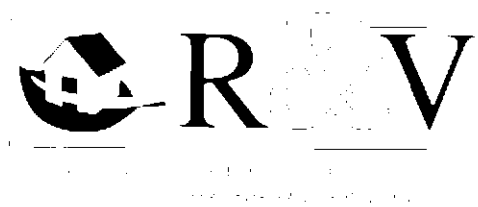


Company Registration No. 03545030 (England and Wales)

ROOMS & VIEWS MANUFACTURING LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020
PAGES FOR FILING WITH REGISTRAR



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ROOMS & VIEWS MANUFACTURING LIMITED

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ROOMS & VIEWS MANUFACTURING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present the strategic report for the year ended 30 September 2020.

Fair review of the business

2020 and the pandemic has resulted in the R&V Group having one of the most challenging years it has ever had. During the first lockdown in 2020, the R&V factories ceased production for staff safety and due to all major suppliers also shutting down. When the first lockdown was lifted towards the end of May 2020, it was assumed that the recovery would be a "slow burn". However, the break in production resulted in the group initially being unable to satisfy demand, with a large build up in orders as a result of restrictions on Europlas' trade customers installing windows and doors, continued ordering through the Europlas branches for the best part of two months with no associated production, increasing demand from the homebuilders, alongside some of the key machinery undergoing maintenance and reconditioning.

In addition to our own internal operational challenges the supply chain was being stretched. Initially, during June, July and the first weeks of August R&V was okay, enjoying preferred partner status with our main suppliers. This was possible due to our supplier relationships and exemplary payment performance, before and during lockdown. However as suppliers were finding it increasingly difficult to secure materials, shortages became regular occurrences.

The pressure on the supply chain inevitably led to non-negotiable increased costs which we had no alternative but to pass on, immediately to Europlas, and attempting a phased increase on contracts with house builders that have been running for twelve months or more.

We are and have been in a better position than most in our industry, largely due to the close, professional and respectful relationships we have with our suppliers and customers. To mitigate some of the difficulties encountered, we have streamlined production in Tredegar with the introduction of an eight head welder (capable of producing 25 frames per hour), changed the system used to process work for both factories, stopped overtime and ceased the evening shift in Tredegar.

As expected turnover is down (no production at the end of March, all of April and most of May) on last year £12,352,678 (2019 £14,496,992), however given the mitigation measures employed, pre-tax profits were not impacted to the same degree, being £1,136,102 (2019 £1,016,168).

Europlas pressed ahead with the expansion strategy, signing a lease on another new outlet in Caerphilly in July, which opened its doors in December and is already making a contribution to overhead.

The Composite Door Project was put on hold during the pandemic, but as restrictions in Wales now begin to lift it will gain traction and we are confident that we will have all testing complete and be in production before the end of the 2021 financial year.

The directors are pleased with the results and are confident that the decisions taken will aid the path back to growth and the success of the business.

The Group's plan to extend its geographical reach has worked well and it now services the two new trade counters in South Wales and four new national house builders in the South West from the operation in Tredegar.

The directors are pleased with the results and are confident that decisions taken will aid the continued stability and success of the business.

ROOMS & VIEWS MANUFACTURING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Principal risks and uncertainties

With the vaccine rollout appearing to make a major contribution to containing the virus, there are still regular news reports about new strains that may be more infectious and have the ability to spread faster and more easily. Until we return to "normal" activities, the group will continue to adopt a conservative approach to business. There are no plans to open other Europlas trade counters in the coming year and the strategy is to focus on cost savings and efficiencies, continue to build cash reserves and shore up the balance sheet.

Raw material prices are extremely volatile and this is unlikely to change (with surcharges being the most recent order of the day) until we see a drop in demand, which may be facilitated by further lifting of restrictions, resulting in the public spending money on things other than home improvements, such as foreign holidays, weddings, high street shopping etc.

Neither Brexit nor Covid-19, so far, appear to have affected house builders' appetite to plough ahead and build apace, and house prices are soaring, despite suffering materials and skills shortages.

