

UPVC Distributors Limited

Strategic report, directors' report and
financial statements

Registered number 02310163

For the year ended 31 December 2016



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Strategic report

Principal activities

The principal activity of the company in the year under review was that of wholesale and distribution of various UPVC products and the retail of domestic, commercial and industrial double glazing, porches and replacement doors and windows.

On the 14 March 2016, UPVC Distributors Limited's entire share capital was transferred from Modplan Limited to IMCO 2016 Holdings Limited

On the 22 March 2016, the entire shareholding of UPVC Distributors Limited was transferred from IMCO 2016 Holdings Limited to Specialist Plastics Distribution Limited.

On 10 June 2016 Specialist Plastics Distribution Limited was acquired by Specialist Building Distribution Limited, a subsidiary of Epwin Group Plc.

On 3 October 2016 the trade, assets and liabilities of the Company were transferred to Specialist Building Distribution Limited.

Results and dividends

The loss for the year attributable to shareholders amounts to £785,601 (*year ended 31 December 2015: £894,584 profit*) and is dealt with as shown in the Income Statement on page 7.

Business review

Turnover of £15,027,253 was generated during the 9 months of trading (*2015: £18,580,183*) from the wholesale and distribution of UPVC building products. In total the company had an operating loss of £747,969 for the period (*2015: £1,255,353 profit*).

On 30 September 2016 the trade, assets and liabilities of the Company were transferred to Specialist Building Distribution Limited, a fellow subsidiary of Epwin Group Plc at net book value, which is deemed to be the fair value and was settled through the intercompany account.

Key performance indicators (KPIs)

The directors of Epwin Group Plc manage the group's operations on a divisional basis. For this reason, the company's directors believe that using KPIs for the company is not necessary or appropriate for an understanding of the development, performance or position of the company's business.

Principal risks and uncertainties

The Company transferred its trade, assets and liabilities to a fellow Group subsidiary on 3 October 2016, at which point the Company ceased to trade.



Epwin Secretaries Limited
Company Secretary

25 September 2017

Directors' report

The directors present their report and audited financial statements for the year 31 December 2016.

Directors

The directors who held office during the period and up to the date of these financial statements are shown below:

J A Bednall (Appointed 10 June 2016)
C A Empson (Appointed 10 June 2016)
A Garland (Appointed 28 June 2016)
A Smith (Appointed 4 January 2016)
J Burton
G Foster
H Sachs (Resigned 10 June 2016)
D A Burles (Resigned 10 June 2016)
J K Lewis (Resigned 10 June 2016)

Policy and practice on payment of creditors

The company acknowledges the contributions that its suppliers make to the success of its operations. It is the company's practice to agree terms of payment in advance and, where amounts are not in dispute, to abide by such terms.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

KTS Owen Thomas Limited resigned as auditor during the year and was replaced by KPMG LLP. A resolution to re-appoint KPMG LLP will be proposed at the forthcoming Annual General Meeting.

By order of the board



Epwin Secretaries Limited
Company Secretary

1B Stratford Court
Cranmore Boulevard
Solihull
B90 4QT

25 September 2017

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of UPVC Distributors Limited

We have audited the financial statements of UPVC Distributors Limited for the year ended 31 December 2016 set out on pages 7 to 29. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of UPVC Distributors Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, 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.



John Leech
(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

27 September 2017

Income statement
for the year ended 31 December 2016

		Year ended 31 December 2016	Year ended 31 December 2015
		£	£
Revenue	Note 3	15,027,253	18,580,183
Cost of sales		(9,663,163)	(11,739,480)
Gross profit		5,364,090	6,840,703
Administrative expenses		(6,112,059)	(5,585,350)
Operating (Loss)/Profit		(747,969)	1,255,353
Interest payable and similar charges	7	(8,630)	(148,763)
(Loss)/Profit on ordinary activities before taxation	4	(756,599)	1,106,590
Tax on loss on ordinary activities	8	(29,002)	(212,006)
(Loss)/Profit for the financial year and total other comprehensive income		(785,601)	894,584

All amounts relate to continuing operations.

There are no recognised gains or losses other than the result in both the current and prior year.

The notes on pages 11 to 29 form part of these financial statements.

