

Registered number: 01564200

Innerglass Limited

Annual Report

31 July 2018



Innerglass Limited

Company Information

Directors	S Hoey L Tait S D Hoey (appointed 30 April 2018) N L Hoey (appointed 30 April 2018)
Registered number	01564200
Registered office	IG House Burdon Drive North West Industrial Estate Peterlee County Durham SR8 2JH
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
Bankers	HSBC Floor 3 Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

Innerglass Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report to the members of Innerglass Limited	5 - 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 - 23

Innerglass Limited

Strategic report Year ended 31 July 2018

Introduction

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

Business review and future developments

The principal activity of the company (which trades as IG Group) is the supply of wares and requisites to the leisure industry.

In the very early stages of the year the business received notification from a major supplier (with who we had worked in partnership for over 20 years) that they intended to increase their market penetration by dealing directly with a number of Innerglass' customers. To achieve this the supplier removed the special pricing and terms previously offered to IG Group, limiting IG Group's offer to its customers.

In order to continue to offer our customers a similar product range at the same prices, IG Group made a decision to invest in its own brand of products sourced from outside the U.K.

With the above in mind, this year turned quickly into a year of change rather than the year of growth that had been planned. The aim of the business was to continue trading with all its customers, providing the same exceptional service and product range that our customers have come to expect.

Moving into the import market has required a significant investment in stock lines due to increased lead times and economic order quantities. Sales and margins were affected while alternative product ranges were sourced to replace the now more expensive ranges, and the business witnessed an attrition of customers as a result of the supplier's efforts.

Other factors which have affected the reported result for the year include price increases from suppliers in response to the weakening of sterling following the Brexit vote; the business absorbed much of the impact of this in the short term but is gradually seeking to recoup lost margin through pricing reviews. Also year on year increases in National Living Wage and Workplace Pension contributions have had a significant impact on the cost base. The business is looking at continuous improvement in order to reduce costs wherever possible in order to mitigate these factors.

The directors are encouraged by the results for this year in spite of the above and see the process, which is still ongoing, as a success in reducing customer attrition to a minimum, as well as sourcing product to recover margins going forward. Since the year end the directors have looked to imbed changes in systems and working practices in order to capitalise on the potential savings identified through improved efficiencies as well as continuing to promote IG Group's new products within the market. Since the year end turnover has stabilised and gross profit margin for the business has improved. The directors are confident that both will continue to improve as the year unfolds.

Financial key performance indicators (KPIs)

The directors consider turnover, gross profit margin and EBITDA (earnings before interest, tax, depreciation and amortisation) to be the key measures of the company's performance.

- Turnover has increased by 12% to £27.1m;
- Gross profit margin has fallen to 19.6% (2017 - 20.9%);
- EBITDA has fallen to £254,928 (2017 - £450,306).

The directors are satisfied with performance on these KPIs given the trading conditions forced upon the business in 2018. It is expected that these indicators will improve year on year going forward during the implementation of new products and the wider market it now has access to.

Innerglass Limited

Strategic report (continued) Year ended 31 July 2018

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The board review these risks and puts in place policies to mitigate them.

The key business risks are:

Employees

The company's performance depends largely on its employees and the resignation of a key employee could potentially adversely affect the business. Key employees are encouraged to stay by having a competitive pay and conditions package.

Environment, health and safety incidents

Appropriate measures are implemented to ensure the risk of any environmental, health and safety issues are minimised. The company currently holds BS ISO 9001:2008 and BS ISO 14001:2015 certificates for quality control and strives to maintain high standards in these areas.

Interest rate risk

The company monitors interest rate risk and considers that its current policy meets its objectives of managing its exposure.

Credit risk

The company monitors credit risk and considers that its current policy of strict credit checks meets its objectives of managing its exposure. The company also has credit insurance on higher risk debts.

