

Company Registration No. 06548094 (England and Wales)

MASSEY CLADDING SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

The logo for 'old mill' features the words 'old mill' in a bold, lowercase, sans-serif font. Above the text is a stylized, curved line representing a roof or a bridge, with a small gap in the middle.



MASSEY CLADDING SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	Mr R R Massey Mr B M Massey Mr D R Massey Mr M S Gould Mr K A Macmanus	(Appointed 11 July 2016)
Secretary	Mr R R Massey	
Company number	06548094	
Registered office	16 The Courtyards Woodlands Almondsbury Business Park BRISTOL Somerset BS32 4NQ	
Auditor	Old Mill Audit LLP Bishopbrook House Cathedral Avenue WELLS Somerset BA5 1FD	
Bankers	Natwest 4 Market Place FROME Somerset BA11 1AE	

MASSEY CLADDING SOLUTIONS LIMITED

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MASSEY CLADDING SOLUTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2017

The directors present the strategic report for the year ended 30 April 2017.

Fair review of the business

The company continued to perform very well with a record turnover of £15.9m reported for the year, being a 28% increase on the previous year. The company maintained its margin and hence as a result reported its highest pre tax profit to date of £3m, this being a 27% increase on 2016.

During the year the company continued its excellent record of contract wins, including securing a number of high profile jobs. The company remained in a solid financial position at the balance sheet date.

Principal risks and uncertainties

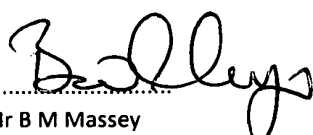
The principal risks and uncertainties facing the business arise from competition and market forces. We manage this risk by having a diverse client base in a wide range of sectors.

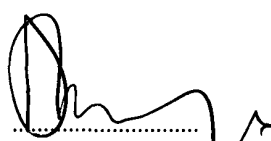
Key performance indicators

The company's key financial performance indicators during the year were as follows:

	Unit	2017	2016
Turnover	£	15,984,491	12,466,659
Turnover Growth/(Fall)	%	28.22	(6.41)
Gross Profit	£	3,794,570	2,943,522
Gross Profit Margin	%	23.74	23.61
Profit Before Tax	£	3,008,695	2,377,679

On behalf of the board


.....
Mr B M Massey
Director
19th October 2017


.....
Mr D R Massey
Director
19th October 2017

MASSEY CLADDING SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2017

The directors present their annual report and financial statements for the year ended 30 April 2017.

Principal activities

The principal activity of the company continued to be that of providing high quality roofing and wall cladding systems.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R R Massey
Mr B M Massey
Mr D R Massey
Mr M S Gould
Mr K A Macmanus

(Appointed 11 July 2016)

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,432,292. The directors do not recommend payment of a final dividend.

Financial instruments

Credit risk, liquidity risk and cash flow risk

The company is exposed to a moderate level of credit risk, liquidity risk and cash flow risk. The company's principal financial assets are its bank balances together with trade debtors. The company's credit risk and liquidity risk is primarily due to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts.

The credit risk on its bank balances are limited because the company's bankers are highly credit-rated and financially regulated. The company retains high levels of cash reserves in order to mitigate exposure to cash flow risks.

Future developments

The directors aim to maintain the management policies which have resulted in the company's substantial growth over recent years. They consider that the next year will show a similar level in sales and profit margins from continuing operations.

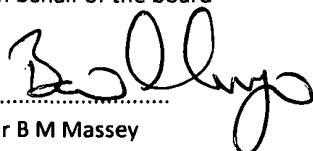
Auditor


The auditors, Old Mill Audit LLP, are deemed to be appointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


.....
Mr B M Massey
Director
19th October 2017


.....
Mr D R Massey
Director
19th October 2017

MASSEY CLADDING SOLUTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

MASSEY CLADDING SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MASSEY CLADDING SOLUTIONS LIMITED

We have audited the financial statements of Massey Cladding Solutions Limited for the year ended 30 April 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

MASSEY CLADDING SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MASSEY CLADDING SOLUTIONS LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Old Mill Audit Ltd

