

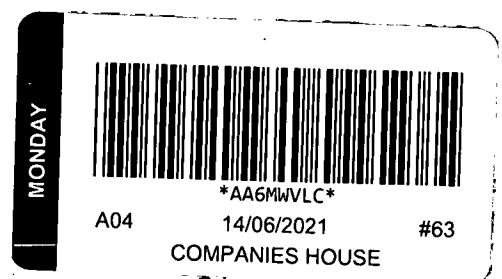
Nicholls & Clarke Glass Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 00339277



Nicholls & Clarke Glass Limited

Company Information

Directors	D I Forbes M L Holmes
Company secretary	D J Lanchester
Registered number	00339277
Registered office	41-51 Freshwater Road Chadwell Heath Romford Essex RM8 1SP
Independent auditors	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 2020

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 decreased by 19.3% to £14.2 million (2019: £17.6 million). Loss after tax was £0.8 million (2019: £1.3 million). The balance sheet on page 9 shows that net assets have decreased to £2.1 million (2019: £2.9 million). Details of the amounts owed by and to other group undertakings are shown in notes 13 and 14.

We have reduced our distribution glass facility in Beckton from two units into one. This will allow us to focus on selling processed glass. Although this will result in a fall in sales during 2021, the costs associated with providing this service will also drop and the processing business will attract a higher percentage in terms of gross profit margin. Costs associated with this restructure have been classified as such in the Statement of Comprehensive Income.

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

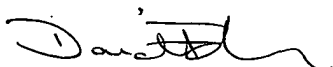
The principal risks and uncertainties affecting the business include the following:

- 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 on 30 April 2021 and signed on its behalf.



D I Forbes
Director

Nicholls & Clarke Glass Limited

Directors' Report For the Year Ended 31 December 2020

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

Directors

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

D I Forbes
M L Holmes (appointed 1 August 2020)
G D Cooper (resigned 30 September 2020)
K S A Forbes (resigned 2 January 2020)
S A Forbes (resigned 31 July 2020)

Results and dividends

The loss for the year, after taxation, amounted to £776,862 (2019 - £1,331,439).

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 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 2020

Disclosure of information to auditors

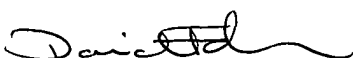
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 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.

Auditors

The auditors, BDO LLP, have expressed their 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: 30 April 2021

Nicholls & Clarke Glass Limited

Independent Auditor's report to Nicholls & Clarke Glass Limited

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of Nicholls & Clarke Glass Limited (the 'Company') for the year ended 31 December 2020 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).

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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Nicholls & Clarke Glass Limited

Independent Auditor's report to Nicholls & Clarke Glass Limited (continued)

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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.

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 where 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, 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 Auditor's report to Nicholls & Clarke Glass Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Extent to which the audit was capable of detecting irregularities, including fraud

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur by enquiring of management of its own consideration of fraud. In particular, we looked at where management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also considered potential financial or other pressures, opportunity and motivations for fraud. As part of this discussion we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes. Appropriate procedures included the review and testing of manual journals and key estimates and judgements made by management.

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to Companies Act 2006, UK tax legislation and equivalent local laws and regulations. We made enquiries of management with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information. Our tests included agreeing the financial statements disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls including testing journals and evaluation whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

Nicholls & Clarke Glass Limited

Independent Auditor's report to Nicholls & Clarke Glass Limited (continued)

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 M Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU

Date: 04 May 2021

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 2020

	Note	Continuing operations 2020 £	Restructuring costs 2020 £	Total 2020 £	Continuing operations 2019 £	Restructuring costs 2019 £	Total 2019 £
Turnover	4	14,170,563	-	14,170,563	17,612,957	-	17,612,957
Cost of sales		(8,431,754)	-	(8,431,754)	(11,828,387)	-	(11,828,387)
Gross profit		5,738,809	-	5,738,809	5,784,570	-	5,784,570
Distribution costs		(1,423,602)	(63,075)	(1,486,677)	(1,818,073)	-	(1,818,073)
Administrative expenses		(5,306,040)	(306,875)	(5,612,915)	(5,300,929)	-	(5,300,929)
Other operating income	5	583,921	-	583,921	-	-	-
Operating loss	6	(406,912)	(369,950)	(776,862)	(1,334,432)	-	(1,334,432)
Tax on loss	9	-	-	-	2,993	-	2,993
Loss for the financial year		(406,912)	(369,950)	(776,862)	(1,331,439)	-	(1,331,439)

There was no other comprehensive income for 2020 (2019 - £Nil).