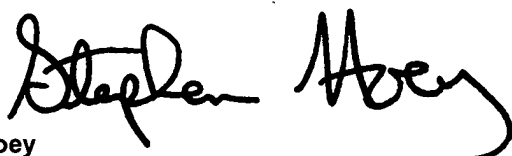
Liquidity risk

The directors regularly monitor the financial information to ensure that any risks in this area are considered on a timely basis.

Foreign exchange rate risk

The directors regularly monitor the financial information to ensure that any risks in this area are considered on a timely basis. The company has managed to negotiate terms with its largest overseas suppliers to trade in pound sterling to minimise known exchange rate exposure.

This report was approved by the board on 25 April 2019 and signed on its behalf by:



S Hoey
Director

Innerglass Limited

Directors' report Year ended 31 July 2018

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

Results and dividends

The profit for the year, after taxation, amounted to £100,394 (2017 - profit £309,272).

The directors do not recommend a final dividend in respect of the year.

Directors

The directors who served during the year were:

S Hoey
L Tait
S D Hoey (appointed 30 April 2018)
N L Hoey (appointed 30 April 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

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 25 April 2019 and signed on its behalf by:


S Hoey
Director

Innerglass Limited

Directors' responsibilities statement Year ended 31 July 2018

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 and then apply them consistently;
- make judgments 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 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.



Independent auditor's report to the members of Innerglass Limited

Opinion

We have audited the financial statements of Innerglass Limited ('the company') for the year ended 31 July 2018, which comprise the profit and loss account, the balance sheet, the statement of cash flows, the statement of changes in equity 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 July 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.



Independent auditor's report to the members of Innerglass 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.



Independent auditor's report to the members of Innerglass Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 4, 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.

Who we are reporting to

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.

A handwritten signature in black ink, appearing to read 'Michael Morris'.

Michael Morris ACA FCCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle Upon Tyne

25 April 2019

Innerglass Limited

Statement of comprehensive income **Year ended 31 July 2018**

	Note	2018 £	2017 £
Profit and loss account:			
Turnover	5	27,142,132	24,193,015
Cost of sales		(21,829,480)	(19,128,623)
Gross profit		5,312,652	5,064,392
Distribution costs		(3,387,578)	(3,133,871)
Administrative expenses		(1,756,102)	(1,533,725)
Other operating income		6,177	821
Operating profit	6	175,149	397,617
Interest payable and similar charges	9	(36,574)	(16,263)
Profit before tax		138,575	381,354
Tax on profit	10	(38,181)	(72,082)
Profit for the financial year		100,394	309,272
Other comprehensive income:			
Unrealised surplus on revaluation of tangible fixed assets (net of deferred tax)		144,823	-
Other comprehensive income for the year		144,823	-
Total comprehensive income for the year		245,217	309,272

The notes on pages 12 to 23 form part of these financial statements.

Innerglass Limited

Balance sheet At 31 July 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	11	33,184	40,181
Tangible assets	12	721,894	609,010
		<u>755,078</u>	<u>649,191</u>
Current assets			
Stocks	13	3,732,776	2,549,056
Debtors	14	5,670,496	5,373,924
Cash at bank and in hand		8,423	24,258
		<u>9,411,695</u>	<u>7,947,238</u>
Creditors: amounts falling due within one year	15	(7,633,431)	(6,183,358)
Net current assets		<u>1,778,264</u>	<u>1,763,880</u>
Total assets less current liabilities		<u>2,533,342</u>	<u>2,413,071</u>
Provisions for liabilities			
Deferred tax	17	(25,637)	(50,583)
Net assets		<u><u>2,507,705</u></u>	<u><u>2,362,488</u></u>
Capital and reserves			
Called up share capital	18	602	1,000
Revaluation reserve	19	408,790	268,834
Capital redemption reserve	19	398	-
Profit and loss account	19	2,097,915	2,092,654
Total equity		<u><u>2,507,705</u></u>	<u><u>2,362,488</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 April 2019.


