

## **Nicholls & Clarke Glass Limited**

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 00339277



# Nicholls & Clarke Glass Limited

## Company Information

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<b>Directors</b>	D I Forbes G D Cooper M L Holmes
<b>Company secretary</b>	G D Cooper
<b>Registered number</b>	00339277
<b>Registered office</b>	41-51 Freshwater Road Chadwell Heath Romford Essex RM8 1SP
<b>Independent auditors</b>	BDO LLP Statutory Auditor 55 Baker Street London W1U 7EU

# Nicholls & Clarke Glass Limited

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# Nicholls & Clarke Glass Limited

## Strategic Report For the Year Ended 31 December 2019

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### Business review

The Company is a wholly owned subsidiary of Nicholls & Clarke Limited, which is the ultimate parent company.

The principal activities of the Company are the marketing and distribution of glass to the building trade within the United Kingdom. There have not been any significant changes in the Company's activities in the year under review. The Directors expect the Company to continue to trade in a similar manner in the foreseeable future.

Turnover increased by 4% to £17.6 million (2018: £16.9 million). Loss after tax was £1.3 million (2018: £0.9 million). The balance sheet on page 8 shows that net assets have decreased to £2.9 million (2018: £4.2 million). Details of the amounts owed by and to other group undertakings are shown in notes 12 and 13.

The directors do not anticipate any significant changes to the underlying business. The Nicholls & Clarke Group manages its operations on a business unit 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 including future developments is discussed further in the Group's annual report which does not form part of this report.

### Principal risks and uncertainties

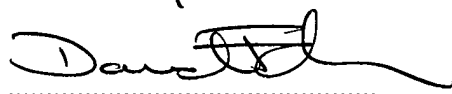
The principal risks and uncertainties affecting the business include the following:

- Stock availability and prices: the company monitors stock sources on an international basis.
- Environmental risks: the company places considerable emphasis upon environmental compliance in each of its businesses and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practise is incorporated into its key processes.
- Debtors: the company maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with all customers and these are closely managed.
- Major disruption/disaster: business continuity planning is reviewed regularly.
- The effect of legislation or other regulatory activities: the group monitors forthcoming and current legislation regularly.
- All appropriate measures are taken to protect the company's intellectual property rights and to minimise the risk of infringement of third party rights.
- Competitive risk: the company operates in highly competitive markets. The diversity of operations reduces the possible effect of action by any single competitor.

### Research and development

The Company pursues a policy of continuous development and improvement of its products. Expenditure is written off in the year in which it is incurred.

This report was approved by the board and signed on its behalf.



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**D I Forbes**  
Director

Date: 28 September 2020

# Nicholls & Clarke Glass Limited

## Directors' Report For the Year Ended 31 December 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

### Directors

The directors who served during the year and up to the date of signing the financial statements were:

K S A Forbes (resigned 2 January 2020)  
S A Forbes BA (Hons) (resigned 31 July 2020)  
D I Forbes  
G D Cooper  
M L Holmes (appointed 1 August 2020)

### Results and dividends

The loss for the year, after taxation, amounted to £1,331,439 (2018 - £916,520).

The directors do not recommend the payment of a dividend.

### Directors' indemnities

The Company maintains directors' liability insurance providing appropriate cover for any legal action brought against its directors.

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 to 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.

# Nicholls & Clarke Glass Limited

## Directors' Report (continued) For the Year Ended 31 December 2019

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### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Post balance sheet events

In January 2020, an outbreak of a corona virus, now classified as COVID-19, was detected in China's Hubei province. During the following months, COVID-19 has spread steadily throughout the World and on 11 March 2020, The World Health Organisation ("WHO") declared the outbreak a global pandemic. In order to stem the spread of the virus, Governments around the world took drastic steps, which included compulsory closure of various businesses, shops and schools, as well as announcing a lock down which heavily restricted the movement of people.

At the time of approving these accounts many restrictions had been lifted and then reintroduced, with the Group operating at a reduced capacity compared to that before the pandemic. As no cure or vaccine is currently available, it is not yet known whether the government will have to impose further restrictions now that a second spike is on the horizon.

