

Company Registration No. 06548094 (England and Wales)

# MASSEY CLADDING SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2019

**OLD M<sup>o</sup>LL**



# MASSEY CLADDING SOLUTIONS LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	Mr R R Massey Mr B M Massey Mr D R Massey Mr M S Gould Mr K A Macmanus Mr W A Bigwood	(Appointed 22 March 2019)
<b>Secretary</b>	Mr R R Massey	
<b>Company number</b>	06548094	
<b>Registered office</b>	6 & 7 The Courtyards Almondsbury Business Park Woodlands BRISTOL BS32 4NQ	
<b>Auditor</b>	Old Mill Audit LLP Bishopbrook House Cathedral Avenue WELLS Somerset BA5 1FD	
<b>Bankers</b>	Natwest 4 Market Place FROME Somerset BA11 1AE	

---

# MASSEY CLADDING SOLUTIONS LIMITED

## CONTENTS

---

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 25

---

# MASSEY CLADDING SOLUTIONS LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2019

The directors present the strategic report for the year ended 30 April 2019.

### Fair review of the business

The directors of Massey Cladding Solutions Limited were pleased with the performance of the company in the year, with a pre-tax profit of £1.23m. The company secured a number of impressive, high profile contracts in the year. At the balance sheet date the company remained in a strong, solid financial position.

The directors are forecasting the the forthcoming April 2020 year will also record impressive results. In the 2019 year, the company invested significantly in its systems and processes to increase the efficiency of the business internally. The company will continue to invest in this area in the forthcoming year.

### Principal risks and uncertainties

The principal risks and uncertainties facing the business arise from the market forces of the construction industry and competition.

During the year the directors continued to review the fundamental risks to the company. The risk is managed by having a diverse client base from a wide range of sectors.

### Brexit risks

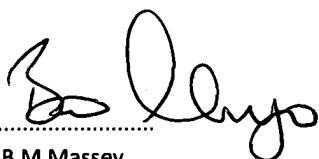
The directors continue to review the effects of Brexit on business and the economy. The company believes that it has adequate controls in place to minimise any negative effect that Brexit may cause.

### Key performance indicators

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

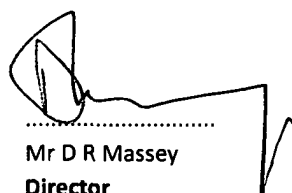
	Unit	2019	2018
Turnover	£	13,682,336	13,701,165
Turnover Growth/(Fall)	%	(0.001)	(14.28)
Gross Profit	£	2,035,138	346,064
Gross Profit Margin	%	14.87	2.53
Profit/(Loss) Before Tax	£	1,233,537	(523,132)

On behalf of the board



Mr B M Massey  
Director

22/01/2020



Mr D R Massey  
Director

22.1.2020

# MASSEY CLADDING SOLUTIONS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 APRIL 2019

---

The directors present their annual report and financial statements for the year ended 30 April 2019.

#### **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

Mr W A Bigwood

(Appointed 22 March 2019)

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £560,396. 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 results 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.

#### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of fair review of the business.

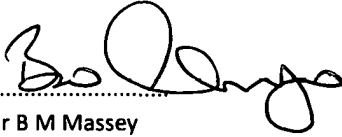
# MASSEY CLADDING SOLUTIONS LIMITED

## DIRECTORS' REPORT (CONTINUED)

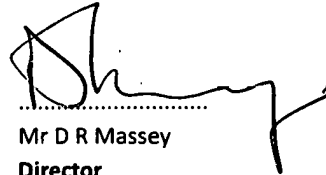
FOR THE YEAR ENDED 30 APRIL 2019

---

On behalf of the board



Mr B M Massey  
Director



Mr D R Massey  
Director

Date: 22.1.2020

# **MASSEY CLADDING SOLUTIONS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 30 APRIL 2019**

---

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

---

#### Opinion

We have audited the financial statements of Massey Cladding Solutions Limited (the 'company') for the year ended 30 April 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 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 30 April 2019 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.

#### 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 *Auditor's 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

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 auditor's 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 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.