Strategic Objectives

As stated earlier the composite door project was postponed due to pressure on production of PVCu products. However this has now been resurrected and the Production Director has been charged with driving the project forward. The marketing of the composite doors will lean heavily on security and the route to market will, initially be through the Europlas' trade counters.

The Group will invest in replacing a number of vans this year taking advantage of the increased annual investment allowance of 130%, announced at the last budget.

Consolidation will be the approach in the coming year with a focus on the existing customer base and opportunities for organic growth.

Key performance indicators

Delivery of the group's strategic objectives is monitored periodically by the directors using the following key performance indicators:

Management Accounts

Order Book Value

Turnover

Cashflow

Operating Profit

Cash Reserves

Capital Expenditure

Customer and Staff Retention

ROOMS & VIEWS MANUFACTURING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

On behalf of the board

Mr K M McClure

Director

25 June 2021

ROOMS & VIEWS MANUFACTURING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their annual report and financial statements for the year ended 30 September 2020.

Principal activities

The principal activity of the company and group continued to be that of the manufacture, installation and retail sale of PVCu goods.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £174,750. The directors do not recommend payment of a further dividend.

Directors

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

Mr K M McClure
Mrs R L McClure
Miss J Tottey
Mr R Evans
Mr D A Bartle

Auditor

In accordance with the company's articles, a resolution proposing that McLintocks (NW) Limited be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of 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 judgements and accounting 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROOMS & VIEWS MANUFACTURING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of performance, risk and strategic objectives.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr K M McClure

Director

25 June 2021

ROOMS & VIEWS MANUFACTURING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROOMS & VIEWS MANUFACTURING LIMITED

Opinion

We have audited the financial statements of Rooms & Views Manufacturing Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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.

ROOMS & VIEWS MANUFACTURING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROOMS & VIEWS MANUFACTURING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 and the directors' report.

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

- adequate accounting records have not been kept 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.

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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ROOMS & VIEWS MANUFACTURING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROOMS & VIEWS MANUFACTURING LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Alastair Jeffcott BA FCA (Senior Statutory Auditor)
For and on behalf of McLintocks (NW) Limited

25 June 2021

Chartered Accountants
Statutory Auditor

2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9PX

ROOMS & VIEWS MANUFACTURING LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020	2019
	Notes	£	as restated £
Turnover	3	12,352,678	14,496,991
Cost of sales		(9,276,460)	(10,245,026)
Gross profit		3,076,218	4,251,965
Administrative expenses		(2,734,642)	(3,240,718)
Other operating income		815,242	32,296
Operating profit	4	1,156,818	1,043,543
Interest receivable and similar income	8	897	1,055
Interest payable and similar expenses	9	(21,613)	(48,966)
Fair value gains and losses on investment properties	14	-	(21,944)
Profit before taxation		1,136,102	973,688
Tax on profit	10	(192,534)	(186,949)
Profit for the financial year	30	943,568	786,739
Profit for the financial year is attributable to:			
- Owner of the parent company		909,109	802,684
- Non-controlling interests		34,459	(15,945)
		943,568	786,739

ROOMS & VIEWS MANUFACTURING LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
	£	as restated £
Profit for the year	943,568	786,739
Other comprehensive income		
Revaluation of tangible fixed assets	115,842	42,479
Tax relating to other comprehensive income	(22,010)	(8,071)
Other comprehensive income for the year	93,832	34,408
Total comprehensive income for the year	1,037,400	821,147
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	1,002,941	837,092
- Non-controlling interests	34,459	(15,945)
	1,037,400	821,147

ROOMS & VIEWS MANUFACTURING LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2020