The full impact of the lockdowns, and the steps the Government has taken to mitigate the effects of the virus, is not yet known and, as such, it is the opinion of the Directors that it is not yet possible to assess the longer-term impact of COVID-19 on the business. The Directors are monitoring the situation closely and believe there will be an adverse effect on the trading results for the current trading year and the following year.

In order to counteract the detrimental effect of the pandemic on the business, the Board were quick to take action to protect the business and the staff, both financially and from a Health and Safety perspective. We followed the Government's stringent hygiene and social distancing mandate and we also took the following measures:

- Each site carried out individual risk assessments using the guidance of the Group Health & Safety Manager and external Health & Safety consultants to ensure that our controls were tailored to the nuances of each specific site.
- Each site is complying with social distancing requirements and retail sites are fully supporting the Government requirements regarding facial coverings for customers and staff. Where appropriate, glass screens have been installed to protect staff.
- Wherever possible, meetings with customers and suppliers have been scheduled as conference calls and guidance has been given to staff on measure to be taken for face to face meetings.

The Directors have however, developed and implemented strategic and operational plans to strengthen its resilience against COVID-19, with particular focus on revenue protection and cost control. Monthly management accounts are being produced alongside detailed cash flow projections, and thorough reviews of the Group forecasts continue to take place. Group forecasts have been, and will continue to be, regularly revised as more is understood about the economic effect of the pandemic.

However, specifically in order to reduce costs and protect cash flows, the business has used and continues to utilise the Government's Furlough scheme. Employees have been brought back into work in accordance with the activity and needs of the Group. In addition to using Furlough, the Group have also taken advantage of the VAT deferral scheme and, together with active management of working capital, for example, by reducing stocks and maintaining good relationships with suppliers and customers, the group's cash position has improved significantly.

In June 2020 the Group entered into a new loan facility for £2m, which has further assisted the Group's liquidity

# Nicholls & Clarke Glass Limited

## Directors' Report (continued) For the Year Ended 31 December 2019

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to such an extent that, at the end of August 2020, the Group had circa £5m of available cash, excluding the loan facility.

There is currently no known change to the cash flows associated with the defined benefit pension scheme, and the longer term impact on the assets held by the scheme cannot yet be known. The Directors therefore consider that there is no immediate impact on the going concern position of the Group arising from commitments to the defined benefit pension scheme.

Finally, the Directors have considered the impact of COVID-19 on the business under various scenarios, applying stress testing and reverse stress testing to identify and consider a worst-case scenario effect. Even under these worst-case circumstances, they consider that the level of working capital available to the Group is sufficient to meet its needs for the foreseeable future (being defined as a period of at least 12 months from the date of signing these accounts).

### Auditors

The auditor, BDO LLP, has expressed its willingness to be reappointed for another term and appropriate arrangements have been put in place for BDO LLP to be reappointed as auditors in the absence of an annual general meeting.

This report was approved by the board and signed on its behalf.



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**D I Forbes**  
Director

Date: 28 September 2020

# Nicholls & Clarke Glass Limited

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

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### Opinion

We have audited the financial statements of Nicholls & Clarke Glass Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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

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



# **Nicholls & Clarke Glass Limited**

## **Independent Auditors' Report to the Members of Nicholls & Clarke Glass Limited (continued)**

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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.

### **Opinion 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.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 2, 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.

# Nicholls & Clarke Glass Limited

## Independent Auditors' Report to the Members of Nicholls & Clarke Glass Limited (continued)

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### Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

**BDO LLP**

Gareth Jones FCA (Senior Statutory Auditor)

for and on behalf of

**BDO LLP**

Statutory Auditor

55 Baker Street

London

W1U 7EU

Date: 30 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Nicholls & Clarke Glass Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	17,612,957	16,882,136
Cost of sales		(11,828,387)	(11,303,907)
<b>Gross profit</b>		<b>5,784,570</b>	<b>5,578,229</b>
Distribution costs	5	(1,818,073)	(1,815,401)
Administrative expenses	5	(5,300,929)	(4,787,766)
<b>Operating loss</b>	5	<b>(1,334,432)</b>	<b>(1,024,938)</b>
Tax on loss	8	2,993	108,418
<b>Loss for the financial year</b>		<b>(1,331,439)</b>	<b>(916,520)</b>

2019 results all relate to continuing operations. An analysis of 2018 is provided in note 5.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 11 to 26 form part of these financial statements.

