandemic is a temporary and short-term loss of trade and that the company, through a carefully planned strategy, will be able to continue to operate as a going concern.

The strategy involves considering and making use of all the relevant government support the company is eligible for including:

- Coronavirus job retention scheme
- CBILS loan

Therefore the directors are of the opinion that it is correct to adopt the going concern basis of accounting in preparing the financial statements.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, given the current situation with COVID-19 still being in its infancy, it is difficult to evaluate all the potential implications on the company's trade, customers, suppliers and the wider economy.

1.3 Turnover

Turnover represents amounts receivable from the sale and installation of windows, conservatories, kitchens, home improvements and related products. Turnover also includes income from the sale of completed homes at a development site.

Revenue from the supply only of windows, conservatories, kitchens, home improvements and related products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, 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.

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Revenue from contracts for the supply and installation of windows, conservatories, kitchens, home improvements and related products is recognised by reference to the stage of completion, when the stage of completion, costs incurred and costs to complete can be measured 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 cost. 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:

Leasehold land and buildings	2% on cost
Plant and machinery	25% on reducing balance
Fixtures, fittings & equipment	25% on cost
Motor vehicles	15% on cost

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).

1.6 Stocks

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs.

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, 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.

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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 through 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 transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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.

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.11 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.

1.12 Retirement benefits

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

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

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

1.15 Foreign exchange

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

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Work in progress

In recognising profit on work in progress jobs that span the year end, an estimate is required of the expected margin on individual jobs (where the final outcome can be assessed with reasonable certainty). When making the judgement, the directors evaluate this based on past experience and their best knowledge of the status of the job.

3 Turnover and other revenue

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

	2020	2019
	£	£
Turnover analysed by class of business		
Home improvements	7,298,941	9,648,195
Supply only	705,243	782,084
Property development	746,961	842,609
	<u>8,751,145</u>	<u>11,272,888</u>
	2020	2019
	£	£
Other significant revenue		
Grants received	926,845	-
	<u>926,845</u>	<u>-</u>

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

4 Operating (loss)/profit

	2020 £	2019 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(926,845)	-
Fees payable to the company's auditor for the audit of the company's financial statements	14,500	13,500
Depreciation of owned tangible fixed assets	154,401	140,838
Depreciation of tangible fixed assets held under finance leases	111,172	121,927
(Profit)/loss on disposal of tangible fixed assets	(10,290)	1,427
Operating lease charges	18,963	36,920
	<u> </u>	<u> </u>

5 Employees

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

	2020 Number	2019 Number
Installation	93	83
Sales	8	13
Administration	29	29
	<u> </u>	<u> </u>
Total	130	125
	<u> </u>	<u> </u>

	2020 £	2019 £
Wages and salaries	3,675,204	3,649,071
Social security costs	379,256	372,662
Pension costs	105,881	111,827
	<u> </u>	<u> </u>
	4,160,341	4,133,560
	<u> </u>	<u> </u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	115,000	120,000
Company pension contributions to defined contribution schemes	14,258	27,008
	<u> </u>	<u> </u>
	129,258	147,008
	<u> </u>	<u> </u>

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	61,317	63,541
Other interest on financial liabilities	457	3,342
	<u>61,774</u>	<u>66,883</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	27,621	23,903
	<u>89,395</u>	<u>90,786</u>

8 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	(8,965)	14,527
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	(10,515)	30,013
Changes in tax rates	11,380	-
	<u>865</u>	<u>30,013</u>
Total deferred tax		
	<u>865</u>	<u>30,013</u>
Total tax (credit)/charge	<u>(8,100)</u>	<u>44,540</u>

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

	2020 £	2019 £
(Loss)/profit before taxation	<u>(148,140)</u>	<u>229,229</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(28,147)	43,554
Tax effect of expenses that are not deductible in determining taxable profit	4,172	4,304
Capital allowances in excess of depreciation	4,495	(33,331)
Deferred tax movement	11,380	30,013
	<u>(8,100)</u>	<u>44,540</u>
Taxation (credit)/charge for the year		
	<u>(8,100)</u>	<u>44,540</u>

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8 Taxation

(Continued)

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

	2020 £	2019 £
Deferred tax arising on:		
Revaluation of property	11,376	-

9 Dividends

	2020 Per share £	2019 Per share £	2020 Total £	2019 Total £
Ordinary shares				
Interim paid	17.40	20.40	174,000	204,000

10 Tangible fixed assets

	Leasehold land and buildings	Plant and fixtures, machinery & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 September 2019	2,001,100	129,071	167,100	3,906,324
Additions	172,658	4,133	13,872	292,590
Disposals	-	(5,040)	(200)	(142,730)
At 31 August 2020	2,173,758	128,164	180,772	4,053,455
Depreciation and impairment				
At 1 September 2019	18,075	102,700	129,778	902,003
Depreciation charged in the year	24,842	6,786	17,422	265,573
Eliminated in respect of disposals	-	(3,896)	-	(139,433)
At 31 August 2020	42,917	105,590	147,200	1,028,143
Carrying amount				
At 31 August 2020	2,130,841	22,574	33,572	3,025,312
At 31 August 2019	1,983,025	26,371	37,322	3,001,592

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Motor vehicles	273,383	385,525

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Tangible fixed assets

(Continued)

Land and buildings with a carrying amount of £1,900,000 were revalued at 18 October 2020 by Allied Surveyors Scotland Plc, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

Land and buildings are carried at valuation. If land and buildings were measured using the cost model, the carrying amounts would have been approximately £1,463,812 (2019 - £1,315,996), being cost £1,555,348 (2019 - £1,382,690) and depreciation £91,536 (2019 - £66,694).