Andrew Moore (Senior Statutory Auditor)
for and on behalf of Old Mill Audit LLP

20 October 2017

Statutory Auditor

Bishopbrook House
Cathedral Avenue
WELLS
Somerset
BA5 1FD

MASSEY CLADDING SOLUTIONS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	2016 £
Turnover	3	15,984,491	12,466,659
Cost of sales		(12,189,921)	(9,523,137)
Gross profit		3,794,570	2,943,522
Administrative expenses		(791,227)	(572,527)
Operating profit	4	3,003,343	2,370,995
Interest receivable and similar income	7	5,352	7,514
Interest payable and similar expenses	8	-	(830)
Profit before taxation		3,008,695	2,377,679
Tax on profit	9	(604,959)	(479,666)
Profit for the financial year		2,403,736	1,898,013

The Income Statement has been prepared on the basis that all operations are continuing operations.

MASSEY CLADDING SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2017

	2017 £	2016 £
Profit for the year	2,403,736	1,898,013
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,403,736</u>	<u>1,898,013</u>

MASSEY CLADDING SOLUTIONS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11		285,127		296,920
Current assets					
Stocks	13	20,000		-	
Debtors	14	3,541,937		2,644,928	
Cash at bank and in hand		3,109,804		1,992,449	
		<u>6,671,741</u>		<u>4,637,377</u>	
Creditors: amounts falling due within one year	15	<u>(3,066,317)</u>		<u>(2,259,615)</u>	
Net current assets			3,605,424		2,377,762
Total assets less current liabilities			3,890,551		2,674,682
Provisions for liabilities	17		(775,070)		(530,645)
Net assets			<u>3,115,481</u>		<u>2,144,037</u>
Capital and reserves					
Called up share capital	19		95		95
Share premium account			3,640		3,640
Capital redemption reserve			5		5
Profit and loss reserves			3,111,741		2,140,297
Total equity			<u>3,115,481</u>		<u>2,144,037</u>

The financial statements were approved by the board of directors and authorised for issue on 19/10/2017 and are signed on its behalf by:

Mr B M Massey
Director

Mr D R Massey
Director

Company Registration No. 06548094

MASSEY CLADDING SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017

		Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 May 2015		100	3,640	-	1,398,796	1,402,536
Year ended 30 April 2016:						
Profit and total comprehensive income for the year		-	-	-	1,898,013	1,898,013
Dividends	10	-	-	-	(1,111,512)	(1,111,512)
Redemption of shares	19	-	-	5	(45,000)	(44,995)
Reduction of shares	19	(5)	-	-	-	(5)
Balance at 30 April 2016		95	3,640	5	2,140,297	2,144,037
Year ended 30 April 2017:						
Profit and total comprehensive income for the year		-	-	-	2,403,736	2,403,736
Dividends	10	-	-	-	(1,432,292)	(1,432,292)
Balance at 30 April 2017		95	3,640	5	3,111,741	3,115,481

MASSEY CLADDING SOLUTIONS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	24	3,103,937		1,432,837	
Interest paid		-		(830)	
Income taxes paid		(612,833)		(294,541)	
Net cash inflow from operating activities		<u>2,491,104</u>		<u>1,137,466</u>	
Investing activities					
Purchase of tangible fixed assets		(72,855)		(146,228)	
Proceeds on disposal of tangible fixed assets		8,750		10,500	
Proceeds from other investments and loans		117,151		(117,151)	
Interest received		5,497		7,369	
Net cash generated from/(used in) investing activities		<u>58,543</u>		<u>(245,510)</u>	
Financing activities					
Repurchase of shares		-		(45,000)	
Repayment of bank loans		-		(75,000)	
Dividends paid		(1,432,292)		(1,111,512)	
Net cash used in financing activities		<u>(1,432,292)</u>		<u>(1,231,512)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>1,117,355</u>		<u>(339,556)</u>	
Cash and cash equivalents at beginning of year		1,992,449		2,332,005	
Cash and cash equivalents at end of year		<u><u>3,109,804</u></u>		<u><u>1,992,449</u></u>	

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

Company information

Massey Cladding Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is 16 The Courtyards, Woodlands, Almondsbury Business Park, BRISTOL, Somerset, BS32 4NQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	5% Straight line
Office equipment	33% Reducing balance
Motor vehicles	25% Reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Retention recoverability

There is a level of uncertainty around the recoverability of retentions and the company uses a conservative approach as to recognising these retentions. The company uses a consistent basis year on year for estimating the amount of the provision based on historic data of retentions receivable.