Balance Sheet
as at 31 December 2016

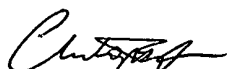
		31 December 2016 £	31 December 2015 £
Non-current assets	<i>Note</i>		
Intangible assets	9	-	90,182
Plant, property and equipment	10	-	960,725
Investments	11	-	233,125
		<hr/>	<hr/>
		-	1,284,032
		<hr/>	<hr/>
Current assets			
Inventories	12	-	2,109,661
Trade and other receivables	13	446,469	2,721,499
Cash and cash equivalents		-	15,638
		<hr/>	<hr/>
		446,469	4,846,798
		<hr/>	<hr/>
Current liabilities			
Other interest-bearing loans and borrowings	15	-	(364,793)
Trade and other payables	14	-	(2,584,521)
Income tax payable		-	(103,040)
		<hr/>	<hr/>
Net current assets		446,469	1,794,444
		<hr/>	<hr/>
Total assets less current liabilities		446,469	3,078,476
		<hr/>	<hr/>
Non-current liabilities			
Other interest-bearing loans and borrowings	15	-	(140,297)
		<hr/>	<hr/>
Provisions			
Deferred tax	16	-	(97,309)
		<hr/>	<hr/>
Net assets		446,469	2,840,870
		<hr/>	<hr/>

Balance Sheet (continued)
as at 31 December 2016

		31 December 2016 £	31 December 2015 £
Equity			
Called up share capital	17	10,000	10,000
Retained earnings		436,469	2,830,870
Total shareholders' equity		446,469	2,840,870

These financial statements were approved by the board of directors on 25 September 2017 and were signed on its behalf by:

C A Empson
Director



Company registered number: 02310163

The notes on pages 11 to 29 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2016

	Called up Share capital £	Retained earnings £	Total equity £
Balance at 31 December 2014	10,000	1,936,286	1,946,286
Comprehensive income			
Profit for the year	-	894,584	894,584
Total comprehensive income	-	894,584	894,584
Balance at 31 December 2015	10,000	2,830,870	2,840,870
Loss for the year	-	(785,601)	(785,601)
Total comprehensive income	-	(785,601)	(785,601)
Transactions with owners, recorded directly in equity			
Dividends	-	(1,608,800)	(1,608,800)
Total contributions by and distributions to owners	-	(1,608,800)	(1,608,800)
Balance at 31 December 2016	10,000	436,469	446,469

The notes on pages 11 to 29 form part of these financial statements.

Notes

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

UPVC Distributors Limited (the "Company") is a company incorporated and domiciled in the UK.

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements have been prepared for the first time in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has adopted FRS 101 for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 20.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of the ultimate parent company, Epwin Group Plc, include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following disclosures:

- IFRS 2: Share based payments in respect of group settled share based payments
- IFRS 7: Financial Instruments: Disclosures
- IFRS 8 : Operating segments
- IAS 36: Impairment of assets

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2015 for the purposes of the transition to FRS 101.

Notes (continued)

1 ACCOUNTING POLICIES (continued)

Going Concern

The Company's business activities together with the factors likely to affect its future development, performance and position are set out in the business review on page 1.

The directors have no intention to acquire a future trade. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Foreign currencies

Transactions in foreign currencies are translated to the respective functional currency of the Company at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy.

Notes (continued)

1 ACCOUNTING POLICIES (continued)

Financial instruments

Financial Assets

The Company's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are recognised when the Company becomes party to the contractual provisions of the instrument.

i) Trade receivables

Trade receivables are recognised and carried at original invoice amount less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the income statement in administrative expenses.

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks.

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.

The Company's financial liabilities comprise trade and other payables and borrowings. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

i) Other interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Financial expenses comprise interest expense on borrowings.

ii) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Notes (continued)

1 ACCOUNTING POLICIES (continued)

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Plant and machinery	at varying rates on cost
Fixtures and fitting	20% on cost
Motor Vehicles	25% on cost
Computer equipment	33% on cost

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

Notes *(continued)*

1 ACCOUNTING POLICIES *(continued)*

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment where in the opinion of the directors there has been a diminution in the value of the investment

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Notes (continued)

1 ACCOUNTING POLICIES (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the units on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue recognition

Revenue comprises the fair value of goods sold to external customers, net of value added tax, discounts, rebates, VAT and other sales taxes or duty. Revenue is recognised on the sale of goods when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably, usually on the dispatch of goods.

Notes *(continued)*

1 ACCOUNTING POLICIES *(continued)*

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financial income and expense

Financial expenses comprise interest payable and the unwinding of the discount on provisions. Financial income comprises interest receivable on funds invested.