#### Opinions 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

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 and 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.

#### 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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.

*Old Mill Audit LLP*

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

Statutory Auditor

*22 January 2020*

Bishopbrook House  
Cathedral Avenue  
WELLS  
Somerset  
BA5 1FD

# MASSEY CLADDING SOLUTIONS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2019

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	13,682,336	13,701,165
Cost of sales		(11,647,198)	(13,355,101)
<b>Gross profit</b>		<u>2,035,138</u>	<u>346,064</u>
Administrative expenses		(815,900)	(873,378)
Other operating income		7,150	-
<b>Operating profit/(loss)</b>	<b>4</b>	<u>1,226,388</u>	<u>(527,314)</u>
Interest receivable and similar income	<b>7</b>	7,149	4,182
<b>Profit/(loss) before taxation</b>		<u>1,233,537</u>	<u>(523,132)</u>
Tax on profit/(loss)	<b>8</b>	(238,511)	93,644
<b>Profit/(loss) for the financial year</b>		<u><u>995,026</u></u>	<u><u>(429,488)</u></u>

The profit and loss account 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 2019

---

	2019	2018
	£	£
Profit/(loss) for the year	995,026	(429,488)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>995,026</u>	<u>(429,488)</u>

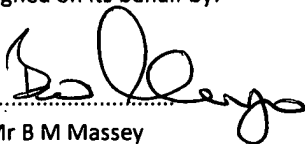
# MASSEY CLADDING SOLUTIONS LIMITED

## BALANCE SHEET

AS AT 30 APRIL 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	10		281,445		261,305
<b>Current assets</b>					
Stocks	11	23,114		20,000	
Debtors	12	2,037,141		1,770,817	
Cash at bank and in hand		2,386,762		597,970	
		<u>4,447,017</u>		<u>2,388,787</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,526,698)</u>		<u>(899,501)</u>	
<b>Net current assets</b>			1,920,319		1,489,286
<b>Total assets less current liabilities</b>			<u>2,201,764</u>		<u>1,750,591</u>
<b>Provisions for liabilities</b>	15		<u>(523,583)</u>		<u>(507,040)</u>
<b>Net assets</b>			<u>1,678,181</u>		<u>1,243,551</u>
<b>Capital and reserves</b>					
Called up share capital			84		84
Share premium account			3,640		3,640
Capital redemption reserve			16		16
Profit and loss reserves			1,674,441		1,239,811
<b>Total equity</b>			<u>1,678,181</u>		<u>1,243,551</u>

The financial statements were approved by the board of directors and authorised for issue on 22.1.2020 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 2019

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£
<b>Balance at 1 May 2017</b>	95	3,640	5	3,111,741	3,115,481
<b>Year ended 30 April 2018:</b>					
Loss and total comprehensive income for the year	-	-	-	(429,488)	(429,488)
Dividends	9	-	-	(192,292)	(192,292)
Redemption of shares	-	-	11	(1,250,150)	(1,250,139)
Reduction of shares	(11)	-	-	-	(11)
<b>Balance at 30 April 2018</b>	84	3,640	16	1,239,811	1,243,551
<b>Year ended 30 April 2019:</b>					
Profit and total comprehensive income for the year	-	-	-	995,026	995,026
Dividends	9	-	-	(560,396)	(560,396)
<b>Balance at 30 April 2019</b>	84	3,640	16	1,674,441	1,678,181

# MASSEY CLADDING SOLUTIONS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	21	2,207,488		(448,059)	
Income taxes refunded/(paid)		188,424		(557,305)	
<b>Net cash inflow/(outflow) from operating activities</b>		<b>2,395,912</b>		<b>(1,005,364)</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(80,771)		(78,062)	
Proceeds on disposal of tangible fixed assets		6,500		30,250	
Proceeds from other investments and loans		20,398		(20,398)	
Interest received		7,149		4,182	
<b>Net cash used in investing activities</b>		<b>(46,724)</b>		<b>(64,028)</b>	
<b>Financing activities</b>					
Repurchase of shares		-		(1,250,150)	
Dividends paid		(560,396)		(192,292)	
<b>Net cash used in financing activities</b>		<b>(560,396)</b>		<b>(1,442,442)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,788,792</b>		<b>(2,511,834)</b>	
Cash and cash equivalents at beginning of year		597,970		3,109,804	
<b>Cash and cash equivalents at end of year</b>		<b>2,386,762</b>		<b>597,970</b>	

# MASSEY CLADDING SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2019

---

### 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 6 & 7 The Courtyards, Almondsbury Business Park, Woodlands, BRISTOL, 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 have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 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.

