

COMPANY REGISTRATION NUMBER: 05322333

Clayton Glass Limited
Financial Statements
For the year ended
31 December 2020

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Clayton Glass Limited

Financial Statements

Year ended 31 December 2020

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Clayton Glass Limited

Officers and Professional Advisers

The board of directors

R P Green
V C Green
J McCabe
S G Faulkner

Company secretary

R P Green

Registered office

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

Auditor

Ford Campbell Freedman Limited
Chartered accountants & statutory auditor
2nd Floor
33 Park Place
Leeds
LS1 2RY

Bankers

Santander UK PLC
Bridle Road
Bootle
Merseyside
L30 4GB

Clayton Glass Limited

Strategic Report

Year ended 31 December 2020

Principal Activities

The manufacture and supply of insulating glass units, including product supplied to the residential window, door and conservatory market in the UK.

Business Review

Company turnover grew by a further 42% in 2020 from £23m to £32m, reflecting organic growth, the first full year impact of the acquisition of Global Glass in November 2019 but this growth was also offset by the COVID19 lockdown.

Underlying profitability in 2020 was ahead of previous years but impacted by significant "exceptional losses" where the business was forced to close for 8 weeks due to the COVID19 lockdown. As a result, operating profit for the year was £19k compared to £329k in 2019.

The company has used government support made available to companies suffering from the impact of the COVID19 pandemic including extensive use of the furlough scheme and short-term deferral of VAT liabilities. In addition to this support the company applied a reduction in employee headcount and worked with employees to ensure job retention was maximised.

To strengthen headroom the directors also secured an additional CBILS 3-year overdraft facility in May 2020 of £3.125m, however as of July 2021 this facility is currently not being utilised.

Despite the impact of COVID19 the company has paid off the bank debt and deferred liabilities in respect of the Global Glass acquisition of £2.1m and continued to invest in its Fixed Assets of £850k. There is a further cash outflow as a result of funding trade debtors from turnover growth however trade creditors have not increased. Overall, this resulted in a net cash outflow for the year of £3.7m. The company has the full and continued support from its external funders and is not in breach of any funding covenants. In addition to this it is the company is up to date with all liabilities in accordance with their terms.

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

Clayton Glass Limited

Strategic Report *(continued)*

Year ended 31 December 2020

Key Performance Indicators

	2020 £	2019 £
On Time in Full %	98	99
Right First Time %	98	98
Debtor Days *	71	90
Sales Growth %	42	26
Operating Profit	18,978	329,188
EBITDA	1,033,095	992,218

Despite the impact of the COVID19 pandemic the company has still seen growth in EBITDA year on year. It has also focused on the collection of trade debtors reducing debtor days despite the increase in turnover.

Risks and Uncertainties

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

The impact of Covid19 in H1 of 2020 was significant causing the business to temporarily close for 8 weeks. In light of this, the business recovery plan has been updated and various measures have been taken to manage the additional risks now present, including a further localised lockdown.

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


Future Developments

The Directors anticipate the business will continue to grow in the coming years, and the strategic plan supports this. 2021 is anticipated to see growth of around 30% as the company benefits from a second full year of the Global Glass acquisition without the impact of COVID19.

Following various initiatives implemented above, the directors have prepared an 18-month forecast to December 2022 which projects a profitable, cash generative business with minimal reliance on any one customer, market or geographical area.

Aug 10, 2021

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



R Green (Aug 10, 2021 15:30 GMT+1)

R P Green
Director

Clayton Glass Limited

Directors' Report

Year ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

Directors

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

R P Green

V C Green

J McCabe

S G Faulkner (Appointed 1 January 2020)

Director changes post 31 December 2020 have been noted below:

S G Faulkner resigned as director on 30 April 2021

Dividends

Particulars of recommended dividends are detailed in note 14 to the financial statements.

Future developments

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

Employment of disabled persons

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

Employee involvement

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

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

Clayton Glass Limited

Directors' Report *(continued)*

Year ended 31 December 2020

Financial instruments

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

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

Price risk

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

Credit risk

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

Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the business review and the principal risks and uncertainties.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Clayton Glass Limited

Directors' Report *(continued)*

Year ended 31 December 2020

Auditor

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

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

Aug 10, 2021

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



R Green (Aug 10, 2021 15:30 GMT+1)

R P Green
Director

Clayton Glass Limited

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

Year ended 31 December 2020

Opinion

We have audited the financial statements of Clayton Glass Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Clayton Glass Limited

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

Year ended 31 December 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, 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.

