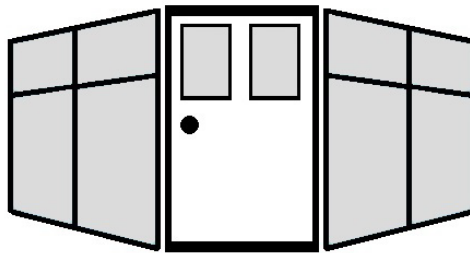


Management Case Study Examination

November 2024 – February 2025

Pre-seen material

Shinyglas



Context Statement

We are aware that there has been, and remains, a significant amount of change globally. To assist with clarity and fairness, we do not expect students to factor these changes in when responding to, or preparing for, case studies. This pre-seen, and its associated exams (while aiming to reflect real life), are set in a context where current and on-going global issues have not had an impact.

Remember, marks in the exam will be awarded for valid arguments that are relevant to the question asked. Answers that make relevant references to current affairs will, of course, be marked on their merits.

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Introduction

Shinyglas manufactures double-glazed windows and doors for installation in domestic and business properties. It is the largest fabricator of windows and doors in its home country of Templand.

Templand's currency is the T\$. Templandian company law requires companies to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS).

You are a financial manager at Shinyglas' head office. Your primary responsibilities are associated with management accounting and you report to Martin Thawani, Senior Financial Manager, who reports directly to the Finance Director.

Double glazing

Traditionally, windows consisted of single panes of glass that were mounted in wooden frames. Single-glazed windows were relatively easy to install and repair. Unfortunately, single-glazed windows are not particularly good at preventing heat loss. Heat can be conducted through the window glass. Cold air can also come in through gaps in the wooden frames. A single-glazed house can lose up to 70% of its heat through the windows, depending on the design and construction of the house and its windows.

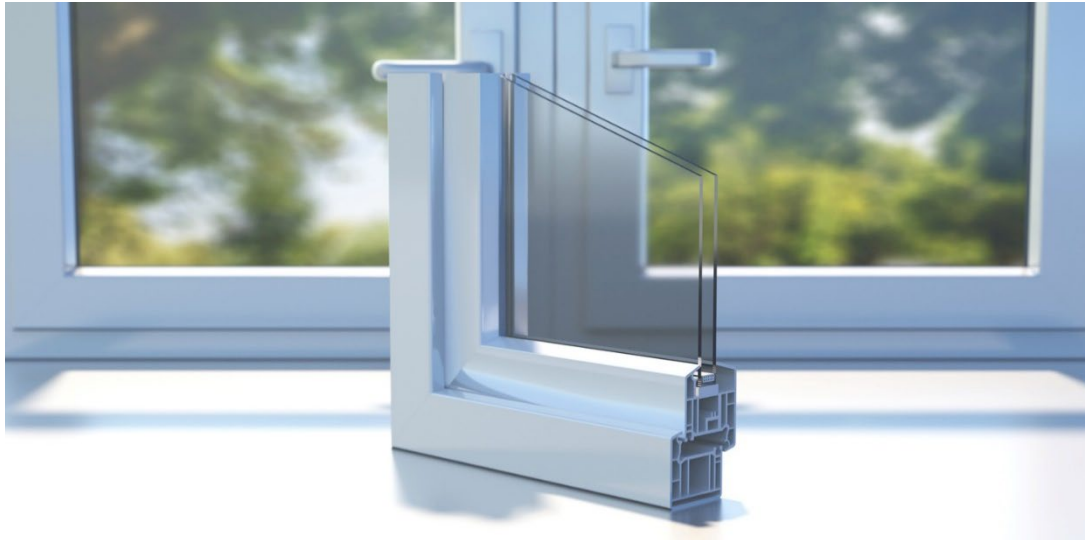


Double-glazed windows have two panes of glass, with a sealed space between them. The two panes of glass permit much less heat to escape through conduction than a single pane. The sealed space between the frames is filled with either air or an inert gas such as argon, which further reduces heat loss.

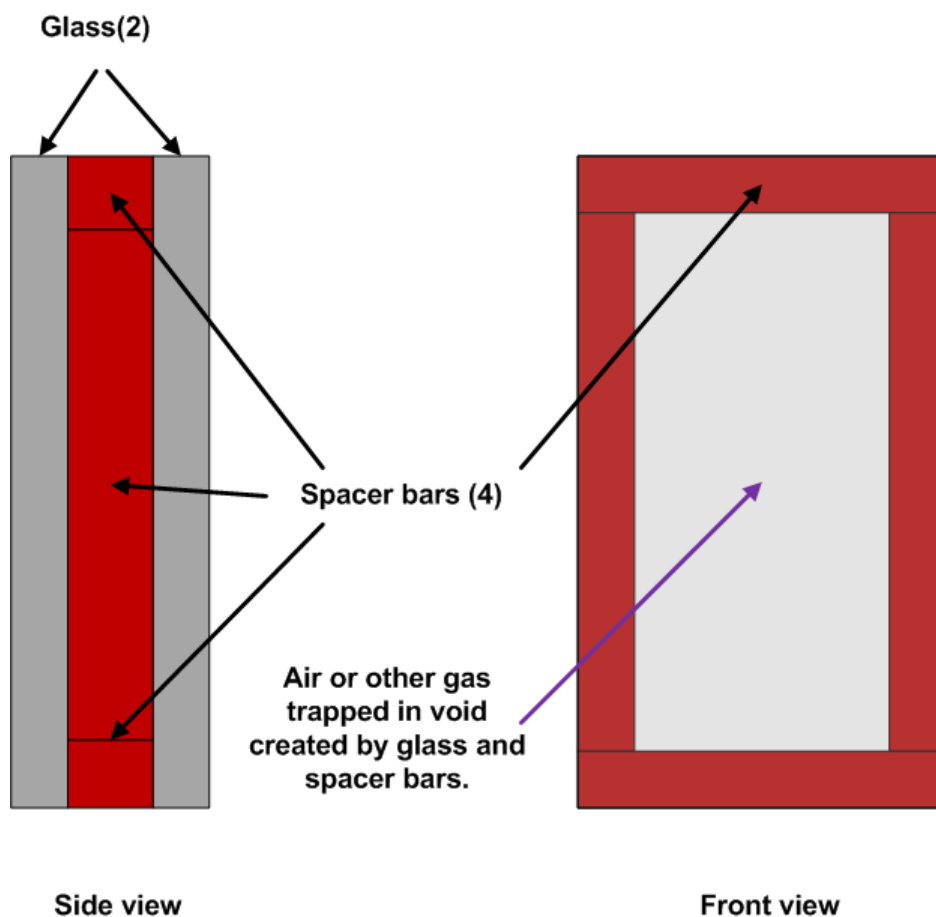
Houses fitted with double glazing tend to lose less heat through their windows than single-glazed homes. A typical double-glazed house will lose 10-15% of its heat through the windows. Double glazing is frequently marketed on the basis that it retains heat within buildings and so reduces both heating costs and carbon emissions, making it a sustainable investment for a property owner.