		2020		2019 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		11,875		17,575
Tangible assets	13		1,765,784		1,911,303
Investment properties	14		264,144		181,500
			<u>2,041,803</u>		<u>2,110,378</u>
Current assets					
Stocks	18	694,724		521,320	
Debtors	19	2,239,916		2,760,569	
Cash at bank and in hand		2,271,127		514,735	
		<u>5,205,767</u>		<u>3,796,624</u>	
Creditors: amounts falling due within one year	20	(2,883,166)		(2,241,043)	
Net current assets			<u>2,322,601</u>		<u>1,555,581</u>
Total assets less current liabilities			<u>4,364,404</u>		<u>3,665,959</u>
Creditors: amounts falling due after more than one year	21		(54,068)		(199,473)
Provisions for liabilities					
Provisions	24	57,509		52,281	
Deferred tax liability	25	130,762		150,790	
		<u>(188,271)</u>		<u>(203,071)</u>	
Net assets			<u><u>4,122,065</u></u>		<u><u>3,263,415</u></u>
Capital and reserves					
Called up share capital	28		100		100
Revaluation reserve	29		128,240		34,408
Profit and loss reserves	30		3,979,617		3,245,258
Equity attributable to owner of the parent company			<u>4,107,957</u>		<u>3,279,766</u>
Non-controlling interests			14,108		(16,351)
			<u><u>4,122,065</u></u>		<u><u>3,263,415</u></u>

ROOMS & VIEWS MANUFACTURING LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 25 June 2021 and are signed on its behalf by:

Mr K M McClure
Director

ROOMS & VIEWS MANUFACTURING LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2020

		2020		2019 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		1,384,968		1,522,277
Investment properties	14		614,144		531,500
Investments	15		340		340
			<u>1,999,452</u>		<u>2,054,117</u>
Current assets					
Stocks	18	220,077		165,449	
Debtors	19	1,904,765		2,661,639	
Cash at bank and in hand		1,781,356		397,778	
		<u>3,906,198</u>		<u>3,224,866</u>	
Creditors: amounts falling due within one year	20	(1,857,387)		(1,273,443)	
Net current assets			<u>2,048,811</u>		<u>1,951,423</u>
Total assets less current liabilities			4,048,263		4,005,540
Creditors: amounts falling due after more than one year	21		(54,068)		(199,473)
Provisions for liabilities					
Provisions	24	57,509		52,281	
Deferred tax liability	25	127,685		146,762	
		<u>(185,194)</u>		<u>(199,043)</u>	
Net assets			<u>3,809,001</u>		<u>3,607,024</u>
Capital and reserves					
Called up share capital	28		100		100
Revaluation reserve	29		93,832		-
Profit and loss reserves	30		3,715,069		3,606,924
Total equity			<u>3,809,001</u>		<u>3,607,024</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £282,895 (2019 - £731,483 profit).

ROOMS & VIEWS MANUFACTURING LIMITED

COMPANY BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 25 June 2021 and are signed on its behalf by:

Mr K M McClure

Director

Company Registration No. 03545030

ROOMS & VIEWS MANUFACTURING LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital	Revaluation reserve	Profit and loss reserves	Total non-controlling interest	Total
Notes	£	£	£	£	£
As restated for the period ended 30 September 2019:					
Balance at 1 October 2018	100	-	2,594,574	2,594,674	(426) 2,594,248
Year ended 30 September 2019:					
Profit for the year	-	-	802,684	802,684	(15,945) 786,739
Other comprehensive income:					
Revaluation of tangible fixed assets	-	42,479	-	42,479	- 42,479
Tax relating to other comprehensive income	-	(8,071)	-	(8,071)	- (8,071)
Total comprehensive income for the year	-	34,408	802,684	837,092	(15,945) 821,147
Dividends	-	-	(152,000)	(152,000)	- (152,000)
Disposal of shares in subsidiary to non-controlling interest	-	-	-	-	20
Balance at 30 September 2019	100	34,408	3,245,258	3,279,766	(16,351) 3,263,415