The notes on pages 11 to 23 form part of these financial statements.

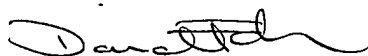
Nicholls & Clarke Glass Limited

Registered number:00339277

Statement of Financial Position As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	10	4,538,968	4,385,991
Investments	11	4,750	4,750
		<u>4,543,718</u>	<u>4,390,741</u>
Current assets			
Stocks	12	1,363,692	1,545,659
Debtors: amounts falling due within one year	13	3,857,785	4,398,306
Cash at bank and in hand		226,523	125,156
		<u>5,448,000</u>	<u>6,069,121</u>
Creditors: amounts falling due within one year	14	(7,861,581)	(7,552,863)
Net current liabilities		<u>(2,413,581)</u>	<u>(1,483,742)</u>
Total assets less current liabilities		<u>2,130,137</u>	<u>2,906,999</u>
Net assets		<u>2,130,137</u>	<u>2,906,999</u>
Capital and reserves			
Called up share capital	16	3,001,500	3,001,500
Profit and loss account	17	(871,363)	(94,501)
Total equity		<u>2,130,137</u>	<u>2,906,999</u>

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



D I Forbes
Director

Date: 30 April 2021

The notes on pages 11 to 23 form part of these financial statements.

Nicholls & Clarke Glass Limited

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	3,001,500	1,236,938	4,238,438
Comprehensive loss for the year			
Loss for the year	-	(1,331,439)	(1,331,439)
At 1 January 2020	3,001,500	(94,501)	2,906,999
Comprehensive loss for the year			
Loss for the year	-	(776,862)	(776,862)
At 31 December 2020	3,001,500	(871,363)	2,130,137

The notes on pages 11 to 23 form part of these financial statements.

Nicholls & Clarke Glass Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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 2020 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 year was the 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 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- 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 2020 and these financial statements may be obtained from 41-51 Freshwater Road, Chadwell Heath, Romford, Essex, RM8 1SP.

Nicholls & Clarke Glass Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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.

The directors have prepared budgets and forecasts which show that the Group have sufficient working capital that they could confidently conclude that the going concern basis was an appropriate basis on which to prepare the financial statements. However, 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 Company 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 March 2021, the Group had circa £5.6m of available cash.

Alongside the strengthened cash position, with £51.0m of net assets and £14.9m of net current assets at the end of 2020, the Board of Directors consider that the Group has sufficient resources available to continue to deal with the COVID-19 crisis. This strong working capital position could be further enhanced as the new £2m loan facility can be extended to June 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.

The Group 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 of 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 position. 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 2020

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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 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 2020

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 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 2020

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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 2020

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:

	2020 £	2019 £
Sale of goods	<u>14,170,563</u>	<u>17,612,957</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Other operating income	<u>583,921</u>	<u>-</u>

Included within other operating income are UK Government COVID related grants.

6. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible assets	718,514	624,019
Bad debt expense	46,229	174,059
Other operating lease rentals	473,151	484,138
Loss on sale of tangible assets	<u>7,156</u>	<u>73,948</u>

Included within operating loss are purchases for stock £6 million (2019: £8.8 million). There were no foreign exchange gains or losses.

Nicholls & Clarke Glass Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	13,800	16,108

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.