**Nicholls & Clarke Glass Limited**  
Registered number:00339277

**Statement of Financial Position**  
**As at 31 December 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	9	4,385,991	3,752,468
Investments	10	4,750	4,750
		<u>4,390,741</u>	<u>3,757,218</u>
<b>Current assets</b>			
Stocks	11	1,545,659	1,701,907
Debtors: amounts falling due within one year	12	4,398,306	4,722,174
Cash at bank and in hand		125,156	213,930
		<u>6,069,121</u>	<u>6,638,011</u>
Creditors: amounts falling due within one year	13	(7,552,863)	(6,153,798)
<b>Net current (liabilities)/assets</b>		<u>(1,483,742)</u>	<u>484,213</u>
<b>Total assets less current liabilities</b>		<u>2,906,999</u>	<u>4,241,431</u>
<b>Provisions for liabilities</b>			
Deferred tax	14	-	(2,993)
<b>Net assets</b>		<u><u>2,906,999</u></u>	<u><u>4,238,438</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	3,001,500	3,001,500
Profit and loss account	16	(94,501)	1,236,938
		<u><u>2,906,999</u></u>	<u><u>4,238,438</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



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**D I Forbes**  
Director

Date: 28 September 2020

The notes on pages 11 to 26 form part of these financial statements.

# Nicholls & Clarke Glass Limited

## Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	<b>3,001,500</b>	<b>2,153,458</b>	<b>5,154,958</b>
Loss for the year	-	(916,520)	(916,520)
<b>At 1 January 2019</b>	<b>3,001,500</b>	<b>1,236,938</b>	<b>4,238,438</b>
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(1,331,439)	(1,331,439)
<b>At 31 December 2019</b>	<b>3,001,500</b>	<b>(94,501)</b>	<b>2,906,999</b>

The notes on pages 11 to 26 form part of these financial statements.

# **Nicholls & Clarke Glass Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **1. General information**

The Company is a United Kingdom private company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is 41-51 Freshwater Road, Chadwell Heath, Romford, Essex, RM8 1SP.

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company for the year ended 31 December 2019 and are presented to the nearest pound.

The Company has determined that GBP is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

The principal activity of the Company during the period was manufacture, distribution and retailing of glass and glass related products.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The company is exempt from the obligation to prepare and deliver group accounts under section 400 of Company Act 2006 as it is included in the consolidated accounts of Nicholls & Clarke Limited.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Nicholls & Clarke Limited as at 31 December 2019 and these financial statements may be obtained from 41-51 Freshwater Road, Chadwell Heath, Romford, Essex, RM8 1SP, UK.

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The Company is reliant on the ongoing support of the Group, headed by its parent company, Nicholls & Clarke Limited.

In late 2019, the Directors prepared budgets and forecasts which showed that Group had sufficient working capital that they could be confidently conclude that the going concern basis was an appropriate basis on which to prepare the financial statements. However, the outbreak of the corona virus, now classified as COVID-19 has created much uncertainty in the economy and with the full impact of the related lockdowns still unknown, it is the opinion of the Directors that it is not yet possible to assess the full longer-term impact of COVID-19 on the business.

In order to reduce costs and protect cash flows, the business has used and continues to utilise the Government's Furlough scheme. Employees have been brought back into work in accordance with the activity and needs of the Group. Together with the Furlough scheme, the Group have also taken advantage of the VAT deferral scheme and, together with active management of working capital, for example, by reducing stocks and maintaining good relationships with suppliers and customers, the group's cash position has improved significantly.

In June 2020 the Group entered into a new loan facility for £2m, which has further assisted the Group's liquidity to such an extent that at the end of August 2020, the Group had circa £5m of available cash, excluding the loan facility.

Alongside the strengthened cash position, with £55m of net assets and £15.8m of net current assets at the end of 2019, the Board of Directors consider that the Group has resource available to deal with the COVID-19 crisis. This strong working capital position could be further enhanced as the new £2m loan facility (which is due for repayment at the earliest in June 2020) can be extended into 2022 without any penalty if required. Further borrowing can also be secured against the large group asset base and the controlled realisation of certain assets to generate more working capital could be pursued if absolutely necessary.

