COMPANY REGISTRATION NUMBER 2749235

T CROSSLING & CO LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2008

unw LLP
Chartered Accountants & Registered Auditor
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

T CROSSLING & CO LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	R Errington R R Errington C P H Errington L A Walton S M Errington
Company secretary	L A Walton
Registered office	PO Box 5 Coast Road Newcastle upon Tyne NE6 5TP
Auditor	unw LLP Chartered Accountants & Registered Auditor Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	Lloyds TSB Bank Plc PO Box 1SL 102 Grey Street Newcastle upon Tyne NE99 1SL
Solicitors	Sintons The Cube Barrack Road Newcastle upon Tyne NE4 6DB

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activity of the group during the year was that of plumbers, pipeline and tool merchants.

The directors are satisfied with the results for the year considering the current economic trading conditions.

Although there has been a slight fall in sales the overall gross profit margin remaining fairly consistent.

The directors are of the opinion that analyses using key performance indicators are not necessary for an understanding of the development, performance or position of the business. In addition the shareholders are also directors and therefore have a full understanding of the performance of the business.

RESULTS AND DIVIDENDS
The profit for the year, after taxation, amounted to £2,025,000. Particulars of dividends paid are detailed in note 10 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The main risks associated with the group's financial assets and liabilities are set out below.

Interest rate risk
All surplus cash is invested in high interest bank accounts at a variable rate. Interest on any overdraft is charged at a variable rate. Therefore financial assets, liabilities, interest charges and interest income and cash flows can be affected by movements in interest rates. The risk is reduced by the fact that the amount of interest being received is in excess of the amount of interest charged and therefore there is minimal risk to the company.

Price risk
The group is exposed to commodity price risk as a result of its operations. However, given the size of the group operations, the cost of managing this exposure exceeds the potential benefits.

Credit risk
The profile of the group debtors is well spread. The group monitors the accounts of its customers closely including setting and monitoring credit limits. Old debts are chased promptly. The directors believe that although the group is exposed to credit risk they have adequate measures in place to minimise the risk to the group.

Liquidity risk
The group aims to mitigate liquidity risk by managing cash generated by its operations in the most effective manner. It is group policy to invoice amounts due as soon as possible, all amounts owed by debtors are collected promptly, all major capital expenditure must be approved by the directors.

Foreign currency risk
All of the group's assets, liabilities and cash flows are dominated in pounds sterling and therefore the group does not consider there to be any foreign currency risk.

DIRECTORS
The directors who served the company during the year were as follows:

R Errington
R R Errington
C P H Errington
L A Walton
S M Errington

POLICY ON THE PAYMENT OF CREDITORS
At 31 December 2008 trade creditors represented 24 days (2007: 25 days) purchases outstanding.

DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DISABLED EMPLOYEES
The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed to ensure suitable opportunities exist for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

EMPLOYEE INVOLVEMENT
The group's policy is to consult and discuss with employees, on matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

AUDITOR
unw LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
PO Box 5
Coast Road
Newcastle upon Tyne
NE6 5TP

Signed by order of the directors

L A WALTON
Company Secretary

Approved by the directors on 11th September 2009

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF T CROSSLING & CO LIMITED

YEAR ENDED 31 DECEMBER 2008

We have audited the group and parent company financial statements ("the financial statements") of T Crossling & Co Limited for the year ended 31 December 2008, which have been prepared on the basis of the accounting policies set out on pages 12 to 14.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF T CROSSLING & CO LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2008

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

unw LLP
Chartered Accountants
& Registered Auditor

Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

11th September 2009

T CROSSLING & CO LIMITED

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	Note	2008 £000	2007 *(restated)* £000
GROUP TURNOVER	2	**70,539**	73,971
Cost of sales		**(55,408)**	(58,129)
GROSS PROFIT		**15,131**	15,842
Distribution costs		**(9,622)**	(9,391)
Administrative expenses		**(2,941)**	(2,543)
OPERATING PROFIT	3	**2,568**	3,908
Interest receivable and similar income	6	**339**	240
Interest payable and similar charges	7	**(47)**	(54)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,860**	4,094
Tax on profit on ordinary activities	8	**(835)**	(1,171)
PROFIT FOR THE FINANCIAL YEAR	9	**2,025**	2,923

All of the activities of the group are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 12 to 25 form part of these financial statements.

