

COMPANY REGISTRATION NUMBER: 05322333

Clayton Glass Limited
Financial Statements
For the year ended
31 December 2017



Clayton Glass Limited

Financial Statements

Year ended 31 December 2017

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Clayton Glass Limited

Officers and Professional Advisers

The board of directors

R P Green
V C Green
J McCabe

Company secretary

R P Green

Registered office

Unit 8
Harelaw Industrial Estate
North Road
Stanley
County Durham
DH9 8UJ

Auditor

Ford Campbell Freedman Limited
Chartered accountant & statutory auditor
34 Park Cross Street
Leeds
LS1 2QH

Bankers

Santander Plc
Bribe Road
Bootle
Merseyside
L30 1PH

ABN-AMRO Commercial Finance
Sheencroft House
10-12 Church Road
Haywards Heath
West Sussex
RH16 3SN

Clayton Glass Limited

Strategic Report

Year ended 31 December 2017

Principal Activities

The principal activity of the company during the year was the manufacture and supply of insulating glass units, including but not limited to product supplied to the window, door and conservatory market in the UK.

Business Review

Sales grew by 33% to £25m reflecting the full year effect of the acquisition of Romag Ltd and underlying consistent growth in Clayton Glass Ltd. At the end of 2017 an impairment review was undertaken of Romag Ltd and Romag PPM Ltd, resulting in the investment value and the remaining negative goodwill being written-off, in full, in the period.

Clayton Glass has since divested of both Romag Ltd and Romag PPM Ltd in March 2018.

The partnership with Northern Express Glass Ltd continues to benefit the group and remains a key part of the future strategy for Clayton Glass.

Key Performance Indicators

	2017	2016
On Time in Full %	99	99
Right First Time %	98	98
Debtor Days	75	78
Sales Growth %	33	31

Risks and Uncertainties

Risks are continually monitored and assessed by the Directors. Where ever commercially viable the Directors aim to eliminate these risks. Duplicate plant and machinery, multiple production sites, trade credit insurance, fixed raw material prices, fixed term selling prices & volume are key tactics used to reduce the risk in the business.

The Directors have a policy of avoiding over reliance on any one stakeholder (customers, suppliers, employees). The group order book is around 7 days, so managing costs in a flexible manner is a key part of the cost strategy of the business.

Future Developments

Following the disposal of Romag Ltd and Romag PPM Ltd in March 2018 the Directors anticipate that the remaining business will continue to grow in the coming years and the strategic plan supports this. 2018 is anticipated to see growth of around 6%, after adjusting for the effect of the disposal.

Clayton Glass Limited

Strategic Report *(continued)*

Year ended 31 December 2017

This report was approved by the board of directors on 24 July 2018 and signed on behalf of the board by:



R P Green
Director

Registered office:
Unit 8
Harelaw Industrial Estate
North Road
Stanley
County Durham
DH9 8UJ

Clayton Glass Limited

Directors' Report

Year ended 31 December 2017

The directors present their report and the financial statements of the group for the year ended 31 December 2017.

Directors

The directors who served the company during the year were as follows:

R P Green
V C Green
J McCabe

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Future developments

The group has chosen to include this information as part of the group's strategic report.

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

Every effort is made to ensure career development of existing staff. The health and safety at work of all employees is constantly reviewed by the directors to ensure that high standards are maintained. It is also their policy to ensure that:

- Full and fair consideration is given to all applicants for employment, irrespective of colour or creed.
- Disabled persons are given equal consideration for employment, training, career development and promotional opportunities. In cases where existing employees become disabled (whether from illness or accident) every effort will be made to continue their employment, in the same or some other job more suited to their disability.
- Employees are kept regularly informed on matters affecting them as employees, and consulted on matters affecting the company and the employees interests, primarily via regular departmental meetings and the company notice boards.

Clayton Glass Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Financial instruments

The group's principal financial instruments comprise bank balances, bank overdrafts, invoice finance, trade creditors, trade debtors, loans and hire purchase agreements. The main purpose of these instruments is to raise funds and to finance the group's operations.

