

Flamstead Holdings Limited
Annual Report and Financial
Statements
Registered Number 05280415
31 October 2018



Contents

| | Page |
|-----------------------------------|---------|
| Company information | 3 |
| Directors' report | 4 – 5 |
| Strategic report | 6 |
| Independent auditor's report | 7 – 8 |
| Statement of comprehensive income | 9 |
| Statement of financial position | 10 |
| Statement of changes in equity | 11 |
| Notes to the financial statements | 12 – 18 |

Company information

| | |
|-------------------|--|
| Directors | E J Arrell B L Korb K Delaney M Thurley |
| Company Secretary | E J Arrell |
| Company Number | 05280415 |
| Registered Office | Flamstead House Denby Hall Business Park Denby Derbyshire DE5 8JX |
| Auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham West Midlands B4 6AT |
| Bankers | Lloyds Bank plc Butt Dyke House 33 Park Row Nottingham NG1 6GY |

DIRECTORS' REPORT

31 October 2018

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

Directors' Responsibilities Statement

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, including FRS 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Results and Appropriations

The results and state of affairs of the company for the period are set out in the financial statements on pages 9 to 18. The company declared and paid no dividends during the period. The directors do not recommend a final dividend payment. The profit for the financial year of £3,467,413 will therefore be taken to reserves.

Share Capital

No changes to Share Capital were made during the period.

Directors

The directors during the period were;
Mr. R. L Hartshorn – resigned 31 October 2018
Mrs. E. J. Arrell
Mr. B. L. Korb
Mr. K. Delaney

The director, M Thurley was appointed 1 November 2018.

Qualifying third party indemnity

The company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

Flamstead Holdings Limited

DIRECTORS' REPORT

31 October 2018

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

The auditor, Grant Thornton UK 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 February 2019 and signed on its behalf by:



E J Arrell

Director

Flamstead Holdings Limited

STRATEGIC REPORT

31 October 2018

The directors present their strategic report for the year ended 31 October 2018.

Business review

The principal activity of the company is to act as a holding company to the other UK group companies. The group companies at the end of the accounting period include HL Plastics Limited, Avantek Machinery Limited and Vintage Windows Limited. During 2017 the business assets and trade of Vintage Windows Limited were sold and the company ceased to trade in April 2017 and was dissolved on 6th November 2018.

The company continues to be 100% owned by Quanex Building Products Corporation, a company registered in Texas in the United States of America and listed on the New York Stock Exchange.

The accounts of the UK group companies are consolidated into the account of Quanex Building Products Corporation.

The company received dividends in the year of £3,820,426.

Foreign exchange gains were reported during the year due to the revaluation of the US dollar loan from the company's parent company. Whilst this has no impact at Group consolidation level, a gain of £10,323 (2017: £617,996) has been recorded at the UK level.

Financial risk management

The company has a limited level of exposure to price, credit, and liquidity and cash flow risks arising from its principal activity. The company does not enter into any hedging transactions.

Principal risks and uncertainties

The principal risk to the business is the exchange rate movement on the loan from Quanex Building Products Corporation. The Group monitors the movement on a monthly basis and chooses not to hedge.

The company expects to continue to receive dividends from the main UK trading businesses into the future.

The cash flow of the business is managed to ensure the all financial obligations are met, in particular the loan repayment liabilities.


Financial key performance indicators

Given the principal activity of the company is to act as a holding company, there are no financial key performance indicators.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of not less than twelve months after the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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



E J Arrell

Director

Independent auditor's report to the members of Flamstead Holdings Limited

Opinion

We have audited the financial statements of Flamstead Holdings Limited (the 'company') for the year ended 31 October 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 October 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 has been prepared in accordance with applicable legal requirements.



Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out 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.

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.