Collateral warranties

The determination of the company's provision against collateral warranties involves significant judgements for which the ultimate outcome is uncertain as it is based on future events. The company bases its judgements on past contracts and knowledge of jobs.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities include the above items of critical judgement and also:

Depreciation

The directors use their knowledge of the business and the industry to estimate the useful life and residual value of property, plant and equipment in order to arrive at applicable depreciation rates. In accordance with section 17 of FRS 102, the directors review and update these estimates if there are indicators that current estimates should change. The carrying value of property, plant and equipment at the year end is set out in the notes to these financial statements.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Roofing and cladding	15,984,491	12,466,659
	<u> </u>	<u> </u>
	2017	2016
	£	£
Other significant revenue		
Interest income	5,352	7,514
	<u> </u>	<u> </u>

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

3 Turnover and other revenue (Continued)

	2017	2016
	£	£
Turnover analysed by geographical market		
United Kingdom	15,984,491	12,466,659

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	12,500
Depreciation of owned tangible fixed assets	66,299	70,121
Loss/(profit) on disposal of tangible fixed assets	9,599	(750)
Cost of stocks recognised as an expense	7,487,696	4,483,245
Operating lease charges	25,369	27,121

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Administration and support staff	9	9
Construction and engineering staff	46	53
	55	62

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	1,867,086	1,788,389
Social security costs	206,108	194,441
Pension costs	17,104	10,000
	2,090,298	1,992,830

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	55,294	63,977
Company pension contributions to defined contribution schemes	-	10,000
	<u>55,294</u>	<u>73,977</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 2).

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Other interest income	5,352	7,514
	<u>5,352</u>	<u>7,514</u>

8 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	830
	<u>-</u>	<u>830</u>

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	607,305	462,833
	<u>607,305</u>	<u>462,833</u>
Deferred tax		
Origination and reversal of timing differences	(2,346)	16,833
	<u>(2,346)</u>	<u>16,833</u>
Total tax charge	<u>604,959</u>	<u>479,666</u>

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	3,008,695	2,377,679
Expected tax charge based on the standard rate of corporation tax in the UK of 19.92% (2016: 20.00%)	599,266	475,536
Tax effect of expenses that are not deductible in determining taxable profit	5,683	3,389
Change in unrecognised deferred tax assets	(1,316)	17,241
Permanent capital allowances in excess of depreciation	-	(15,942)
Depreciation on assets not qualifying for tax allowances	1,276	-
Adjustments in respect of financial assets	-	(150)
Effect of tax rate on opening liability	50	(408)
Taxation charge for the year	604,959	479,666

10 Dividends

	2017 £	2016 £
Interim paid	1,432,292	1,111,512

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

11 Tangible fixed assets

	Leasehold land and buildings	Office equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 May 2016	114,883	47,913	270,899	433,695
Additions	13,267	21,748	37,840	72,855
Disposals	-	-	(32,620)	(32,620)
At 30 April 2017	128,150	69,661	276,119	473,930
Depreciation and impairment				
At 1 May 2016	5,744	36,722	94,309	136,775
Depreciation charged in the year	6,408	10,871	49,020	66,299
Eliminated in respect of disposals	-	-	(14,271)	(14,271)
At 30 April 2017	12,152	47,593	129,058	188,803
Carrying amount				
At 30 April 2017	115,998	22,068	147,061	285,127
At 30 April 2016	109,139	11,191	176,590	296,920

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,507,498	2,623,785
Carrying amount of financial liabilities		
Measured at amortised cost	2,420,274	1,423,819

13 Stocks

	2017 £	2016 £
Finished goods and goods for resale	20,000	-

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

14 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	3,475,352	2,501,208
Other debtors	32,146	122,577
Prepayments and accrued income	34,439	21,143
	<u>3,541,937</u>	<u>2,644,928</u>

Trade debtors includes amounts uninvoiced due on contracts of £2,502,650 (2016 - £966,320).