The group operations expose it to a variety of financial risks that include the effects of changes in credit risk. The group has in place risk management processes that seek to limit the adverse effects on the financial performance of the group.

Price risk

The group is exposed to glass manufactures price changes. The directors monitor prices and source from a variety of suppliers to minimise raw material price movements.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made and monitoring of credit levels.

Events after the end of the reporting period

At the beginning of March 2018 the group divested of the investment in Romag Limited and Romag PPM Limited.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 group and the company and the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

Clayton Glass Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on 24 July 2018 and signed on behalf of the board by:



R P Green
Director

Registered office:
Unit 8
Harelaw Industrial Estate
North Road
Stanley
County Durham
DH9 8UJ

Clayton Glass Limited

Independent Auditor's Report to the Members of Clayton Glass Limited

Year ended 31 December 2017

Opinion

We have audited the financial statements of Clayton Glass Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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 group's or the parent 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.

Clayton Glass Limited

Independent Auditor's Report to the Members of Clayton Glass Limited *(continued)*

Year ended 31 December 2017

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 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 group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Clayton Glass Limited

Independent Auditor's Report to the Members of Clayton Glass Limited *(continued)*

Year ended 31 December 2017

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 group's and the parent 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 group or the parent 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

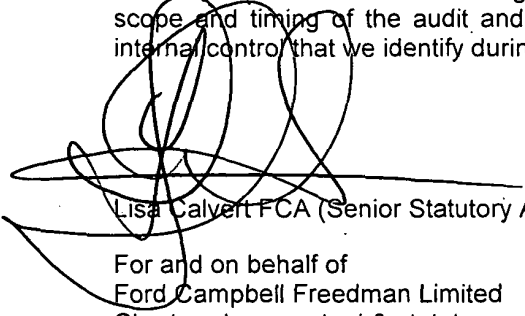
Clayton Glass Limited

Independent Auditor's Report to the Members of Clayton Glass Limited *(continued)*

Year ended 31 December 2017

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Lisa Calvert FCA (Senior Statutory Auditor)

For and on behalf of
Ford Campbell Freedman Limited
Chartered accountant & statutory auditor
34 Park Cross Street
Leeds
LS1 2QH

31st July 2018

Clayton Glass Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

		2017	2016 (restated)
	Note	£	£
Turnover	4	25,331,145	19,043,007
Cost of sales		<u>18,353,899</u>	<u>12,829,792</u>
Gross profit		6,977,246	6,213,215
Distribution costs		2,759,858	2,016,431
Administrative expenses		5,339,611	3,269,892
Gain on impairment or disposal of operations		<u>(2,991,312)</u>	<u>-</u>
Operating profit	5	1,869,089	926,892
Income from other fixed asset investments	9	24,026	38,140
Other interest receivable and similar income	10	6	50
Interest payable and similar expenses	11	<u>143,526</u>	<u>112,932</u>
Profit before taxation		1,749,595	852,150
Tax on profit	12	<u>3,973</u>	<u>70,076</u>
Profit for the financial year and total comprehensive income		<u>1,745,622</u>	<u>782,074</u>

All the activities of the group are from continuing operations.

The notes on pages 18 to 32 form part of these financial statements.

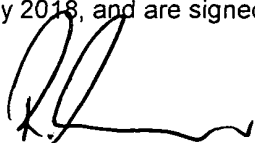
Clayton Glass Limited

Consolidated Statement of Financial Position

31 December 2017

	Note	2017 £	2016 (restated) £
Fixed assets			
Negative goodwill	14	–	(3,214,701)
Tangible assets	15	7,299,749	7,588,566
Investments	16	100,000	100,000
		<u>7,399,749</u>	<u>4,473,865</u>
Current assets			
Stocks	17	2,660,292	1,971,509
Debtors	18	5,375,657	4,321,485
Cash at bank and in hand		589,253	303,850
		<u>8,625,202</u>	<u>6,596,844</u>
Creditors: amounts falling due within one year	19	<u>11,007,717</u>	<u>7,688,042</u>
Net current liabilities		<u>2,382,515</u>	<u>1,091,198</u>
Total assets less current liabilities		<u>5,017,234</u>	<u>3,382,667</u>
Creditors: amounts falling due after more than one year	20	1,765,122	1,529,770
Provisions	22	270,484	256,891
Net assets		<u>2,981,628</u>	<u>1,596,006</u>
Capital and reserves			
Called up share capital	26	25,000	25,000
Profit and loss account	27	2,956,628	1,571,006
Shareholders funds		<u>2,981,628</u>	<u>1,596,006</u>

