

COMPANY REGISTRATION NUMBER: 05322333

Clayton Glass Limited
Financial Statements
For the year ended
31 December 2016



Clayton Glass Limited

Financial Statements

Year ended 31 December 2016

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Clayton Glass Limited

Officers and Professional Advisers

The board of directors	R P Green V C Green J McCabe
Company secretary	R P Green
Registered office	Unit 8 Harelaw Industrial Estate North Road Stanley County Durham DH9 8UJ
Auditor	Ford Campbell Freedman Limited Chartered accountant & statutory auditor 34 Park Cross Street Leeds LS1 2QH
Bankers	HSBC Bank Plc Maingate Kingsway North Team Valley Trading Estate Gateshead Tyne and Wear NE11 0JT

Clayton Glass Limited

Strategic Report

Year ended 31 December 2016

PRINCIPAL ACTIVITIES

The principal activity of the group during the year was the manufacture and supply of insulating glass units, including but not limited to product supplied to the window, door and conservatory market in the UK.

BUSINESS REVIEW

Like for like sales grew by a further 7% in 2016, continuing the trend of growth seen consistently over the last eleven years. Profitability returned to historical levels following the relocation in 2015 of the main manufacturing site in the year.

In July the business acquired Romag Ltd & Romag PPM Ltd, a specialist glass & Solar PV business based in the North East of England.

Average number of employees increased to 291, to support the additional growth of the business and the acquisition.

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

KEY PERFORMANCE INDICATORS

The Directors use a number of performance measures on a regular basis to manage the business. In 2016 these include:

	2016	2015
	£	£
On Time in Full %	99%	99%
Right First Time %	99%	98%
Debtor Days	79	61
Sales Growth	31%	5%

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 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.

Clayton Glass Limited

Strategic Report *(continued)*

Year ended 31 December 2016

FUTURE DEVELOPMENTS

The Directors anticipate the business will continue to grow in the coming years, and the strategic plan supports this. 2017 is anticipated to see growth of around 40%, including the full year effect of the acquisition.

This report was approved by the board of directors on 22 March 2017 and signed on behalf of the board by:



R P Green
Director

Registered office:
Unit 8
Harelaw Industrial Estate
North Road
Stanley
County Durham
DH9 8UJ

Clayton Glass Limited

Directors' Report

Year ended 31 December 2016

The directors present their report and the financial statements of the group for the year ended 31 December 2016.

Directors

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

R P Green
V C Green
J McCabe

Dividends

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

Future developments

The group has chosen to include this information as part of the groups 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 2016

Financial instruments

The group'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 group's operations.

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

Price risk

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

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 group and the company and the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make 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)*

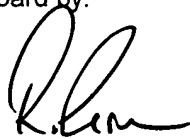
Year ended 31 December 2016

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 group and 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 group and the company's auditor is aware of that information.

This report was approved by the board of directors on 22 March 2017 and signed on behalf of the board by:



R P Green
Director

Registered office:
Unit 8
Harelaw Industrial Estate
North Road
Stanley
County Durham
DH9 8UJ

Clayton Glass Limited

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

Year ended 31 December 2016

We have audited the financial statements of Clayton Glass Limited for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Clayton Glass Limited

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

Year ended 31 December 2016

Matters on which we are required to report by exception

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

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



Lisa Gaivert FCA (Senior Statutory Auditor)

For and on behalf of
Ford Campbell Freedman Limited
Chartered accountant & statutory auditor
34 Park Cross Street
Leeds
LS1 2QH

5th April 2017

Clayton Glass Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	19,099,799	14,582,945
Cost of sales		<u>12,258,844</u>	<u>9,497,920</u>
Gross profit		6,840,955	5,085,025
Distribution costs		2,016,431	1,658,920
Administrative expenses		<u>3,269,892</u>	<u>3,041,249</u>
Operating profit	5	1,554,632	384,856
Income from other fixed asset investments	9	38,140	23,571
Other interest receivable and similar income	10	50	–
Interest payable and similar expenses	11	<u>112,932</u>	<u>79,365</u>
Profit before taxation		1,479,890	329,062
Tax on profit	12	<u>70,076</u>	<u>71,308</u>
Profit for the financial year and total comprehensive income		<u>1,409,814</u>	<u>257,754</u>

All the activities of the group are from continuing operations.