Clayton Glass Limited

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

Year ended 31 December 2020

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

While planning our audit, we have made enquiries of management and those charged with governance around any actual or potential litigation and claims against the company for non-compliance with specific laws and regulations. The same has been done in respect of any instances of fraud or irregularities. The responses received have been communicated with the engagement team at the planning stage.

We have not been informed of any specific laws or regulatory related issues that could materially impact the financial statements in addition to this, there has been no suspected fraud or irregularities reported to the us.

While planning our audit the engagement partner selected appropriately trained staff to be engaged in the audit and the team are allocated based on their competence and capabilities.

The audit work undertaken is a substantive work based audit approach, reviewing to source documentation where appropriate and includes a review and walkthrough of the systems which management have put in place. These tests are directional. Therefore, they are designed in a way to maximise audit effectiveness and the possible identification of any material fraud, irregularities, or instances of systems and procedure breaches. Our testing did not identify any issues that requires any additional reporting.

These tests and other areas of our audit work are designed to enhance our ability to detect cases of material fraud and certain irregularities. It should be noted that our audit is carried out using a material based approach and therefore does not test every transaction, as such, it would not detect all instances of irregularities and specifically fraud which is inherently more difficult to detect.

Clayton Glass Limited

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

Year ended 31 December 2020

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

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

Clayton Glass Limited

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

Year ended 31 December 2020

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

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.



Lisa Calvert (Aug 10, 2021 15:41 GMT+1)

Lisa Calvert BA (HONS) FCA (Senior Statutory Auditor)

For and on behalf of
Ford Campbell Freedman Limited
Chartered accountants & statutory auditor
2nd Floor
33 Park Place
Leeds
LS1 2RY

Aug 10, 2021

Clayton Glass Limited

Statement of Income and Retained Earnings

Year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	31,983,364	22,589,949
Cost of sales		<u>23,040,582</u>	<u>15,768,558</u>
Gross profit		8,942,782	6,821,391
Distribution costs		3,880,851	2,504,942
Administrative expenses		5,775,053	3,987,261
Other operating income	5	1,254,063	–
Exceptional costs - Covid-19		<u>521,962</u>	<u>–</u>
Operating profit	6	18,979	329,188
Income from other fixed asset investments	10	24,761	25,987
Other interest receivable and similar income	11	–	171
Interest payable and similar expenses	12	<u>257,207</u>	<u>187,233</u>
(Loss)/profit before taxation		(213,467)	168,113
Tax on (loss)/profit	13	<u>(50,274)</u>	<u>(2,549)</u>
(Loss)/profit for the financial year and total comprehensive income		<u>(163,193)</u>	<u>170,662</u>
Dividends paid and payable	14	<u>(185,000)</u>	<u>(330,000)</u>
Retained earnings at the start of the year		1,081,649	1,240,987
Retained earnings at the end of the year		<u>733,456</u>	<u>1,081,649</u>

All the activities of the company are from continuing operations.

The notes on pages 15 to 11 form part of these financial statements.


Clayton Glass Limited

Statement of Financial Position

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	15	517,542	593,512
Tangible assets	16	6,505,054	6,782,806
Investments	17	100,000	100,000
		<u>7,122,596</u>	<u>7,476,318</u>
Current assets			
Stocks	18	1,732,547	1,592,426
Debtors	19	7,452,614	6,615,034
Cash at bank and in hand		—	869,150
		<u>9,185,161</u>	<u>9,076,610</u>
Creditors: amounts falling due within one year	21	<u>11,233,605</u>	<u>10,561,061</u>
Net current liabilities		<u>2,048,444</u>	<u>1,484,451</u>
Total assets less current liabilities		<u>5,074,152</u>	<u>5,991,867</u>
Creditors: amounts falling due after more than one year	22	4,170,182	4,689,430
Provisions			
Taxation including deferred tax	24	145,514	195,788
Net assets		<u>758,456</u>	<u>1,106,649</u>
Capital and reserves			
Called up share capital	28	25,000	25,000
Profit and loss account	29	733,456	1,081,649
Shareholders funds		<u>758,456</u>	<u>1,106,649</u>

These financial statements were approved by the board of directors and authorised for issue on Aug 10, 2021....., and are signed on behalf of the board by:


 R Green (Aug 10, 2021 15:30 GMT+1)

R P Green
 Director

Company registration number: 05322333

The notes on pages 15 to 11 form part of these financial statements.