ROOMS & VIEWS MANUFACTURING LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital	Revaluation reserve/loss	Profit and reserves	Total non-controlling interest	controlling interest	Total
Notes	£	£	£	£	£	£
Year ended 30 September 2020:						
Profit for the year	-	-	909,109	909,109	34,459	943,568
Other comprehensive income:						
Revaluation of tangible fixed assets	-	115,842	-	115,842	-	115,842
Tax relating to other comprehensive income	-	(22,010)	-	(22,010)	-	(22,010)
Total comprehensive income for the year						
Dividends	11	-	909,109	1,002,941	34,459	1,037,400
		93,832	(174,750)	(174,750)	(4,000)	(178,750)
Balance at 30 September 2020	100	128,240	3,979,617	4,107,957	14,108	4,122,065

ROOMS & VIEWS MANUFACTURING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
As restated for the period ended 30 September 2019:					
Balance at 1 October 2018		100	-	3,027,441	3,027,541
Year ended 30 September 2019:					
Profit and total comprehensive income for the year		-	-	731,483	731,483
Dividends	11	-	-	(152,000)	(152,000)
Balance at 30 September 2019		100	-	3,606,924	3,607,024
Year ended 30 September 2020:					
Profit for the year		-	-	282,895	282,895
Other comprehensive income:					
Revaluation of tangible fixed assets		-	115,842	-	115,842
Tax relating to other comprehensive income		-	(22,010)	-	(22,010)
Total comprehensive income for the year		-	93,832	282,895	376,727
Dividends	11	-	-	(174,750)	(174,750)
Balance at 30 September 2020		100	93,832	3,715,069	3,809,001

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

Rooms & Views Manufacturing Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Units 2 & 3, Catheralls Industrial Estate, Pinfold Lane, Buckley, Flintshire, CH7 3PS.

The group consists of Rooms & Views Manufacturing Ltd and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Rooms & Views Manufacturing Ltd together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 September 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, despite the COVID-19 pandemic. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 years straight line
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1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	in accordance with the property
Plant and equipment	33.33% reducing balance
Computers	33.33% straight line
Motor vehicles	33.33% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Property rented to a group entity is accounted for as tangible fixed assets.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

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

1.19 Leases

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

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

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

1.20 Government grants

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

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

1.21 Retentions

Retentions on sales are recognised in the financial statements when the group and company are virtually certain that there will be receipt of income. Retentions are provided for against sales in the period in which they arise and are re-instated in the period they are received.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Production & installation of PVCU windows for housebuilders	8,952,157	12,039,596
Sale of PCVU products from trade depots	3,280,186	2,344,692
Other sales of PVCU products	120,335	112,703
	<u>12,352,678</u>	<u>14,496,991</u>

	2020	2019
	£	£
Other significant revenue		
Interest income	897	1,055
Grants received	<u>783,879</u>	<u>-</u>

Other significant income - grants received

Grant income received includes income of £505,417 in Welsh Government coronavirus business support grants and £278,462 of coronavirus job retention scheme support grants which the company was entitled to as a result of the COVID-19 pandemic.

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(783,879)	-
Depreciation of owned tangible fixed assets	282,242	278,077
Depreciation of tangible fixed assets held under finance leases	113,118	160,299
Loss/(profit) on disposal of tangible fixed assets	2,947	(765)
Amortisation of intangible assets	5,700	5,700
Operating lease charges	<u>126,417</u>	<u>104,530</u>

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	8,000	7,000
Audit of the financial statements of the company's subsidiaries	<u>8,000</u>	<u>8,000</u>
	<u>16,000</u>	<u>15,000</u>

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

6 Employees

The average monthly number of persons employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Production	87	81	51	47
Administration	60	58	23	25
Total	147	139	74	72

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	3,342,695	3,126,424	1,676,090	1,617,483
Social security costs	280,680	274,766	136,760	139,673
Pension costs	71,363	52,676	33,877	26,506
	3,694,738	3,453,866	1,846,727	1,783,662

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	235,238	229,408
Company pension contributions to defined contribution schemes	4,515	3,627
	239,753	233,035

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2019 - 4).