# MASSEY CLADDING SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

---

### 1 Accounting policies

(Continued)

#### 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.

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 and cash equivalents 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.



# MASSEY CLADDING SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

---

### 1 Accounting policies

(Continued)

#### 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 balance sheet 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.

##### **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 2019**

---

**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 transaction 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 profit and loss account 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 2019**

---

**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 profit and loss account, 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 profit or loss 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 leases asset are consumed.

**MASSEY CLADDING SOLUTIONS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 APRIL 2019**

---

**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.

***Contracts***

The company has a number of contracts which requires the company to exercise judgement over contractual entitlements. The range of potential outcomes in future financial periods could result in a material positive or negative movement to underlying profitability and cash flow.

Estimates are made and re-evaluated at each reporting date as to the quantum and timing of liabilities arising from complete contracts. The carrying value of amounts recoverable on contracts at the balance sheet date is set out in the notes to these financial statements.

**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.

**MASSEY CLADDING SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2019**

**3 Turnover and other revenue**

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

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Roofing and cladding	13,682,336	13,701,165

	2019 £	2018 £
<b>Other significant revenue</b>		
Interest income	7,149	4,182

	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	13,682,336	13,701,165

**4 Operating profit/(loss)**

	2019 £	2018 £
Operating profit/(loss) 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	9,000
Depreciation of owned tangible fixed assets	54,641	60,469
(Profit)/loss on disposal of tangible fixed assets	(510)	11,165
Operating lease charges	36,358	32,167

**5 Employees**

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

	2019 Number	2018 Number
Employees	58	57

**MASSEY CLADDING SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2019**

**5 Employees** **(Continued)**

Their aggregate remuneration comprised:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,073,450	1,893,614
Social security costs	210,641	201,336
Pension costs	38,693	31,434
	<u>2,322,784</u>	<u>2,126,384</u>

**6 Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	37,790	31,410
Company pension contributions to defined contribution schemes	83	-
	<u>37,873</u>	<u>31,410</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 1).

**7 Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest income		
Other interest income	7,149	4,182
	<u>7,149</u>	<u>4,182</u>

**8 Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	231,373	(88,424)
	<u>231,373</u>	<u>(88,424)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	7,138	(5,220)
	<u>7,138</u>	<u>(5,220)</u>
<b>Total tax charge/(credit)</b>	<u>238,511</u>	<u>(93,644)</u>

# MASSEY CLADDING SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

### 8 Taxation

(Continued)

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

	2019 £	2018 £
Profit/(loss) before taxation	1,233,537	(523,132)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	234,372	(99,395)
Tax effect of expenses that are not deductible in determining taxable profit	2,921	8,563
Effect of change in corporation tax rate	-	(4,075)
Depreciation on assets not qualifying for tax allowances	1,218	1,218
Other permanent differences	-	45
Taxation charge/(credit) for the year	238,511	(93,644)

### 9 Dividends

	2019 £	2018 £
Interim paid	560,396	192,292

# MASSEY CLADDING SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

### 10 Tangible fixed assets

	Leasehold land and buildings	Office equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 May 2018	128,150	62,508	280,936	471,594
Additions	-	48,827	31,944	80,771
Disposals	-	-	(14,200)	(14,200)
At 30 April 2019	128,150	111,335	298,680	538,165
<b>Depreciation and impairment</b>				
At 1 May 2018	18,560	40,597	151,132	210,289
Depreciation charged in the year	6,407	13,054	35,180	54,641
Eliminated in respect of disposals	-	-	(8,210)	(8,210)
At 30 April 2019	24,967	53,651	178,102	256,720
<b>Carrying amount</b>				
At 30 April 2019	103,183	57,684	120,578	281,445
At 30 April 2018	109,590	21,911	129,804	261,305

### 11 Stocks

	2019 £	2018 £
Finished goods and goods for resale	23,114	20,000

### 12 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,987,732	1,332,495
Corporation tax recoverable	-	188,424
Other debtors	29,975	76,981
Prepayments and accrued income	19,434	172,917
	2,037,141	1,770,817

Trade debtors includes amounts uninvoiced due on contracts of £1,042,215 (2018 - £392,311).