The notes on pages 16 to 29 form part of these financial statements.

Clayton Glass Limited

Consolidated Statement of Financial Position

31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Negative goodwill	15	(3,214,701)	–
Tangible assets	16	7,588,566	3,337,585
Investments	17	100,000	100,000
		<u>4,473,865</u>	<u>3,437,585</u>
Current assets			
Stocks	18	2,542,457	504,727
Debtors	19	4,378,277	2,528,449
Cash at bank and in hand		303,850	475,417
		<u>7,224,584</u>	<u>3,508,593</u>
Creditors: amounts falling due within one year	20	<u>7,688,042</u>	<u>4,649,190</u>
Net current liabilities		<u>463,458</u>	<u>1,140,597</u>
Total assets less current liabilities		<u>4,010,407</u>	<u>2,296,988</u>
Creditors: amounts falling due after more than one year	21	1,529,770	1,068,878
Provisions	23	<u>256,891</u>	<u>234,178</u>
Net assets		<u>2,223,746</u>	<u>993,932</u>
Capital and reserves			
Called up share capital	26	25,000	25,000
Profit and loss account	27	2,198,746	968,932
Members funds		<u>2,223,746</u>	<u>993,932</u>

These financial statements were approved by the board of directors and authorised for issue on 22 March 2017, and are signed on behalf of the board by:



R P Green
Director

Company registration number: 05322333

The notes on pages 16 to 29 form part of these financial statements.

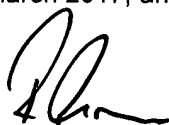
Clayton Glass Limited

Company Statement of Financial Position

31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	16	4,084,565	3,337,585
Investments	17	384,963	100,000
		<u>4,469,528</u>	<u>3,437,585</u>
Current assets			
Stocks	18	487,898	504,727
Debtors	19	2,771,320	2,528,449
Cash at bank and in hand		295,399	475,417
		<u>3,554,617</u>	<u>3,508,593</u>
Creditors: amounts falling due within one year	20	<u>4,637,041</u>	<u>4,649,190</u>
Net current liabilities		<u>1,082,424</u>	<u>1,140,597</u>
Total assets less current liabilities		<u>3,387,104</u>	<u>2,296,988</u>
Creditors: amounts falling due after more than one year	21	1,429,648	1,068,878
Provisions	23	256,891	234,178
Net assets		<u>1,700,565</u>	<u>993,932</u>
Capital and reserves			
Called up share capital	26	25,000	25,000
Profit and loss account	27	1,675,565	968,932
Members funds		<u>1,700,565</u>	<u>993,932</u>

These financial statements were approved by the board of directors and authorised for issue on 22 March 2017, and are signed on behalf of the board by:



R P Green
Director

Company registration number: 05322333

The notes on pages 16 to 29 form part of these financial statements.

Clayton Glass Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2016

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2015		25,000	901,178	926,178
Profit for the year			257,754	257,754
Total comprehensive income for the year		—	257,754	257,754
Dividends paid and payable	14	—	(190,000)	(190,000)
Total investments by and distributions to owners		—	(190,000)	(190,000)
At 31 December 2015		25,000	968,932	993,932
Profit for the year			1,409,814	1,409,814
Total comprehensive income for the year		—	1,409,814	1,409,814
Dividends paid and payable	14	—	(180,000)	(180,000)
Total investments by and distributions to owners		—	(180,000)	(180,000)
At 31 December 2016		<u>25,000</u>	<u>2,198,746</u>	<u>2,223,746</u>

The notes on pages 16 to 29 form part of these financial statements.

