Company Registration No. 01923313 (England and Wales)

# JOEDAN MANUFACTURING (UK) LIMITED

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2017

# JOEDAN MANUFACTURING (UK) LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | N J Purcaro<br>J D A Purcaro<br>J A Purcaro |
| **Secretary** | J D A Purcaro |
| **Company number** | 01923313 |
| **Registered office** | Athenia House<br>10-14 Andover Road<br>Winchester<br>Hampshire<br>SO23 7BS |
| **Auditor** | Wilkins Kennedy LLP<br>Athenia House<br>10-14 Andover Road<br>Winchester<br>Hampshire<br>SO23 7BS |
| **Business address** | Unit 3<br>Northway Gate<br>Ashchurch<br>Tewkesbury<br>GL20 8JP |

# JOEDAN MANUFACTURING (UK) LIMITED

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# JOEDAN MANUFACTURING (UK) LIMITED

## STRATEGIC REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2017*

The directors present the strategic report for the year ended 31 December 2017.

**Fair review of the business**
We are pleased to present the report and accounts of Joedan Manufacturing (UK) Limited for the year ended 31 December 2017. It has been a challenging year with pressure on margins and stable overheads but the company continues to perform satisfactorily.

Looking forward to 2018, we are continuing to be selective with our choice of customers and expect our turnover and profit to increase.

As ever, we are grateful for the continued support of our employees, clients, suppliers and business partners.

**Key performance indicators**
The company had no financial instruments at the balance sheet date other than cash and financial instruments such as debtors and creditors that arise from its operations.

The company is exposed to a variety of financial risks which result from its operating activities. The board is responsible for coordinating the company's risk management and focuses on securing the company's short to medium term cash flows.

The company does not actively engage in the trading of financial assets and has no financial derivatives.

The company seeks to manage risks to ensure sufficient liquidity is available to meet its foreseeable needs. Regular contact is maintained with the company's bankers to ensure that sufficient funding is available for the company's needs if required.

On behalf of the board

J A Purcaro
**Director**
17 July 2018

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

**Principal activities**
The principal activity of the company continued to be that of the design, manufacture and sale of double glazed doors, windows and conservatories.

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

N J Purcaro
J D A Purcaro
J A Purcaro

**Results and dividends**
The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

**Auditor**
Wilkins Kennedy LLP were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**Statement of 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure to auditor**

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

On behalf of the board

J A Purcaro
**Director**
17 July 2018

# JOEDAN MANUFACTURING (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF JOEDAN MANUFACTURING (UK) LIMITED

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**Opinion**

We have audited the financial statements of Joedan Manufacturing (UK) Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its 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 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 auditor's 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.

**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.

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**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

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

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

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

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

**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.

Wilkins Kennedy LLP

**Ian Talbot (Senior Statutory Auditor)**
**for and on behalf of Wilkins Kennedy LLP**

17 July 2018

**Chartered Accountants**
**Statutory Auditor**

Athenia House
10-14 Andover Road
Winchester
Hampshire
SO23 7BS

# JOEDAN MANUFACTURING (UK) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

***FOR THE YEAR ENDED 31 DECEMBER 2017***

| | Notes | 2017<br>£ | 2016<br>£ |
|---|---|---|---|
| **Turnover** | 3 | 12,974,245 | 12,775,288 |
| Cost of sales | | (8,812,665) | (8,560,683) |
| **Gross profit** | | 4,161,580 | 4,214,605 |
| Administrative expenses | | (4,124,338) | (4,068,459) |
| Other operating income | | 71,303 | 94,713 |
| **Operating profit** | 4 | 108,545 | 240,859 |
| Interest payable and similar expenses | 6 | (15,273) | (35,792) |
| **Profit before taxation** | | 93,272 | 205,067 |
| Tax on profit | 7 | (20,488) | (59,665) |
| **Profit for the financial year** | | 72,784 | 145,402 |

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

# JOEDAN MANUFACTURING (UK) LIMITED

## BALANCE SHEET

### *AS AT 31 DECEMBER 2017*

| | Notes | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 10 | | 1,692,946 | | 1,171,886 |
| **Current assets** | | | | | |
| Stocks | 12 | 540,888 | | 424,175 | |
| Debtors | 13 | 2,174,282 | | 2,311,125 | |
| Cash at bank and in hand | | 111,853 | | - | |
| | | 2,827,023 | | 2,735,300 | |
| **Creditors: amounts falling due within one year** | 14 | (3,123,184) | | (3,105,872) | |
| **Net current liabilities** | | | (296,161) | | (370,572) |
| **Total assets less current liabilities** | | | 1,396,785 | | 801,314 |
| **Creditors: amounts falling due after more than one year** | 15 | | (540,880) | | (11,816) |
| **Provisions for liabilities** | 18 | | (99,432) | | (105,809) |
| **Net assets** | | | 756,473 | | 683,689 |
| **Capital and reserves** | | | | | |
| Called up share capital | 21 | | 10,100 | | 10,100 |
| Share premium account | | | 246 | | 246 |
| Profit and loss reserves | | | 746,127 | | 673,343 |
| **Total equity** | | | 756,473 | | 683,689 |