Double glazing is also marketed on the basis that it acts as a sound barrier against street noise. It is more effective at reducing noise than single glazing.

Double glazing is also quite robust compared to single glazing, which makes it more difficult for intruders to break into a property that has been double glazed. It is, however, still possible to break the glass in a double-glazed window.



The glass used in double glazing is supplied in the form of sealed units. A sealed unit consists of two panes of glass that are joined around their edges by a spacer bar. The glass and spacer bar are held together using adhesive that creates a solid seal.



It is important that the seal remains secure, otherwise moisture can be absorbed into the void within the sealed unit, which permits condensation within the window. That is unsightly and blocks occupants' views of the outside. Seals can fail, either because of manufacturing defects, or because of movement caused by expansion and contraction due to temperature changes over time. These failures might not occur until years after installation.



Most window glass is manufactured using the float glass method, which is made by floating molten glass on a bed of molten metal to produce good quality glass that is uniform in both flatness and thickness. This process results in clarity and low distortion. Float glass can be further processed to change its characteristics:

- Toughened glass is more difficult to break than normal float glass, which makes it suitable for large windows or for applications requiring high security. Toughened glass also offers greater safety because it breaks into tiny granules that do not have sharp edges. Normal glass will shatter into jagged shards, which can cause serious injury in the event of an accident.
- Laminated safety glass consists of two layers of glass that have been fused together with resin between the layers. It is difficult to break through a piece of laminated glass because the resin layer holds the glass in place, even when it is broken, which enhances security. Laminated glass is also safe because a broken window will crack, but it will not release fragments of glass that could cause injury.
- Frosted glass is opaque, which offers greater privacy than clear glass. It blurs any images viewed through the glass, making it suitable for bathroom windows.

- Soundproof glass reflects more external noise than normal float glass. That makes it more suitable for noisy environments or for applications where external sound would create problems, such as recording studios.

Sealed units can be made using normal float glass or any of the above alternatives. For example, a large window that goes from floor to ceiling level should be made using laminated or toughened glass so that anyone who falls through the window will not be cut by shards of glass.

The sealed units themselves are fixed within frames. Frames are designed to conceal the spacer bars.



Windows have to be designed to fit the space and also to allow for the function of the window. The cheapest designs consist of a single sealed unit in a frame that fills the space. More complicated designs have hinged sections that allow windows to open for ventilation purposes. Openings may be restricted to a few centimetres in the case of windows on the upper floors of tall buildings, or they may open fully to enable occupants to escape through ground floor windows in the event of a fire.

Sealed units are supplied by three specialist manufacturers, all of whom are based in Templand. Even major door and window fabricators find it cheaper to buy sealed units from third parties than it would be to make their own.

The frames used to mount double glazing can be made from different materials:

<p>uPVC</p>	<p>uPVC is a type of plastic that can be used to make window frames. It is strong and can be fitted directly into brickwork, with no need for a wooden subframe.</p> <p>uPVC is supplied as a box section that is reinforced internally with galvanised steel or aluminium.</p> <p>uPVC is usually supplied as a bright white box section, but it can be manufactured with an artificial woodgrain colour and texture. It is weather resistant and does not discolour due to exposure to moisture and sunlight.</p> 
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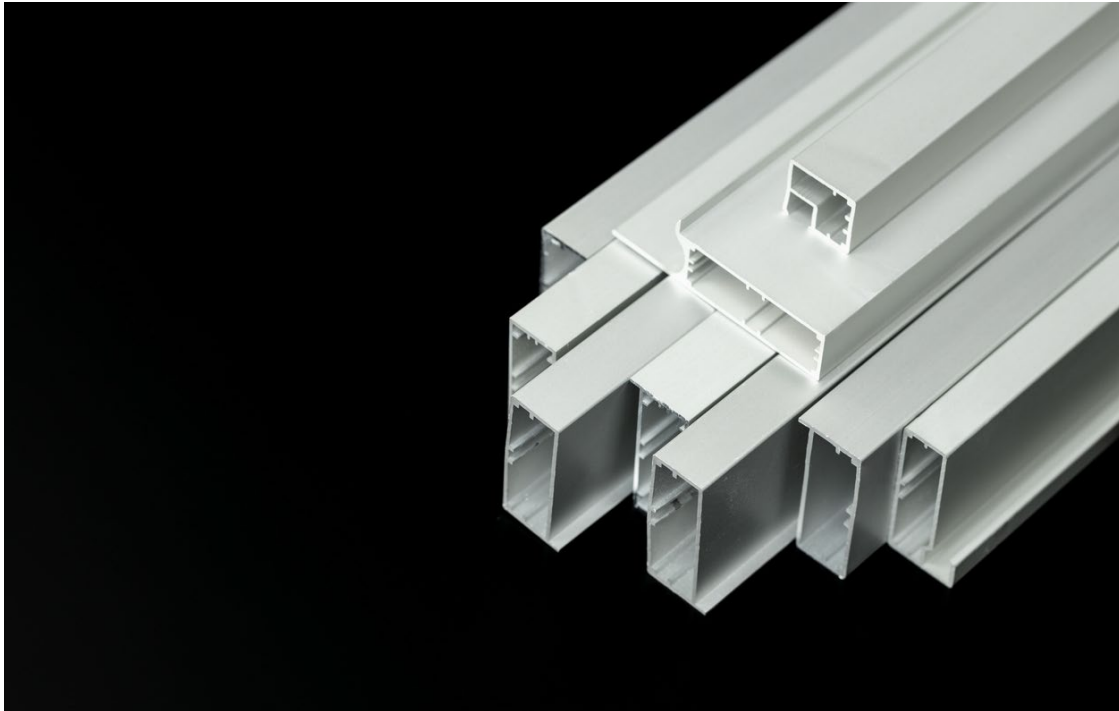
Aluminium	<p>Aluminium window frames were popular before the introduction of uPVC. They are very durable, offering scope for rigid frames that resist warping and twisting. Aluminium does not absorb water and so it does not rust.</p> <p>Aluminium is highly suitable for any application that requires strength. For example, commercial premises that will have large windows and/or a need to discourage burglars.</p> <p>Aluminium frames can be fitted directly into brickwork, but they are usually built into a hardwood subframe. One disadvantage of aluminium is that it can corrode over time if it is in direct contact with brickwork.</p>
Wood	<p>Wooden window frames can be made from either softwood or hardwood. Some customers prefer wood because it is an attractive, natural material. It is particularly well suited to older buildings that had wooden single-glazed windows when they were first built.</p> <p>Wooden windows tend to be more expensive than aluminium or uPVC. They must also be treated regularly to resist rot and fungus, either of which will require the replacement of the windows.</p>