Clayton Glass Limited
Company Statement of Changes in Equity
Year ended 31 December 2016

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2015		25,000	901,178	926,178
Profit for the year			257,754	257,754
Total comprehensive income for the year		—	257,754	257,754
Dividends paid and payable	14	—	(190,000)	(190,000)
Total investments by and distributions to owners		—	(190,000)	(190,000)
At 31 December 2015		25,000	968,932	993,932
Profit for the year			886,633	886,633
Total comprehensive income for the year		—	886,633	886,633
Dividends paid and payable	14	—	(180,000)	(180,000)
Total investments by and distributions to owners		—	(180,000)	(180,000)
At 31 December 2016		<u>25,000</u>	<u>1,675,565</u>	<u>1,700,565</u>

The notes on pages 16 to 29 form part of these financial statements.

Clayton Glass Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	1,409,814	257,754
<i>Adjustments for:</i>		
Depreciation of tangible assets	880,978	579,147
Amortisation of intangible assets	(1,251,312)	–
Impairment of intangible assets	11,459	–
Income from other fixed asset investments	(38,140)	(23,571)
Other interest receivable and similar income	(50)	–
Interest payable and similar expenses	112,932	79,365
Gains on disposal of tangible assets	(472,021)	(63,332)
Loss on disposal of intangible assets	32,444	–
Tax on profit	70,076	71,308
Accrued (income)/expenses	(19,884)	50,422
<i>Changes in:</i>		
Stocks	(689,841)	(40,095)
Trade and other debtors	(98,917)	(729,318)
Trade and other creditors	174,210	457,790
Cash generated from operations	121,748	639,470
Interest paid	(112,932)	(79,365)
Interest received	50	–
Tax paid	–	(160,935)
Net cash from operating activities	<u>8,866</u>	<u>399,170</u>
Cash flows from investing activities		
Purchase of tangible assets	(1,411,504)	(2,241,298)
Proceeds from sale of tangible assets	62,649	92,000
Acquisition of subsidiaries	(284,963)	–
Dividends received	38,140	23,571
Net cash used in investing activities	<u>(1,595,678)</u>	<u>(2,125,727)</u>
Cash flows from financing activities		
Proceeds from borrowings	965,338	995,216
Payments of finance lease liabilities	629,907	1,022,501
Dividends paid	(180,000)	(190,000)
Net cash from financing activities	<u>1,415,245</u>	<u>1,827,717</u>

The consolidated statement of cash flows
continues on the following page.

The notes on pages 16 to 29 form part of these financial statements.

Clayton Glass Limited

Consolidated Statement of Cash Flows *(continued)*

Year ended 31 December 2016

	Note	2016 £	2015 £
Net (decrease)/increase in cash and cash equivalents		(171,567)	101,160
Cash and cash equivalents at beginning of year		<u>475,417</u>	<u>374,257</u>
Cash and cash equivalents at end of year		<u>303,850</u>	<u>475,417</u>

The notes on pages 16 to 29 form part of these financial statements.

Clayton Glass Limited

Notes to the Financial Statements

Year ended 31 December 2016

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 8UJ.

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, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

Regional growth grant

A grant of £39,250 was received during 2014 to assist with the purchase of plant & machinery on the condition it created four jobs for a minimum period of 36 months. The grant income is being released to the profit and loss account equally over a period of 36 months.

A grant of £300,000 was awarded in 2015 to assist with the purchase of plant & machinery on the condition it created 38 jobs for a minimum period of 36 months. The grant income is being released to the profit and loss account based on achieving a number of jobs safeguarded/created each year.

As a result £122,144 (2015: £92,029) has been released to the profit and loss account during the year.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Clayton Glass Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Consolidation *(continued)*

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

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.

Revenue recognition

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

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

Income tax

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.

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.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years.

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:

Goodwill - 5% 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.

Further details are disclosed in note 28 to these accounts on the amortisation of negative goodwill realised during the year.