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

	2020 £	2019 £
Remuneration for qualifying services	60,000	60,000

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

8 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	897	965
Other interest income	-	90
	<u>897</u>	<u>1,055</u>
Total income	<u>897</u>	<u>1,055</u>

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	2,594	19,881
Interest on finance leases and hire purchase contracts	17,259	29,085
Other interest	1,760	-
	<u>21,613</u>	<u>48,966</u>
Total finance costs	<u>21,613</u>	<u>48,966</u>

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	234,572	181,662
Adjustments in respect of prior periods	-	865
	<u>234,572</u>	<u>182,527</u>
Total current tax	<u>234,572</u>	<u>182,527</u>
Deferred tax		
Origination and reversal of timing differences	(42,038)	4,422
	<u>(42,038)</u>	<u>4,422</u>
Total tax charge	<u>192,534</u>	<u>186,949</u>

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

10 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	1,136,102	973,688
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	215,859	185,001
Tax effect of expenses that are not deductible in determining taxable profit	76,202	84,374
Tax effect of income not taxable in determining taxable profit	(56,329)	-
Gains not taxable	-	(3,902)
Adjustments in respect of prior years	-	1,244
Permanent capital allowances in excess of depreciation	(1,720)	(91,736)
Under/(over) provided in prior years	-	(380)
Loss/(profit) on sale of tangible fixed assets	560	(145)
Deferred tax: movement on accelerated capital allowances	(46,207)	8,591
Deferred tax: fair value of investment property movement	4,169	3,902
Taxation charge	192,534	186,949

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

	2020 £	2019 £
Deferred tax arising on: Revaluation of property	22,010	8,071

11 Dividends

	2020 £	2019 £
Recognised as distributions to equity holders:		
Final paid	174,750	152,000

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

12 Intangible fixed assets

Group	Software £
Cost	
At 1 October 2019 and 30 September 2020	28,500
Amortisation and impairment	
At 1 October 2019	10,925
Amortisation charged for the year	5,700
At 30 September 2020	16,625
Carrying amount	
At 30 September 2020	11,875
At 30 September 2019	17,575

The company had no intangible fixed assets at 30 September 2020 or 30 September 2019.

13 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Computers £	Motor vehicles £	Total £
Cost or valuation					
At 1 October 2019	744,158	1,610,546	48,171	1,009,001	3,411,876
Additions	-	161,100	-	67,646	228,746
Disposals	-	(88,600)	-	(61,776)	(150,376)
Revaluation	115,842	-	-	-	115,842
At 30 September 2020	860,000	1,683,046	48,171	1,014,871	3,606,088
Depreciation and impairment					
At 1 October 2019	-	902,901	37,116	560,556	1,500,573
Depreciation charged in the year	-	224,030	10,169	161,161	395,360
Eliminated in respect of disposals	-	-	-	(55,629)	(55,629)
At 30 September 2020	-	1,126,931	47,285	666,088	1,840,304
Carrying amount					
At 30 September 2020	860,000	556,115	886	348,783	1,765,784
At 30 September 2019	744,158	707,645	11,055	448,445	1,911,303

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

13 Tangible fixed assets

(Continued)

Company	Freehold land and buildings £	Plant and equipment £	Computers £	Motor vehicles £	Total £
Cost or valuation					
At 1 October 2019	394,158	1,553,239	47,771	976,131	2,971,299
Additions	-	161,100	-	61,801	222,901
Disposals	-	(88,600)	-	(61,776)	(150,376)
Revaluation	115,842	-	-	-	115,842
At 30 September 2020	510,000	1,625,739	47,771	976,156	3,159,666
Depreciation and impairment					
At 1 October 2019	-	872,942	36,844	539,236	1,449,022
Depreciation charged in the year	-	214,914	10,041	156,350	381,305
Eliminated in respect of disposals	-	-	-	(55,629)	(55,629)
At 30 September 2020	-	1,087,856	46,885	639,957	1,774,698
Carrying amount					
At 30 September 2020	510,000	537,883	886	336,199	1,384,968
At 30 September 2019	394,158	680,297	10,927	436,895	1,522,277