Nicholls & Clarke has continued to develop and implement strategic and operational plans to strengthen its resilience against COVID-19 with focus on revenue protection and cost control. Monthly management accounts are being produced alongside detailed cash flow projections, and thorough reviews of the Group forecasts continue to take place. Group forecasts have been and will continue to be regularly revised as more is understood about the economic effect of the pandemic.

The Board have considered the impact of COVID-19 on the business under various scenarios, applying stress testing and reverse stress testing to identify and consider a worst-case scenario effect. Even under these worst-case circumstances, the Directors consider that the level of working capital available to the Group is sufficient to meet its needs for the foreseeable future (being defined as a period of at least 12 months from the date of signing these accounts) and that the going concern basis is an appropriate basis on which to prepare the financial statements.

# **Nicholls & Clarke Glass Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.4 Turnover**

The turnover represents the amount invoiced for goods during the year in regard to the manufacture, retailing and distribution of glass and glass related products exclusive of Value Added Tax.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

##### **Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **2.5 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

#### **2.6 Pensions**

##### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.



# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 4 - 25% of cost per annum
Plant and machinery	- 5 - 50% of cost per annum
Motor vehicles	- 15 - 33% of cost per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### 2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.11 Financial instruments

Financial instruments are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

##### Subsequent measurement

At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method. Investments in preference and ordinary shares classified as basic financial instruments, and all financial instruments not classified as basic are measured at fair value at the end of the reporting period, with the resulting changes recognised in the profit and loss. Where their fair value cannot be reliably measured, they are recognised at cost less impairment.

##### Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

#### 2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.14 Creditors

Short term creditors are measured at the transaction price.

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Due to the simplicity of the Company's transaction streams and year-end financial position, the directors consider there to be no critical judgements, estimates or assumptions in the preparation of these financial statements.

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sale of goods	<u>17,612,957</u>	<u>16,882,136</u>

All turnover arose within the United Kingdom.

### 5. Operating loss

The operating loss is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible assets	624,019	572,763
Bad debt expense	174,059	88,643
Other operating lease rentals	484,138	328,758
Loss/(profit) on sale of tangible assets	<u>73,948</u>	<u>(14,508)</u>

Included within operating loss are purchases for stock £8.8 million (2018: £9.6 million). There were no foreign exchange gains or losses.

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 5. Operating loss (continued)

The split of results for the prior year was as follows:

	Total 2018 £	Restructuring costs 2018 £	Continuing operations 2018 £	Continuing operations 2019 £	Tots 2019 £
Turnover	16,882,136	-	16,882,136	17,612,957	17,612,957
Cost of sales	(11,303,907)	-	(11,303,907)	(11,828,387)	(11,828,387)
<b>Gross profit</b>	<b>5,578,229</b>	<b>-</b>	<b>5,578,229</b>	<b>5,784,570</b>	<b>5,784,570</b>
Distribution and selling costs	(1,815,401)	(164,114)	(1,651,287)	1,818,073	(1,818,073)
Administration and production costs	(4,787,766)	(432,880)	(4,354,886)	(5,300,929)	(5,300,929)
<b>Operating loss</b>	<b>(1,024,938)</b>	<b>(596,994)</b>	<b>(427,944)</b>	<b>2,301,714</b>	<b>(1,334,432)</b>

All income and expenditure in 2019 derived from continuing operations.

### 6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<b>16,108</b>	15,500

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 7. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	4,719,455	4,311,172
Social security costs	406,851	380,470
Cost of defined contribution scheme	151,888	127,208
	<u>5,278,194</u>	<u>4,818,850</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Distribution staff	31	34
Administrative staff	134	135
	<u>165</u>	<u>169</u>

The directors' remuneration is borne by the ultimate parent company.