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:

Land and buildings	-	10% and 25% straight line
Long leasehold property	-	10% straight line
Leasehold improvements	-	10 straight line
Plant and machinery	-	10% straight line
Fixtures and fittings	-	10% straight line
Motor vehicles & equipment	-	10%, 20% and 33% straight line
Temporary buildings & equipment	-	20% straight line

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Investments

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

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.

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.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Business combinations

Business combinations relating to acquiring control of trade and assets to form one or more businesses are accounted for using the purchase method.

The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

4. Turnover

Turnover arises from:

	2016	2015
	£	£
Sale of goods	<u>19,099,799</u>	<u>14,582,945</u>

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

5. Operating profit

Operating profit or loss is stated after (crediting)/charging:

	2016	2015
	£	£
Amortisation of intangible assets	(1,251,312)	-
Depreciation of tangible assets	880,978	579,147
Gains on disposal of tangible assets	(472,021)	(63,332)
Loss on disposal of intangible assets	32,444	-
Impairment of trade debtors	492,210	91,999
Foreign exchange differences	<u>(13,881)</u>	<u>-</u>

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>16,299</u>	<u>10,944</u>

7. Staff costs

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

	2016	2015
	No.	No.
Production staff	220	105
Administrative staff	66	30
Management staff	5	3
	<u>291</u>	<u>138</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

7. Staff costs *(continued)*

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

	2016	2015
	£	£
Wages and salaries	4,545,704	3,334,463
Social security costs	485,417	243,341
Other pension costs	154,998	64,660
	<u>5,186,119</u>	<u>3,642,464</u>

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	162,317	129,744
Company contributions to defined contribution pension plans	55,835	38,350
	<u>218,152</u>	<u>168,094</u>

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

	2016	2015
	No.	No.
Defined contribution plans	<u>3</u>	<u>3</u>

9. Income from other fixed asset investments

	2016	2015
	£	£
Income from other fixed asset investments	<u>38,140</u>	<u>23,571</u>

10. Other interest receivable and similar income

	2016	2015
	£	£
Interest on loans and receivables	(1)	-
Interest on bank deposits	51	-
	<u>50</u>	<u>-</u>

11. Interest payable and similar expenses

	2016	2015
	£	£
Interest on obligations under finance leases and hire purchase contracts	66,780	32,573
Other interest payable and similar charges	46,152	46,792
	<u>112,932</u>	<u>79,365</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

12. Tax on profit

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	47,363	-
Deferred tax:		
Origination and reversal of timing differences	22,713	71,308
Tax on profit	<u>70,076</u>	<u>71,308</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 80% (2015: 20%).

	2016 £	2015 £
Profit on ordinary activities before taxation	1,479,890	329,062
Profit on ordinary activities by rate of tax	295,978	65,812
Effect of expenses not deductible for tax purposes	(231,129)	(12,509)
Effect of capital allowances and depreciation	(84,396)	(63,976)
Utilisation of tax losses	(30,547)	-
Unused tax losses	97,456	10,673
Movement in deferred taxation	22,713	71,308
Tax on profit	<u>70,075</u>	<u>71,308</u>

13. Profit for the year of the parent company

The profit for the financial year of the parent company was £886,633 (2015: £257,754).

14. Dividends

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

	2016 £	2015 £
Dividends on equity shares	<u>180,000</u>	<u>190,000</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

15. Intangible assets

Group	Negative Goodwill £
Cost	
Acquisitions through business combinations	(4,422,110)
Disposals of previously acquired businesses	(45,660)
At 31 December 2016	(4,467,770)
Amortisation	
Charge for the year	(1,251,312)
Disposals of previously acquired businesses	(13,216)
Impairment losses	11,459
At 31 December 2016	(1,253,069)
Carrying amount	
At 31 December 2016	(3,214,701)
At 31 December 2015	–

The company has no intangible assets.

Group

Further details are provided in note 28 to these accounts.

