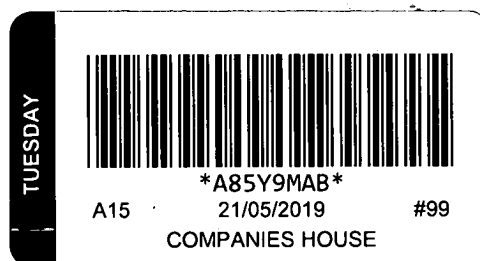


Registered number: 00149058

ASH & LACY BUILDING SYSTEMS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



ASH & LACY BUILDING SYSTEMS LIMITED

COMPANY INFORMATION

DIRECTORS	A D Waterhouse Dr J L Evans D G Wright Dr Y Tian
REGISTERED NUMBER	00149058
REGISTERED OFFICE	Ash & Lacy House Bromford Lane West Bromwich B70 7JJ
INDEPENDENT AUDITOR	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

ASH & LACY BUILDING SYSTEMS LIMITED

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ASH & LACY BUILDING SYSTEMS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

PRINCIPAL ACTIVITY

The principal activity of the Company is the manufacture and supply of materials to UK and overseas commercial and industrial roofing and cladding contractors.

BUSINESS REVIEW

Several of the Companies product sets were adopted by Ash & Lacy Solutions Ltd on 1st September 2017 as part of a wider Group reorganisation, which also involved the restructure of assets, associated debt and trade around the Group. Revenue since then has therefore declined year-on-year due to 9 months of the prior year consisting of all product sets. A like-for-like comparison of the 9 months ended 30th September shows sales and added value increasing by 2.9% and 2.5% respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

Whilst the full impact of Brexit and changes to building regulations have yet to be fully defined and therefore understood, recent investments leading to improvement in operational and commercial processes coupled with new personnel stand us in good stead to support the UK construction sector as it recovers from a challenging twelve months.


FINANCIAL KEY PERFORMANCE INDICATORS

Continually improving gross margin by product set, whilst ensuring overheads and trade debtor terms are closely managed ensures cash flow is maximised which can then be reinvested for the benefit of all stakeholders.

OTHER KEY PERFORMANCE INDICATORS

A well trained and motivated workforce is of paramount importance in achieving continuous improvement throughout the Company and we are therefore investing in our apprentices and in a number of training initiatives throughout all departments.

This report was approved by the board on 8 May 2019 and signed on its behalf.



A D Waterhouse
Director

ASH & LACY BUILDING SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £801,080 (2017 - £783,338).

A total of £Nil dividend payments have been made in the year ended 31 December 2018 (2017: £893,000). There are no proposed dividends.

DIRECTORS

The directors who served during the year were:

A D Waterhouse
Dr J L Evans
D G Wright
Dr Y Tian

FUTURE DEVELOPMENTS

Following a group reorganisation carried out last year, management continues to focus its attention on fully integrating all trading entities to maximise earnings and thereby cash flow achieved by coordinating selling opportunities and reducing costs through economies of scale. Greater diversification of risk by seeking out new markets for existing products has also been identified as achievable including increased exports.

ASH & LACY BUILDING SYSTEMS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITOR

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 May 2019 and signed on its behalf:


A D Waterhouse
Director

ASH & LACY BUILDING SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASH & LACY BUILDING SYSTEMS LIMITED

OPINION

We have audited the financial statements of Ash & Lacy Building Systems Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

ASH & LACY BUILDING SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASH & LACY BUILDING SYSTEMS LIMITED (CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

ASH & LACY BUILDING SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASH & LACY BUILDING SYSTEMS LIMITED (CONTINUED)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

USE OF OUR REPORT

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



Ross Prince (Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

13 May 2019

ASH & LACY BUILDING SYSTEMS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	24,899,850	30,761,043
Cost of sales		(17,675,605)	(22,525,346)
GROSS PROFIT		7,224,245	8,235,697
Distribution costs		(3,444,072)	(5,356,125)
Administrative expenses		(2,389,946)	(1,910,088)
OPERATING PROFIT	5	1,390,227	969,484
Interest payable and expenses	8	(156,777)	(188,879)
PROFIT BEFORE TAX		1,233,450	780,605
Tax on profit	9	(432,370)	2,733
PROFIT AFTER TAX		801,080	783,338
Retained earnings at the beginning of the year		2,591,585	2,701,329
Profit for the year		801,080	783,338
Dividends declared and paid		(95,000)	(893,082)
RETAINED EARNINGS AT THE END OF THE YEAR		3,297,665	2,591,585

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

The notes on pages 9 to 21 form part of these financial statements.