John Coates BSc BFP FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

8 February 2019

Flamstead Holdings Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2018

| | Note | 31 October 2018 £ | 31 October 2017 £ |
|--|------|-------------------------|-------------------------|
| Turnover | 5 | 444,000 | 480,000 |
| Staff costs | 7 | (406,726) | (515,857) |
| Other external charges | | (29,764) | (15,220) |
| Foreign exchange gain | | 10,323 | 617,996 |
| Impairment of fixed asset investment | 11 | (324,512) | (297,788) |
| | | <hr/> | <hr/> |
| Operating (loss) / profit | | (306,679) | 269,131 |
| Interest receivable and similar income | 8 | 11,123 | 11,974 |
| Interest payable and similar charges | 9 | (38,079) | (85,643) |
| Dividend income from subsidiary undertaking | | 3,820,426 | 3,760,000 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | 6 | 3,486,791 | 3,955,462 |
| Tax charge on profit from ordinary activities | 10 | (19,378) | (88,016) |
| | | <hr/> | <hr/> |
| Profit for the financial period | | 3,467,413 | 3,867,446 |
| Other comprehensive income | | - | - |
| | | <hr/> | <hr/> |
| Total comprehensive income for the financial period | | <u>3,467,413</u> | <u>3,867,446</u> |

The notes on pages 12 - 18 form part of these financial statements. All amounts relate to continuing activities. There was no other comprehensive income for 2018 (2017: £NIL).

Flamstead Holdings Limited

STATEMENT OF FINANCIAL POSITION

As at 31 October 2018

| | Note | 2018 £ | 2017 £ |
|--|------|------------------|--------------------|
| Fixed assets | | | |
| Investments | 11 | <u>7,459,388</u> | <u>7,783,900</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 12 | 302,391 | 303,344 |
| Debtors: amounts falling due after more than one year | 12 | 633,287 | 987,506 |
| Cash at bank and in hand | | <u>10,674</u> | <u>10,091</u> |
| | | 946,352 | 1,300,941 |
| Creditors: amounts falling due within one year | 13 | <u>(568,287)</u> | <u>(4,714,801)</u> |
| Net current assets / (liabilities) | | <u>378,065</u> | <u>(3,413,860)</u> |
| Total assets less current liabilities | | 7,837,453 | 4,370,040 |
| Creditors: amounts falling due after more than one year | | <u>-</u> | <u>-</u> |
| Net assets | | <u>7,837,453</u> | <u>4,370,040</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 100,000 | 100,000 |
| Profit and loss account | 16 | <u>7,737,453</u> | <u>4,270,040</u> |
| Total shareholders' funds | | <u>7,837,453</u> | <u>4,370,040</u> |

The notes on pages 12 - 18 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 8 February 2019. Signed on behalf of the board of directors:



E J Arrell
Director

Company registration no: 05280415

Flamstead Holdings Limited

STATEMENT OF CHANGES IN EQUITY

For the year end 31 October 2018

| | Called-up share capital | Profit and loss account | Total |
|--|------------------------------------|------------------------------------|------------------|
| | £ | £ | £ |
| At 1 November 2016 | 100,000 | 402,594 | 502,594 |
| Comprehensive income for the year | | | |
| Profit for the period | - | 3,867,446 | 3,867,446 |
| Total comprehensive income for the year | - | 3,867,446 | 3,867,446 |
| At 31 October 2017 | 100,000 | 4,270,040 | 4,370,040 |
| Comprehensive income for the year | | | |
| Profit for the period | - | 3,467,413 | 3,467,413 |
| Total comprehensive income for the year | - | 3,467,413 | 3,467,413 |
| At 31 October 2018 | 100,000 | 7,737,453 | 7,837,453 |

The notes on pages 12 - 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 October 2018

1 Company information

Flamstead Holdings Limited (the “Company”) is a Limited company, incorporated in England and Wales. The registered office and principal place of business of the company is Flamstead House, Denby Hall Business Park, Denby, Derbyshire, DE5 8JX.

The principal activity of the Company continued to be that of a holding company for three trading companies: HL Plastics Limited which designs and manufactures PVUu building products, Avantek Machinery Limited which sells machinery and spare parts used in the fabrication of uPVC products. During 2017 the business assets and trade of Vintage Windows Limited were sold and the company ceased to trade in April 2017 and was dissolved on 6th November 2018.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (FRS 102’), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The financial statements are presented in Sterling (£).

The accounts of Flamstead Holdings Limited have also adopted the following disclosure exemptions:

- 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.

Going concern

After reviewing the company’s forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

3 Significant judgements and estimates

In the application of the company’s accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Management believes there are no areas or key sources of estimation uncertainty or significant judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

31 October 2018

4 Principal accounting policies

4.1 Debtors

Short term debtors are measured at transaction price, less any impairment losses for bad and doubtful debts.

4.2 Creditors

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

The company recognises a creditor within accruals for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 2 months. The provision is measured at the salary cost payable for the period of absence.

4.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

4.4 Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in profit or loss in the period it arises.