15 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	2,279,235	1,068,002
Corporation tax	457,305	462,833
Other taxation and social security	188,738	372,963
Other creditors	29,617	55,699
Accruals and deferred income	111,422	300,118
	<u>3,066,317</u>	<u>2,259,615</u>

16 Deferred taxation

Deferred tax liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017	Liabilities 2016
	£	£
Balances:		
Accelerated capital allowances	<u>23,970</u>	<u>26,316</u>
		2017
Movements in the year:		£
Liability at 1 May 2016		26,316
Credit to profit or loss		(2,346)
Liability at 30 April 2017		<u>23,970</u>

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

17 Provisions for liabilities

	Notes	2017 £	2016 £
Warranties		751,100	504,329
Deferred tax liabilities	16	23,970	26,316
		<u>775,070</u>	<u>530,645</u>

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	Warranties £
At 1 May 2016	504,329
Additional provisions in the year	246,771
At 30 April 2017	<u>751,100</u>

18 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	17,104	10,000
	<u>17,104</u>	<u>10,000</u>

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
30 Ordinary A Shares of £1 each	30	30
25 Ordinary B Shares of £1 each	25	25
25 Ordinary C Shares of £1 each	25	25
15 Ordinary D Shares of £1 each	15	15
	<u>95</u>	<u>95</u>

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	-	17,000
	<u> </u>	<u> </u>

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	32,160	50,045
	<u> </u>	<u> </u>

22 Controlling party

The company is controlled by the directors and certain of their spouses who between them own 100% of the called up share capital.

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

23 Directors' transactions

The company rented property from The Trustees of Massey Cladding Pension Scheme for £20,227 (2016 - £20,727). Mr R R Massey and his wife are members of this pension scheme.

Dividends totalling £1,432,292 (2016 - £1,111,512) were paid in the year in respect of shares held by the company's directors and their spouses.

During the year the directors maintained loan accounts with the company. There were no fixed terms of repayment relating to the balances, the balances were unsecured and attracted no interest when they were in credit. The balances bore interest at the rate of 3% when they were a debit balance which amounted to £153 (2016 - £265).

Mr R R Massey (Director)

During the year Mr R R Massey was advanced £534,933 (2016 - £400,113) by the company and repaid £404,979 (2016 - £278,391). At the balance sheet date the amount owed to/(from) Mr R R Massey totalled £12,820 (2016 - (£117,134)).

Mr D R Massey (Director)

During the year Mr D R Massey was advanced £417,526 (2016 - £291,089) by the company and repaid £414,566 (2016 - £284,398). At the balance sheet date the amount owed to Mr D R Massey totalled £7,351 (2016 - £4,391).

Mr B M Massey (Director)

During the year Mr B M Massey was advanced £417,526 (2016 - £285,897) by the company and repaid £414,773 (2016 - £291,089). At the balance sheet date the amount owed to/(from) Mr B M Massey totalled £2,736 (2016 - (£17)).

Mr M S Gould (Director)

During the year Mr M S Gould was advanced £192,514 (2016 - £178,006) by the company and repaid £192,514 (2016 - £172,148). At the balance sheet date the amount owed to Mr M S Gould totalled £6,308 (2016 - £6,308).

MASSEY CLADDING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

24 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	2,403,736	1,898,013
Adjustments for:		
Taxation charged	604,959	479,666
Finance costs	-	830
Investment income	(5,352)	(7,514)
Loss/(gain) on disposal of tangible fixed assets	9,599	(750)
Depreciation and impairment of tangible fixed assets	66,299	70,121
Increase/(decrease) in provisions	246,771	(292,525)
Movements in working capital:		
(Increase) in stocks	(20,000)	-
(Increase) in debtors	(1,014,305)	(853,010)
Increase in creditors	812,230	138,006
Cash generated from operations	3,103,937	1,432,837