The financial statements were approved by the board of directors and authorised for issue on 17 July 2018 and are signed on its behalf by:

J A Purcaro
**Director**

**Company Registration No. 01923313**

# JOEDAN MANUFACTURING (UK) LIMITED

## STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 31 DECEMBER 2017*

| | Notes | Share capital | Share premium account | Profit and loss reserves | Total |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Balance at 1 January 2016** | | 10,100 | 246 | 1,027,941 | 1,038,287 |
| **Year ended 31 December 2016:** | | | | | |
| Profit and total comprehensive income for the year | | - | - | 145,402 | 145,402 |
| Dividends | 8 | - | - | (500,000) | (500,000) |
| **Balance at 31 December 2016** | | 10,100 | 246 | 673,343 | 683,689 |
| **Year ended 31 December 2017:** | | | | | |
| Profit and total comprehensive income for the year | | - | - | 72,784 | 72,784 |
| **Balance at 31 December 2017** | | 10,100 | 246 | 746,127 | 756,473 |

# JOEDAN MANUFACTURING (UK) LIMITED

## STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 31 DECEMBER 2017*

| | Notes | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | **24** | | 444,875 | | 585,373 |
| Interest paid | | | (15,273) | | (35,792) |
| Income taxes paid | | | (56,967) | | (123,159) |
| **Net cash inflow from operating activities** | | | 372,635 | | 426,422 |
| **Investing activities** | | | | | |
| Purchase of tangible fixed assets | | (268,101) | | (526,772) | |
| Proceeds on disposal of tangible fixed assets | | 106,188 | | 21,309 | |
| **Net cash used in investing activities** | | | (161,913) | | (505,463) |
| **Financing activities** | | | | | |
| Pension Scheme Loan | | - | | (215,458) | |
| Payment of finance leases obligations | | (85,779) | | (924) | |
| Dividends paid | | - | | (500,000) | |
| **Net cash used in financing activities** | | | (85,779) | | (716,382) |
| **Net increase/(decrease) in cash and cash equivalents** | | | 124,943 | | (795,423) |
| Cash and cash equivalents at beginning of year | | | (13,090) | | 782,333 |
| **Cash and cash equivalents at end of year** | | | 111,853 | | (13,090) |
| **Relating to:** | | | | | |
| Cash at bank and in hand | | | 111,853 | | - |
| Bank overdrafts included in creditors payable within one year | | | - | | (13,090) |

### 1 Accounting policies

**Company information**

Joedan Manufacturing (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Athenia House, 10-14 Andover Road, Winchester, Hampshire, SO23 7BS.

### 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. The principal accounting policies adopted are set out below.

### 1.2 Going concern

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

### 1.3 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.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs of that contract.

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.

### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

**1 Accounting policies** **(Continued)**

**1.5 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.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

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:

| | |
|---|---|
| Development costs | 25% straight line |

**1.6 Tangible fixed assets**

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

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

| | |
|---|---|
| Showroom | 15% and 25% straight line |
| Office refurbishments | 5% straight line |
| Plant and machinery | 15% reducing balance, 25% straight line |
| Office equipment & computers | 33.33% straight line |
| Motor vehicles | 25% 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 credited or charged to profit or loss.

**1.7 Impairment of fixed assets**

At each reporting period end date, the company 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.

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.

**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.

**1.8 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.

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.

**1.9 Cash at bank and in hand**

Cash at bank and in hand 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.

**1.10 Financial instruments**

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

**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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

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

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, 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 though 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.

**1 Accounting policies** **(Continued)**

***Derecognition of financial liabilities***

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

**1.11 Equity instruments**

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

**1.12 Taxation**

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

***Current tax***

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

***Deferred tax***

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

**1.13 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.

**1.14 Retirement benefits**

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

**1.15 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 the profit and loss account 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 income 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 lease asset are consumed.