4.5 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

4.6 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts, returns, rebates and value added taxes. Turnover includes revenue earned from the recharge of management charges to other group companies.

4.7 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

4.8 Foreign currency transactions and balances

In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

31 October 2018

5 Turnover

All turnover arose in the United Kingdom.

6 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

| | Year Ended 31 October 2018 | Year Ended 31 October 2017 |
|--|---------------------------------------|-------------------------------|
| | £ | £ |
| Foreign exchange gain | | |
| Auditor's remuneration: | (10,323) | (617,996) |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 3,550 | 3,333 |
| Fees payable to the company's auditor for other services; Other services for non-audit work | - | 252 |
| | <hr/> <hr/> | <hr/> <hr/> |

7 Directors and employees

Director's remuneration during the period was as follows:

| | Year Ended 31 October 2018 | Year Ended 31 October 2017 |
|-----------------------|---------------------------------------|-------------------------------|
| | £ | £ |
| Wages and salaries | 346,828 | 443,508 |
| Social security costs | 44,586 | 58,933 |
| Other pension costs | 15,312 | 13,416 |
| | <hr/> <hr/> 406,726 | <hr/> <hr/> 515,857 |

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by an independent pension provider. The amount charged above represents the contributions payable to the scheme in respect of the accounting period. Amounts outstanding as at 31 October 2018 were £nil (31 October 2017: £nil).

The average number of employees, including directors, of the company during the period was:

| | 2018 Number | 2017 Number |
|------------|------------------------|----------------------|
| Management | <hr/> <hr/> 4 | <hr/> <hr/> 4 |

The amounts set out above include remuneration in respect of the highest paid director as follows:

| | Year Ended 31 October 2018 | Year Ended 31 October 2017 |
|------------|---------------------------------------|-------------------------------|
| | £ | £ |
| Emoluments | <hr/> <hr/> 190,980 | <hr/> <hr/> 215,703 |
| | <hr/> <hr/> 190,980 | <hr/> <hr/> 215,703 |

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of defined contribution pension schemes.

The directors consider that there are no other key management personnel other than the board of directors.

NOTES TO THE FINANCIAL STATEMENTS

31 October 2018

8 Interest receivable and similar income

| | Year Ended 31 October 2018 | Year Ended 31 October 2017 |
|----------------------------------|---------------------------------------|-------------------------------|
| | £ | £ |
| Bank interest | - | 725 |
| On loans from group undertakings | 11,123 | 11,249 |
| | <u>11,123</u> | <u>11,974</u> |

9 Interest payable and similar charges

| | Year Ended 31 October 2018 | Year Ended 31 October 2017 |
|----------------------------------|---------------------------------------|-------------------------------|
| | £ | £ |
| On loans from group undertakings | 37,932 | 85,643 |
| Interest on taxation | 147 | - |
| | <u>38,079</u> | <u>85,643</u> |

10 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and represents:

| | Year Ended 31 October 2018 | Year Ended 31 October 2017 |
|---|---------------------------------------|-------------------------------|
| | £ | £ |
| UK Corporation Tax | 11,636 | 88,016 |
| Adjustments in respect of previous periods | 7,742 | - |
| Total current tax | <u>19,378</u> | <u>88,016</u> |
| Deferred taxation: origination and reversal of timing differences | - | - |
| Deferred taxation: changes in tax rates | - | - |
| Tax on results on ordinary activities | <u>19,378</u> | <u>88,016</u> |

The tax assessed for the period is lower (2017: lower) than the standard rate of corporation tax in the United Kingdom at 19% (2017: 19.41%). The differences are explained as follows:

| | Year Ended 31 October 2018 | Year Ended 31 October 2017 |
|--|---------------------------------------|-------------------------------|
| | £ | £ |
| Profit on ordinary activities before tax | <u>3,486,791</u> | <u>3,955,462</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2017: 19.41%) | 662,490 | 767,755 |
| Expenses not deductible for tax purposes | 73,293 | 58,767 |
| Income not taxable for tax purposes | (725,880) | (729,955) |
| Group relief | 1,733 | (8,551) |
| Adjustments to tax charge in respect of previous periods | 7,742 | - |
| Tax expense on ordinary activities | <u>19,378</u> | <u>88,016</u> |

NOTES TO THE FINANCIAL STATEMENTS

31 October 2018

11 Investments

| | Shares in Group Undertakings £ |
|--|--------------------------------------|
| At 1 November 2017 | 7,783,900 |
| Impairment of investment in subsidiary | (324,512) |
| At 31 October 2018 | <u>7,459,388</u> |

On 1 May 2017, the trade and certain assets of Vintage Windows Limited were sold. The company has not traded since that date and was dissolved on 6th November 2018.