The carrying value of land and buildings comprises:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Freehold	860,000	744,158	510,000	394,158

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and equipment	74,742	112,113	74,742	112,113
Motor vehicles	159,844	299,424	159,844	287,874
	234,586	411,537	234,586	399,987

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

13 Tangible fixed assets

(Continued)

Freehold property with a carrying amount of £510,000 was revalued at the year end by BA Commercial Chartered Surveyors, who are not connected with the company, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

No depreciation is charged on the freehold properties as they are recorded at valuation which the directors see as a true and fair value at 30 September 2020.

The revaluation surplus is disclosed in note 29.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

		Freehold property	
		2020	2019
		£	£
Group			
Cost		701,679	394,158
		<u> </u>	<u> </u>
Company			
Cost		394,158	394,158
		<u> </u>	<u> </u>
Carrying value		394,158	394,158
		<u> </u>	<u> </u>
14 Investment property			
		Group	Company
		2020	2020
		£	£
Fair value			
At 1 October 2019		181,500	531,500
Additions through external acquisition		261,148	261,148
Disposals		(178,504)	(178,504)
		<u> </u>	<u> </u>
At 30 September 2020		264,144	614,144
		<u> </u>	<u> </u>

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

14 Investment property

(Continued)

Group

Investment property in the group represents the buy to let properties in the company (see below). Upon consolidation the Tredegar property is reflected in freehold property as this is used by the group.

Company

The investment property brought forward comprises of a factory unit and warehouse in Tredegar, on which market rate rent is payable by Rooms & Views Manufacturing (South Wales & West) Limited. The Tredegar factory has an associated mortgage provided by the The Royal Bank of Scotland plc. Also included in investment property brought forward is a buy to let property in Norwich. This was disposed of during the year. During the year, the company purchased a buy to let property in Glasgow.

The fair value of the warehouse in Tredegar has been arrived at on the basis of a valuation carried out by valuers Bruton Knowles, who are not connected to the company, on 15 March 2020. The property was valued on an open market value basis by reference to market evidence of transaction prices for similar properties. The directors consider that the valuation of the property remained unchanged at 30 September 2020. Had it been accounted for at historic cost the carrying value of the property would have been £307,521 (2019: £307,521).

The fair value of the buy to let property has been arrived at based on the purchase price paid on 17 September 2020. The directors consider that the valuation of the property remained unchanged at 30 September 2020.

15 Fixed asset investments

		Group 2020 £	2019 £	Company 2020 £	2019 £
	Notes				
Investments in subsidiaries	16	-	-	340	340
		==	==	==	==

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 October 2019 and 30 September 2020	340
	—
Carrying amount	
At 30 September 2020	340
	==
At 30 September 2019	340
	==

16 Subsidiaries

Details of the company's subsidiaries at 30 September 2020 are as follows:

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

16 Subsidiaries (Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Europas PVCU Limited	1	Ordinary	80.00
Rooms & Views (Retail) Limited	1	Ordinary	80.00
Rooms & Views Installations Limited	1	Ordinary	80.00
Rooms & Views Manufacturing (South Wales & West) Limited	1	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 Units 2 & 3, Catheralls Industrial Estate, Pinfold Lane, Buckley, CH17 3PS

17 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,023,643	2,686,746	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	2,405,002	2,145,775	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

18 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	375,614	405,486	110,330	99,133
Work in progress	319,110	115,834	109,747	66,316
	694,724	521,320	220,077	165,449

19 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	1,943,927	2,580,915	1,647,155	2,298,040
Amounts owed by group undertakings	-	-	-	64,075
Other debtors	256,383	132,849	241,230	279,207
Prepayments and accrued income	39,606	46,805	16,380	20,317
	2,239,916	2,760,569	1,904,765	2,661,639