11 Stocks

	2020 £	2019 £
Work in progress	1,874,934	2,351,017
Finished goods and goods for resale	97,083	130,973
	<u>1,972,017</u>	<u>2,481,990</u>

Work in progress includes £1,242,299 (2019 - £1,851,485) which is considered to be long term.

12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	417,337	567,743
Corporation tax recoverable	9,038	8,283
Other debtors	31,394	22,163
Prepayments and accrued income	80,188	11,016
	<u>537,957</u>	<u>609,205</u>

13 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>448,731</u>	<u>589,906</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>3,964,733</u>	<u>4,029,200</u>

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	16	90,000	782,845
Obligations under finance leases	17	176,879	264,402
Other borrowings	16	450,000	-
Trade creditors		608,839	830,826
Corporation tax		-	14,527
Other taxation and social security		364,793	354,470
Other creditors		26,133	23,352
Accruals and deferred income		880,933	666,708
		<u>2,597,577</u>	<u>2,937,130</u>

Bank loans and overdrafts are secured by a floating charge over the premises of the company.

Obligations under finance leases are secured over the assets to which they relate.

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	16	1,478,160	690,543
Obligations under finance leases	17	253,789	320,524
Other borrowings	16	-	450,000
		<u>1,731,949</u>	<u>1,461,067</u>

Bank loans and overdrafts are secured by a floating charge over the premises of the company.

Obligations under finance leases are secured over the assets to which they relate.

Other borrowings represent an external loan which is secured over property held for development.

16 Loans and overdrafts

	2020 £	2019 £
Bank loans	1,568,160	780,543
Bank overdrafts	-	692,845
Other loans	450,000	450,000
	<u>2,018,160</u>	<u>1,923,388</u>
Payable within one year	540,000	782,845
Payable after one year	1,478,160	1,140,543

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Loans and overdrafts

(Continued)

Within bank loans is an amount of £850,000 which relates to a CBILS loan which was taken during May 2020 is subject to 3.5% interest above base rate after the first anniversary of the drawdown and is repayable by May 2022.

Within bank loans is an amount of £718,160 which was subsequently refinanced in December 2020, is subject to 2.7% interest above base rate and is repayable by December 2027. This amount has a floating charge against all assets and property of the company.

Other borrowings represent an external loan which is secured over property held for development.

17 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	192,849	290,218
In two to five years	268,213	343,646
	<u>461,062</u>	<u>633,864</u>
Less: future finance charges	(30,394)	(48,938)
	<u>430,668</u>	<u>584,926</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	114,188	110,724
Revaluations	108,070	96,694
Retirement benefit obligations	(2,599)	-
	<u>219,659</u>	<u>207,418</u>

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Deferred taxation (Continued)

	2020 £
Movements in the year:	
Liability at 1 September 2019	207,418
Credit to profit or loss	(10,515)
Effect of change in tax rate - profit or loss	22,756
Liability at 31 August 2020	<u>219,659</u>

19 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>105,881</u>	<u>111,827</u>

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.

20 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

21 Operating lease commitments

Lessee

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

	2020 £	2019 £
Within one year	52,000	52,000
Between two and five years	208,000	208,000
In over five years	<u>4,632,333</u>	<u>4,684,333</u>
	<u>4,892,333</u>	<u>4,944,333</u>

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

21 Operating lease commitments

(Continued)

The company has an annual commitment for a ground lease on its business premises. The total commitments include these lease payments until expiry in 2114.

22 Related party transactions

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
Amounts due to related parties		
Entities under common control	-	11,000
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
Amounts due from related parties		
Entities under common control	50,201	32,742
	<u> </u>	<u> </u>

23 Directors' transactions

Dividends totalling £139,200 (2019 - £163,200) were paid in the year in respect of shares held by the company's directors.

24 Cash generated from operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(140,040)	184,689
Adjustments for:		
Taxation (credited)/charged	(8,100)	44,540
Finance costs	89,395	90,786
(Gain)/loss on disposal of tangible fixed assets	(10,290)	1,427
Depreciation and impairment of tangible fixed assets	265,573	262,765
Movements in working capital:		
Decrease in stocks	509,973	291,134
Decrease/(increase) in debtors	72,003	(60,382)
Increase/(decrease) in creditors	5,342	(160,693)
	<u> </u>	<u> </u>
Cash generated from operations	<u>783,856</u>	<u>654,266</u>

THISTLE WINDOWS & CONSERVATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

25 Analysis of changes in net debt

	1 September 2019 £	Cash flows 31 August 2020 £	£
Cash at bank and in hand	1,148	175,655	176,803
Bank overdrafts	(692,845)	692,845	-
	(691,697)	868,500	176,803
Borrowings excluding overdrafts	(1,230,543)	(787,617)	(2,018,160)
Obligations under finance leases	(584,926)	154,258	(430,668)
	(2,507,166)	235,141	(2,272,025)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.