# MASSEY CLADDING SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

### 13 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,203,993	697,498
Corporation tax	231,373	-
Other taxation and social security	269,730	166,061
Other creditors	52,779	13,660
Accruals and deferred income	768,823	22,282
	<u>2,526,698</u>	<u>899,501</u>

### 14 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 2019 £	Liabilities 2018 £
<b>Balances:</b>		
Accelerated capital allowances	<u>25,888</u>	<u>18,750</u>
<b>Movements in the year:</b>		2019 £
Liability at 1 May 2018		18,750
Charge to profit or loss		7,138
Liability at 30 April 2019		<u>25,888</u>

**MASSEY CLADDING SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2019**

**15 Provisions for liabilities**

	Notes	2019 £	2018 £
Warranties		497,695	488,290
Deferred tax liabilities	14	25,888	18,750
		<u>523,583</u>	<u>507,040</u>

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

	Warranties £
At 1 May 2018	488,290
Additional provisions in the year	44,099
Decrease in year	(8,156)
Adjustment for change in discount rate	(26,538)
At 30 April 2019	<u>497,695</u>

**16 Retirement benefit schemes**

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	38,693	31,434
	<u>38,693</u>	<u>31,434</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.

**17 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:

	2019 £	2018 £
Within one year	26,770	17,000
Between two and five years	73,080	51,000
In over five years	49,980	-
	<u>149,830</u>	<u>68,000</u>

# MASSEY CLADDING SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

### 18 Directors' transactions

The company rented property from The Trustees of Massey Cladding Pension Scheme for £16,362 (2018 - £20,049). Mr R R Massey and his wife are members of this pension scheme.

The company rented property from The Massey Syndicate Pension Scheme for £2,430 (2018 - Nil). Mr D R Massey and his wife are members of this pension scheme.

Dividends totaling £560,396 (2018 - £192,292) were paid in the year in respect of shares held by the company's directors and their spouses.

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance	Amounts advanced	Interest charged	Amounts repaid	Closing balance
		£	£	£	£	£
Directors' loan account	2.50	20,398	89,381	482	(110,261)	-
Directors' loan account	2.50	-	21,931	-	(21,931)	-
Directors' loan account	2.50	-	27,263	-	(27,263)	-
		<u>20,398</u>	<u>138,575</u>	<u>482</u>	<u>(159,455)</u>	<u>-</u>

### 19 Ultimate 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. No one person has overall control of the company

### 20 Analysis of changes in net funds

	1 May 2018	Cash flows	30 April 2019
	£	£	£
Cash at bank and in hand	<u>597,970</u>	<u>1,788,792</u>	<u>2,386,762</u>

# MASSEY CLADDING SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

### 21 Cash generated from operations

	2019 £	2018 £
Profit/(loss) for the year after tax	995,026	(429,488)
<b>Adjustments for:</b>		
Taxation charged/(credited)	238,511	(93,644)
Investment income	(7,149)	(4,182)
(Gain)/loss on disposal of tangible fixed assets	(510)	11,165
Depreciation and impairment of tangible fixed assets	54,641	60,469
Increase/(decrease) in provisions	9,405	(262,810)
<b>Movements in working capital:</b>		
(Increase) in stocks	(3,114)	-
(Increase)/decrease in debtors	(475,146)	1,979,942
Increase/(decrease) in creditors	1,395,824	(1,709,511)
<b>Cash generated from/(absorbed by) operations</b>	<b>2,207,488</b>	<b>(448,059)</b>