Registered number: 04207637

Benlowe Group Holdings Limited

Directors' report and financial statements

For the Year Ended 30 September 2017

DAINS
ACCOUNTANTS

Benlowe Group Holdings Limited

Company Information

Directors	M J Harris N R James
Company secretary	N R James
Registered number	04207637
Registered office	Park Road Ratby LE6 0JL
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH
Solicitors	DLA Piper UK LLP Victoria Square House Victoria Square Birmingham B2 4DL

Benlowe Group Holdings Limited

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Business review

An Operating Profit before goodwill amortisation and restructuring expenses of £460,811 was achieved in the year. This is up from £290,827 for the previous year and the additional restructuring costs for 2016 of £127,946 were also eliminated . Closing the Stairs activity in 2016 enabled the business to focus successfully on its core Doors and Windows activity without distractions. The 2016 turnover included loss-making Stairs sales of £564,000.

Goodwill amortization of £260,226 always reduces final profit but this originates from prior to 2002 and is a non-cash item. The actual net cash position was improved and holding company long term loan repayments falling due were met to reduce them as well.

The business currently considers that its order book level is quite adequate and confirms it is fully loaded with contracts through to late Summer of 2018. Current trading for the half year to March shows profits up on budget and on prior year and there is every present indication that this trend will continue for the remainder of the year.

The 4% government living wage legislation is also pushing wage inflation up to cover differentials for the majority of employees not just those on lower wages.

A number of projects to put in more profitable products in house and reduce costs are already underway this year. Capital spend to further expand sales and production is under active review after successfully investing in the previous year to facilitate an increase in core capacity.

The workforce are thanked for their continued flexibility.

Principal risks and uncertainties

The group's principal financial instruments comprise cash, hire purchase, and intercompany borrowings. The main purpose of these financial instruments is to finance the group's operations. The group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The group does not enter into derivative transactions.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the group's financial instruments are liquidity risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The directors prepare forecasts which are regularly reviewed to ensure sufficient liquidity is maintained. The intercompany balances will not be repaid if the group can not afford to do so.

Credit risk

The group seeks to trade with recognised creditworthy third parties. It is group policy that all significant customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant, and seeks to maintain adequate provision for disputes and doubtful debts in today's difficult market conditions. The group where possible will obtain credit insurance for its debts.

Financial key performance indicators

Key performance indicators monitored by the group include turnover by employee £81,000 (2016 £73,000) and debtor days 47 days (2016 49 days).

Future developments

Market conditions short term appear steady but serving housebuilding is always prone to fluctuation further out.

This report was approved by the board on 24 April 2018 and signed on its behalf.

NR James

N R James
Secretary

The directors present their report and the financial statements for the year ended 30 September 2017.

Principal activity

The principal activities of the group are the manufacture and marketing of window boards, wooden window frames, doors, doorsets and associated products.

Results and dividends

The profit for the year, after taxation, amounted to £29,633 (2016 - loss £234,005).

The directors do not recommend the payment of a dividend on the ordinary shares (2016 - £nil)

Directors

The directors who served during the year were:

M J Harris
N R James

Qualifying third party indemnity provisions

The group maintains directors and officers liability ideminity insurance for the benefit of its directors which were made during the year and remain in force at the date of this report.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

During the year, Dains LLP were reappointed as auditors. Dains LLP have expressed their willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 April 2018 and signed on its behalf.

N R James

N R James
Secretary

Opinion

We have audited the financial statements of Benlowe Group Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2017, which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the group 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 group 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 group strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Dains LLP

Mark Hargate FCA (senior statutory auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

24 April 2018

Consolidated profit and loss account
For the Year Ended 30 September 2017

	Note	2017 £	2016 £
Turnover	4	**7,583,480**	7,676,958
Cost of sales		**(5,800,054)**	(5,981,107)
Gross profit		**1,783,426**	1,695,851
Distribution costs		**(232,785)**	(296,200)
Administrative expenses		**(1,089,830)**	(1,108,824)
Operating profit before goodwill and amortisation and restructuring expenses	5	**460,811**	290,827
Goodwill amortisation		**(260,226)**	(260,226)
Restructuring expenses		**-**	(127,946)
Operating profit/(loss)		**200,585**	(97,345)
Interest payable and similar expenses	9	**(108,144)**	(138,221)
Profit/(loss) before tax		**92,441**	(235,566)
Tax on profit/(loss)	10	**(62,808)**	1,561
Profit/(loss) for the financial year		**29,633**	(234,005)
Profit/(loss) for the year attributable to:			
Owners of the parent		**29,633**	(234,005)
		29,633	(234,005)

The notes on pages 17 to 36 form part of these financial statements.

