

NORMAN AND UNDERWOOD LIMITED

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

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NORMAN AND UNDERWOOD LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

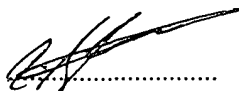
NORMAN AND UNDERWOOD LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	3		167,490		184,053
Investments	4		850		850
			<u>168,340</u>		<u>184,903</u>
Current assets					
Stocks		2,283		6,914	
Debtors	5	3,353,562		1,640,149	
Cash at bank and in hand		571,940		262,069	
		<u>3,927,785</u>		<u>1,909,132</u>	
Creditors: amounts falling due within one year	6	(1,725,741)		(323,471)	
Net current assets			<u>2,202,044</u>		<u>1,585,661</u>
Total assets less current liabilities			<u>2,370,384</u>		<u>1,770,564</u>
Creditors: amounts falling due after more than one year	7		(21,371)		(34,200)
Provisions for liabilities	8		(8,534)		-
Net assets			<u><u>2,340,479</u></u>		<u><u>1,736,364</u></u>
Capital and reserves					
Called up share capital	9		30,200		30,200
Profit and loss reserves			2,310,279		1,706,164
Total equity			<u><u>2,340,479</u></u>		<u><u>1,736,364</u></u>

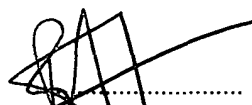
The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 15.7.19 and are signed on its behalf by:



 L M Ingham
 Director



 R A Headley
 Director

NORMAN AND UNDERWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Norman and Underwood Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is The Freeschool Building, 170 Scudamore Road, Leicester, Leicestershire, LE3 1HP.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

Going concern

In accordance with standard good governance procedures the directors have produced financial forecasts for subsequent periods. Their review of the next twelve months indicates that the company has adequate support available from the bank and other group companies (which also provide support under the terms of a multilateral guarantee, details of which are set out in note 12) to enable it to continue operating for at least 12 months from the date of signing these financial statements. On this basis the accounts have been prepared using the going concern basis.

Turnover

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

Turnover in respect of the sale of goods is recognised when the goods are received by the customer.

Contracts

Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Profit on contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end and by recording turnover and related costs as contract activity progresses. Some provision is made against revenue derived from variations on contracts, which have not yet been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

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:

Plant and machinery	10% per annum on cost
Fixtures, fittings and equipment	10% to 20% per annum on cost
Motor vehicles	25% per annum on cost

NORMAN AND UNDERWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

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 within the statement of income.

Fixed asset investments

Interests in unlisted investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the statement of income.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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 the statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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.

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 the statement of income.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

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

Financial instruments are recognised 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.

NORMAN AND UNDERWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings, 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.

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

Current and deferred tax is charged or credited to the statement of income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

NORMAN AND UNDERWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

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.

Retirement benefits

For defined contribution schemes the amount charged to the statement of income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of income over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

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 leased asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 27 (2017 - 41).

NORMAN AND UNDERWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Tangible fixed assets

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2018	865,743	901,886	118,751	1,886,380
Additions	275	23,758	-	24,033
At 31 December 2018	866,018	925,644	118,751	1,910,413
Depreciation and impairment				
At 1 January 2018	702,501	883,076	116,750	1,702,327
Depreciation charged in the year	30,861	7,734	2,001	40,596
At 31 December 2018	733,362	890,810	118,751	1,742,923
Carrying amount				
At 31 December 2018	132,656	34,834	-	167,490
At 31 December 2017	163,242	18,810	2,001	184,053

4 Fixed asset investments

	2018 £	2017 £
Investments	850	850

5 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	80,122	45,302
Amounts owed by group undertakings	1,885,056	965,930
Other debtors	1,388,384	628,917
	3,353,562	1,640,149

NORMAN AND UNDERWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Creditors: amounts falling due within one year

	2018 £	2017 £
Obligations under finance leases	12,829	29,806
Trade creditors	1,355,773	184,693
Amounts due to group undertakings	1,964	636
Other taxation and social security	113,492	98,762
Other creditors	232,929	989
Accruals and deferred income	8,754	8,585
	<u>1,725,741</u>	<u>323,471</u>

Obligations under finance leases are secured on the assets to which they relate.

Included in creditors at the year end is an amount of £10,765 (2017 - £3,646) due with respect to pension contributions.

7 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Obligations under finance leases	<u>21,371</u>	<u>34,200</u>

Obligations under finance leases are secured on the assets to which they relate.

8 Provisions for liabilities

	2018 £	2017 £
Deferred tax liabilities	<u>8,534</u>	<u>-</u>

9 Called up share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
30,200 Ordinary shares of £1 each	<u>30,200</u>	<u>30,200</u>
	<u>30,200</u>	<u>30,200</u>

NORMAN AND UNDERWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Financial commitments, guarantees and contingent liabilities

Under the terms of an unlimited multilateral guarantee Gallibond Limited, Norman & Underwood Group Limited, Norman and Underwood Limited, Norman & Underwood (Glazing Systems) Limited, Norman & Underwood (Eastern) Limited and Norman & Underwood Conservation Limited severally undertook to satisfy on demand all sums owing to the bank by any of them. At the year end the net balance in relation to the other companies in the group was £1,149,150 overdrawn (2017: £1,134,378 overdrawn).

Gallibond Limited, Norman & Underwood Group Limited, Norman and Underwood Limited, Norman & Underwood (Glazing Systems) Limited, Norman & Underwood (Eastern) Limited and Norman & Underwood Conservation Limited have entered into a group invoice financing arrangement, whereby all companies within the group undertook to satisfy all sums owing to the lender. The total amount owed by the group at the year end was £293,223 (2017: £261,110) and the amount owed by other companies in the group was £68,970. The directors have provided a personal guarantee of £15,000 each in respect of this liability.

Under the terms of the composite guarantee and debenture between Gallibond Limited, Norman & Underwood Group Limited, Norman and Underwood Limited, Norman & Underwood (Glazing Systems) Limited, Norman & Underwood (Eastern) Limited and Norman & Underwood Conservation Limited, all companies within the group undertook to satisfy all liabilities due from Gallibond Limited in respect of consideration due to the previous shareholders of Norman & Underwood Group Limited. The potential amount is £629,136 (2017: £643,000) and is due on 28 October 2021.

11 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:

	2018 £	2017 £
Within one year	50,339	47,355
Between one and five years	28,455	55,330
	<u>78,794</u>	<u>102,685</u>

12 Parent company

The immediate parent undertaking is Norman & Underwood Group Limited. The ultimate parent undertaking is Gallibond Limited. Both companies are registered in England and Wales.

The largest and smallest group in which the results of this company are consolidated is that headed by Gallibond Limited. Copies of these financial statements are available from the registered office, The Freeschool Building, 170 Scudamore Road, Leicester, Leicestershire, LE3 1HP.

NORMAN AND UNDERWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Gareth Jones.

The auditor was RSM UK Audit LLP.