16. Tangible assets

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2016	434,511	4,665,426	189,668	–	5,289,605
Additions	710,253	986,785	9,267	214,719	1,921,024
Disposals	(434,511)	(273,719)	–	(42,421)	(750,651)
Acquisitions through business combinations	1,107,399	2,291,757	26,608	48,299	3,474,063
At 31 December 2016	1,817,652	7,670,249	225,543	220,597	9,934,041
Depreciation					
At 1 January 2016	188,387	1,656,396	107,237	–	1,952,020
Charge for the year	51,475	779,375	38,152	11,976	880,978
Disposals	(204,565)	(243,836)	–	(39,122)	(487,523)
Transfers	(4,987)	–	4,987	–	–
At 31 December 2016	30,310	2,191,935	150,376	(27,146)	2,345,475
Carrying amount					
At 31 December 2016	1,787,342	5,478,314	75,167	247,743	7,588,566
At 31 December 2015	246,124	3,009,030	82,431	–	3,337,585

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

16. Tangible assets *(continued)*

Company	Long leasehold property £	Short leasehold property £	Plant and machinery £	Equipment £	Total £
Cost					
At 1 January 2016	372,155	62,356	4,665,426	189,668	5,289,605
Additions	697,500	–	968,508	3,221	1,669,229
Disposals	(372,155)	(62,356)	(273,719)	–	(708,230)
At 31 December 2016	<u>697,500</u>	<u>–</u>	<u>5,360,215</u>	<u>192,889</u>	<u>6,250,604</u>
Depreciation					
At 1 January 2016	143,456	44,931	1,656,396	107,237	1,952,020
Charge for the year	13,850	7,315	604,830	36,425	662,420
Disposals	(152,319)	(52,246)	(243,836)	–	(448,401)
Transfers	(4,987)	–	–	4,987	–
At 31 December 2016	<u>–</u>	<u>–</u>	<u>2,017,390</u>	<u>148,649</u>	<u>2,166,039</u>
Carrying amount					
At 31 December 2016	<u>697,500</u>	<u>–</u>	<u>3,342,825</u>	<u>44,240</u>	<u>4,084,565</u>
At 31 December 2015	<u>228,699</u>	<u>17,425</u>	<u>3,009,030</u>	<u>82,431</u>	<u>3,337,585</u>

17. Investments

Group	Other investments other than loans £		
Cost			
At 1 Jan 2016 and 31 Dec 2016	<u>100,000</u>		
Impairment			
At 1 Jan 2016 and 31 Dec 2016	<u>–</u>		
Carrying amount			
At 1 Jan 2016 and 31 Dec 2016	<u>100,000</u>		
Company			
	Shares in group undertakings £	Other investments other than loans £	Total £
Cost			
At 1 January 2016	–	100,000	100,000
Additions	284,963	–	284,963
At 31 December 2016	<u>284,963</u>	<u>100,000</u>	<u>384,963</u>
Impairment			
At 1 Jan 2016 and 31 Dec 2016	<u>–</u>	<u>–</u>	<u>–</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

17. Investments *(continued)*

Company	Shares in group undertakings £	Other investments other than loans £	Total £
Carrying amount			
At 31 December 2016	284,963	100,000	384,963
At 31 December 2015	—	100,000	100,000

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
Romag Limited	Ordinary	100
Romag PPM Limited	Ordinary	100

18. Stocks

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Total stock	<u>2,542,457</u>	<u>504,727</u>	<u>487,898</u>	<u>504,727</u>

19. Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	4,132,206	2,446,108	2,628,724	2,446,108
Amounts owed by group undertakings	—	—	6,789	—
Prepayments and accrued income	246,071	82,341	135,807	82,341
	<u>4,378,277</u>	<u>2,528,449</u>	<u>2,771,320</u>	<u>2,528,449</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

20. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	2,890,458	1,925,120	2,125,137	1,925,120
Trade creditors	3,373,945	1,958,176	1,316,955	1,958,176
Amounts owed to group undertakings	–	–	8,323	–
Accruals and deferred income	251,571	217,591	203,519	217,591
Corporation tax	47,363	–	47,363	–
Social security and other taxes	524,074	130,946	416,943	130,946
Obligations under finance leases and hire purchase contracts	452,145	283,130	404,083	283,130
Other creditors	148,486	134,227	114,718	134,227
	<u>7,688,042</u>	<u>4,649,190</u>	<u>4,637,041</u>	<u>4,649,190</u>

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Obligations under finance leases and hire purchase contracts	<u>1,529,770</u>	<u>1,068,878</u>	<u>1,429,648</u>	<u>1,068,878</u>

22. Finance leases and hire purchase contracts

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	452,145	283,130	404,083	283,130
Later than 1 year and not later than 5 years	1,529,770	1,068,878	1,429,648	1,068,878
	<u>1,981,915</u>	<u>1,352,008</u>	<u>1,833,731</u>	<u>1,352,008</u>

23. Provisions

Group and company	Deferred tax (note 24) £
At 1 January 2016	234,178
Transfers	22,713
At 31 December 2016	<u>256,891</u>

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

24. Deferred tax

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Included in provisions (note 23)	<u>256,891</u>	<u>234,178</u>	<u>256,891</u>	<u>234,178</u>

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	<u>22,713</u>	<u>213,924</u>	<u>22,713</u>	<u>213,924</u>

25. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £154,998 (2015: £64,660).

26. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

27. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

28. Business combinations

Acquisition of Romag Ltd and Romag PPM Ltd

The group acquired 100% of the share capital of Romag Limited and Romag PPM Limited on 14th July 2016. This transaction generated £4,467,770 of negative goodwill of which £1,253,069 has been released during the year and the balance of £3,214,701 will be released to the profit and loss account in line with the depreciation of the tangible fixed assets acquired.

The fair value of consideration paid in relation to the acquisition of Romag Ltd and Romag PPM Ltd is as follows:

Cash	<u>£</u> <u>284,961</u>
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Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

28. Business combinations *(continued)*

The fair value of amounts recognised at the acquisition date in relation to Romag Ltd and Romag PPM Ltd are as follows:

	Fair value £
Tangible assets acquired	3,409,134
Intangible assets acquired	33,499
Stocks acquired	1,347,889
Trade debtors acquired	1,657,358
Other debtors acquired	280,457
Cash and cash equivalents acquired	168,340
Trade creditors assumed	(1,648,946)
Other creditors assumed	(495,000)
	<u>4,752,731</u>
Goodwill on acquisition	<u>(4,467,770)</u>
	<u>284,961</u>

The consolidated statement of comprehensive income for the financial year includes turnover of £3,668,627 and loss of £729,883 in respect of Romag Ltd and Romag PPM Ltd since the acquisition date.

29. Operating leases

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	133,798	20,697	126,703	20,697
Later than 1 year and not later than 5 years	188,404	210,072	182,204	210,072
Later than 5 years	144,000	492,000	144,000	492,000
	<u>466,202</u>	<u>722,769</u>	<u>452,907</u>	<u>722,769</u>

30. 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.

Clayton Glass Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

31. Related party transactions

Group

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

	Transaction value		Balance owed by/(owed to)	
	2016	2015	2016	2015
	£	£	£	£
Entities with common control	<u>180,000</u>	<u>355,000</u>	<u>(38,999)</u>	<u>(18,000)</u>

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

The company has taken advantage of the exemption in FRS 102 section 33 from disclosing details of transactions with other group companies. This exemption has been taken on the grounds that the company is included within the group's consolidated accounts, which are publicly available.

Company

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

	Transaction value		Balance owed by/(owed to)	
	2016	2015	2016	2015
	£	£	£	£
Entities with common control	<u>180,000</u>	<u>355,000</u>	<u>(39,000)</u>	<u>(18,000)</u>