Consolidated statement of comprehensive income
For the Year Ended 30 September 2017

	Note	2017 £	2016 £
Profit/(loss) for the financial year		**29,633**	(234,005)
Other comprehensive income			
Total comprehensive income for the year		**29,633**	(234,005)
Profit/(loss) for the year attributable to:			
Owners of the parent Company		**29,633**	(234,005)
		29,633	(234,005)
Total comprehensive income attributable to:			
Owners of the parent Company		**29,633**	(234,005)
		29,633	(234,005)

Benlowe Group Holdings Limited
Registered number:04207637

Consolidated balance sheet
As at 30 September 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	12		**1,100,105**		1,360,331
Tangible assets	13		**876,900**		831,191
			1,977,005		2,191,522
Current assets					
Stocks	15	**394,209**		425,200	
Debtors: amounts falling due within one year	16	**1,303,846**		1,545,150	
Cash at bank and in hand	17	**1,212,742**		984,347	
		2,910,797		2,954,697	
Creditors: amounts falling due within one year	18	**(2,567,504)**		(2,559,204)	
Net current assets			**343,293**		395,493
Total assets less current liabilities			**2,320,298**		2,587,015
Creditors: amounts falling due after more than one year	19		**(1,677,086)**		(1,985,034)
Provisions for liabilities					
Deferred taxation	23		**(94,000)**		(82,402)
Net assets			**549,212**		519,579
Capital and reserves					
Called up share capital	24		**185,750**		185,750
Capital redemption reserve	25		**127,107**		127,107
Other reserves	25		**(14,594)**		(14,594)
Profit and loss account	25		**250,949**		221,316
			549,212		519,579

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 April 2018.

N R James

N R James
Director
The notes on pages 17 to 36 form part of these financial statements.

Benlowe Group Holdings Limited
Registered number:04207637

Company balance sheet
As at 30 September 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	13		**67,363**		70,087
Investments	14		**3,897,057**		3,897,057
			3,964,420		3,967,144
Current assets					
Debtors: amounts falling due within one year	16	**450**		450	
		450		450	
Creditors: amounts falling due within one year	18	**(2,001,436)**		(1,675,269)	
Net current liabilities			**(2,000,986)**		(1,674,819)
Total assets less current liabilities			**1,963,434**		2,292,325
Creditors: amounts falling due after more than one year	19		**(1,639,076)**		(1,947,416)
Net assets			**324,358**		344,909
Capital and reserves					
Called up share capital	24		**185,750**		185,750
Capital redemption reserve	25		**127,107**		127,107
Other reserves	25		**(14,594)**		(14,594)
Profit and loss account brought forward		**46,646**		94,412	
Loss for the year		**(20,551)**		(47,766)	
Profit and loss account carried forward			**26,095**		46,646
			324,358		344,909

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 April 2018.

NR James

N R James
Director

Consolidated statement of changes in equity
For the Year Ended 30 September 2017

	Called up share capital	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2016	**185,750**	**127,107**	**(14,594)**	**221,316**	**519,579**
Comprehensive income for the year					
Profit for the year	-	-	-	**29,633**	**29,633**
At 30 September 2017	**185,750**	**127,107**	**(14,594)**	**250,949**	**549,212**

Consolidated statement of changes in equity
For the Year Ended 30 September 2016

	Called up share capital	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2015	**185,750**	**127,107**	**(14,594)**	**455,321**	**753,584**
Comprehensive income for the year					
Loss for the year	-	-	-	(234,005)	(234,005)
At 30 September 2016	**185,750**	**127,107**	**(14,594)**	**221,316**	**519,579**

The notes on pages 17 to 36 form part of these financial statements.

Company statement of changes in equity
For the Year Ended 30 September 2017

	Called up share capital	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2016	**185,750**	**127,107**	**(14,594)**	**46,646**	**344,909**
Comprehensive income for the year					
Loss for the year	-	-	-	(20,551)	(20,551)
At 30 September 2017	**185,750**	**127,107**	**(14,594)**	**26,095**	**324,358**

Company statement of changes in equity
For the Year Ended 30 September 2016

	Called up share capital	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2015	**185,750**	**127,107**	**(14,594)**	**94,412**	**392,675**
Comprehensive income for the year					
Loss for the year	-	-	-	**(47,766)**	**(47,766)**
At 30 September 2016	**185,750**	**127,107**	**(14,594)**	**46,646**	**344,909**

The notes on pages 17 to 36 form part of these financial statements.