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

20 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	22	1,025,389	703,243	786,959	423,660
Obligations under finance leases	23	144,667	202,374	144,667	200,414
Trade creditors		975,040	901,653	441,718	410,034
Amounts owed to group undertakings		-	-	276,805	-
Corporation tax payable		234,572	181,662	73,559	136,748
Other taxation and social security		218,206	89,059	32,687	37,468
Deferred income	26	79,454	24,020	-	-
Other creditors		38,252	28,126	33,606	20,755
Accruals and deferred income		167,586	110,906	67,386	44,364
		<u>2,883,166</u>	<u>2,241,043</u>	<u>1,857,387</u>	<u>1,273,443</u>

21 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	22	-	38,056	-	38,056
Obligations under finance leases	23	39,068	146,417	39,068	146,417
Other creditors		15,000	15,000	15,000	15,000
		<u>54,068</u>	<u>199,473</u>	<u>54,068</u>	<u>199,473</u>

22 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	786,959	260,825	786,959	260,825
Bank overdrafts	238,430	480,474	-	200,891
	<u>1,025,389</u>	<u>741,299</u>	<u>786,959</u>	<u>461,716</u>
Payable within one year	1,025,389	703,243	786,959	423,660
Payable after one year	-	38,056	-	38,056

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

22 Loans and overdrafts

(Continued)

There is a debenture registered against the company, created 21 February 2012, held by The Royal Bank of Scotland plc, with fixed and floating charges against all assets of the company present and future.

The outstanding mortgage loan provided by The Royal Bank of Scotland plc is secured by a fixed charge registered on 17 February 2014 over the freehold property at Ashvale Industrial Estate, Tredegar.

The mortgage provided by The Royal Bank of Scotland plc in respect of the buy to let property of 77 Cotinghams Drive, Norwich was repaid in December 2019 upon the sale of the property. As a result the associated legal charge was satisfied on 28 December 2019.

23 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	144,668	202,374	144,668	200,414
In two to five years	39,067	146,417	39,067	146,417
	<u>183,735</u>	<u>348,791</u>	<u>183,735</u>	<u>346,831</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

24 Provisions for liabilities

	Group 2020 £	2019 £	Company 2020 £	2019 £
Warranty claims	<u>57,509</u>	<u>52,281</u>	<u>57,509</u>	<u>52,281</u>

The warranty provision represents the estimated liability the two Rooms & Views manufacturing companies have against faulty manufacture or installation of PVCu windows. The warranty is extended for a 2 year period from the point of sale.

Provisions are classified based on the amounts that are expected to be settled within the next 12 months - 2020: £29,007 (2019: £23,274), or more than 12 months - 2020: £22,563 (2019: £29,007).

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

24 Provisions for liabilities

(Continued)

Movements on provisions:

	Warranty claims £
Group	
At 1 October 2019	52,281
Additional provisions in the year	5,228
	<hr/>
At 30 September 2020	57,509
	<hr/> <hr/>
	Warranty provision £
Company	
At 1 October 2019	52,281
Additional provisions in the year	5,228
	<hr/>
At 30 September 2020	57,509
	<hr/> <hr/>

25 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	100,681	146,888
Revaluations	22,010	-
Investment property	8,071	3,902
	<hr/>	<hr/>
	130,762	150,790
	<hr/> <hr/>	<hr/> <hr/>
	Liabilities 2020 £	Liabilities 2019 £
Company		
Accelerated capital allowances	97,604	142,860
Revaluations	22,010	-
Investment property	8,071	3,902
	<hr/>	<hr/>
	127,685	146,762
	<hr/> <hr/>	<hr/> <hr/>

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

25 Deferred taxation (Continued)

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 October 2019	150,790	146,762
Credit to profit or loss	(42,038)	(41,087)
Charge to other comprehensive income	22,010	22,010
	<u>130,762</u>	<u>127,685</u>
Liability at 30 September 2020	<u>130,762</u>	<u>127,685</u>

26 Deferred income

	Group 2020 £	2019 £	Company 2020 £	2019 £
Other deferred income	79,454	24,020	-	-
	<u>79,454</u>	<u>24,020</u>	<u>-</u>	<u>-</u>