**1 Accounting policies** **(Continued)**

**1.16 Foreign exchange**

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

**2 Judgements and key sources of estimation uncertainty**

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

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

The main areas of accounting estimates are:

- Long term contracts, performance of contracts at year end
- Stock provision
- Recoverability of trade debtors

**3 Turnover and other revenue**

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

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Turnover analysed by class of business** | | |
| Design, manufacture and sale of windows and doors | 12,974,245 | 12,775,288 |

**4 Operating profit**

| | 2017 | 2016 |
|---|---|---|
| Operating profit for the year is stated after charging/(crediting): | £ | £ |
| Exchange losses | 14,276 | 18,624 |
| Fees payable to the company's auditor for the audit of the company's financial statements | 9,750 | 9,500 |
| Depreciation of owned tangible fixed assets | 302,523 | 302,853 |
| Depreciation of tangible fixed assets held under finance leases | 97,372 | 776 |
| Loss on disposal of tangible fixed assets | 21,841 | 2,203 |
| Amortisation of intangible assets | - | 32,639 |
| Cost of stocks recognised as an expense | 4,166,419 | 4,567,113 |
| Operating lease charges | 24,763 | 13,739 |

### 5 Employees

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

| | 2017 Number | 2016 Number |
|---|---|---|
| Directors | 3 | 3 |
| Administration | 48 | 39 |
| Production/Distribution | 77 | 84 |
| | 128 | 126 |

Their aggregate remuneration comprised:

| | 2017 £ | 2016 £ |
|---|---|---|
| Wages and salaries | 3,021,659 | 2,850,324 |
| Social security costs | 288,350 | 272,201 |
| Pension costs | 26,814 | 25,663 |
| | 3,336,823 | 3,148,188 |

All directors remuneration was paid from the holding company during this year and the previous year.

### 6 Interest payable and similar expenses

| | 2017 £ | 2016 £ |
|---|---|---|
| **Interest on financial liabilities measured at amortised cost:** | | |
| Other interest on financial liabilities | 14,905 | 35,792 |
| **Other finance costs:** | | |
| Other interest | 368 | - |
| | 15,273 | 35,792 |

### 7 Taxation

| | 2017 £ | 2016 £ |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on profits for the current period | 29,939 | 60,041 |
| Adjustments in respect of prior periods | (3,074) | (13,736) |
| Total current tax | 26,865 | 46,305 |

### 7 Taxation (Continued)

| | | |
|---|---|---|
| **Deferred tax** | | |
| Origination and reversal of timing differences | (6,377) | 13,360 |
| Total tax charge | 20,488 | 59,665 |

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:

| | 2017 £ | 2016 £ |
|---|---|---|
| Profit before taxation | 93,272 | 205,067 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%) | 17,952 | 41,013 |
| Tax effect of expenses that are not deductible in determining taxable profit | 5,944 | 5,048 |
| Adjustments in respect of prior years | (3,074) | (13,736) |
| Depreciation in excess of permanent capital allowances | 6,043 | 13,980 |
| Deferred tax adjustment | (6,377) | 13,360 |
| Taxation charge for the year | 20,488 | 59,665 |

### 8 Dividends

| | 2017 £ | 2016 £ |
|---|---|---|
| Final paid | - | 500,000 |

### 9 Intangible fixed assets

| | Goodwill £ | Development costs £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2017 and 31 December 2017 | 10,500 | 456,091 | 466,591 |
| **Amortisation and impairment** | | | |
| At 1 January 2017 and 31 December 2017 | 10,500 | 456,091 | 466,591 |
| **Carrying amount** | | | |
| At 31 December 2017 | - | - | - |
| At 31 December 2016 | - | - | - |

### 10 Tangible fixed assets

| | Showroom | Office refurbishment | Plant and machinery | Office equipment & computers | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost** | | | | | | |
| At 1 January 2017 | 465,398 | 203,388 | 1,225,175 | 574,646 | 876,083 | 3,344,690 |
| Additions | 2,491 | - | 645,913 | 23,259 | 377,321 | 1,048,984 |
| Disposals | (4,733) | - | (236,425) | - | (391,985) | (633,143) |
| At 31 December 2017 | 463,156 | 203,388 | 1,634,663 | 597,905 | 861,419 | 3,760,531 |
| **Depreciation and impairment** | | | | | | |
| At 1 January 2017 | 259,197 | 144,778 | 747,083 | 508,242 | 513,504 | 2,172,804 |
| Depreciation charged in the year | 80,167 | 10,200 | 140,996 | 47,075 | 121,457 | 399,895 |
| Eliminated in respect of disposals | - | - | (196,013) | - | (309,101) | (505,114) |
| At 31 December 2017 | 339,364 | 154,978 | 692,066 | 555,317 | 325,860 | 2,067,585 |
| **Carrying amount** | | | | | | |
| At 31 December 2017 | 123,792 | 48,410 | 942,597 | 42,588 | 535,559 | 1,692,946 |
| At 31 December 2016 | 206,201 | 58,610 | 478,092 | 66,404 | 362,579 | 1,171,886 |

## 10 Tangible fixed assets (Continued)

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

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Plant and machinery | 533,856 | - |
| Motor vehicles | 324,372 | 17,839 |
| | 858,228 | 17,839 |

## 11 Financial instruments

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Carrying amount of financial assets** | | |
| Debt instruments measured at amortised cost | 2,125,999 | 2,264,673 |
| **Carrying amount of financial liabilities** | | |
| Measured at amortised cost | 3,482,080 | 2,817,480 |