Wooden frames are made from lengths of timber that are joined together using techniques such as mortice and tenon joints, adhesive and fasteners such as nails, pegs and screws. Industrial robots can be used to cut lengths of wood to the precise dimensions required to create frames that fit the wall precisely and can accommodate the sealed units required by the design, with the correct combinations of fixed and opening units.



uPVC and aluminium frames are made out of preformed sections of material. These are supplied in long lengths with standard widths and heights. These sections can be cut to specific lengths to build frames to the exact dimensions required by the customer.

The sealed units and the frames used in double-glazed windows are heavy. Mechanical components such as hinges, catches and locks must be robust to ensure that they operate smoothly and do not become distorted over time because of the weights they have to bear.



Double glazing can be used in doors as well as windows. For example, shops and offices frequently have fully-glazed doors with sealed units set into metal frames. For safety and security, commercial doors are usually made using toughened or laminated glass.



Doors for the domestic market are often made out of wood or uPVC, with sealed units set into the doors in order to allow light into the house.



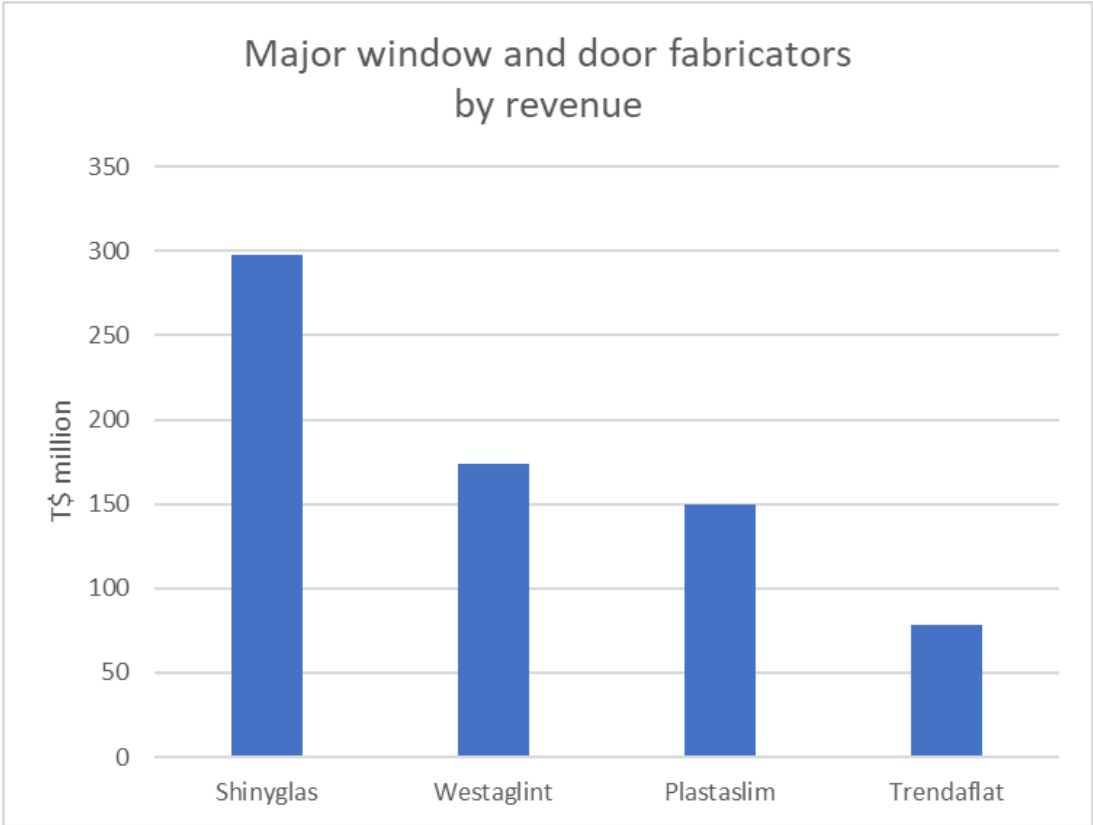
The double-glazing industry

The double-glazing industry comprises many different companies, split between the following categories:

Window and door fabricators	<p>There are several large companies who manufacture windows and doors to order for both householders and commercial customers.</p> <p>The largest fabricators have national identities, advertising their products in newspapers and magazines, on television and online.</p> <p>There are also many small businesses who serve local markets. They tend to make doors and windows from hardwood, which requires greater skill in manufacture and so suits low-volume production.</p> <p>Householders can buy anything from just one window or door to a full replacement of all their existing windows and doors.</p> <p>Commercial customers, such as builders, may require large numbers of windows and doors for the construction of a tower block or a residential housing estate.</p>
Sealed unit manufacturers	<p>Sealed units are manufactured by specialists who supply window and door fabricators and repairers.</p> <p>Units usually come in standard sizes so that costs can be reduced through mass production. It is, however, possible to make units in bespoke sizes to enable flexibility in the design of windows.</p>
Window and door installers	<p>Window and door fabricators generally focus on the manufacture of windows and doors. They subcontract the installation to local specialists who can fit the windows.</p> <p>Typically, replacement windows and doors are sized to fit existing openings. The installers require some skill to</p>

	ensure a satisfactory fit, but they do not have to undertake any building work.
Repair and maintenance	Doors and windows can require adjustment or repair as they get older. For example, the weight of a heavy door can strain hinges, making the door stick when it is opened or closed. There are specialist repairers who can make the necessary adjustments to resolve such problems. They can also replace defective parts, such as sealed units that have failed and are trapping condensation between panes.

There are four major window and door fabricators in Templand:



These companies account for 45% of the Templandian market for replacement doors and windows. Most of the other suppliers are either small fabricators, who install doors and windows in their local markets, or are installers who sell locally and rely on medium-sized fabricators to manufacture doors and windows.