27 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	71,363	52,676
	<u>71,363</u>	<u>52,676</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

28 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

29 Revaluation reserve

	Group 2020 £	2019 £	Company 2020 £	2019 £
Prior year adjustment	34,408	-	-	-
At the beginning of the year	34,408	-	-	-
Revaluation surplus arising in the year	115,842	42,479	115,842	-
Deferred tax on revaluation of tangible assets	(22,010)	(8,071)	(22,010)	-
At the end of the year	128,240	34,408	93,832	-

30 Profit and loss reserves

	Group 2020 £	2019 as restated £	Company 2020 £	2019 as restated £
At the beginning of the year	3,279,666	2,594,574	3,606,924	3,027,441
Prior year adjustment	(34,408)	-	-	-
As restated	3,245,258	2,594,574	3,606,924	3,027,441
Profit for the year	909,109	802,684	282,895	731,483
Dividends	(174,750)	(152,000)	(174,750)	(152,000)
At the end of the year	3,979,617	3,245,258	3,715,069	3,606,924

	Group 2020 £	2019 £	Company 2020 £	2019 £
Non-distributable profits included above				
At the beginning of the year	-	-	34,408	-
Non distributable profits in the year	-	-	-	34,408
At the end of the year	-	-	34,408	34,408
Distributable profits	3,979,617	3,245,258	3,680,661	3,572,516

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

31 Operating lease commitments

Lessee

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	109,070	103,898	4,053	12,224
Between two and five years	298,704	304,891	1,400	5,453
In over five years	44,748	67,122	-	-
	<u>452,522</u>	<u>475,911</u>	<u>5,453</u>	<u>17,677</u>

32 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>385,471</u>	<u>434,327</u>

Included in the total remuneration of key management personnel is £nil for compensation for loss of office (2019: £14,000).

33 Directors' transactions

At 30th September 2020 the group was owed £10,405 (2019: £10,405) by one of its subsidiaries' directors.

Dividends totalling £174,500 (2019 - £152,000) were paid in the year in respect of shares held by the company's directors. In addition, dividends totalling £4,000 (2019: £nil) were paid to the directors of the group's subsidiaries.

34 Controlling party

The ultimate controlling party of Rooms & Views Manufacturing Limited is K M McClure.

35 Prior period adjustment

ROOMS & VIEWS MANUFACTURING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

35 Prior period adjustment

(Continued)

Changes to the balance sheet - group

	As previously reported £	Adjustment £	As restated at 30 Sep 2019 £
Fixed assets			
Tangible assets	1,561,303	350,000	1,911,303
Investment properties	531,500	(350,000)	181,500
Net assets	3,263,415	-	3,263,415
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Revaluation reserve	-	34,408	34,408
Profit and loss reserves	3,263,721	(34,408)	3,229,313
Total equity	3,263,415	-	3,263,415
	<u> </u>	<u> </u>	<u> </u>

Changes to the profit and loss account - group

	As previously reported £	Adjustment £	As restated £
Period ended 30 September 2019			
Amounts written off investments	20,535	(42,479)	(21,944)
Taxation	(195,020)	8,071	(186,949)
Profit after taxation	821,147	(34,408)	786,739
	<u> </u>	<u> </u>	<u> </u>

The group's fixed assets have been restated to reflect the fact that the factory in South Wales is a freehold asset for the purpose of the group accounts, whereas it is an investment property in the company accounts - as previously reported. This has also resulted in the non-distributable reserve associated with the investment asset being re-classified to a revaluation reserve for the tangible fixed asset. Overall there is no change in the group's reserves figure.

Reconciliation of changes in equity - company

The prior period adjustments do not give rise to any effect upon equity.

Reconciliation of changes in profit for the previous financial period

	2019 £
Adjustments to prior year	
Total adjustments	-
Profit as previously reported	731,483
	<u> </u>
Profit as adjusted	731,483
	<u> </u>

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