Interest income and interest payable are recognised in the income statement as they accrue, using the effective interest method.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 CRITICAL JUDGEMENTS AND ESTIMATIONS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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 and in any future periods impacted.

The key judgements and estimates employed in the financial statements are considered below.

Impairment of goodwill and other intangible fixed assets

On an annual basis, the Company is required to perform an impairment review to assess whether the carrying value of goodwill and other intangible fixed assets is less than its recoverable amount. Recoverable amount is based on a calculation of expected future cash flows, which include estimates of future performance.

Allowances against the carrying amount of inventories

The Company provides against the carrying amount of inventories based on expected demand for its products to ensure that inventory is stated at the lower of cost and net realisable value.

Notes (continued)

3 TURNOVER

Turnover represents the value of goods and services supplied by the company net of value added tax.

All turnover and operating loss derive from the main activity of the company and from continuing operations. All revenue originates from the United Kingdom.

4 LOSS/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Hire of plant and machinery	9,632	4,914
Depreciation – owned assets	147,818	104,112
Depreciation – assets on hire purchase contracts	87,006	101,557
Auditor's remuneration	15,000	15,066
Operating leases – rent	565,863	764,880
Impairment of goodwill	90,182	-
Impairment of investments	233,125	-
	<u>1,048,626</u>	<u>1,990,409</u>

5 STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Administration	15	12
Production and distribution	102	100
	<u>117</u>	<u>112</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Wages and salaries	1,997,662	2,629,269
Social security costs	173,000	221,566
Other pension costs	12,922	48,046
	<u>2,183,584</u>	<u>2,898,881</u>

Notes (continued)

6 REMUNERATION OF DIRECTORS

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Directors' remuneration	129,813	173,084
	<u> </u>	<u> </u>
Number of directors to whom retirement benefits were accruing was as follows:		
Money purchase schemes	3	3
	<u> </u>	<u> </u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Bank interest and charges	-	126,406
Bank loan interest	-	5,737
Hire purchase interest	8,630	16,620
	<u> </u>	<u> </u>
	8,630	148,763
	<u> </u>	<u> </u>

8 TAXATION

Analysis of credit in the period:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
UK corporation tax:		
Current Year Charge	75,875	163,040
Prior Year (Credit)	(3,564)	(15,159)
	<u> </u>	<u> </u>
Total current tax	72,311	147,881
Deferred tax:		
Current Year Charge/(Credit)	(43,309)	64,125
	<u> </u>	<u> </u>
Total deferred tax	(43,309)	64,125
	<u> </u>	<u> </u>
Tax on profit/(loss) on ordinary activities	29,002	212,006
	<u> </u>	<u> </u>

Notes (continued)

8 TAXATION (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2015: lower) than the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Current tax reconciliation		
Profit on ordinary activities before tax	(756,599)	1,106,590
	<hr/>	<hr/>
Current tax at 20.00% (2015: 20.25%)	(151,320)	224,084
	<hr/>	<hr/>
Expenses not deductible for tax purposes	183,886	6,056
Allowable amortisation	-	(2,975)
Prior year	(3,564)	(15,159)
	<hr/>	<hr/>
Total current tax	29,002	212,006
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future tax charges

The main rate of corporation tax was lowered from 20% to 19% from 1 April 2017, and to 17% from 1 April 2020 (both changes now enacted). This will reduce the company's future current tax charge accordingly. The deferred tax assets at 30 June 2017 have been calculated based on the rate of 17% substantively enacted at the balance sheet date.

Notes (continued)

9 INTANGIBLE FIXED ASSETS

	Goodwill £
<i>Cost</i>	
At 1 January 2016 and 31 December 2016	408,022
<i>Amortisation</i>	
At 1 January 2016	317,840
Impairment	90,182
At 31 December 2016	408,022
<i>Net Book Value</i>	
At 31 December 2016	-
At 31 December 2015	90,182