These financial statements were approved by the board of directors and authorised for issue on 24 July 2018, and are signed on behalf of the board by:



R P Green
Director

Company registration number: 05322333

The notes on pages 18 to 32 form part of these financial statements.

Clayton Glass Limited

Company Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	15	4,360,071	4,084,565
Investments	16	<u>100,002</u>	<u>384,963</u>
		4,460,073	4,469,528
 Current assets			
Stocks	17	755,083	487,898
Debtors	18	2,902,789	2,771,320
Cash at bank and in hand		<u>612,125</u>	<u>295,399</u>
		4,269,997	3,554,617
 Creditors: amounts falling due within one year	19	<u>5,579,158</u>	<u>4,637,041</u>
Net current liabilities		1,309,161	1,082,424
Total assets less current liabilities		3,150,912	3,387,104
 Creditors: amounts falling due after more than one year	20	1,665,500	1,429,648
Provisions	22	<u>270,484</u>	<u>256,891</u>
Net assets		<u>1,214,928</u>	<u>1,700,565</u>
 Capital and reserves			
Called up share capital	26	25,000	25,000
Profit and loss account	27	<u>1,189,928</u>	<u>1,675,565</u>
Shareholders funds		<u>1,214,928</u>	<u>1,700,565</u>

The loss for the financial year of the parent company was £125,637 (2016: £886,633 profit).

These financial statements were approved by the board of directors and authorised for issue on 24 July 2018, and are signed on behalf of the board by:



R P Green
Director

Company registration number: 05322333

The notes on pages 18 to 32 form part of these financial statements.

Clayton Glass Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Note	Called up share capital £	Profit and loss account £	Total £
At 1 January 2016		25,000	968,932	993,932
Profit for the year		—	782,074	782,074
Total comprehensive income for the year		—	782,074	782,074
Dividends paid and payable	13	—	(180,000)	(180,000)
Total investments by and distributions to owners		—	(180,000)	(180,000)
At 31 December 2016 (as previously reported)		25,000	2,198,746	2,223,746
Prior period adjustments	25	—	(627,740)	(627,740)
At 31 December 2016 (restated)		<u>25,000</u>	<u>1,571,006</u>	<u>1,596,006</u>
Profit for the year		—	1,745,622	1,745,622
Total comprehensive income for the year		—	1,745,622	1,745,622
Dividends paid and payable	13	—	(360,000)	(360,000)
Total investments by and distributions to owners		—	(360,000)	(360,000)
At 31 December 2017		<u>25,000</u>	<u>2,956,628</u>	<u>2,981,628</u>

The notes on pages 18 to 32 form part of these financial statements.

Clayton Glass Limited

Company Statement of Changes in Equity

Year ended 31 December 2017

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2016		25,000	968,932	993,932
Profit for the year			886,633	886,633
Total comprehensive income for the year		–	886,633	886,633
Dividends paid and payable	13	–	(180,000)	(180,000)
Total investments by and distributions to owners		–	(180,000)	(180,000)
At 31 December 2016		25,000	1,675,565	1,700,565
Loss for the year			(125,637)	(125,637)
Total comprehensive income for the year		–	(125,637)	(125,637)
Dividends paid and payable	13	–	(360,000)	(360,000)
Total investments by and distributions to owners		–	(360,000)	(360,000)
At 31 December 2017		25,000	1,189,928	1,214,928

The notes on pages 18 to 32 form part of these financial statements.