S Hoey
Director

Company registered number: 01564200

The notes on pages 12 to 23 form part of these financial statements.

Innerglass Limited

Statement of changes in equity **Year ended 31 July 2018**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 August 2017	1,000	-	268,834	2,092,654	2,362,488
Comprehensive income:					
Profit for the year	-	-	-	100,394	100,394
Surplus on revaluation of freehold property	-	-	144,823	-	144,823
Other comprehensive income for the year	-	-	144,823	-	144,823
Total comprehensive income for the year	-	-	144,823	100,394	245,217
Transfers between reserves	-	-	(4,867)	4,867	-
Shares redeemed during the year	(398)	398	-	(100,000)	(100,000)
At 31 July 2018	602	398	408,790	2,097,915	2,507,705

Statement of changes in equity **Year ended 31 July 2017**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 August 2016	1,000	271,406	1,780,810	2,053,216
Comprehensive income:				
Profit for the year	-	-	309,272	309,272
Total comprehensive income for the year	-	-	309,272	309,272
Transfers between reserves	-	(2,572)	2,572	-
At 31 July 2017	1,000	268,834	2,092,654	2,362,488

Innerglass Limited

Statement of cash flows Year ended 31 July 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	100,394	309,272
Adjustments for:		
Amortisation of intangible assets	18,973	12,331
Depreciation of tangible assets	60,806	40,358
Interest payable	36,574	16,263
Taxation charge	38,181	72,082
Increase in stocks	(1,183,720)	(872,828)
Increase in debtors	(296,572)	(676,534)
(Decrease)/increase in creditors	(381,935)	552,504
Corporation tax paid	(67,240)	(73,323)
Net cash generated from operating activities	(1,674,539)	(619,875)
Cash flows from investing activities		
Purchase of intangible fixed assets	(11,976)	(47,874)
Purchase of tangible fixed assets	(50,777)	(103,348)
Net cash from investing activities	(62,753)	(151,222)
Cash flows from financing activities		
Repurchase of own shares	(100,000)	-
Interest paid	(36,574)	(16,263)
Net cash used in financing activities	(136,574)	(16,263)
Net (decrease) in cash and cash equivalents	(1,873,866)	(787,360)
Cash and cash equivalents at beginning of year	(1,158,968)	(371,608)
Cash and cash equivalents at the end of year	(3,032,834)	(1,158,968)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,423	24,258
Bank invoice discounting facility	(3,041,257)	(1,183,226)
	(3,032,834)	(1,158,968)

The notes on pages 12 to 23 form part of these financial statements.

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

1. General information

Innerglass Limited (the company) supplies wares and requisites to the leisure industry.

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of this report.

2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention, unless otherwise stated in these accounting policies. They are presented in pounds sterling, which is the functional currency of the company.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Revenue recognition

Turnover comprises revenue recognised in respect of goods and services supplied during the year, net of discounts and excluding Value Added Tax. Turnover is recognised on despatch of goods to the customer.

3.3 Intangible assets

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

Amortisation is provided at a rate calculated to write off the cost of intangible assets over their expected useful lives as follows:

Computer software	-	33.3% straight line
-------------------	---	---------------------

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

3. Accounting policies (continued)

3.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold property are stated at cost, less accumulated depreciation and accumulated impairment losses.

Freehold property is stated at revalued amount (fair value at the date of the revaluation) less subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the profit and loss account.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Freehold property	- 2% straight line
Plant and machinery	- 25% straight line
Fixtures, IT equipment and fittings	- 25% reducing balance and 33.3% straight line

The part of the annual depreciation charge on freehold property which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

3.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the first-in, first-out (FIFO) method, and reflects the invoice price, adjusted for retrospective rebates and allowances.

Provision is made as necessary for damaged, obsolete or slow-moving items.

3.6 Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities such as bank and cash balances, trade and other debtors and creditors, bank borrowings and loans to or from related parties. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

3. Accounting policies (continued)

3.7 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

The assets of the plan are held separately from the company in independently administered funds.