Clayton Glass Limited

Statement of Cash Flows

Year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
(Loss)/profit for the financial year		(163,193)	170,662
<i>Adjustments for:</i>			
Depreciation of tangible assets		987,227	712,313
Amortisation of intangible assets		75,970	12,663
Government grant income		(1,254,063)	-
Income from other fixed asset investments		(24,761)	(25,987)
Other interest receivable and similar income		-	(171)
Interest payable and similar expenses		257,207	187,233
Loss/(gains) on disposal of tangible assets		26,889	(49,283)
Tax on (loss)/profit		(50,274)	(2,549)
Accrued (income)/expenses		(407,457)	309,560
<i>Changes in:</i>			
Stocks		(140,121)	(841,519)
Trade and other debtors		(837,580)	(3,594,046)
Trade and other creditors		(104,215)	5,811,658
Cash generated from operations		(1,634,371)	2,690,534
Interest paid		(257,207)	(187,233)
Interest received		-	171
Tax received		-	39,220
Net cash (used in)/from operating activities		(1,891,578)	2,542,692
Cash flows from investing activities			
Purchase of tangible assets		(848,225)	(3,278,501)
Proceeds from sale of tangible assets		111,861	49,285
Purchase of intangible assets		-	(606,175)
Dividends received		24,761	25,987
Net cash used in investing activities		(711,603)	(3,809,404)
Cash flows from financing activities			
Proceeds from borrowings		(2,122,979)	2,270,478
Government grant income		1,254,063	-
Payments of finance lease liabilities		(26,318)	42,211
Dividends paid		(185,000)	(330,000)
Net cash (used in)/from financing activities		(1,080,234)	1,982,689
Net (decrease)/increase in cash and cash equivalents		(3,683,415)	715,977
Cash and cash equivalents at beginning of year		869,150	153,173
Cash and cash equivalents at end of year	20	(2,814,265)	869,150

The notes on pages 15 to 11 form part of these financial statements.

Clayton Glass Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

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

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

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

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

Going concern

The directors believe it appropriate to prepare the accounts on a going concern basis.

The directors of the business have taken several steps to ensure the business remains a going concern, despite the impact of COVID19. The directors continue to work closely with/believe they have the full support of the stakeholders, employees, customers, suppliers, funders and shareholders. The company is not in breach of any funding covenants and is up to date with all liabilities including HP obligations, trade creditors and HMRC. Further details of action taken by the company can also be found in the Strategic Report.

An 18 month forecast has been prepared by the directors projecting a net cash generation of £2.3m, this is after taking account of £900k in hire purchase and £800k of loan repayments. The customer base remains strong, with minimal reliance on any one customer, market or geographical area.

The accounts have therefore been prepared on the going concern basis which assumes that the company will continue to in operational existence for the foreseeable future with the continued support of its lenders, landlords and the shareholders. The directors and funders have confirmed that this support has been maintained since the year end.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

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

Useful economic lives of tangible assets

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

Impairment of debtors

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

Valuation of investments

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

Revenue recognition

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

Taxation

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

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

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Foreign currencies

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

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

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

Customer list	-	12.5% straight line
Celsius trademark	-	10% straight line
Employee expertise	-	20% straight line

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

Tangible assets

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

Depreciation

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

Long leasehold property	-	10% straight line
Plant and machinery	-	10% straight line
Motor vehicles & equipment	-	10%, 20% and 33% straight line

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Investments

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

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

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

Finance leases and hire purchase contracts

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

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

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

The company has benefitted from government support by receiving a 12 month interest free period on the new overdraft taken out in the year. After this period, repayments will be made at the prevailing market rate of interest. The accounts have not been grossed up to account for the benefit of the interest free period and loan arrangement fee.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined contribution plans

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

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

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Sale of goods	<u>31,983,364</u>	<u>22,589,949</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

4. Turnover *(continued)*

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

5. Other operating income

	2020 £	2019 £
Government grant income	<u>1,254,063</u>	<u>-</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020 £	2019 £
Amortisation of intangible assets	75,970	12,663
Depreciation of tangible assets	987,227	712,313
Loss/(gains) on disposal of tangible assets	26,889	(49,283)
Impairment of trade debtors	51,333	15,000
Foreign exchange differences	(1,286)	-
Exceptional costs - Covid-19	<u>521,962</u>	<u>-</u>

The business was forced to close all operations for 8 weeks due to the Covid-19 lockdown at the end of March 2020 - £521,962.

