

Chantrey Vellacott DFK



**Nicholls & Clarke Glass Limited**

**Financial statements**

**31 December 2007**

**Nicholls & Clarke Glass Limited**

**Financial statements**

**Year ended 31 December 2007**

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# **Nicholls & Clarke Glass Limited**

## **Officers and professional advisers**

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### **Board of directors**

K S A Forbes  
S A Forbes, B A (Hons)  
R D Knight, A C I S  
D I Forbes

### **Company secretary**

R D Knight

### **Registered office**

41-51 Freshwater Road  
Chadwell Heath  
Romford  
Essex  
RM8 1SP

### **Auditor**

Chantrey Vellacott DFK LLP  
Chartered Accountants  
Registered Auditor  
Russell Square House  
10 - 12 Russell Square  
London  
WC1B 5LF

Chantrey Vellacott DFK

**Nicholls & Clarke Glass Limited****Directors' report****Year ended 31 December 2007**

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The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31 December 2007

**Principal activities and business review**

The principal activity of the company during the year was manufacturer, distributor and retailer of building materials

The company is a wholly owned subsidiary of Nicholls and Clarke Limited

As shown in the company's profit and loss account on page 6, the company's sales have increased by 28% over the prior year and profit after tax has improved by 60%

The balance sheet on page 7 of the financial statements shows the company's financial position at the year end has also improved significantly

There are no significant events since the balance sheet date

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

The Nicholls and Clarke Limited group manages its operations on a branch basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the company is discussed further in the group's annual report which does not form part of this report.

**Principal risks and uncertainties**

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

Group risks are discussed in the group's Annual Report which does not form part of this Report.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,456,010. Particulars of dividends paid are detailed in note 6 to the financial statements.

The directors do not propose the payment of a dividend.

**Directors**

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

K S A Forbes  
S A Forbes, B A (Hons)  
R D Knight, A C I S  
D I Forbes

**Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

# Nicholls & Clarke Glass Limited

## Directors' report (continued)

Year ended 31 December 2007

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select suitable accounting policies and 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 that 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 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.

In so far as the directors are aware

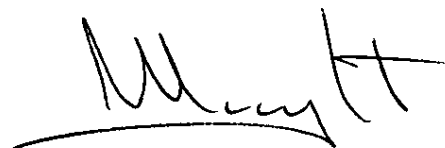
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditor

A resolution to re-appoint Chantrey Vellacott DFK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



R D Knight  
Company Secretary

Approved by the directors on 18 April 2008

# **Nicholls & Clarke Glass Limited**

## **Independent auditor's report to the shareholders of Nicholls & Clarke Glass Limited**

**Year ended 31 December 2007**

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We have audited the financial statements of Nicholls & Clarke Glass Limited for the year ended 31 December 2007 which comprise the profit and loss account, balance sheet and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Chantrey Vellacott DFK

**Nicholls & Clarke Glass Limited**

**Independent auditor's report to the shareholders of  
Nicholls & Clarke Glass Limited (continued)**

**Year ended 31 December 2007**

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**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*Chantrey Vellacott DFK LLP*  
**CHANTREY VELLACOTT DFK LLP**

**Chartered Accountants  
Registered Auditor**

**London**

**18 April 2008**

Chantrey Vellacott DFK

# Nicholls & Clarke Glass Limited

## Profit and loss account

Year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	2	23,697,312	18,501,588
Cost of sales		14,800,085	11,094,519
Gross profit		8,897,227	7,407,069
Distribution costs		1,744,138	1,562,535
Administrative expenses		5,069,179	4,533,875
Profit on ordinary activities before taxation		2,083,910	1,310,659
Tax on profit on ordinary activities	5	627,900	397,993
Profit for the financial year		1,456,010	912,666

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

There is no difference between the profits shown above and their historical cost equivalents