10 PLANT, PROPERTY AND EQUIPMENT

	Freehold Property £	Fixtures and Fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2016	285,669	1,095,494	464,395	1,845,558
Additions	-	246,342	11,462	257,804
Disposal	(285,669)	-	(22,900)	(308,569)
Transfer to fellow subsidiary	-	(1,341,836)	(452,957)	(1,794,793)
At 31 December 2016	-	-	-	-
Depreciation				
At 1 January 2016	-	706,491	178,342	884,833
Charge for the year	-	138,349	96,475	234,824
Disposal	-	-	(16,523)	(16,523)
Transfer to fellow subsidiary	-	(844,840)	(258,294)	(1,103,134)
At 31 December 2016	-	-	-	-
Net Book value				
At 31 December 2016	-	-	-	-
At 31 December 2015	285,669	389,003	286,053	960,725

Notes (continued)

11 INVESTMENTS IN SUBSIDIARIES

	Shares in group undertakings 2016
Cost	
At 1 January 2016 and 31 December 2016	<u>233,125</u>
Impairment	
At 1 January 2016	-
Charge for the year	<u>233,125</u>
At 31 December 2016	<u>233,125</u>
Net Book value	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>233,125</u>

The Company held 100% of the share capital and voting rights of the following companies:

Name of subsidiary undertaking	Class of shares held	Country of incorporation	Principal activity
<i>Direct subsidiary undertakings:</i>			
Churchly Bros Limited	Ordinary shares of £1 each	Great Britain	Dormant
Churchly Builders Plastics Limited	Ordinary shares of £1 each	Great Britain	Dormant
Masterglaze Limited	Ordinary shares of £1 each	Great Britain	Dormant
National Plastics (Building Products) Limited	Ordinary shares of £1 each	Great Britain	Dormant
Silplas Building Products Limited	Ordinary shares of £1 each	Great Britain	Dormant

Notes (continued)

12 INVENTORIES

	31 December 2016 £	31 December 2015 £
Finished goods	-	2,109,661
	<u>-</u>	<u>2,109,661</u>
	<u><u>-</u></u>	<u><u>2,109,661</u></u>

There is no difference between the replacement cost of stock and its carrying amount.

13 TRADE AND OTHER RECEIVABLES

	31 December 2016 £	31 December 2015 £
Trade debtors	-	1,127,861
Amounts owed by group undertakings	446,469	1,108,073
Other debtors	-	319,538
Prepayments and accrued income	-	166,027
	<u>446,469</u>	<u>2,721,499</u>
	<u><u>446,469</u></u>	<u><u>2,721,499</u></u>

14 TRADE AND OTHER PAYABLES

	31 December 2016 £	31 December 2015 £
Trade creditors	-	1,871,237
Amounts owed to group undertakings	-	198,278
Taxation and social security	-	256,850
Other creditors, accruals and deferred income	-	258,156
	<u>-</u>	<u>2,584,521</u>
	<u><u>-</u></u>	<u><u>2,584,521</u></u>

Notes (continued)

15 OTHER INTEREST BEARING LOANS AND BORROWINGS

	31 December 2016 £	31 December 2015 £
Current liabilities		
Bank overdraft	-	269,815
Finance leases	-	94,978
	<u>-</u>	<u>364,793</u>

	31 December 2016 £	31 December 2015 £
Non-current liabilities		
Finance leases	-	140,297
	<u>-</u>	<u>140,297</u>

Finance lease liabilities are payable as follows:

	31 December 2016 £	31 December 2015 £
Amounts payable within one year	-	94,978
Amounts payable in the next 2 to 5 years	-	140,297
	<u>-</u>	<u>235,275</u>

16 PROVISIONS

Analysis of deferred tax

	31 December 2016 £	31 December 2015 £
At beginning of period/year	97,309	33,184
Profit and loss account (credit)/charge for the period	(43,309)	64,125
Transfer to fellow subsidiary	(54,000)	-
	<u>-</u>	<u>97,309</u>

The above deferred tax provision relates wholly to decelerated capital allowances.

Notes (continued)

17 CALLED UP SHARE CAPITAL

	2016		2015	
	No.	£	No.	£
Allotted, called up and fully paid:				
10,000 Ordinary shares of £1 each	10,000	10,000	10,000	10,000

18 COMMITMENTS

Operating lease commitments

As at 31 December 2016 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	31 December 2015 £	31 December 2015 £
Land and Buildings		
Within one year	-	581,683
Between 2 and 5 years	-	960,049
In more than one year	-	110,984
	<u>-</u>	<u>1,652,716</u>

19 ULTIMATE HOLDING AND CONTROLLING COMPANY

At the balance sheet date the company was a subsidiary of Specialist Plastics Distribution Limited. The ultimate parent company is Epwin Group Plc.