ASH & LACY BUILDING SYSTEMS LIMITED
REGISTERED NUMBER: 00149058

BALANCE SHEET
AS AT 31 DECEMBER 2018

		2018 £	2018 £	2017 £	2017 £
FIXED ASSETS					
Intangible assets	11		51,052		-
Tangible assets	12		342,699		99,802
			<u>393,751</u>		<u>99,802</u>
CURRENT ASSETS					
Stocks	13	3,346,058		3,044,764	
Debtors: amounts falling due within one year	14	14,469,300		12,613,804	
Cash at bank and in hand		935,896		3,471	
		<u>18,751,254</u>		<u>15,662,039</u>	
Creditors: amounts falling due within one year	15	<u>(14,733,462)</u>		<u>(12,085,428)</u>	
NET CURRENT ASSETS			4,017,792		3,576,611
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,411,543</u>		<u>3,676,413</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	16	<u>(43,878)</u>		<u>(14,828)</u>	
			<u>(43,878)</u>		<u>(14,828)</u>
NET ASSETS			<u><u>4,367,665</u></u>		<u><u>3,661,585</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		1,070,000		1,070,000
Profit and loss account			3,297,665		2,591,585
			<u><u>4,367,665</u></u>		<u><u>3,661,585</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 May 2019.



Dr J L Evans
Director



A D Waterhouse
Director

The notes on pages 9 to 21 form part of these financial statements.

ASH & LACY BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The principal activity of the Company is the design, manufacture and supply of materials to the roofing and cladding market.

Ash & Lacy Buildings Systems Limited is a private limited company (registration number 00149058), limited by shares, which is incorporated in England and Wales. The address of the registered office is Ash & Lacy House, Bromford Lane, West Bromwich, B70 7JJ.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ash & Lacy Holdings Limited as at 31 December 2018 and these financial statements may be obtained from Companies House.

ASH & LACY BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

The directors have assessed the Company's ability to continue as a going concern. As a result of this assessment, no material uncertainties have been identified that cast doubt about the ability of the Company to continue as a going concern.

The directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing these financial statements.

The directors have further considered the risks and uncertainties facing the Company through the Directors' Report.

2.4 REVENUE

Revenue is recognised when the significant risks and rewards of ownership have transferred to the customer. For the supply of goods this is at the point of dispatch.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.5 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	-	5 years
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ASH & LACY BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.6 TANGIBLE FIXED ASSETS

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

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

Depreciation is provided on the following basis:

Long-term leasehold property	- 3 to 10 years
Plant and machinery	- 3 to 20 years
Motor vehicles	- 4 years
Fixtures and fittings	- 3 to 5 years
Computer equipment	- 3 to 5 years

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

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

2.7 STOCKS

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

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

2.8 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties.

Short term debtors are measured at the transaction price, less any impairment.

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

ASH & LACY BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.9 GOVERNMENT GRANTS

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

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

2.10 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

Stock impairment

Stock impairment is recognised for slow-moving, obsolete or unsaleable stock and is reviewed annually. A 100% provision is made against stock where there has been no movement for at least a year. These stock lines are then reviewed by management for the possibility of use on other product lines, with an adjustment made to the provision if appropriate.

Discontinued operations

Operations and cashflows for discontinued operations could not be clearly distinguished for financial reporting purposes

ASH & LACY BUILDING SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. TURNOVER

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	23,087,322	29,377,118
Rest of Europe	410,591	348,190
Rest of the world	1,401,937	1,035,735
	<u>24,899,850</u>	<u>30,761,043</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of intangible fixed assets -owned by the company	57,502	390,813
Amortisation of intangible assets, including goodwill	-	57,146
Other operating lease rentals	<u>906,998</u>	<u>894,000</u>

6. AUDITOR'S REMUNERATION

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>12,800</u>	<u>13,000</u>

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

ASH & LACY BUILDING SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	3,165,851	5,086,499
Social security costs	283,151	481,026
Cost of defined contribution scheme	60,484	110,475
	3,509,486	5,678,000

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

	2018 No.	2017 No.
Production	61	99
Administration	9	4
Sales and distribution	47	44
Operations	3	6
Technical	2	10
	122	163

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Bank interest payable	156,777	143,292
Finance leases and hire purchase contracts	-	45,587
	156,777	188,879

ASH & LACY BUILDING SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	35,702	<i>72,000</i>
Adjustments in respect of previous periods	22,951	<i>(61,000)</i>
Group taxation relief	344,667	<i>142,267</i>
TOTAL CURRENT TAX	403,320	<i>153,267</i>
DEFERRED TAX		
Origination and reversal of timing differences	29,050	<i>(156,000)</i>
TOTAL DEFERRED TAX	29,050	<i>(156,000)</i>
TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	432,370	<i>(2,733)</i>

ASH & LACY BUILDING SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,233,450</u>	<u>780,000</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	234,356	150,000
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,954	8,267
Capital allowances for year in excess of depreciation	-	(182,000)
Additional reduction for R&D expenditure	(51,533)	(44,000)
Adjustments to tax charge in respect of prior periods	22,951	(61,000)
Effect of tax rate changes	(2,956)	11,000
Group relief	(119,069)	(27,000)
Payment of group relief	344,667	142,000
TOTAL TAX CHARGE FOR THE YEAR	<u><u>432,370</u></u>	<u><u>(2,733)</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

10. DIVIDENDS

	2018 £	2017 £
Dividends paid	<u><u>95,000</u></u>	<u><u>893,082</u></u>

ASH & LACY BUILDING SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. INTANGIBLE ASSETS