### 8. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(54,929)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,993)	(53,489)
<b>Taxation on loss on ordinary activities</b>	<u>(2,993)</u>	<u>(108,418)</u>

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 8. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 -higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(1,334,432)</u>	<u>(1,024,938)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 -19%)	(253,542)	(194,738)
<b>Effects of:</b>		
Effect of expenses not deductible for tax purposes	970	11,720
Remeasurement of deferred tax	39,867	6,293
Deferred tax not recognised	115,158	-
Tax losses carried back	-	54,225
Adjustments to tax charge in respect of prior periods	-	(54,929)
Group relief	85,073	57,241
Fixed asset timing differences	9,481	11,770
<b>Total tax credit for the year</b>	<u>(2,993)</u>	<u>(108,418)</u>

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 9. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	894,884	5,913,484	1,753,545	8,561,913
Additions	2,651	1,007,330	368,316	1,378,297
Disposals	-	(749,724)	(186,627)	(936,351)
At 31 December 2019	897,535	6,171,090	1,935,234	9,003,859
<b>Depreciation</b>				
At 1 January 2019	406,626	2,968,249	1,434,570	4,809,445
Charge for the year on owned assets	49,902	470,947	103,170	624,019
Disposals	-	(628,969)	(186,627)	(815,596)
At 31 December 2019	456,528	2,810,227	1,351,113	4,617,868
<b>Net book value</b>				
At 31 December 2019	441,007	3,360,863	584,121	4,385,991
At 31 December 2018	488,258	2,945,235	318,975	3,752,468

### 10. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2019	4,750
At 31 December 2019	4,750

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Fixed asset investments (continued)

Nicholls and Glass Limited owns 100% of the ordinary share capital of Treseburg s.r.o whose main activity is the manufacture of building materials.

The registered office for Treseburg s.r.o is:

Praha 3,  
Rohacova 188/37,  
PSC 13000,  
Czech Republic.

### 11. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>1,545,659</u>	<u>1,701,907</u>

### 12. Debtors

	2019 £	2018 £
Trade debtors	2,770,398	3,010,902
Amounts owed by group undertakings	1,078,888	1,068,639
Other debtors	26,169	-
Prepayments and accrued income	464,852	584,635
Corporation tax receivable	57,999	57,998
	<u>4,398,306</u>	<u>4,722,174</u>

The trade debtors, amounts owed by group undertakings, other debtors and deposits within prepayments of £260,000 (2018: £385,662) included above are carried at amortised cost.

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.



# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 13. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	273,879	396,815
Amounts owed to group undertakings	6,827,430	5,359,402
Other taxation and social security	260,448	277,821
Other creditors	5,744	-
Accruals and deferred income	185,362	119,760
	<u>7,552,863</u>	<u>6,153,798</u>

The trade creditors, amounts owed to group undertakings and accruals are carried at amortised cost.

The amounts to group undertakings are unsecured, interest free and repayable on demand.

### 14. Deferred taxation

	2019 £
At beginning of year	(2,993)
Charged to profit or loss	2,993
At end of year	<u>-</u>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(147,150)	(83,530)
Tax losses carried forward	147,150	78,269
Short term timing differences	-	2,268
	<u>-</u>	<u>(2,993)</u>

A deferred tax asset of £115,158 (2018: £nil) relating to tax losses carried forward has not been recognised as there is insufficient evidence to support its utilisation in the near future.

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 15. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
3,001,500 (2018 -3,001,500) Ordinary shares of £1.00 each	<u>3,001,500</u>	<u>3,001,500</u>

### 16. Reserves

#### Profit and loss account

This reserve records retained earnings and accumulated losses.

### 17. Capital commitments

At 31 December 2019 the Company had capital commitments as follows:

	2019 £	2018 £
Tangible assets	<u>542,500</u>	<u>427,054</u>

### 18. Pension commitments

#### Defined contribution plan

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £151,888 (2018 - £127,208).

### 19. Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework, as set out in the Directors Report. The board is responsible for developing and monitoring the Company's risk management strategy and policies. There have been no changes to the Company's exposure to risk or the methods used to measure and manage these risks during the year.

The Company has exposure to the following risks from the use of its financial instruments.

#### Credit risk management

Trade accounts receivable are from a broad customer base. The Company monitors the financial position of their customers on an ongoing basis. The granting of credit is controlled by application and accounts limits. An allowance is made for specific bad debts and at the reporting date management did not consider there to be any material credit risk exposure.

