

Chantrey Vellacott DFK



**NICHOLLS & CLARKE
GLASS LIMITED**

**Financial statements
31 December 2004**

NICHOLLS & CLARKE GLASS LIMITED

Directors' Report for the year ended 31 December 2004

The directors present their report and financial statements for the year ended 31 December 2004 which were approved on 18 April 2005.

Review of the business

The principal activity of the company was the sale and distribution of glass and glass related products.

The results for the year were satisfactory. The directors have confidence in the future of the company.

Dividends

The directors recommend the payment of a dividend of £150,000 (2003 - £400,000).

Directors

The directors who served during the year and appointed after the year end were:

K.S.A. Forbes (Chairman)
S.A. Forbes, B.A. (Hons) (Managing Director)
R.D. Knight, A.C.I.S.
D.I. Forbes (appointed 6 January 2005)

The director retiring by rotation in accordance with the articles of association is R. D. Knight who, being eligible, offers himself for re-election.

Directors' interests

The directors had no interest in the shares of the company throughout the year.

The interests of K.S.A. Forbes, S.A. Forbes, and R.D. Knight in the parent company are given in the directors' report of that company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies then apply them consistently;
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

NICHOLLS & CLARKE GLASS LIMITED


Directors' Report for the year ended 31 December 2004

Auditors

A resolution concerning the re-appointment of Chantrey Vellacott DFK as auditors will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

R.D. KNIGHT



Secretary

Date: 18 April 2005

Chantrey Vellacott DFK

NICHOLLS & CLARKE GLASS LIMITED

Independent Auditors' Report to the shareholders of Nicholls & Clarke Glass Limited

We have audited the financial statements of Nicholls & Clarke Glass Limited for the year ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

NICHOLLS & CLARKE GLASS LIMITED

Independent Auditors' Report to the shareholders of Nicholls & Clarke Glass Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CHANTREY VELLACOTT DFK

**Chartered Accountants
Registered Auditors
London**

18 April 2005

Chantrey Vellacott DFK

NICHOLLS & CLARKE GLASS LIMITED

Profit and loss account for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover	2	16,641,217	16,524,616
Cost of sales		<u>(8,852,421)</u>	<u>(8,928,087)</u>
Gross profit		7,788,796	7,596,529
Distribution and selling costs		<u>(1,626,025)</u>	<u>(1,494,531)</u>
Administrative expenses		<u>(5,928,180)</u>	<u>(5,541,729)</u>
Profit on ordinary activities before taxation	3	234,591	560,269
Tax on profit on ordinary activities	4	<u>(61,428)</u>	<u>(130,587)</u>
Profit on ordinary activities after taxation		173,163	429,682
Dividends		<u>(150,000)</u>	<u>(400,000)</u>
Retained profit for the year		23,163	29,682
Retained profits at beginning of the year		<u>295,660</u>	<u>265,978</u>
Retained profits at the end of the year		<u>318,823</u>	<u>295,660</u>

The company has no recognised gains or losses other than those included in the results above and therefore no separate statement of gains and losses has been presented.

The notes on pages 7 to 12 form part of these financial statements.

NICHOLLS & CLARKE GLASS LIMITED

Balance sheet as at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	5	<u>1,958,703</u>	<u>2,026,074</u>
Current assets			
Stocks	6	853,200	883,365
Debtors	7	3,158,683	3,758,849
Cash at bank and in hand		<u>124,608</u>	<u>403</u>
		<u>4,136,491</u>	<u>4,642,617</u>
Creditors: amounts falling due within one year	8	<u>5,451,710</u>	<u>5,808,880</u>
Proposed dividend		<u>150,000</u>	<u>400,000</u>
		<u>5,601,710</u>	<u>6,208,880</u>
Net current liabilities		<u>(1,465,219)</u>	<u>(1,566,263)</u>
Total assets less current liabilities		<u>493,484</u>	<u>459,811</u>
Provision for liabilities and charges	12	<u>(173,161)</u>	<u>(162,651)</u>
		<u>320,323</u>	<u>297,160</u>
Capital and reserves			
Called up share capital	9	1,500	1,500
Profit and loss account		<u>318,823</u>	<u>295,660</u>
Shareholders' funds	11	<u>320,323</u>	<u>297,160</u>

Approved by the Board of Directors on 18 April 2005

K.S.A. FORBES

S.A. FORBES

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) Directors
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The notes on pages 7 to 12 form part of these financial statements.