## 12 Stocks

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Raw materials and consumables | 315,343 | 229,512 |
| Work in progress | 225,545 | 194,663 |
| | 540,888 | 424,175 |

## 13 Debtors

| | 2017 | 2016 |
|---|---|---|
| **Amounts falling due within one year:** | £ | £ |
| Trade debtors | 1,625,999 | 2,264,673 |
| Amounts owed by group undertakings | 500,000 | - |
| Prepayments and accrued income | 48,283 | 46,452 |
| | 2,174,282 | 2,311,125 |

**14 Creditors: amounts falling due within one year**

| | Notes | 2017 £ | 2016 £ |
|---|---|---|---|
| Loans and overdrafts | 16 | - | 13,090 |
| Obligations under finance leases | 17 | 171,915 | 5,875 |
| Payments received on account | | 1,032,606 | 871,507 |
| Trade creditors | | 1,331,883 | 1,463,578 |
| Amount due to parent undertaking | | 50,000 | 50,000 |
| Amounts due to subsidiary undertakings | | 75,000 | 75,000 |
| Corporation tax | | 29,939 | 60,041 |
| Other taxation and social security | | 152,045 | 240,167 |
| Other creditors | | 227,361 | 219,504 |
| Accruals and deferred income | | 52,435 | 107,110 |
| | | 3,123,184 | 3,105,872 |

The finance leases are secured against the assets to which they relate.

**15 Creditors: amounts falling due after more than one year**

| | Notes | 2017 £ | 2016 £ |
|---|---|---|---|
| Obligations under finance leases | 17 | 540,880 | 11,816 |

The finance leases are secured against the assets to which they relate.

**16 Loans and overdrafts**

| | 2017 £ | 2016 £ |
|---|---|---|
| Bank overdrafts | - | 13,090 |
| Payable within one year | - | 13,090 |

### 17 Finance lease obligations

| Future minimum lease payments due under finance leases: | 2017 £ | 2016 £ |
|---|---|---|
| Within one year | 195,381 | 6,592 |
| In two to five years | 572,951 | 12,085 |
| | 768,332 | 18,677 |
| Less: future finance charges | (55,537) | (986) |
| | 712,795 | 17,691 |

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.

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

### 18 Provisions for liabilities

| | Notes | 2017 £ | 2016 £ |
|---|---|---|---|
| Deferred tax liabilities | 19 | 99,432 | 105,809 |

### 19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| **Balances:** | Liabilities 2017 £ | Liabilities 2016 £ |
|---|---|---|
| Accelerated capital allowances | 99,432 | 105,809 |

| **Movements in the year:** | 2017 £ |
|---|---|
| Liability at 1 January 2017 | 105,809 |
| Credit to profit or loss | (6,377) |
| Liability at 31 December 2017 | 99,432 |

The deferred tax liability set out above is expected to reverse in future periods and relates to accelerated capital allowances.

### 20 Retirement benefit schemes

| | 2017 | 2016 |
|---|---|---|
| **Defined contribution schemes** | £ | £ |
| Charge to profit or loss in respect of defined contribution schemes | 26,814 | 25,663 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 21 Share capital

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 10,100 Ordinary shares of £1 each | 10,100 | 10,100 |
| | 10,100 | 10,100 |

### 22 Operating lease commitments

**Lessee**

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

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Within one year | 170,775 | 151,230 |
| Between two and five years | 632,608 | 600,000 |
| In over five years | 400,000 | 550,000 |
| | 1,203,383 | 1,301,230 |

## 23 Related party transactions

**Remuneration of key management personnel**

The remuneration of key management personnel, who are not also directors, is as follows.

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Aggregate compensation | 251,039 | 237,871 |

**Transactions with related parties**

The company has taken advantage of the exemption in FRS102 section 33 from the requirement to disclose transactions with wholly owned group companies.

At the year end the company owed Groomberry Limited £23,794 (2016: £89,226) a related party by virtue of John Purcaro being a director in both companies.

## 24 Cash generated from operations

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Profit for the year after tax | 72,784 | 145,402 |
| **Adjustments for:** | | |
| Taxation charged | 20,488 | 59,665 |
| Finance costs | 15,273 | 35,792 |
| Loss on disposal of tangible fixed assets | 21,841 | 2,203 |
| Amortisation and impairment of intangible assets | - | 32,639 |
| Depreciation and impairment of tangible fixed assets | 399,895 | 303,629 |
| **Movements in working capital:** | | |
| (Increase)/decrease in stocks | (116,713) | 137,609 |
| Decrease/(increase) in debtors | 136,843 | (343,442) |
| (Decrease)/increase in creditors | (105,536) | 211,876 |
| **Cash generated from operations** | 444,875 | 585,373 |