	Patents £	Goodwill £	Total £
COST			
At 1 January 2018	-	25,000	25,000
Additions	51,052	-	51,052
At 31 December 2018	51,052	25,000	76,052
AMORTISATION			
At 1 January 2018	-	25,000	25,000
At 31 December 2018	-	25,000	25,000
NET BOOK VALUE			
At 31 December 2018	51,052	-	51,052
At 31 December 2017	-	-	-

ASH & LACY BUILDING SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
COST OR VALUATION					
At 1 January 2018	4,580	89,854	3,726	5,033	103,193
Additions	56,943	163,511	16,090	109,195	345,739
Disposals	-	(46,788)	-	-	(46,788)
At 31 December 2018	<u>61,523</u>	<u>206,577</u>	<u>19,816</u>	<u>114,228</u>	<u>402,144</u>
DEPRECIATION					
At 1 January 2018	294	2,776	181	140	3,391
Charge for the year on owned assets	14,579	26,563	4,334	12,026	57,502
Disposals	-	(1,448)	-	-	(1,448)
At 31 December 2018	<u>14,873</u>	<u>27,891</u>	<u>4,515</u>	<u>12,166</u>	<u>59,445</u>
NET BOOK VALUE					
At 31 December 2018	<u>46,650</u>	<u>178,686</u>	<u>15,301</u>	<u>102,062</u>	<u>342,699</u>
At 31 December 2017	<u>4,286</u>	<u>87,078</u>	<u>3,545</u>	<u>4,893</u>	<u>99,802</u>

13. STOCKS

	2018 £	2017 £
Raw materials	935,453	679,695
Finished goods	2,410,605	2,365,069
	<u>3,346,058</u>	<u>3,044,764</u>

Stock recognised in cost of sales during the year as an expense, including provision for any impairment loss due to slow-moving and obsolete stock, was £13,665,693 (2017: £17,462,792).

ASH & LACY BUILDING SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. DEBTORS

	2018 £	2017 £
Trade debtors	5,975,796	5,050,973
Amounts owed by group undertakings	7,078,471	7,130,772
Other debtors	1,199,400	206,636
Prepayments and accrued income	215,633	225,423
	<u>14,469,300</u>	<u>12,613,804</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Bank overdrafts	-	182,898
Trade creditors	4,254,373	4,224,818
Amounts owed to group undertakings	3,790,889	2,228,843
Corporation tax	35,702	57,200
Other taxation and social security	71,846	71,328
Proceeds of factored debts and other trade finance facilities	6,425,557	5,175,776
Other creditors	11,651	10,077
Accruals and deferred income	143,444	134,488
	<u>14,733,462</u>	<u>12,085,428</u>

Bank borrowings are secured by a fixed and floating charge over the property and assets of the company. Finance leases and hire purchase contracts are secured upon the assets to which they relate.

Bank borrowings, finance leases and hire purchase contracts were transferred to Ash & Lacy Holdings Limited as part of a group reconstruction.

ASH & LACY BUILDING SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. DEFERRED TAXATION

	2018 £000	2017 £000
At beginning of year	14,828	170,828
Charged to the profit or loss	29,050	(156,000)
AT END OF YEAR	43,878	14,828

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	44,824	16,828
Other timing differences	(946)	(2,000)
	43,878	14,828

17. SHARE CAPITAL

	2018 £	2017 £
ALLOTTED, CALLED UP AND FULLY PAID		
1,070,000 (2017 - 1,070,000) Ordinary shares shares of £1 each	1,070,000	1,070,000

18. PENSION COMMITMENTS

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. The pension cost charge represents contributions payable by the company to the fund and amounted to £60,484 (2017: £92,000). Contributions totaling £11,651 (2017: £8,000) were payable to the fund at the balance sheet date and are included in creditors.

ASH & LACY BUILDING SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	906,014	892,000
Later than 1 year and not later than 5 years	1,959,509	2,494,000
Later than 5 years	270,270	270,000
	<u>3,135,793</u>	<u>3,656,000</u>

20. GOVERNMENT GRANTS

Ash and Lacy Buildings Systems Limited received £Nil of Regional Growth Fund grants during the year (2017: £73,209) to assist in the purchase of assets. During the year £Nil (2017: £8,158) of deferred grants have been released to offset the depreciation charge of the assets purchased.

All Regional Growth Fund grants have been transferred to Ash & Lacy Holdings Limited on 1 September 2017.

21. RELATED PARTY TRANSACTIONS

Ash & Lacy Building Systems Limited made sales to Ash & Lacy South Africa Pty, a company under common control, of £142,595 (2017: £102,345) with a debtor balance at year end of £541,037 (2017: £618,316).

As a wholly owned subsidiary of Ash & Lacy Holdings Limited, the Company has taken advantage of the exemption available under FRS 102 not to disclose transactions that have been made between its parent undertaking and fellow group companies.

22. CONTROLLING PARTY

The ultimate parent company and controlling party is Ash & Lacy Holdings Limited, a company registered in England and Wales. The registered office is Ash & Lacy House, Bromford Lane, West Bromwich, West Midlands, B70 7JJ. The consolidated accounts are available from Companies House.