None of the major fabricators supply third-party installers.

Shinyglas

Shinyglas was founded in 1962. Templand’s economy was growing rapidly at that time and wages were increasing in real terms. Many householders invested in home improvements, including double glazing. Most homes at that time had poor insulation and were single glazed.



Shinyglas grew steadily. By 1990, the company had established itself as Templand's largest window and door fabricator. Double glazing proved to be a popular home improvement in Templand. The country has a mature economy and average wages are relatively high. Large numbers of people own their own homes. Temperatures vary significantly between seasons, with warm summers and cold winters.

The company focussed heavily on product quality and customer service. Its products were frequently ranked best in comparisons of value for money conducted by independent consumer organisations, despite the fact that those products were generally more expensive than those offered by competitors.

Shinyglas also made effective use of advertising. The company invested heavily in advertising on television and in newspapers.

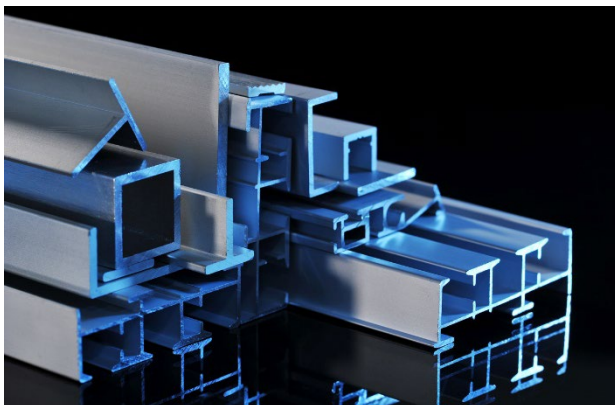
Through a heavy financial investment, Shinyglas succeeded in creating strong brand awareness at a time when the internet and social media was not available.

The company also led in product development. In the mid-1980s, Shinyglas became the first company to offer uPVC frames in Templand. Shinyglas continues to develop new features for its doors and windows.

By 2000, most homes and commercial premises had double glazing and so demand for replacement doors and windows was limited. Shinyglas has, however, benefitted from a steady growth in the construction of new houses because builders always specify double-glazed windows and doors in new properties. Several builders buy windows and exterior doors from Shinyglas. All new windows and doors must comply with rules relating to safety and heat retention imposed by the Templandian government. Some homeowners replace their windows and doors in order to comply with these rules, hoping to enhance the value of their homes. Others replace older double-glazed windows and doors in order to benefit from the improved quality of modern products.

Manufacturing

Shinyglas makes its own frames at a factory in Templand. The company purchases lengths of uPVC and aluminium that have been preshaped to Shinyglas' requirements by their manufacturers using a process called "extrusion". The resulting extrusions are supplied as long lengths of uPVC or aluminium. Shinyglas makes frames by cutting sections of extrusion to their required lengths before joining them together with the appropriate brackets and hinges.



The shapes of the extrusions are designed to ensure that the quantity of material is minimised without compromising strength.

Shinyglas recommends uPVC for use in doors and windows for houses and aluminium for shops, offices and other commercial properties.

Shinyglas' factory is equipped to manufacture doors and windows to meet customers' precise requirements. The designs are sent to the factory with detailed measurements for each door and window frame.



The factory buys sealed units of the appropriate sizes and types of glass from third-party manufacturers, as required to fulfil each order. The frames are then made from lengths of uPVC or aluminium extrusion that have been cut to size using Shinyglas' computer numerical control (CNC) equipment.

Shinyglas also buys fittings, including brackets, hinges and locks, from third-party manufacturers.

Doors and windows leave the factory preassembled and ready to install.

Sales

Shinyglas sells to customers across the whole of Templand. It promotes its products through a variety of media:

- The company's website is kept up to date with the latest products and developments. Customers can arrange for a sales visit directly through the website. Alternatively, they can provide contact details if they wish to do so. Shinyglas will then keep contact through email, telephone calls or brochures sent by post.
- Shinyglas continues to advertise on television and in newspapers. Potential customers can ring the company's call centre to request a brochure or to arrange a sales visit.
- Customers are asked to recommend Shinyglas to their friends. If sales leads provided by customers result in sales, then the company grants discounts to the friends and on any subsequent purchases made by the customers.

All of Shinyglas' salespeople are self-employed. They are paid on a commission basis. Salespeople can earn a great deal if they work hard and succeed. The average annual commission is T\$55,000, which is 50% higher than the national average income in Templand. The company has 550 salespeople.

Salespeople receive initial training in sales techniques and in Shinyglas' products when they first join the company. They are required to attend further training twice a year. Sales courses are conducted for groups of salespeople in hotel function rooms located across Templand.

Shinyglas has an online diary system. Salespeople are required to indicate when they are available to make sales visits, bearing in mind that most potential customers will prefer sales visits at weekends or on weekday evenings. These diaries are used to list available dates and times to potential customers who wish to book a sales visit online. Call centre staff can also access the diary to make appointments over the phone.





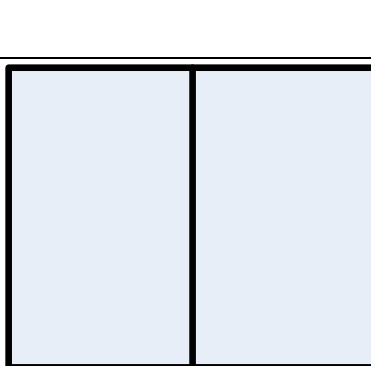
The diary system takes account of locations. Salespeople are expected to make sales visits within an 80-kilometre distance from their homes.

Salespeople must provide their own cars and laptops. Shinyglas provides them with samples, including small window units that can be used to demonstrate the quality of the materials and fittings used.

Salespeople start their visits by determining the potential size of the order and establishing an indication of the customer's budget. They describe Shinyglas' products and explain why those would be suitable for the customer's needs. Salespeople are trained to maximise the value of each sale, so they will frequently attempt to encourage customers to spend more in order to benefit from quantity discounts. They also seek to persuade customers to commit themselves to purchasing during that visit, partly to be certain of a sale and partly to avoid the need to make a return visit.

Salespeople are trained to measure the spaces that replacement doors or windows are required to fit and to design the door or window units to meet customers' needs, taking account of the location and associated safety matters.