The notes on pages 8 to 14 form part of these financial statements



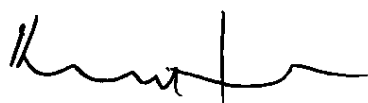
# Nicholls & Clarke Glass Limited

## Balance sheet


As at 31 December 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	7	2,441,061	1,963,938
Investments	8	4,750	4,750
		<u>2,445,811</u>	<u>1,968,688</u>
<b>Current assets</b>			
Stocks	9	1,493,293	1,160,479
Debtors	10	6,529,159	5,473,067
Cash at bank and in hand		44,440	256,298
		<u>8,066,892</u>	<u>6,889,844</u>
<b>Creditors amounts falling due within one year</b>	11	<u>9,724,388</u>	<u>8,246,378</u>
<b>Net current liabilities</b>		<b>(1,657,496)</b>	<b>(1,356,534)</b>
<b>Total assets less current liabilities</b>		<u>788,315</u>	<u>612,154</u>
<b>Provisions for liabilities</b>			
Deferred taxation	12	201,096	180,945
		<u>587,219</u>	<u>431,209</u>
<b>Capital and reserves</b>			
Called-up equity share capital	15	1,500	1,500
Profit and loss account	16	585,719	429,709
<b>Shareholders' funds</b>	17	<u>587,219</u>	<u>431,209</u>

These financial statements were approved by the Board and authorised for issue on 18 April 2008, and were signed on its behalf by



K S A Forbes



S A Forbes, B A (Hons)

The notes on pages 8 to 14 form part of these financial statements

**Nicholls & Clarke Glass Limited****Notes to the financial statements****Year ended 31 December 2007**

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**1 Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The company is exempt from the obligation to prepare and deliver group accounts as it is included in the consolidated accounts of Nicholls & Clarke Limited

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

**Related parties transactions**

The company is a wholly owned subsidiary of Nicholls and Clarke Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the same group

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year

**Fixed assets**

All fixed assets are initially recorded at cost

**Depreciation**

Depreciation 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

Leasehold property	-	4% - 25% of cost per annum
Plant and machinery	-	5% - 25% of cost per annum
Motor vehicles	-	15% - 25% of cost per annum

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

**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

# Nicholls & Clarke Glass Limited

## Notes to the financial statements

Year ended 31 December 2007

### 3 Operating profit

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of owned fixed assets	488,708	442,030
Profit on disposal of fixed assets	(28,849)	(725)
Auditor's remuneration		
- as auditor	20,000	18,700
Operating lease costs		
Plant and equipment	159,681	176,269
Other	698,195	598,337

### 4 Particulars of employees

The average number of staff, including executive directors, employed by the company during the financial year can be analysed as follows

	2007 No	2006 No
Distribution	43	40
Administrative	169	147
	<u>212</u>	<u>187</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	4,276,554	3,527,280
Social security costs	393,809	324,351
Other pension costs	70,810	56,065
	<u>4,741,173</u>	<u>3,907,696</u>

# Nicholls & Clarke Glass Limited

## Notes to the financial statements

Year ended 31 December 2007

### 5 Taxation on ordinary activities

#### (a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	607,749	404,331
Total current tax	607,749	404,331
Deferred tax		
Origination and reversal of timing differences	32,214	(6,338)
Effect of tax rate changes on opening liability	(12,063)	-
Total deferred tax (note 12)	20,151	(6,338)
Tax on profit on ordinary activities	627,900	397,993

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	2,083,910	1,310,659
Profit on ordinary activities multiplied by rate of tax	625,173	393,198
Expenses not deductible for tax purposes	7,479	2,712
Capital allowances for period in excess of depreciation	(28,126)	6,338
Depreciation on non-qualifying assets	3,223	2,083
Total current tax (note 5(a))	607,749	404,331

### 6 Dividends

#### Equity dividends

	2007 £	2006 £
2005 Equity dividend paid	-	500,000
2006 Equity dividend paid	-	800,000
2007 Equity Dividend paid	1,300,000	-
	1,300,000	1,300,000

# Nicholls & Clarke Glass Limited

## Notes to the financial statements

Year ended 31 December 2007

### 7 Tangible fixed assets

	Leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2007	613,238	3,037,178	1,191,814	4,842,230
Additions	32,680	787,373	144,219	964,272
Disposals	(54,907)	(191,131)	(58,737)	(304,775)
Transfers to fellow subsidiary	—	—	19,650	19,650
<b>At 31 December 2007</b>	<b>591,011</b>	<b>3,633,420</b>	<b>1,296,946</b>	<b>5,521,377</b>
<b>Depreciation</b>				
At 1 January 2007	276,861	1,800,429	801,002	2,878,292
Charge for the year	36,448	321,026	131,234	488,708
On disposals	(54,525)	(188,362)	(58,737)	(301,624)
Transfers to fellow subsidiary	—	—	14,940	14,940
<b>At 31 December 2007</b>	<b>258,784</b>	<b>1,933,093</b>	<b>888,439</b>	<b>3,080,316</b>
<b>Net book value</b>				
<b>At 31 December 2007</b>	<b>332,227</b>	<b>1,700,327</b>	<b>408,507</b>	<b>2,441,061</b>
At 31 December 2006	336,377	1,236,749	390,812	1,963,938
<b>Capital commitments</b>				
			2007 £	2006 £
Contracted but not provided for in the financial statements			—	54,000