Clayton Glass Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	2017 £	2016 (restated) £
Cash flows from operating activities		
Profit for the financial year	1,745,622	782,074
<i>Adjustments for:</i>		
Depreciation of tangible assets	1,167,216	880,978
Amortisation of intangible assets	(223,389)	(1,251,312)
Impairment of intangible assets	–	11,459
Income from other fixed asset investments	(24,026)	(38,140)
Other interest receivable and similar income	(6)	(50)
Interest payable and similar expenses	143,526	112,932
Gains on disposal of tangible assets	(191,347)	(472,021)
Loss on disposal of intangible assets	–	32,444
Gain on impairment or disposal of operations	(2,991,312)	–
Tax on (loss)/profit	3,973	70,076
Accrued expenses/(income)	101,650	(19,884)
<i>Changes in:</i>		
Stocks	(688,783)	(118,893)
Trade and other debtors	(1,054,172)	(42,125)
Trade and other creditors	1,329,145	174,210
Cash generated from operations	(681,903)	121,748
Interest paid	(143,526)	(112,932)
Interest received	6	50
Tax paid	(5,960)	–
Net cash (used in)/from operating activities	(831,383)	8,866
Cash flows from investing activities		
Purchase of tangible assets	(1,112,048)	(1,411,504)
Proceeds from sale of tangible assets	486,425	62,649
Acquisition of subsidiaries	–	(284,963)
Dividends received	24,026	38,140
Net cash used in investing activities	(601,597)	(1,595,678)
Cash flows from financing activities		
Proceeds from borrowings	1,653,675	965,338
Payments of finance lease liabilities	424,708	629,907
Dividends paid	(360,000)	(180,000)
Net cash from financing activities	1,718,383	1,415,245

The consolidated statement of cash flows
continues on the following page.

The notes on pages 18 to 32 form part of these financial statements.

Clayton Glass Limited

Consolidated Statement of Cash Flows *(continued)*

Year ended 31 December 2017

	Note	2017 £	2016 <i>(restated)</i> £
Net increase/(decrease) in cash and cash equivalents		285,403	(171,567)
Cash and cash equivalents at beginning of year		<u>303,850</u>	<u>475,417</u>
Cash and cash equivalents at end of year		<u>589,253</u>	<u>303,850</u>

The notes on pages 18 to 32 form part of these financial statements.

Clayton Glass Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 8, Harelaw Industrial Estate, North Road, Stanley, County Durham, DH9 8UJ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in Sterling, which is the functional currency of the entity.

Regional growth grant

A grant of £39,250 was received during 2014 to assist with the purchase of plant & machinery. The primary condition of this funding was that the company had to create four jobs for a minimum period of 36 months. The grant income is therefore being released to the profit and loss account equally over a period of 36 months.

A grant of £300,000 was awarded in 2015 to assist with the purchase of plant & machinery. The primary condition of this funding was that the company created 38 jobs for a minimum period of 36 months. The grant income is being released to the profit and loss account based on achieving a number of jobs safeguarded/created each year. As a result £100,000 (2016: £122,144) has been released to the profit and loss account during the year.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Clayton Glass Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic life and residual value of each asset. Useful economic lives and residual values are reassessed annually and amended, when necessary, to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors at the end of each reporting period. When assessing whether any impairment should be recognised management considers factors including the current credit rating of the debtor, the ageing profile of balances and historical experience.

Valuation of investments

Investments in subsidiaries are initially measured at cost and subsequently at cost less impairment. In assessing whether an impairment should be recognised the directors consider the performance of the subsidiary as well as its expected future performance and its position at the reporting date.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 5% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost and subsequently stated at cost less any accumulated depreciation and impairment losses.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset as follows:

Land and buildings	-	10% and 25% straight line
Long leasehold property	-	10% straight line
Leashold improvements	-	10% straight line
Plant and machinery	-	10% straight line
Fixtures and fittings	-	10% straight line
Motor vehicles & equipment	-	10%, 20% and 33% straight line

Investments

Fixed asset investments are initially recorded at cost and subsequently stated at cost less any accumulated impairment losses.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

4. Turnover

Turnover arises from:

	2017	2016 <i>(restated)</i>
	£	£
Sale of goods	<u>25,331,145</u>	<u>19,043,007</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2017	2016 <i>(restated)</i>
	£	£
Amortisation of intangible assets	(223,389)	(1,251,312)
Depreciation of tangible assets	1,167,216	880,978
Gains on disposal of tangible assets	(191,347)	(472,021)
Loss on disposal of intangible assets	—	32,444
Impairment of trade debtors	81,375	492,210
Operating lease rentals	48,926	35,128
Foreign exchange differences	(18,046)	(13,881)
Goodwill impairment - release of negative goodwill	<u>(2,991,312)</u>	<u>—</u>

Following the impairment of the investment value relating to the two subsidiaries and the disposal of these subsidiaries shortly after the year end, the negative goodwill has been released at the year end as there is no anticipated future benefit.

6. Auditor's remuneration

	2017	2016 <i>(restated)</i>
	£	£
Fees payable for the audit of the financial statements	<u>14,900</u>	<u>16,299</u>

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2017 No.	2016 No.
Production staff	241	220
Administrative staff	71	66
Management staff	3	5
	<u>315</u>	<u>291</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

7. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016 <i>(restated)</i>
	£	£
Wages and salaries	7,220,798	4,545,704
Social security costs	565,881	485,417
Other pension costs	174,338	154,998
	<u>7,961,017</u>	<u>5,186,119</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016 <i>(restated)</i>
	£	£
Remuneration	111,170	162,317
Company contributions to defined contribution pension plans	81,811	55,835
	<u>192,981</u>	<u>218,152</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016 <i>(restated)</i>
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

9. Income from other fixed asset investments

	2017	2016 <i>(restated)</i>
	£	£
Income from other fixed asset investments	<u>24,026</u>	<u>38,140</u>

10. Other interest receivable and similar income

	2017	2016 <i>(restated)</i>
	£	£
Interest on bank deposits	<u>6</u>	<u>50</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

11. Interest payable and similar expenses

	2017	2016 <i>(restated)</i>
	£	£
Interest on banks loans and overdrafts	11,464	–
Interest on obligations under finance leases and hire purchase contracts	85,372	66,780
Other interest payable and similar charges	46,690	46,152
	<u>143,526</u>	<u>112,932</u>

12. Tax on (loss)/profit

Major components of tax expense

	2017	2016 <i>(restated)</i>
	£	£
Current tax:		
UK current tax expense	31,783	47,363
Adjustments in respect of prior periods	(41,403)	–
Total current tax	<u>(9,620)</u>	<u>47,363</u>
Deferred tax:		
Origination and reversal of timing differences	13,593	22,713
Tax on (loss)/profit	<u>3,973</u>	<u>70,076</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017	2016 <i>(restated)</i>
	£	£
Profit on ordinary activities before taxation	1,749,595	852,150
Profit on ordinary activities by rate of tax	332,423	295,978
Adjustment to tax charge in respect of prior periods	(41,403)	–
Effect of expenses not deductible for tax purposes	(603,251)	(231,129)
Effect of capital allowances and depreciation	(21,362)	(84,396)
Utilisation of tax losses	–	(30,547)
Unused tax losses	328,130	97,456
Rounding on tax charge	408	–
Dividends received	(4,565)	–
Movement in deferred taxation	13,593	22,713
Tax on (loss)/profit	<u>3,973</u>	<u>70,075</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017	2016 <i>(restated)</i>
	£	£
Dividends on equity shares	<u>360,000</u>	<u>180,000</u>

14. Intangible assets

Group	Negative Goodwill £
Cost	
At 1 January 2017 (as restated) and 31 December 2017	<u>(4,467,770)</u>
Amortisation	
At 1 January 2017	(1,253,069)
Charge for the year	(223,389)
Impairment losses	<u>(2,991,312)</u>
At 31 December 2017	<u>(4,467,770)</u>
Carrying amount	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>(3,214,701)</u>

The company has no intangible assets.