For example, a customer might wish to replace a window that is 120cm by 110cm:

	<p>The simplest, and cheapest, option would be to supply a window consisting of an individual glazed unit. That would be the easiest to make because it would require only four lengths of uPVC or aluminium to make the entire frame.</p> <p>The only moveable part that would be required would be the trickle vent, which is a small gap in the top of the frame with a flap that can be opened to permit a small amount of ventilation.</p>
	<p>An individual glazed unit might not offer sufficient ventilation, so an alternative could be to fit two small openings at the top of the window. These will permit a stronger airflow than the trickle vent.</p> <p>The upper windows would not be particularly heavy, so they would not require robust hinges. The openings would be too small for an intruder to slip through, so they would not require locks. This style of window would cost more than a window consisting of an individual glazed unit, but it would still be relatively inexpensive.</p>
	<p>A third possibility would be to have two opening sections, each half the width of the window. Apart from maximising ventilation, opening both sections would permit rapid escape in the event of a fire.</p> <p>The size and weight of the sealed units would require strong hinges. The ease of access would require the windows to be lockable and so secure catches would be required. This would be a relatively expensive window.</p>

Salespeople are provided with price lists that can be used to determine the list price of the doors and windows that the customer wishes to order. These price lists take account of the size and complexity of each door and window. The list price of a large window with complicated openings will be greater than that of a smaller window or one that has fewer openings.

Salespeople are authorised to give customers discounts of up to 60% in order to make a sale, although the commission system is designed to encourage salespeople to negotiate the

smallest possible discount. The maximum commission paid to sales staff is 25%, which is payable when the customer agrees to pay the full list price for an order. The higher the discount offered to customers, the lower the commission paid to sales staff. Discounts exceeding 45% attract no commission whatsoever.

Shinyglas requires its salespeople to phone to seek permission from their regional sales managers before finalising a sale. Sales managers might refuse a sale because they believe that the salesperson has granted an excessive discount. In these circumstances, an experienced salesperson will usually attempt to restructure the deal in order to satisfy the regional sales manager. For example, it may be possible to persuade the customer to increase the size of the order or simply to agree that it is worth paying a little more for Shinyglas' excellent product quality. Alternatively, the potential sale will be lost.

If the order is approved, the contract is signed and the salesperson takes a 5% deposit from the customer, with full payment due on the completion of the installation.

Double glazing is expensive and so most customers must borrow to cover the cost. Shinyglas has an arrangement with a large finance company. Salespeople assist customers to complete applications for loans. Once a loan is approved, Shinyglas receives a commission from the finance company, which is shared with the salesperson concerned.

Salespeople report to regional sales managers who are based at Shinyglas' head office. Salespeople are evaluated primarily on commercial considerations such as:

- sales
- discounts granted to customers
- percentage of sales visits that result in approved sales
- proportion of customers who apply for loans using Shinyglas' recommended lender

Successful salespeople are given a higher priority in the allocation of sales leads through the online diary system. Customer requests for sales visits are more likely to be passed on to salespeople who are performing well.

Experienced salespeople may be given leads relating to large commercial sales, such as the replacement of windows and doors in shops or offices or the supply of windows and doors to builders who are planning to build a housing development. The commissions on such large sales can be substantial.

Installation

Shinyglas has a network of independent installers that covers the whole of Templand. The company uses 40 companies that employ a total of 650 surveyors and fitters. The installers handle the technical aspects of checking measurements and designing and installing doors and windows on Shinyglas' behalf. They are paid on a job-by-job basis for the work that they undertake.

Salespeople pass sales contracts to Shinyglas' Operations Department. Operations then arranges for an installer who is local to the customer to send a surveyor to visit the customer.



The surveyor checks that the salesperson's measurements are accurate and that the design of doors and windows is compliant with all applicable regulations. Occasionally, the surveyor finds an error in the salesperson's work. In that case, any additional cost arising from the corrected design is deducted from the salesperson's commission.

The installer sends the finalised designs back to the Operations Department, who then provides details to Shinyglas' factory. The factory estimates a

completion date for the manufacture of the doors and windows, the installer is informed and an installation date is arranged with the customer.

Installers are independent businesses. They are paid on the basis of the number of doors and windows that they install on behalf of Shinyglas. They are required to use vehicles that carry the Shinyglas logo and to have their staff wear shirts that carry the logo.

Shinyglas evaluates installers on the basis of customer feedback, which is monitored by Customer Care staff at head office.

Builders who place large orders for replacement doors and windows or for the construction of new builds usually provide Shinyglas with precise measurements prepared by their own architects, so that there is no need for Shinyglas to conduct a survey before manufacturing. Builders also tend to use their own staff to install doors and windows as part of the construction process.

Shinyglas' head office and factory

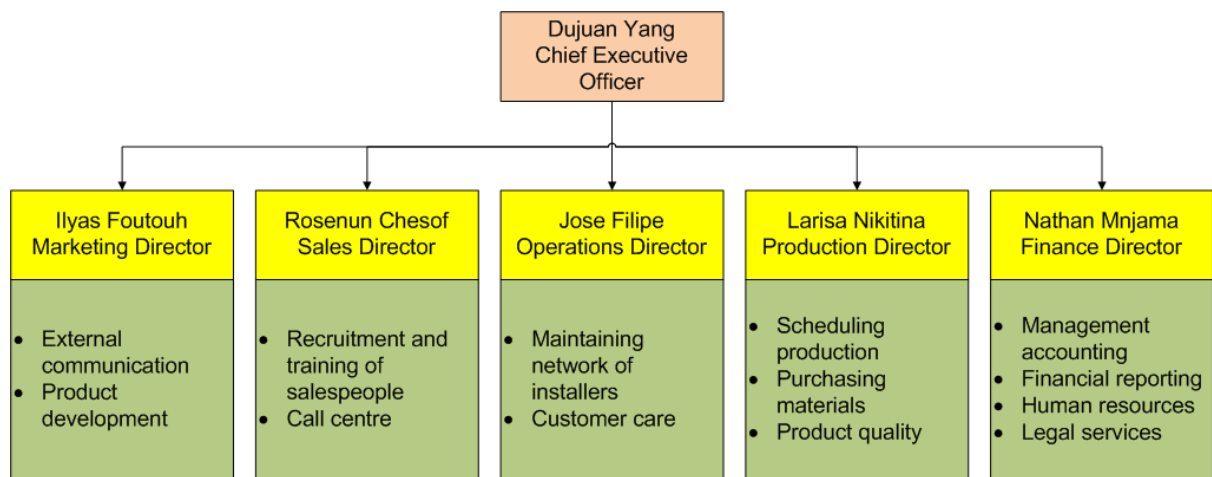
Shinyglas' head office employs 240 staff. The company has a further 160 staff at its factory. The head office and factory are adjacent to one another in Central City.