Consolidated statement of cash flows
For the Year Ended 30 September 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit/(loss) for the financial year	**29,633**	(234,005)
Adjustments for:		
Amortisation of intangible assets	**260,226**	260,226
Depreciation of tangible assets	**127,848**	178,651
Loss on disposal of tangible assets	**13,724**	-
Interest paid	**108,144**	138,221
Taxation charge	**62,808**	(1,561)
Decrease in stocks	**30,991**	104,282
Decrease in debtors	**241,304**	220,777
(Decrease) in creditors	**(126,328)**	(205,269)
Corporation tax (paid)	**(29,633)**	(15,249)
Net cash generated from operating activities	**718,717**	446,073
Cash flows from investing activities		
Purchase of tangible fixed assets	**(128,131)**	(43,622)
Sale of tangible fixed assets	**-**	26,499
HP interest paid	**(15,571)**	(14,632)
Net cash from investing activities	**(143,702)**	(31,755)
Cash flows from financing activities		
Repayment of bank loans	**(173,180)**	(154,500)
Repayment of finance leases	**(69,378)**	(83,888)
Interest paid	**(92,573)**	(123,589)
Net cash used in financing activities	**(335,131)**	(361,977)
Net increase in cash and cash equivalents	**239,884**	52,341
Cash and cash equivalents at beginning of year	**239,814**	187,473
Cash and cash equivalents at the end of year	**479,698**	239,814
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,212,742**	984,347
Bank overdrafts	**(733,044)**	(744,533)
	479,698	239,814

The notes on pages 17 to 36 form part of these financial statements.

1. General information

Benlowe Group Holdings Limited is a company incorporated in England and Wales under the Companies Act. The company is a private company limited by shares. The address of the company's registered office is shown on company information page. The principal activities of the company and the nature of its operations are set out in the Directors' report

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 October 2014.

2.3 Going concern

As described in the group strategic report, the directors currently consider that the group's order book level is quite adequate and confirms it is fully loaded with contracts through to late Summer of 2018. Current trading for the half year to March shows profits up on budget and on prior year and there is every present indication that this trend will continue for the remainder of the year. The group continues to preserves cash and controls the cost base.

The group has since the year end further renegotiated with its bankers revisions to the financial covenants and capital repayment terms associated with the bank loans, through to 31 March 2019. As a consequence of this, the loan repayment terms and banking covenants now agreed are believed by the Board to be achievable.

The directors have prepared cash flow forecasts through to 30 September 2019, incorporating the revised agreed bank loan repayment profile and making certain assumptions concerning the renewal of the bank facilities in March 2019, which demonstrates that the group continues to be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. With the above taken in to account, the Directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

2. Accounting policies (continued)

2.4 Revenue recognition

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

Sale of goods

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

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

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated profit and loss account over its useful economic life.

2.6 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant and machinery	- 5% - 20% straight line
Motor vehicles	- 25% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated profit and loss account.

2. Accounting policies (continued)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

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

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

2.9 Debtors

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

2.10 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

2.12 Creditors

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

2.13 Employee share ownership plan

The cost of the Group's shares held by the ESOP is deducted from equity in the Group and Company balance sheets under the heading ESOP share reserve. Any cash received by the ESOP on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the ESOP (including borrowings) are recognised as assets and liabilities of the Group.

2.14 Finance costs

Finance costs are charged to the consolidated profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 October 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.18 Borrowing costs

All borrowing costs are recognised in the consolidated profit and loss account in the year in which they are incurred.

2.19 Provisions for liabilities

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

Provisions are charged as an expense to the consolidated profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2. Accounting policies (continued)

2.20 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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

In the application of the group and company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 those estimates.

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

Critical judgements in applying the companies accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group and company's accounting policies and that the most significant effect on the amounts recognised in the financial statements.

Depreciation and residual values
The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of plant and machinery, and have concluded that asset lives and residual values are appropriate.

Trade debtors
The total carrying value of trade debtors are net of impairment losses on trade debtors. A different assessment of the recoverability the balance, with reference to either the abilitiy or willingness of the customer to pay, may result in different values being determined.