3.8 Leases

All the company's leasing arrangements are operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

3.9 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments in applying the entity's accounting policies

The company has entered into rebate arrangements with certain customers which are dependent on a number of factors, including the volume of product sold or total spend by the customer. The cost of rebates is recognised as and when the products to which the rebate relates are sold. Different rebate rates may be applicable when a customer achieves a higher level of sales and therefore the accrual for rebates at the year end is judgmental and based on the directors' best estimate of the sales level which will be achieved by the end of the rebate period.

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation charges and asset impairments (for example provisions against stock and debtors). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Turnover

The whole of turnover is attributable to the sale of goods within the United Kingdom.

6. Operating profit

The operating (loss)/profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	60,806	44,996
Amortisation of intangible assets	18,973	7,693
Auditor's remuneration	13,000	12,000
Operating lease rentals	306,735	280,032
Stock provisions/(reversals)	(117,309)	52,707
Bad and doubtful debts	30,636	19,525
Government grant income	(4,031)	(616)

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

7. Employees

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

	2018 £	2017 £
Wages and salaries	3,025,184	2,756,720
Social security costs	236,542	216,634
Company contributions to defined contribution pension schemes	66,195	67,890
	<u>3,327,921</u>	<u>3,041,244</u>

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

	2018 No.	2017 No.
Office and management	61	63
Other	92	77
	<u>153</u>	<u>140</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	332,791	299,416
Company contributions to defined contribution pension schemes	23,369	24,444
	<u>356,160</u>	<u>323,860</u>

During the year retirement benefits were accruing to 4 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £181,899 (2017 - £190,190)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,788 (2017 - £12,756)

9. Interest payable

	2018 £	2017 £
On bank borrowings	<u>36,574</u>	<u>16,263</u>

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

10. Taxation

	2018 £	2017 £
Current tax		
UK Corporation tax on profits for the year	34,273	60,296
Adjustments in respect of previous periods	6,944	-
Total current tax	41,217	60,296
Deferred tax		
Origination and reversal of timing differences	(1,242)	14,813
Adjustments in respect of previous periods	(1,925)	-
Changes to tax rates	131	(3,027)
Total deferred tax	(3,036)	11,786
Taxation on profit on ordinary activities	38,181	72,082

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 -19.67%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	138,575	381,354
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 -19.67%)	26,329	74,996
Effects of:		
Expenses not deductible for tax purposes	4,551	1,967
Adjustments to tax charge in respect of previous periods	5,020	1,634
Changes to tax rates	131	(3,027)
Other	2,150	(3,488)
Total tax charge for the year	38,181	72,082

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

11. Intangible assets

	Software £
Cost	
At 1 August 2017	47,874
Additions	11,976
	<hr/>
At 31 July 2018	59,850
	<hr/>
Amortisation	
At 1 August 2017	7,693
Charge for the year	18,973
	<hr/>
At 31 July 2018	26,666
	<hr/>
Net book value	
At 31 July 2018	33,184
	<hr/> <hr/>
At 31 July 2017	40,181
	<hr/> <hr/>

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 August 2017	565,672	65,138	490,347	1,121,157
Additions	-	17,853	32,924	50,777
Revaluations	34,328	-	-	34,328
At 31 July 2018	600,000	82,991	523,271	1,206,262
Depreciation				
At 1 August 2017	77,272	63,352	371,523	512,147
Charge for the year	11,313	4,936	44,557	60,806
On revalued assets	(88,585)	-	-	(88,585)
At 31 July 2018	-	68,288	416,080	484,368
Net book value				
At 31 July 2018	600,000	14,703	107,191	721,894
At 31 July 2017	488,400	1,786	118,824	609,010

The company's freehold property at Sunderland was valued on 11 September 2018 by GVA Grimley Limited, independent chartered surveyors. The valuation (market value) of £600,000 has been recognised in these financial statements (as at 31 July 2018). The last revaluation of the property prior to this one was to £550,000 in the year ended 31 July 2011.