Marketing	<p>There is a competitive market for replacement doors and windows. These are expensive products and customers generally obtain quotes from multiple suppliers.</p> <p>Shinyglas' Marketing Department is responsible for maintaining the company's reputation as a reliable provider of high-quality replacement doors and windows. Marketing has a substantial budget that is used to create advertising campaigns. These are used to update website content and for broadcast and printed adverts on television and in newspapers.</p>
Sales	<p>The Sales Department has several roles within Shinyglas.</p> <p>The Sales Department is responsible for recruiting and training salespeople. The company suffers a small but persistent loss of staff. Some salespeople struggle with the stresses associated with working on a commission-only basis and having to work mainly in evenings and at weekends. Sometimes successful staff leave for even better paid sales jobs with other companies, not necessarily in double glazing.</p> <p>Newly-appointed salespeople must attend a week-long course covering sales techniques and Shinyglas' product range. Training is ongoing and all salespeople are required to attend training courses every 6 months. These courses focus on updating product knowledge and learning the latest sales techniques. All courses are organised on a regional basis by the Sales Department, using function rooms in local hotels.</p>

	<p>Regional sales managers are full-time employees who are based at head office. Regional sales managers work in shifts so that salespeople can make contact at any time from 08:00 to 22:00, 7 days per week. Salespeople are required to seek approval from their duty regional sales managers before signing sales contracts. Regional sales managers may refuse the terms that have been discussed with customers because the discount that has been offered is excessive or because the order is too small to be worth fulfilling. The need to seek approval encourages salespeople to press for better terms or for larger sales when negotiating with customers, even if that leads to some lost sales.</p> <p>Regional sales managers also monitor the performance of salespeople and can reward those who have been successful with additional sales leads or with leads for potentially large sales. All salespeople are self-employed, so it is easy to dismiss them if they are unsuccessful in converting sales leads to sales orders.</p> <p>The Sales Department is also responsible for the management of Shinyglas' call centre. Call centre operators receive calls from potential customers who wish to book sales visits. They also make sales calls to potential customers who provide contact details through the website or by using response coupons in newspapers. The call centre can also redirect calls to Operations or Customer Care if customers have queries about a forthcoming installation or a complaint about their doors or windows.</p>
Operations	<p>The Operations Department organises the administrative aspects of making doors and windows and arranging for their installation.</p> <p>Operations coordinates the activities of the factory and the local installers to ensure that doors and windows are manufactured and installed at a time that is convenient for the customer.</p> <p>Most household installations can be completed in a single day.</p>
Customer Care	<p>Shinyglas guarantees its products for 10 years. Customers contact the Customer Care Department if they believe that their doors or windows have become defective within that time.</p> <p>Customer Care will arrange for the installer's surveyor to attend the property and to submit a report. Alternatively, an independent glazing repair company may be asked to carry out the inspection.</p> <p>If the surveyor's report indicates that the problem is covered by the guarantee, then Customer Care will arrange for a local installer or repair company to correct it. Shinyglas prefers to use the original installer, but that may not always be possible.</p> <p>Shinyglas' guarantee covers manufacturing defects and installation errors. It does not cover:</p> <ul style="list-style-type: none"> • failed sealed units, unless the unit fails within 12 months of installation • accidental damage <p>The Customer Care Department contacts customers after every installation to gather feedback on all aspects of their order and subsequent installation. Information gained from that feedback is passed to the Sales Department and to Operations. Installers whose feedback is consistently positive tend to be allocated more jobs.</p>

Product Development	Shinyglas has a team of engineers who work closely with the Marketing Department in order to develop new products. Shinyglas is constantly introducing new features, such as a recent change to the manner in which frames are constructed. The new construction methods make it extremely difficult for burglars to remove sealed units from doors and windows from the outside of a home, which enhances security in comparison with competitors' products.
Administration and Finance	The Administration and Finance Department is responsible for several areas, including human resources, legal services and accounting.
Production	The factory has a management team that is responsible for supervising manufacturing activities. There are also supervisors and operators who operate the equipment and conduct quality control.