Goodwill
The Group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

4. Turnover

	2017 £	2016 £
Sale of doors, windows and stairs	**7,583,480**	7,676,958
	7,583,480	7,676,958

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Amortisation of goodwill	**260,226**	260,226
Depreciation of tangible assets - owned by the group	**115,167**	110,653
Depreciation of tangible assets - held under finance lease	**12,681**	67,998
Operating lease rentals - land and buildings	**195,000**	214,000
Operating lease rentals - plant and machinery	**41,666**	84,333
Defined contribution pension cost	**90,247**	74,178

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	**14,150**	13,800

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2017 £	Group 2016 £
Wages and salaries	**2,281,025**	2,342,645
Social security costs	**222,603**	195,535
Cost of defined contribution scheme	**90,247**	74,178
	2,593,875	2,612,358

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

	2017 No.	2016 No.
Production	**80**	86
Sales and administration	**16**	21
	96	107

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	**189,060**	150,117
Company contributions to defined contribution pension schemes	**41,715**	31,546
	230,775	181,663

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	**90,331**	103,557
Other loan interest payable	**2,242**	20,032
Finance leases and hire purchase contracts	**15,571**	14,632
	108,144	138,221

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	**51,210**	15,597
Total current tax	**51,210**	15,597
Deferred tax		
Origination and reversal of timing differences	**16,176**	(7,202)
Effect of tax rate change on opening balance	**(4,578)**	(9,956)
Total deferred tax	**11,598**	(17,158)
Taxation on profit/(loss) on ordinary activities	**62,808**	(1,561)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.5% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	**92,441**	(235,565)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.5% (2016 - 20%)	**18,026**	(47,113)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**29,362**	32,235
Goodwill amortisation	**21,911**	22,473
Adjust opening deferred tax to average rate of 19.50%	**6,861**	-
Adjust closing deferred tax to average rate of 19.50%	**(13,756)**	(9,156)
Other timing differences	**404**	-
Total tax charge for the year	**62,808**	(1,561)

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss after tax of the parent Company for the year was £20,551 (2016 - loss £47,766).

12. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 October 2016	**5,204,522**
At 30 September 2017	**5,204,522**
Amortisation	
At 1 October 2016	**3,844,191**
Charge for the year	**260,226**
At 30 September 2017	**4,104,417**
Net book value	
At 30 September 2017	**1,100,105**
At 30 September 2016	1,360,331

13. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 2016	97,712	3,461,323	57,761	3,616,796
Additions	-	187,281	-	187,281
Disposals	-	(482,119)	(35,411)	(517,530)
At 30 September 2017	97,712	3,166,485	22,350	3,286,547
Depreciation				
At 1 October 2016	27,625	2,703,524	54,456	2,785,605
Charge for the year on owned assets	2,724	109,138	3,305	115,167
Charge for the year on financed assets	-	12,681	-	12,681
Disposals	-	(468,395)	(35,411)	(503,806)
At 30 September 2017	30,349	2,356,948	22,350	2,409,647
Net book value				
At 30 September 2017	67,363	809,537	-	876,900
At 30 September 2016	70,087	757,799	3,305	831,191

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	138,471	339,721
	138,471	339,721

13. Tangible fixed assets (continued)

Company

	Freehold property £
Cost or valuation	
At 1 October 2016	**97,712**
At 30 September 2017	**97,712**
Depreciation	
At 1 October 2016	**27,625**
Charge for the year on owned assets	**2,724**
At 30 September 2017	**30,349**
Net book value	
At 30 September 2017	**67,363**
At 30 September 2016	70,087

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2016	**3,897,057**
At 30 September 2017	**3,897,057**
Net book value	
At 30 September 2017	**3,897,057**
At 30 September 2016	3,897,057

The company has control of 100% of the ordinary shares of Benlowe Group Limited and its wholly owned dormant subsidiaries, T L Bennett (Holdings) Limited, Bennett Windows Limited and Thomas Lowe Joinery Limited, companies registered in England and Wales. The principal activity of Benlowe Group Limited is the marketing and manufacture of performance timber doorsets, windows and staircases.

The dormant subsidiaries traded up to 22 October 1999 when their trade, assets and liabilities were transferred to Benlowe Group Limited on their acquisition. These subsidiaries ceased to trade and became dormant on that date.

On 31 December 2003 the company acquired 100% of the share capital of Benlowe Trustee Limited, a new company set up to hold shares for the benefit of employees. At 30 September 2013, Benlowe Trustee Limited held 9,235 preference shares and 5,359 ordinary shares in Benlowe Group Holdings Limited.

15. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	**59,476**	181,004	-	-
Work in progress (goods to be sold)	**334,733**	244,196	-	-
	394,209	425,200	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	**1,165,243**	1,424,157	**-**	-
Amounts owed by group undertakings	**-**	-	**196**	196
Other debtors	**58**	177	**58**	58
Prepayments and accrued income	**138,545**	120,816	**196**	196
	1,303,846	1,545,150	**450**	450

17. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	**1,212,742**	984,347	**-**	-
Less: bank overdrafts	**(733,044)**	(744,533)	**(733,044)**	(744,533)
	479,698	239,814	**(733,044)**	(744,533)

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	**307,580**	172,420	**307,580**	172,420
Bank overdrafts	**733,044**	744,533	**733,044**	744,533
Trade creditors	**976,047**	1,186,370	**-**	-
Amounts owed to group undertakings	**-**	-	**960,380**	757,884
Corporation tax	**51,306**	29,729	**-**	-
Other taxation and social security	**90,440**	180,667	**-**	-
Obligations under finance lease and hire purchase contracts	**45,552**	56,172	**-**	-
Other creditors	**136,700**	66,537	**432**	432
Accruals and deferred income	**226,835**	122,776	**-**	-
	2,567,504	2,559,204	**2,001,436**	1,675,269

The bank loan and overdraft are secured by a floating charge over all of the group's assets.

19. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	**1,255,240**	1,563,580	**1,255,240**	1,563,580
Other creditors associated with bank loans	**383,836**	383,836	**383,836**	383,836
Net obligations under finance leases and hire purchase contracts	**38,010**	37,618	-	-
	1,677,086	1,985,034	**1,639,076**	1,947,416

20. Loans

Borrowings are repayable as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts falling due within one year				
Bank loans	**307,580**	172,420	**307,580**	172,420
	307,580	172,420	**307,580**	172,420
Amounts falling due 1-2 years				
Other creditors associated with bank loans	**383,836**	383,836	**383,836**	383,836
Bank loans	**1,255,240**	1,563,580	**1,255,240**	1,563,580
	1,639,076	1,947,416	**1,639,076**	1,947,416
	1,946,656	2,119,836	**1,946,656**	2,119,836

Other creditors associated with bank loans due after more than one year represent the exit fee and accrued payment in kind (PIK).

The bank loan is repayable in agreed quarterly installments with a bullet repayment on 31 March 2019.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £
Within one year	**45,552**	56,172
Between 1-5 years	**38,010**	25,616
Between 2-5 years	**-**	12,002
	83,562	93,790

Hire purchase agreements are secured on the assets to which they relate to.

22. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at undiscounted amounts receivable	**1,165,301**	1,424,334	**254**	254
	1,165,301	1,424,334	**254**	254
Financial liabilities				
Financial liabilities measured at amortised cost	**(3,883,075)**	(4,174,013)	**(3,640,511)**	(3,622,684)
	(3,883,075)	(4,174,013)	**(3,640,511)**	(3,622,684)

Financial assets that are debt instruments measured at undiscounted amounts comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise loans and overdrafts, trade and other creditors and accruals.

23. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	**(82,402)**	(99,560)
Charged to profit or loss	**(11,598)**	17,158
At end of year	**(94,000)**	(82,402)

At end of year

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £
Accelerated capital allowances	**(95,997)**	(83,932)
Tax losses carried forward	**1,997**	1,530
	(94,000)	(82,402)

24. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
27,858 Ordinary shares of £1 each	**27,858**	27,858
157,892 Preference shares of £1 each	**157,892**	157,892
	185,750	185,750

The total number of ordinary shares in issue is 27,858 of which Benlowe Trustee Limited, a wholly owned subsidiary, hold 5,359 shares, some 19.2%.

The total number of preference shares in issue 157,892 of which Benlowe Trustee Limited, a wholly owned subsidiary, hold 9,235 shares, some 5.8%.

25. Reserves

Share premium account

The share premium reserve represents the premium arising on the issue of the share equity, net of issue expenses.

Other reserves

The other reserves arises in connection with the Employee Share Ownership Plan (ESOP) trust. The reserves represents the consideration paid for the company's own shares.

Profit and loss account

The profit and loss reserve represents the cumulative profits and losses, net of paid dividends and other adjustments

26. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

The pension cost charge represents contributions payable by the group to the fund and amounted to £90,247 (2016 - £74,178). At the year end the amount of contributions outstanding was £8,207 (2016 - £6,697)

27. Commitments under operating leases

At 30 September 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Land and Buildings		
Not later than 1 year	**160,000**	160,000
Later than 1 year and not later than 5 years	**360,000**	520,000
	520,000	680,000

	Group 2017 £	Group 2016 £
Other		
Not later than 1 year	**27,084**	41,666
Later than 1 year and not later than 5 years	**7,751**	19,883
	34,835	61,549

28. Related party transactions

The group and company have taken advantage of the exemption conferred by FRS 102 s33.5 "Related party disclosures" not to disclose transactions with members of the group headed by Benlowe Group Holdings Limited, on the grounds that 100% of the voting rights of the subsidary companies are controlled within the and consolidated financial statements are prepared.

29. Controlling party

There is no controlling party.