Under the historical cost basis, the property would be carried at cost of £315,515 with accumulated depreciation of £151,447 and therefore a net book value of £164,068.

13. Stock

	2018 £	2017 £
Goods for resale	3,732,776	2,549,056

Stocks are stated after provisions for impairment of £299,783 (2017 - £215,699).

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

14. Debtors

	2018 £	2017 £
Trade debtors	5,144,264	5,103,826
Other debtors	194,894	16,171
Prepayments and accrued income	331,338	253,927
	<u>5,670,496</u>	<u>5,373,924</u>

Trade debtors are stated after provisions for impairment of £99,744 (2017 - £69,107).

15. Creditors: amounts falling due within one year

	2018 £	2017 £
Invoice discounting facility	3,041,257	1,183,226
Trade creditors	3,977,101	4,236,566
Corporation tax	34,273	60,296
Other taxation and social security	165,888	223,492
Other creditors	126,152	25,709
Accruals and deferred income	288,760	454,069
	<u>7,633,431</u>	<u>6,183,358</u>

The invoice discounting facility is secured by a charge over contract monies dated 15 June 2011.

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

16. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss (cash)	8,423	24,258
Financial assets that are debt instruments measured at amortised cost	5,339,158	5,119,995
	<u>5,347,581</u>	<u>5,144,253</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>7,466,270</u>	<u>5,445,500</u>

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors, accruals and amounts owed under the invoice discounting facility.

17. Deferred taxation

	2018 £	2017 £
At beginning of year	50,583	40,431
Credit to the profit and loss account in the year	(3,036)	10,152
Credit to other comprehensive income in the year	(21,910)	-
At end of year	<u>25,637</u>	<u>50,583</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Fixed assets timing differences	26,878	51,180
Short term timing differences	(1,241)	(597)
	<u>25,637</u>	<u>50,583</u>

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

18. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
602 (2017 -1,000) Ordinary shares shares of £1.00 each	602	1,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

During the year the company repurchased and cancelled 398 Ordinary £1 shares. The cost of repurchase was £100,000 which has been charged against the profit and loss reserve.

19. Reserves

Revaluation reserve

The revaluation reserve represents the cumulative effect of revaluations of freehold property, net of the associated deferred tax. Depreciation realised on the revaluation is transferred to the profit and loss reserve each year (again net of the associated deferred tax).

Capital redemption reserve

The capital redemption reserve has arisen on the company's re-purchase of its own shares and is not distributable.

Profit and loss account

The profit and loss account represents the company's cumulative profits / losses, net of cumulative dividends paid and other adjustments.

20. Contingent liabilities

The company is party to a Composite Company Limited Multilateral Guarantee with a connected company to collectively guarantee payment of their indebtedness to the bank. At the balance sheet date, the contingent liability (bank debts of the connected company) was £1,366,714 (2017 - £1,366,325).

21. Commitments under operating leases

Future minimum lease payments under non-cancellable operating leases fall due as follows:

	2018 £	2017 £
Within one year	198,660	205,063
After one year and before five years	129,591	251,956
	328,251	457,019

Innerglass Limited

Notes to the financial statements Year ended 31 July 2018

22. Related party transactions

Key management personnel comprise the executive directors, whose remuneration is given in note 8.

The company is controlled by S Hoey. During the year, the company transacted with connected companies (also owned and controlled by S Hoey) as follows:

	2018 £	2017 £
Transactions during the year:		
Sales to connected companies	7,041,921	5,981,797
Recharges to connected companies	1,099,202	853,640
Recharges from connected companies	(277,392)	(138,112)
Purchase of stock from connected company	-	(191,156)
Balances at year end:		
Owed to the company (trade and other debtors)	1,469,695	1,367,153
Owed by the company (trade and other creditors)	(114,000)	(211,165)