### 8 Investments

	£
<b>Cost</b>	
At 1 January 2007 and 31 December 2007	<b>4,750</b>
<b>Net book value</b>	
<b>At 31 December 2007</b>	<b>4,750</b>
At 31 December 2006	4,750

The investment relates to Treseburg s r o, a 100% subsidiary registered in the Czech Republic

	Shareholders' deficit £	Loss for the year £
Treseburg s r o	(348,790)	237,208

# Nicholls & Clarke Glass Limited

## Notes to the financial statements

Year ended 31 December 2007

### 9 Stocks

	2007 £	2006 £
Finished goods	<u>1,493,293</u>	<u>1,160,479</u>

### 10 Debtors

	2007 £	2006 £
Trade debtors	4,628,794	3,945,431
Amounts owed by group undertakings	1,695,186	1,307,491
Prepayments and accrued income	<u>205,179</u>	<u>220,145</u>
	<u>6,529,159</u>	<u>5,473,067</u>

The debtors above include the following amounts falling due after more than one year

	2007 £	2006 £
Amounts owed by group undertakings	<u>1,695,186</u>	<u>1,307,491</u>

### 11 Creditors amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	—	154,908
Trade creditors	1,247,673	802,968
Amounts owed to group undertakings	7,660,115	6,437,200
Corporation tax	322,946	269,331
PAYE and social security	196,649	223,349
Accruals and deferred income	<u>297,005</u>	<u>358,622</u>
	<u>9,724,388</u>	<u>8,246,378</u>

### 12 Deferred taxation

The movement in the deferred taxation provision during the year was

	2007 £	2006 £
Provision brought forward	180,945	187,283
Profit and loss account movement arising during the year (note 5)	<u>20,151</u>	<u>(6,338)</u>
Provision carried forward	<u>201,096</u>	<u>180,945</u>

# Nicholls & Clarke Glass Limited

## Notes to the financial statements

Year ended 31 December 2007

### 12 Deferred taxation (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	213,159	180,945
Tax losses available	(12,063)	-
	<u>201,096</u>	<u>180,945</u>

### 13 Commitments under operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	351	80,136	21,172
Within 2 to 5 years	296,000	49,167	296,000	26,863
After more than 5 years	181,648	-	181,648	-
	<u>477,648</u>	<u>49,518</u>	<u>557,784</u>	<u>48,035</u>

### 14 Contingencies

The company participates in a group registration for VAT purposes and, whilst the parent and each subsidiary takes up its own liability, this company is contingently liable for any unpaid VAT of all other group companies. That contingency amounted to £194,335 as at 31 December 2007 (2006 - £247,748).

The company has also entered into an unlimited 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 2007 was £894,088 (2006 - £549,568).

# Nicholls & Clarke Glass Limited

## Notes to the financial statements

Year ended 31 December 2007

### 15 Share capital

#### Authorised share capital.

	2007 £	2006 £
1,500 Ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>

#### Allotted, called up and fully paid

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>

### 16 Profit and loss account

	2007 £	2006 £
Balance brought forward	429,709	817,043
Profit for the financial year	1,456,010	912,666
Equity dividends paid	(1,300,000)	(1,300,000)
Balance carried forward	<u>585,719</u>	<u>429,709</u>

### 17 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	1,456,010	912,666
Equity dividends paid	(1,300,000)	(1,300,000)
Net addition to/(reduction of) shareholders' funds	<u>156,010</u>	<u>(387,334)</u>
Opening shareholders' funds	431,209	818,543
Closing shareholders' funds	<u>587,219</u>	<u>431,209</u>

### 18 Ultimate parent company

The ultimate parent company is Nicholls & Clarke Limited, which is registered in England and Wales