NICHOLLS & CLARKE GLASS LIMITED

Notes to the financial statements For the year ended 31 December 2004

1. Accounting policies

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

b) Depreciation of tangible fixed assets

Depreciation is charged on tangible fixed assets so as to write off their full cost, less estimated residual values, over their expected useful lives at the following rates:-

Leasehold improvements	- 4 - 25% of cost per annum
Plant and machinery	- 5 - 20% of cost per annum
Equipment	- 10 - 25% of cost per annum
Motor vehicles	- 15 - 25% of cost per annum

c) Stocks

Stocks are valued at the lower of cost and net realisable value.

d) Taxation

FRS 19 'Deferred Tax' requires full provision, subject to certain exceptions, for deferred tax assets and liabilities arising from timing differences, between the recognition of gains and losses in the financial statements and for tax purposes. In applying FRS 19, deferred tax provision has not been calculated on a discounted basis. FRS 19 has no impact on cash flows.

e) Leasing

Rentals payable on assets held under operating leases are charged to revenue as incurred.

f) Pensions

The company provides a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions to this scheme are charged to the profit and loss account as they become payable.

2. Turnover

Turnover represents the amount invoiced for goods sold during the year and is exclusive of VAT. All sales were to the United Kingdom market and were of glass and glass related products.

3. Profit on ordinary activities before taxation

	2004 £	2003 £
a) Profit on ordinary activities is stated after charging/(crediting):		
Depreciation	386,162	364,350
Auditors' remuneration	15,500	15,000
Operating lease rentals of land and buildings	586,073	536,625
Operating lease rentals on motor cars and Equipment	183,086	180,682
Loss / (profit) on sale of tangible fixed assets	(50)	-
Set up costs incurred on change of branch location	-	109,727
	<u> </u>	<u> </u>

NICHOLLS & CLARKE GLASS LIMITED

Notes to the financial statements For the year ended 31 December 2004

3.	Profit on ordinary activities before taxation	2004 £	2003 £
b)	Employee information (including directors)		
	Employee costs during the year were:		
	Wages and salaries	3,144,041	2,971,075
	Social security costs	289,497	268,038
	Other pension costs	45,996	40,821
		<u>3,479,534</u>	<u>3,279,934</u>
		2004	2003
			Number
	The average number of persons employed during the year was:		
	Selling and distribution	39	39
	Administration and production	132	130
		<u>171</u>	<u>169</u>
c)	Operating lease commitments in the year ending 31 December 2004		
		£	
	Operating lease rentals payable on equipment and motor cars:		
	On leases expiring between 2006 and 2009	354,698	
	On leases expiring after 2009	<u>120,000</u>	
	Operating lease rentals payable on land and buildings		
	On leases expiring before 2006	12,028	
	On leases expiring between 2006 and 2009	<u>48,746</u>	
4.	Tax on profit on ordinary activities	2004 £	2003 £
(a)	Analysis of charge in period		
	Current tax:		
	UK corporation tax on profits of the period	57,518	133,908
	Adjustments in respect of previous periods	<u>(6,600)</u>	<u>(42,280)</u>
	Total current tax (note 4(b))	<u>50,918</u>	<u>91,628</u>
	Deferred tax		
	Origination and reversal of timing differences	10,510	38,959
	Total deferred tax	<u>10,510</u>	<u>38,959</u>
	Tax on profit on ordinary activities	<u>61,428</u>	<u>130,587</u>