Shinyglas' Board structure

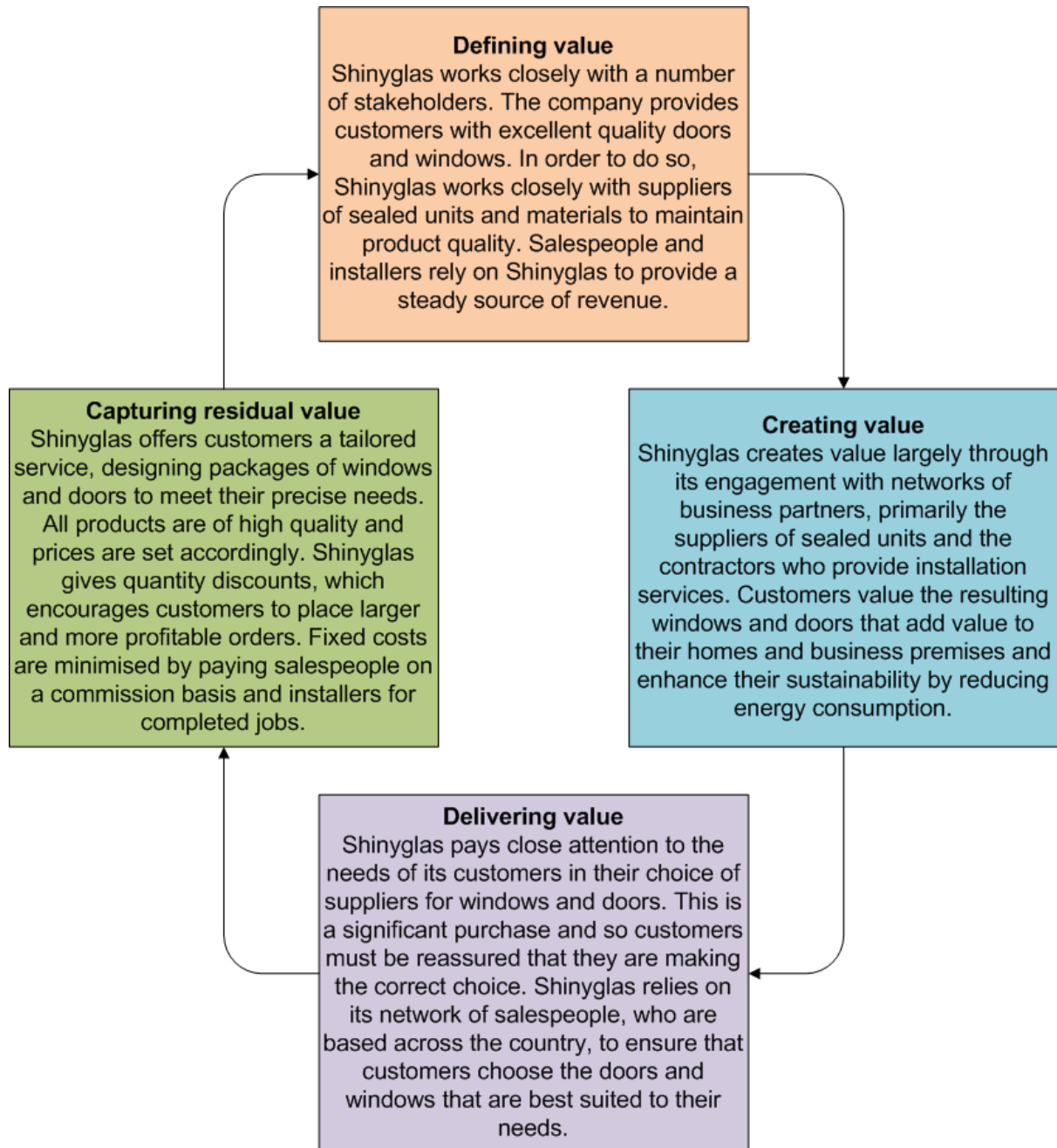


Shinyglas' Board also includes the following non-executive directors:

- Alison Hall – Non-Executive Chair
- Fatih Bozkurt
- Nurul Rafeah
- Parwadi Moengin
- Sophia Bjorsnes

Shinyglas' business model

Shinyglas wishes to remain the largest fabricator of windows and doors in its home market.



Extracts from Shinyglas' annual report

Shinyglas Group

Consolidated statement of profit or loss

For the year ended 30 September

	2024	2023
	T\$ million	T\$ million
Revenue	298.1	271.3
Cost of revenues	(131.2)	(127.5)
Gross profit	166.9	143.8
Operating expenses	(50.7)	(51.5)
Operating profit	116.2	92.3
Finance costs	(72.0)	(72.0)
Profit before tax	44.2	20.3
Tax	(5.7)	(2.4)
Profit for year	38.5	17.9

Shinyglas Group

Consolidated statement of changes in equity

For the year ended 30 September 2024

	Share capital and premium	Retained earnings	Total
	T\$ million	T\$ million	T\$ million
Balance at 1 October 2023	400.0	1,210.7	1,610.7
Profit for the year		38.5	38.5
Dividends		(28.9)	(28.9)
Balance at 30 September 2024	400.0	1,220.3	1,620.3

Shinyglas Group
Consolidated statement of financial position
As at 30 September

	2024	2023
	T\$ million	T\$ million
Non-current assets		
Intangible assets	187.6	170.3
Property, plant and equipment	2,225.5	2,229.4
	<u>2,413.1</u>	<u>2,399.7</u>
Current assets		
Inventory	2.1	2.0
Trade and other receivables	7.4	7.1
Bank	14.3	15.4
	<u>23.8</u>	<u>24.5</u>
Total assets	<u><u>2,436.9</u></u>	<u><u>2,424.2</u></u>
Equity		
Share capital and share premium	400.0	400.0
Retained earnings	1,220.3	1,210.7
	<u>1,620.3</u>	<u>1,610.7</u>
Non-current liabilities		
Loans	800.0	800.0
Current liabilities		
Trade and other payables	11.4	10.9
Tax	5.2	2.6
	<u>16.6</u>	<u>13.5</u>
	<u><u>2,436.9</u></u>	<u><u>2,424.2</u></u>

Extract from Westaglint's annual report

Westaglint is one of Shinyglas' direct competitors. It is organised in a similar manner, with its own networks of salespeople and installers across Templand.

Westaglint Group

Consolidated statement of profit or loss

For the year ended 30 September

	2024	2023
	T\$ million	T\$ million
Revenue	173.8	159.9
Cost of revenues	(73.0)	(70.4)
Gross profit	100.8	89.5
Operating expenses	(26.9)	(25.7)
Operating profit	73.9	63.8
Finance costs	(54.0)	(54.0)
Profit before tax	19.9	9.8
Tax	(2.4)	(1.2)
Profit for year	17.5	8.6

Westaglint Group

Consolidated statement of changes in equity for the year ended 30 September 2024

	Share capital and premium	Retained earnings	Total
	T\$ million	T\$ million	T\$ million
Balance at 1 October 2023	300.0	898.7	1,198.7
Profit for the year		17.5	17.5
Dividends		(13.4)	(13.4)
Balance at 30 September 2024	300.0	902.8	1,202.8

Westaglint Group
Consolidated statement of financial position
As at 30 September

	2024	2023
	T\$ million	T\$ million
Non-current assets		
Intangible assets	135.4	128.4
Property, plant and equipment	1,655.9	1,648.2
	<u>1,791.3</u>	<u>1,776.6</u>
Current assets		
Inventory	1.8	1.2
Trade and other receivables	6.6	8.2
Bank	12.1	19.9
	<u>20.5</u>	<u>29.3</u>
Total assets	<u><u>1,811.8</u></u>	<u><u>1,805.9</u></u>
Equity		
Share capital and share premium	300.0	300.0
Retained earnings	902.8	898.7
	<u>1,202.8</u>	<u>1,198.7</u>
Non-current liabilities		
Loans	600.0	600.0
Current liabilities		
Trade and other payables	6.8	6.4
Tax	2.2	0.8
	<u>9.0</u>	<u>7.2</u>
	<u><u>1,811.8</u></u>	<u><u>1,805.9</u></u>

News reports

Templand Business Daily

Environmental campaigners call for greater transparency from window companies



Environmental campaigners have issued a statement condemning the ways in which manufacturers and retailers persuade consumers to purchase unnecessary products on the grounds that they will reduce their carbon footprint by doing so. One notable example is double glazing, which is often presented as a sustainable and environmentally-friendly product. Modern uPVC doors and windows reduce heat loss in comparison to older versions and so reduce

energy consumption. This reduction is often promoted as a good reason to upgrade to the very latest windows and doors.