Clayton Glass Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2017

15. Tangible assets

Group	Freehold property £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 Jan 2017 (as restated)	1,120,152	697,500	7,670,249	225,543	220,597	9,934,041
Additions	—	—	1,099,172	12,876	—	1,112,048
Disposals	—	—	(785,912)	—	—	(785,912)
Transfers	—	—	31,105	—	30,324	61,429
At 31 Dec 2017	1,120,152	697,500	8,014,614	238,419	250,921	10,321,606
Depreciation						
At 1 Jan 2017	30,310	—	2,191,935	150,376	(27,146)	2,345,475
Charge for the year	63,000	17,499	1,037,292	16,726	32,699	1,167,216
Disposals	—	—	(490,834)	—	—	(490,834)
At 31 Dec 2017	93,310	17,499	2,738,393	167,102	5,553	3,021,857
Carrying amount						
At 31 Dec 2017	1,026,842	680,001	5,276,221	71,317	245,368	7,299,749
At 31 Dec 2016	1,089,842	697,500	5,478,314	75,167	247,743	7,588,566

Company	Long leasehold property £	Plant and machinery £	Equipment £	Total £
Cost				
At 1 January 2017	697,500	5,360,215	192,889	6,250,604
Additions	—	993,194	12,876	1,006,070
Disposals	—	(346,673)	—	(346,673)
At 31 December 2017	697,500	6,006,736	205,765	6,910,001
Depreciation				
At 1 January 2017	—	2,017,390	148,649	2,166,039
Charge for the year	17,499	660,863	13,253	691,615
Disposals	—	(307,724)	—	(307,724)
At 31 December 2017	17,499	2,370,529	161,902	2,549,930
Carrying amount				
At 31 December 2017	680,001	3,636,207	43,863	4,360,071
At 31 December 2016	697,500	3,342,825	44,240	4,084,565

Year ended 31 December 2017

Group			Other investments other than loans £
Cost			
At 1 January 2017 as restated and 31 December 2017			<u>100,000</u>
Impairment			
At 1 January 2017 as restated and 31 December 2017			<u>—</u>
Carrying amount			
At 1 January 2017 and 31 December 2017			<u>100,000</u>
At 31 December 2016			<u>100,000</u>
Company			
	Shares in group undertakings £	Other investments other than loans £	Total £
Cost			
At 1 January 2017 as restated and 31 December 2017	<u>284,963</u>	<u>100,000</u>	<u>384,963</u>
Impairment			
At 1 January 2017 as restated	—	—	—
Impairment losses	<u>284,961</u>	<u>—</u>	<u>284,961</u>
At 31 December 2017	284,961	—	284,961

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

16. Investments *(continued)*

Company	Shares in group undertakings £	Other investments other than loans £	Total £
Carrying amount			
At 31 December 2017	<u>2</u>	<u>100,000</u>	<u>100,002</u>
At 31 December 2016	<u>284,963</u>	<u>100,000</u>	<u>384,963</u>

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
Romag Limited	Ordinary	100
Romag PPM Limited	Ordinary	100

17. Stocks

	Group		Company	
	2017	2016 <i>(restated)</i>	2017	2016 <i>(restated)</i>
	£	£	£	£
Total stock	<u>2,660,292</u>	<u>1,971,509</u>	<u>755,083</u>	<u>487,898</u>

18. Debtors

	Group		Company	
	2017	2016 <i>(restated)</i>	2017	2016 <i>(restated)</i>
	£	£	£	£
Trade debtors	5,181,931	4,075,414	2,754,438	2,628,724
Amounts owed by group undertakings	–	–	15,625	6,789
Prepayments and accrued income	193,726	246,071	132,726	135,807
	<u>5,375,657</u>	<u>4,321,485</u>	<u>2,902,789</u>	<u>2,771,320</u>

Clayton Glass Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2017

19. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016 (restated)	2017	2016 (restated)
	£	£	£	£
Bank loans and overdrafts	4,544,133	2,890,458	2,133,018	2,125,137
Trade creditors	4,456,054	3,373,945	2,089,400	1,316,955
Amounts owed to group undertakings	—	—	—	8,323
Accruals and deferred income	414,650	251,571	260,441	203,519
Corporation tax	31,783	47,363	31,783	47,363
Social security and other taxes	846,700	524,074	450,958	416,943
Obligations under finance leases and hire purchase contracts	641,501	452,145	587,989	404,083
Other creditors	72,896	148,486	25,569	114,718
	<u>11,007,717</u>	<u>7,688,042</u>	<u>5,579,158</u>	<u>4,637,041</u>