8. Employees

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	4,183,107	4,719,455
Social security costs	359,828	406,851
Cost of defined contribution scheme	122,306	151,888
	<u>4,665,241</u>	<u>5,278,194</u>

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

	2020 No.	2019 No.
Distribution staff	28	31
Administrative staff	125	134
	<u>153</u>	<u>165</u>

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

Nicholls & Clarke Glass Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

9. Taxation

	2020 £	2019 £
Deferred tax		
Origination and reversal of timing differences	-	(2,993)
Taxation on loss on ordinary activities	-	(2,993)
Factors affecting tax charge/(credit) for the year		
The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:		
	2020 £	2019 £
Loss on ordinary activities before tax	(776,862)	(1,334,432)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(147,604)	(253,542)
Effects of:		
Effect of expenses not deductible for tax purposes	520	970
Remeasurement of deferred tax	(13,371)	39,867
Deferred tax not recognised	151,293	115,158
Group relief	-	85,073
Fixed asset timing differences	9,162	9,481
Total tax charge/(credit) for the year	-	(2,993)

Nicholls & Clarke Glass Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

10. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2020	897,535	6,171,090	1,935,234	9,003,859
Additions	-	890,810	-	890,810
Disposals	-	(54,368)	(397,746)	(452,114)
At 31 December 2020	<u>897,535</u>	<u>7,007,532</u>	<u>1,537,488</u>	<u>9,442,555</u>
Depreciation				
At 1 January 2020	456,528	2,810,227	1,351,113	4,617,868
Charge for the year	48,220	564,384	105,910	718,514
Disposals	-	(35,049)	(397,746)	(432,795)
At 31 December 2020	<u>504,748</u>	<u>3,339,562</u>	<u>1,059,277</u>	<u>4,903,587</u>
Net book value				
At 31 December 2020	<u>392,787</u>	<u>3,667,970</u>	<u>478,211</u>	<u>4,538,968</u>
At 31 December 2019	<u>441,007</u>	<u>3,360,863</u>	<u>584,121</u>	<u>4,385,991</u>

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	4,750
At 31 December 2020	<u>4,750</u>

Nicholls & Clarke Glass Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

11. 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.

12. Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>1,363,692</u>	<u>1,545,659</u>

13. Debtors

	2020 £	2019 £
Trade debtors	2,458,455	2,770,398
Amounts owed by group undertakings	1,084,793	1,078,888
Other debtors	4,132	26,169
Prepayments and accrued income	310,405	464,852
Corporation tax receivable	-	57,999
	<u>3,857,785</u>	<u>4,398,306</u>

The trade debtors, amounts owed by group undertakings, other debtors and deposits within prepayments of £Nil (2019 - £260,000) 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 2020

14. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	437,942	273,879
Amounts owed to group undertakings	6,764,072	6,827,430
Corporation tax	63	-
Other taxation and social security	240,721	260,448
Other creditors	5,743	5,744
Accruals and deferred income	413,040	185,362
	<u>7,861,581</u>	<u>7,552,863</u>

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

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

15. Deferred taxation

The deferred tax provision is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	264,103	147,150
Short term timing differences	(28,500)	-
Losses and other deductions	(235,603)	(147,150)
	<u>-</u>	<u>-</u>

A deferred tax asset of £264,942 (2019 - £113,649) relating to tax losses carried forward has not been recognised.

16. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
3,001,500 (2019 - 3,001,500) Ordinary shares of £1 each	<u>3,001,500</u>	<u>3,001,500</u>

17. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

Nicholls & Clarke Glass Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

18. Capital commitments

At 31 December 2020 the Company had capital commitments as follows:

	2020 £	2019 £
Tangible assets	<u>374,639</u>	<u>542,500</u>

19. Pension commitments

Defined contribution plan

The amount recognised in the Statement of Comprehensive Income as an expense in relation to defined contribution plans was £122,306 (2019 - £151,888).

20. 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.

21. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	159,596	254,989
Later than 1 year and not later than 5 years	95,534	252,148
	<u>255,130</u>	<u>507,137</u>

Nicholls & Clarke Glass Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

22. 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 £598,630 as at 31 December 2020 (2019 - £101,299).

23. 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.

24. 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