NICHOLLS & CLARKE GLASS LIMITED

Notes to the financial statements For the year ended 31 December 2004

4. Tax on profit on ordinary activities

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK 30.0%
The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>234,591</u>	<u>560,269</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.0% (2003 : 30.0%)	70,377	168,081
Effects of:		
Expenses not deductible for tax purposes	3,384	3,137
Capital allowances for period in (excess) of qualifying Depreciation	(10,510)	(38,959)
Marginal relief	(8,250)	-
Other	2,517	1,649
Adjustments to tax charge in respect of previous periods	<u>(6,600)</u>	<u>(42,280)</u>
Current tax for period (note 4(a))	<u>50,918</u>	<u>91,628</u>

5. Tangible fixed assets

	Leasehold improvements £	Plant, machinery and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2004	582,805	2,472,428	1,010,394	4,065,627
Additions	-	175,686	143,105	318,791
Disposals	-	-	(61,685)	(61,685)
At 31 December 2004	<u>582,805</u>	<u>2,648,114</u>	<u>1,091,814</u>	<u>4,322,733</u>
Depreciation				
At 1 January 2004	182,725	1,052,953	803,875	2,039,553
Charge for the year	30,643	242,164	113,355	386,162
Disposals	-	-	(61,685)	(61,685)
At 31 December 2004	<u>213,368</u>	<u>1,295,117</u>	<u>855,545</u>	<u>2,364,030</u>
Net book value				
At 31 December 2004	<u>369,437</u>	<u>1,352,997</u>	<u>236,269</u>	<u>1,958,703</u>
At 31 December 2003	<u>400,080</u>	<u>1,419,475</u>	<u>206,519</u>	<u>2,026,074</u>

NICHOLLS & CLARKE GLASS LIMITED

Notes to the financial statements For the year ended 31 December 2004

6. Stocks

Stocks consist solely of goods for resale.

7. Debtors

	2004 £	2003 £
Trade debtors	2,895,394	2,885,195
Amounts owed by group undertakings	-	632,898
Prepayments	263,289	240,756
	<u>3,158,683</u>	<u>3,758,849</u>

8. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	-	451,956
Trade creditors	932,114	772,943
Amounts owed to group undertakings	3,968,447	3,681,401
Corporation tax	14,250	90,000
Other taxes and social security costs	175,445	158,541
Accruals	318,186	610,131
Group relief	43,268	43,908
	<u>5,451,710</u>	<u>5,808,880</u>

9. Called up share capital

	2004 £	2003 £
Authorised, allotted and fully paid Ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>

10. Contingent liabilities

The company participates in a group registration for VAT purposes and whilst each company takes up its own liability this company is contingently liable for the unpaid VAT of all other group companies. That contingency amounted to £230,796 at 31 December 2004 (2003 - £Nil). In addition the company has entered into an unlimited cross guarantee in favour of National Westminster Bank plc in respect of borrowings from the bank by other group companies. The contingent liability in respect of this at 31 December 2004 was £563,506 (2003 - £94,487).

NICHOLLS & CLARKE GLASS LIMITED

Notes to the financial statements For the year ended 31 December 2004

11.	Reconciliation of movement in shareholders' funds	2004	2003
		£	£
	Profit for the financial year	173,163	429,682
	Dividends	(150,000)	(400,000)
	Net increase in shareholders' funds	23,163	29,682
	Opening shareholders' funds	297,160	267,478
	Closing shareholders' funds	320,323	297,160
12.	Provisions for liabilities and charges		
		2004	2003
		£	£
	Accelerated capital allowances	173,161	162,651
	General provisions	-	-
	Undiscounted provision for deferred tax	173,161	162,651
	Provision at start of period	162,651	163,512
	Overprovision of deferred tax in prior year	-	(39,820)
	Deferred tax charge in profit and loss account for period	10,510	38,959
	Provision at end of year	173,161	162,651
13.	Capital commitments		
	At the year end the company had capital commitments of £208,760 (2003: £NIL) in respect of plant, machinery and equipment.		
14.	Ultimate parent company		
	The ultimate parent company is Nicholls & Clarke Limited, which is registered in England & Wales.		