The campaigners are concerned that manufacturers frequently exclude the environmental impact of manufacturing from their arguments about the switch to “more sustainable” products. For example, double glazing requires the manufacture of glass for new sealed units. Glass is made from plentiful materials such as sand, but it requires those materials to be melted in a furnace, which consumes a great deal of energy. Sealed units for use in double glazing tend to be made in specialist factories. The units themselves are heavy and must be shipped to fabricators to be inserted in door and window frames. The energy consumed in making and installing a new set of doors and windows can take years to recover from the energy saved through superior insulation.

Templand Daily News

Property column – be realistic when you invest in double glazing



You have probably noticed that your windows fog up whenever the weather is cold. That happens because of condensation.

The air inside your house is moist because of vapour from occupants' breath, steam from the use of hot water to shower and to run the hot tap and evaporation from drying damp washing indoors.

When the moist air comes into contact with a cold surface, the moisture condenses into droplets of water. That is why your windows become foggy when it is cold outside. The bigger the difference between the air temperature and the glass, the worse the condensation.

Some double-glazing companies claim that their windows offer excellent insulation and so can reduce condensation. The problem is that customers expect condensation to be eliminated entirely, which is unlikely to be the case.

Always ask for clarification if a salesperson implies that a new window will deal with condensation in your house. It is unlikely that you are actually being promised that the problem will never occur. At best, you are being assured that rivals' windows are likely to be worse.

The only time that it is legitimate to complain about condensation is when it forms in the space between the two panes of glass. That happens when the seal between the panes has failed and has allowed moist air to enter the space. Sealed units are generally guaranteed against failure for a year after installation, so check your windows before that guarantee expires.

Templand Daily News

Property column – spot the builder!



Buyers of new-build homes often like to visit the construction site to check on the progress of their new houses. Building sites are usually busy places, with large numbers of people laying bricks, installing plumbing and electrical cables and operating diggers and other equipment.

Surprisingly, the only person on a typical building site who is directly employed by the housebuilder is the site agent. The rest are all employed by subcontractors, who provide the skilled and unskilled labour and rent out the equipment used on site. Most sites have several subcontractors. The subcontractors report to the site agent and the site agent monitors progress and quality.

Housebuilders organise each building project separately. Subcontractors may be invited to bid for jobs on a new project, but builders do not necessarily use the same subcontractor on every project. A local building company that has available staff and offers an acceptable price might be appointed in preference to a larger builder with whom the builder has prior experience.

It follows that buyers should take care when they are presented with the keys to their new homes. The quality of work in the completed house can be affected by subcontractors, who vary in terms of skill and care taken, and also the diligence of the particular site agent who oversaw the job.

Extracts from Joe the salesperson's blog

My first sale



I have just started working in sales for a small, local replacement window and door installer. We sell good quality products and we can undercut the big companies on price. I spent last week on a training course and started my sales visits this week.

My first evening was quite stressful. I spent 3 hours on a sales visit and left with nothing. The customers seemed interested, but they insisted on taking their time to think about it. I hope that I hear from them again because I am paid on commission, so that was a whole evening's work for potentially no reward.

Last night was a different story. I had a sales lead to visit a young couple whose windows were starting to discolour and let in draughts. I showed them my sample window and they loved the clean, white uPVC frame. They had considered asking for a quote from a "big name" company, but I pointed out that they would have to pay far more just to cover the cost of my rival's television advertising. It took 4 hours, but I managed to persuade them to sign before I left.

Tonight's commission is equal to half the weekly wage at my old job. If I can make two sales like that every week, then I'll be better off than I was.

COMMENTS

You did well to make a sale on your second night. Welcome to the double-glazing sales club.

Glass Seller

You need to learn from your success. NEVER leave without a signature. You should have persevered with that first visit.

Tuff Gal

What's your factory like?



I work for a small, local installer. We buy all our doors and windows from a factory that is about 150 kilometres away. I saw some photographs of the factory during my training, but I have never actually been there and I suspect that I never will.

Sometimes customers ask about the factory. I don't like to avoid questions and it's best not to lie, so I always say that it is "state of the art". To the best of my

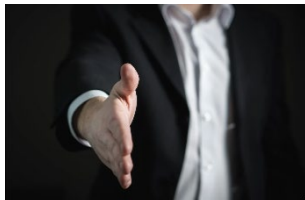
knowledge, it is, although I never know for sure what “state of the art” means. I know that our doors and windows feel well made. We rarely get any complaints.

COMMENTS

I had to tour our factory when I was training to sell replacement windows and doors. All I can really say is that it was big and very noisy. The factory manager was really proud of a new machine that can cut sections accurately to within a tenth of a millimetre, so I always tell customers that the factory staff take a real pride in their work.

Glazevendor

Take care when you are cutting the grass



I had a phone call this morning, asking me to visit an angry customer whose new windows had been installed yesterday afternoon. The customer was angry because the glass in one of the sealed units in her living room window was broken. The customer accused us of fitting a defective window.

I looked at the customer's lawn and, sure enough, it had been freshly cut. It was obvious to me that the lawnmower blade had caught a stone and had thrown it against the window with sufficient force to break the glass. It is a common accident.

Always check your lawn for stones before you cut your grass!

COMMENTS

I remember when we used to promote double glazing as “burglar proof”. We had to stop because burglars quickly learned that they could easily shatter sealed units with a sharp tap with a solid object, aimed at the corner of the window.

Glass Seller

Wasted journey



I am just back from a sales visit that lasted only 5 minutes. Unfortunately, it took me an hour to drive there and another hour to drive home. Not to mention the petrol that I wasted. The lead was for a lovely old cottage, right in the centre of a conservation area. Local building regulations forbid the installation of uPVC doors or windows in the “listed” buildings in that area. You can be prosecuted for damaging existing single-glazed doors and windows, even if they permit draughts and waste energy.

COMMENTS

I have had similar experiences. Now I check every lead online before I accept it to ensure that the property is not in a conservation area. If it is, I just cancel the appointment.

Salemaker

Cooling off periods



Two of this month's sales were cancelled during the 14-day "cooling off" period. The law makes life difficult for salespeople. Consumers can cancel sales contracts signed in their own homes, without giving a reason. We are not even allowed to contact them to ask what the problem is or whether there is anything we could do to resolve it.

This month's commission is going to be very small. The company doesn't pay commissions on cancelled sales.

COMMENTS

It happens. Customers sometimes find a better deal with another company or sometimes they simply get nervous about spending all that money on the advice of a salesperson who is hardly impartial!

These won't be your only cancelled orders, but bad luck to lose two in the same month.

Glass Seller