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016 (restated)	2017	2016 (restated)
	£	£	£	£
Obligations under finance leases and hire purchase contracts	<u>1,765,122</u>	<u>1,529,770</u>	<u>1,665,500</u>	<u>1,429,648</u>

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2017	2016 (restated)	2017	2016 (restated)
	£	£	£	£
Not later than 1 year	641,501	452,145	587,989	404,083
Later than 1 year and not later than 5 years	<u>1,765,122</u>	<u>1,529,770</u>	<u>1,665,500</u>	<u>1,429,648</u>
	<u>2,406,623</u>	<u>1,981,915</u>	<u>2,253,489</u>	<u>1,833,731</u>

22. Provisions

Group and company	Deferred tax (note 23) £
At 1 January 2017 (as restated)	256,891
Transfers	<u>13,593</u>
At 31 December 2017	<u>270,484</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

23. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2017	2016	2017	2016
		<i>(restated)</i>		<i>(restated)</i>
	£	£	£	£
Included in provisions (note 22)	<u>270,484</u>	<u>256,891</u>	<u>270,484</u>	<u>256,891</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2017	2016	2017	2016
		<i>(restated)</i>		<i>(restated)</i>
	£	£	£	£
Accelerated capital allowances	<u>–</u>	<u>22,713</u>	<u>–</u>	<u>22,713</u>

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £92,527 (2016: £99,163).

25. Prior period errors

Following a thorough review of the stock items which were acquired as part of the Romag Ltd acquisition in the prior year, errors were identified in relation to the value which had been attributed to a particular stock line. In addition to this, other, smaller variances were also identified with regards to both the valuation and existence of certain stock items. As the impact of this finding is deemed to be material to the financial statements, a prior period adjustment has been recognised reducing the closing stock held in the balance sheet by £570,948 and increasing the cost of sales by the same value.

In addition to the above, further review of the debtors and related activity acquired within Romag Ltd and Romag PPM Ltd identified a number of balances which were not deemed to be valid assets, having been reversed subsequent to the acquisition. A prior period adjustment has also been recognised in relation to this matter reducing the 2016 sales and trade debtors by £56,792.

A total prior period error of £627,740 has therefore been recognised within the financial statements, as disclosed within the Statement of Changes in Equity.

26. Called up share capital

Issued, called up and fully paid

	2017		2016	
			<i>(restated)</i>	
	No.	£	No.	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

27. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

28. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2017	2016	2017	2016
		<i>(restated)</i>		<i>(restated)</i>
	£	£	£	£
Not later than 1 year	79,673	133,798	74,491	126,703
Later than 1 year and not later than 5 years	160,261	188,404	159,243	182,204
Later than 5 years	108,000	144,000	108,000	144,000
	<u>347,934</u>	<u>466,202</u>	<u>341,734</u>	<u>452,907</u>

29. Charges on assets

A legal mortgage, chattel mortgage and an all asset debenture by way of a fixed and floating charge are held over the assets of the company.

30. Related party transactions

Group

During the year the group entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2017	2016	2017	2016
	£	£	£	£
Entities with common control	<u>360,000</u>	<u>360,000</u>	<u>—</u>	<u>(38,999)</u>

The company received services from a company which is under common control.

The company has taken advantage of the exemption in FRS 102 section 33 from disclosing details of transactions with other group companies. This exemption has been taken on the grounds that the company is included within the group's consolidated accounts, which are publicly available.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £204,314 (2016: £164,866).

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

30. Related party transactions *(continued)*

Company

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2017 £	2016 £	2017 £	2016 £
Entities with common control	<u>360,000</u>	<u>360,000</u>	<u>-</u>	<u>(39,000)</u>

31. Controlling party

In the directors' opinion R Green is the controlling party.