The largest group in which the results of the company are consolidated is that headed by Epwin Group Plc, incorporated in Great Britain. No other group financial statements include the results of the company. The consolidated financial statements of Epwin Group Plc are available to the public and may be obtained from 1B Stratford Court, Cranmore Boulevard, Solihull, B90 4QT.

Notes (continued)

20 TRANSITION TO FRS 101

This is the first year that the Company has presented its results under FRS 101. The last financial statements prepared under FRS 102 were for the period ended 31 December 2015. The date of transition to FRS 101 was 1 January 2015. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2015 and the total equity as at 1 January 2015 and 31 December 2015 between FRS 102 as previously reported and FRS 101.

Statement of comprehensive income

	FRS 102 2015	Effect of transition	FRS 101 2015
Revenue	18,580,183	-	18,580,183
Cost of sales	(11,739,480)	-	(11,739,480)
	<hr/>	<hr/>	<hr/>
Gross Profit	6,840,703	-	6,840,703
Administrative expenses	(5,600,040)	14,690	(5,585,350)
	<hr/>	<hr/>	<hr/>
Operating profit	1,240,663	14,690	1,255,353
Interest payable and similar charges	(148,763)	-	(148,763)
	<hr/>	<hr/>	<hr/>
Profit on ordinary activities before taxation	1,091,900	14,690	1,106,590
Tax on profit on ordinary activities	(212,006)	-	(212,006)
	<hr/>	<hr/>	<hr/>
Profit for the financial year and total comprehensive income	879,894	14,690	894,584
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

20 TRANSITION TO FRS 101 (continued)

Balance Sheet

	FRS 102 2014	Effect of transition	FRS 101 2014	FRS 102 2015	Effect of transition	FRS 101 2015
	£	£	£	£	£	£
Non-current assets						
Intangible assets	14,402		14,402	75,492	14,690	90,182
Tangible assets	676,283		676,283	960,725	-	960,725
Investments	233,125		233,125	233,125	-	233,125
	<u>923,810</u>		<u>923,810</u>	<u>1,269,342</u>	<u>14,690</u>	<u>1,284,032</u>
Current assets						
Inventories	1,672,582		1,672,582	2,109,661	-	2,109,661
Trade and other receivables	3,155,461		3,155,461	2,721,499	-	2,721,499
Cash and cash equivalents	15,248		15,248	15,638	-	15,638
	<u>4,843,291</u>		<u>4,843,291</u>	<u>4,846,798</u>	<u>-</u>	<u>4,846,798</u>
Current Liabilities						
Other interest bearing loans and borrowings	(530,096)		(530,096)	(364,793)	-	(364,793)
Trade and other payables	(2,610,869)		(2,610,869)	(2,584,521)	-	(2,584,521)
Income tax	(237,399)		(237,399)	(103,040)		(103,040)
	<u>1,464,927</u>		<u>1,464,927</u>	<u>1,794,444</u>	<u>-</u>	<u>1,794,444</u>
Net current assets/(liabilities)						
	<u>2,388,737</u>		<u>2,388,737</u>	<u>3,063,786</u>	<u>14,690</u>	<u>3,078,476</u>
Non-current liabilities						
Other interest bearing loans and borrowings	(409,267)		(409,267)	(140,297)	-	(140,297)
Provisions for liabilities	(33,184)		(33,184)	(97,309)	-	(97,309)
	<u>1,946,286</u>		<u>1,946,286</u>	<u>2,826,180</u>	<u>14,690</u>	<u>2,840,870</u>
Equity						
Called up share capital	10,000		10,000	10,000	-	10,000
Retained earnings	1,936,286		1,936,286	2,816,180	14,690	2,830,870
Total shareholders' equity	<u>1,946,286</u>		<u>1,946,286</u>	<u>2,826,180</u>	<u>14,690</u>	<u>2,840,870</u>

Notes *(continued)*

20 TRANSITION TO FRS 101 (continued)

Goodwill amortisation

Under FRS 102 goodwill acquired as part of business combinations was capitalised and amortised over its useful economic life, identified as being 5 years. As goodwill is not amortised under FRS 101 an adjustment has been made on transition to write back good will amortisation in the year ended 31 December 2015. The company has taken exemption available in IFRS 1 in respect of business combinations which took place prior to the date of transition and therefore no further adjustments have been made in respect of the business combinations.