7. Auditor's remuneration

	2020 £	2019 £
Fees payable for the audit of the financial statements	<u>19,053</u>	<u>15,344</u>

8. Staff costs

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

	2020 No.	2019 No.
Production staff	313	165
Administrative staff	67	39
Management staff	4	3
	<u>384</u>	<u>207</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

8. Staff costs *(continued)*

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

	2020	2019
	£	£
Wages and salaries	8,056,965	4,752,902
Social security costs	651,267	390,301
Other pension costs	263,266	163,779
	<u>8,971,498</u>	<u>5,306,982</u>

9. Directors' remuneration

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

	2020	2019
	£	£
Remuneration	237,676	186,400
Company contributions to defined contribution pension plans	81,732	81,504
	<u>319,408</u>	<u>267,904</u>

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

	2020	2019
	No.	No.
Defined contribution plans	<u>4</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2020	2019
	£	£
Aggregate remuneration	96,924	107,651
Company contributions to defined contribution pension plans	8,575	9,504
	<u>105,499</u>	<u>117,155</u>

10. Income from other fixed asset investments

	2020	2019
	£	£
Dividends from other fixed asset investments	<u>24,761</u>	<u>25,987</u>

11. Other interest receivable and similar income

	2020	2019
	£	£
Interest on loans and receivables	<u>-</u>	<u>171</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

12. Interest payable and similar expenses

	2020 £	2019 £
Interest on obligations under finance leases and hire purchase contracts	65,204	70,066
Historic difference on interest on hire purchase and finance lease contracts	(64,562)	–
Interest payable on other loans	181,879	24,822
Other interest payable and similar charges	74,686	92,345
	<u>257,207</u>	<u>187,233</u>

13. Tax on (loss)/profit

Major components of tax income

	2020 £	2019 £
Current tax:		
Adjustments in respect of prior periods	–	(53,377)
Deferred tax:		
Origination and reversal of timing differences	(50,274)	50,828
Tax on (loss)/profit	<u>(50,274)</u>	<u>(2,549)</u>

Reconciliation of tax income

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
(Loss)/profit on ordinary activities before taxation	(213,467)	168,113
(Loss)/profit on ordinary activities by rate of tax	(40,559)	31,941
Effect of expenses not deductible for tax purposes	4,754	(4,523)
Effect of capital allowances and depreciation	(101,653)	(220,984)
Unused tax losses	137,458	193,566
Under/over provision in prior year	–	(53,377)
Movement in deferred taxation	(50,274)	50,828
Tax on (loss)/profit	<u>(50,274)</u>	<u>(2,549)</u>

14. Dividends

Equity dividends

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

	2020 £	2019 £
Equity dividends on ordinary shares	<u>185,000</u>	<u>330,000</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

15. Intangible assets

	Customer list £	Celsius trademark £	Employee expertise £	Total £
Cost				
At 1 January 2020 and 31 December 2020	<u>270,175</u>	<u>250,000</u>	<u>86,000</u>	<u>606,175</u>
Amortisation				
At 1 January 2020	5,629	4,167	2,867	12,663
Charge for the year	<u>33,772</u>	<u>25,000</u>	<u>17,198</u>	<u>75,970</u>
At 31 December 2020	<u>39,401</u>	<u>29,167</u>	<u>20,065</u>	<u>88,633</u>
Carrying amount				
At 31 December 2020	<u>230,774</u>	<u>220,833</u>	<u>65,935</u>	<u>517,542</u>
At 31 December 2019	<u>264,546</u>	<u>245,833</u>	<u>83,133</u>	<u>593,512</u>