#### Price risk

The directors do not feel the Company is exposed to any other significant financial risk.

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 20. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	254,989	243,303
Later than 1 year and not later than 5 years	252,148	332,541
	<u>507,137</u>	<u>575,844</u>

### 21. 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 additional unpaid VAT of all other group companies which amounted to £101,299 as at 31 December 2019 (2018: £7,243).

### 22. Related party exemptions

The Company has taken advantage of the exemption given by section 33 of FRS 102, and has therefore not given details of transactions with the wholly-owned trading subsidiaries of Nicholls & Clarke Limited.

### 23. Controlling party

The ultimate controlling parent company is Nicholls & Clarke Limited, which is registered in England and Wales. The smallest and largest group into which these accounts are consolidated is Nicholls & Clarke Limited.

The full set of consolidated financial statements can be obtained from the company's registered address:

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

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 24. Post balance sheet events

In January 2020, an outbreak of a corona virus, now classified as COVID-19, was detected in China's Hubei province. During the following months, COVID-19 has spread steadily throughout the World and on 11 March 2020, The World Health Organisation ("WHO") declared the outbreak a global pandemic. In order to stem the spread of the virus, Governments around the world took drastic steps, which included compulsory closure of various businesses, shops and schools, as well as announcing a lock down which heavily restricted the movement of people.

At the time of approving these accounts many restrictions had been lifted and then reintroduced, with the Company operating at a reduced capacity compared to that before the pandemic. As no cure or vaccine is currently available, it is not yet known whether the government will have to impose further restrictions now that a second spike is on the horizon.

The full impact of the lockdowns, and the steps the Government has taken to mitigate the effects of the virus, is not yet known and, as such, it is the opinion of the Directors that it is not yet possible to assess the longer-term impact of COVID-19 on the business. The Directors are monitoring the situation closely and believe there will be an adverse effect on the trading results for the current trading year and the following year.

In order to counteract the detrimental effect of the pandemic on the business, the Board were quick to take action to protect the business and the staff, both financially and from a Health and Safety perspective. We followed the Government's stringent hygiene and social distancing mandate and we also took the following measures:

- Each site carried out individual risk assessments using the guidance of the Company Health & Safety Manager and external Health & Safety consultants to ensure that our controls were tailored to the nuances of each specific site.
- Each site is complying with social distancing requirements and retail sites are fully supporting the Government requirements regarding facial coverings for customers and staff. Where appropriate, glass screens have been installed to protect staff.
- Wherever possible, meetings with customers and suppliers have been scheduled as conference calls and guidance has been given to staff on measure to be taken for face to face meetings.

The Directors have however, developed and implemented strategic and operational plans to strengthen its resilience against COVID-19, with particular focus on revenue protection and cost control. Monthly management accounts are being produced alongside detailed cash flow projections, and thorough reviews of the Company forecasts continue to take place. Company forecasts have been, and will continue to be, regularly revised as more is understood about the economic effect of the pandemic.

However, specifically in order to reduce costs and protect cash flows, the business has used and continues to utilise the Government's Furlough scheme. Employees have been brought back into work in accordance with the activity and needs of the Company. In addition to using Furlough, the Company has also taken advantage of the VAT deferral scheme and, together with active management of working capital, for example, by reducing stocks and maintaining good relationships with suppliers and customers, the Company's cash position has improved significantly.

In June 2020 the Group entered into a new loan facility for £2m, which has further assisted the Group's liquidity to such an extent that, at the end of August 2020, the Group had circa £5m of available cash, excluding the loan facility.

There is currently no known change to the cash flows associated with the defined benefit pension scheme, and the longer term impact on the assets held by the scheme cannot yet be known. The Directors therefore consider that there is no immediate impact on the going concern position of the Group arising from commitments to the defined benefit pension scheme.

# Nicholls & Clarke Glass Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### **24. Post balance sheet events (continued)**

Finally, the Directors have considered the impact of COVID-19 on the business under various scenarios, applying stress testing and reverse stress testing to identify and consider a worst-case scenario effect. Even under these worst-case circumstances, they consider that the level of working capital available to the Company is sufficient to meet its needs for the foreseeable future (being defined as a period of at least 12 months from the date of signing these accounts).