The subsidiary undertakings of the company which are all incorporated in England and Wales are listed below;

| Company | Principal Activity | % Owned 31 October 2018 | % Owned 31 October 2017 |
|---------------------------|---|----------------------------|----------------------------|
| HL Plastics Limited | Plastic extrusion | 100% | 100% |
| Vintage Windows Limited | Windows manufacture(dissolved 6 November 2018) | 100% | 100% |
| Avantek Machinery Limited | Machinery and spare parts for the uPVC industry | 100% | 100% |
| Liniar Limited | Dormant | 100% | 100% |

12 Debtors

| | 31 October 2018 £ | 31 October 2017 £ |
|--------------------------------------|-----------------------|-----------------------|
| <i>Due within one year:</i> | | |
| Amounts owed by group undertaking | 300,000 | 300,000 |
| Prepayments and accrued income | 2,391 | 3,344 |
| | <u>302,391</u> | <u>303,344</u> |
| <i>Due after more than one year:</i> | | |
| Amounts owed by group undertaking | 633,287 | 987,506 |
| | <u>633,287</u> | <u>987,506</u> |

The group loan is with Avantek Machinery Limited and incurs an interest rate of 1%. The loan is repayable quarterly over 3 years.

NOTES TO THE FINANCIAL STATEMENTS

31 October 2018

13 Creditors: amounts falling due within one year

| | 31 October 2018 £ | 31 October 2017 £ |
|------------------------------------|----------------------|----------------------|
| Amounts owed to group undertakings | 479,343 | 4,595,156 |
| Taxation | 2,876 | 39,103 |
| Accruals and deferred charges | 86,068 | 80,542 |
| | <u>568,287</u> | <u>4,714,801</u> |

Amounts owed to group undertakings are repayable as follows:

| | 31 October 2018 £ | 31 October 2017 £ |
|-----------------|----------------------|----------------------|
| Within one year | <u>479,343</u> | <u>4,595,156</u> |
| | <u>479,343</u> | <u>4,595,156</u> |

The group loan is with H L Plastics Limited and incurs an interest rate of 1%. The loan is repayable quarterly over 3 years. In the prior year the group loan also consisted of a loan owed to Quanex Building Products Corporation and incurred an interest rate of 1%. The loan was taken out in October 2015 and repaid quarterly over 3 years.

14 Financial assets and liabilities

| | 2018 £ | 2017 £ |
|--|----------------|------------------|
| Financial assets measured at amortised cost | <u>943,961</u> | <u>1,297,597</u> |
| Financial liabilities measured at amortised cost | <u>565,411</u> | <u>4,675,698</u> |

Financial assets measured at amortised cost comprise cash and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and accruals.

15 Called up share capital

| | 31 October 2018 | 31 October 2017 |
|--|-----------------|-----------------|
| Authorised, allotted and fully paid: 'A' ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> |
| | <u>100,000</u> | <u>100,000</u> |

Ordinary shares have full voting rights and entitlement to dividends.

NOTES TO THE FINANCIAL STATEMENTS

31 October 2018

16 Reserves

| | Profit and Loss Account £ |
|---------------------------|--|
| At 1 November 2017 | 4,270,040 |
| Profit for the year | 3,467,413 |
| At 31 October 2018 | <u>7,737,453</u> |

17 Capital commitments

The company had no capital commitments at 31 October 2018 (2017: £Nil).

18 Transactions with related parties

The company is wholly owned by Quanex Building Products Corporation, a company registered in the United States of America, the consolidated accounts of which are publically available. Accordingly, the company has taken advantage of the exemption in FRS 102 from disclosing transactions with members or investees, 100% of whose voting rights are held within Quanex Building Products Corporation.

19 Immediate and ultimate controlling party

The immediate parent company and ultimate controlling party of the Group is Quanex Building Products Corporation, a company registered in the United States of America. The smallest and largest group into which the results of the company are consolidated is that headed by Quanex Building Products Corporation. Copies of the financial statements are publically available. The head office is 1800 West Loop South, Suite 1500, Houston, Texas 77027, United States of America.