16. Tangible assets

	Long leasehold property £	Plant, machinery and vehicles £	Temporary buildings and equipment £	Total £
Cost				
At 1 January 2020	728,312	9,150,766	234,222	10,113,300
Additions	–	820,642	27,583	848,225
Disposals	–	(224,280)	–	(224,280)
At 31 December 2020	<u>728,312</u>	<u>9,747,128</u>	<u>261,805</u>	<u>10,737,245</u>
Depreciation				
At 1 January 2020	63,626	3,119,147	147,721	3,330,494
Charge for the year	25,281	934,290	27,656	987,227
Disposals	–	(85,530)	–	(85,530)
At 31 December 2020	<u>88,907</u>	<u>3,967,907</u>	<u>175,377</u>	<u>4,232,191</u>
Carrying amount				
At 31 December 2020	<u>639,405</u>	<u>5,779,221</u>	<u>86,428</u>	<u>6,505,054</u>
At 31 December 2019	<u>664,686</u>	<u>6,031,619</u>	<u>86,501</u>	<u>6,782,806</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

17. Investments

	Other investments other than loans £
Cost	
At 1 January 2020 and 31 December 2020	<u>100,000</u>
Impairment	
At 1 January 2020 and 31 December 2020	<u>-</u>
Carrying amount	
At 31 December 2020	<u>100,000</u>
At 31 December 2019	<u>100,000</u>

18. Stocks

	2020 £	2019 £
Total stock	<u>1,732,547</u>	<u>1,592,426</u>

19. Debtors

	2020 £	2019 £
Trade debtors	7,192,387	6,155,593
Prepayments and accrued income	260,153	458,863
Other debtors	74	578
	<u>7,452,614</u>	<u>6,615,034</u>

20. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2020 £	2019 £
Cash at bank and in hand	-	869,150
Bank overdrafts	<u>(2,814,265)</u>	<u>-</u>
	<u>(2,814,265)</u>	<u>869,150</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

21. Creditors: amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	6,081,846	4,695,060
Trade creditors	3,008,555	3,288,977
Accruals and deferred income	100,768	508,225
Social security and other taxes	916,607	603,914
Obligations under finance leases and hire purchase contracts	552,780	605,514
Other creditors	573,049	859,371
	<u>11,233,605</u>	<u>10,561,061</u>

The bank loans and overdrafts, other creditors and obligations under finance leases and hire purchase contracts totalling £7,054,496 (2019: £6,121,067) are secured against assets of the company.

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

	2020 £	2019 £
Obligations under finance leases and hire purchase contracts	1,404,346	1,377,930
Other creditors	2,765,836	3,311,500
	<u>4,170,182</u>	<u>4,689,430</u>

The other creditors and obligations under finance leases and hire purchase contracts totalling £4,029,346 (2019: £4,689,430) are secured against assets of the company.

23. Finance leases and hire purchase contracts

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

	2020 £	2019 £
Not later than 1 year	552,780	605,514
Later than 1 year and not later than 5 years	1,404,346	1,377,930
	<u>1,957,126</u>	<u>1,983,444</u>

24. Provisions

	Deferred tax (note 25) £
At 1 January 2020	195,788
Charge against provision	(50,274)
At 31 December 2020	<u>145,514</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

25. Deferred tax

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

	2020	2019
	£	£
Included in provisions (note 24)	<u>145,514</u>	<u>195,788</u>

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

	2020	2019
	£	£
Accelerated capital allowances	<u>145,514</u>	<u>195,788</u>

26. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £181,534 (2019: £82,275).

27. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2020	2019
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>1,254,063</u>	<u>-</u>

28. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

29. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

30. Analysis of changes in net debt

	At 1 Jan 2020 £	Cash flows £	At 31 Dec 2020 £
Cash at bank and in hand	869,150	(869,150)	–
Bank overdrafts	–	(2,814,265)	(2,814,265)
Debt due within one year	(5,300,574)	1,480,213	(3,820,361)
Debt due after one year	(1,377,930)	(26,416)	(1,404,346)
	<u>(5,809,354)</u>	<u>(2,229,618)</u>	<u>(8,038,972)</u>

31. Operating leases

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

	2020 £	2019 £
Not later than 1 year	457,350	373,667
Later than 1 year and not later than 5 years	777,111	770,026
Later than 5 years	–	36,000
	<u>1,234,461</u>	<u>1,179,693</u>

32. Charges on assets

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

33. Related party transactions

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

	Transaction value		Balance owed by/(owed to)	
	2020 £	2019 £	2020 £	2019 £
Commissions with entities with common control	<u>147,500</u>	<u>210,000</u>	<u>–</u>	<u>–</u>

The company received services from a company which two of the directors are also directors of.

34. Controlling party

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