T CROSSLING & CO LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2008

	2008	2007 *(restated)*
	£000	£000
Profit for the financial year attributable to the shareholders of the parent company	**2,026**	2,923
Actuarial gain/(loss) in respect of defined benefit pension scheme	**(1,437)**	(1,686)
Deferred tax in respect of defined benefit pension scheme	**402**	472
Total recognised gains and losses relating to the year	**990**	1,709
Prior year adjustment (see note 11)	**1,358**	(270)
Total gains and losses recognised since the last annual report	**2,348**	1,439

The notes on pages 12 to 26 form part of these financial statements.

T CROSSLING & CO LIMITED

GROUP BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £000	2007 *(restated)* £000
FIXED ASSETS			
Tangible assets	12	**8,122**	7,038
CURRENT ASSETS			
Stocks	14	**8,323**	9,686
Debtors	15	**10,907**	14,389
Cash at bank		**6,658**	1,460
		25,888	25,535
CREDITORS: Amounts falling due within one year	17	**(4,674)**	(4,404)
NET CURRENT ASSETS		**21,214**	21,131
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,336**	28,169
NET ASSETS EXCLUDING PENSION ASSET		**29,336**	28,169
Defined benefit pension scheme asset	18	**525**	886
NET ASSETS INCLUDING PENSION ASSET		**29,861**	29,055
CAPITAL AND RESERVES			
Called-up equity share capital	22	**39**	39
Other reserves	23	**79**	79
Profit and loss account	23	**29,743**	28,937
SHAREHOLDERS' FUNDS	24	**29,861**	29,055

These financial statements were approved by the directors and authorised for issue on 11th September 2009 and are signed on their behalf by:

R R Errington
Director

The notes on pages 12 to 25 form part of these financial statements.

T CROSSLING & CO LIMITED

BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £000	2007 £000
FIXED ASSETS			
Investments	**13**	**3,585**	3,585
CURRENT ASSETS			
Debtors	**15**	**6,272**	5,672
TOTAL ASSETS		**9,857**	9,257
CAPITAL AND RESERVES			
Called-up equity share capital	**22**	**39**	39
Other reserves	**23**	**11**	11
Profit and loss account	**23**	**9,807**	9,207
SHAREHOLDERS' FUNDS		**9,857**	9,257

These financial statements were approved by the directors and authorised for issue on 11th September 2009 and are signed on their behalf by:

R R Errington
Director

The notes on pages 12 to 25 form part of these financial statements.

T CROSSLING & CO LIMITED

GROUP CASH FLOW

YEAR ENDED 31 DECEMBER 2008

	Note	2008 £000	2007 *(restated)* £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	**25**	**6,879**	2,261
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		**243**	240
Interest paid		**(47)**	(54)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**196**	186
TAXATION		**(61)**	(1,549)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		**(1,885)**	(783)
Receipts from sale of fixed assets		**106**	50
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		**(1,779)**	(733)
EQUITY DIVIDENDS PAID		**-**	(1,026)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**5,235**	(861)
FINANCING	**25**	**50**	(223)
INCREASE/(DECREASE) IN CASH	**25**	**5,285**	(1,084)

The notes on pages 12 to 25 form part of these financial statements.

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Changes in accounting policies

In preparing the financial statements for the current year, the group has adopted the following Financial Reporting Standards:

FRS17 'Retirement benefits'

The company has changed its accounting policy on how pension costs are accounted for to ensure that the company complies with the Companies Act. The full requirements under FRS 17 are now included in the accounts. The effect of the change in the accounting policy is detailed in the prior year adjustment note.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and Loss Account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

Turnover represents the invoiced value of goods supplied to customers during the period, excluding value added tax, and less returns and discounts given.

Intangible assets

Goodwill arising on the acquisition of a business, representing any excess of the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life up to a maximum of twenty years. Provision is made for any impairment.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	50 years straight line
Leasehold Property	-	50 years straight line
Plant & Machinery	-	3 to 10 years straight line
Motor Vehicles	-	4 years straight line

Fixed asset investment

Fixed asset investments are stated at cost less amounts provided for any permanent diminution in value.

1. **ACCOUNTING POLICIES** *(continued)*

Stocks
Stocks have been valued at the lower of cost and net realisable value, cost being the invoiced value of goods supplied less rebates and allowances. Provision is made where necessary for defective, obsolete and slow moving stocks.

Operating lease agreements
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits
The group operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme surplus to the extent that it can be recovered is recognised in full on the balance sheet.

The deferred tax relating to a defined benefit asset is offset against the defined benefit asset and not included with other deferred tax assets or liabilities.

This scheme was closed to new members on 1st October 2000.

On 1st October 2000 a defined contribution scheme was introduced. The group will contribute the same amount as employees up to a limit of 6% of pensionable salary.

The group provides no other post-retirement benefits to its employees.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2008	2007 *(restated)*
	£000	£000
United Kingdom	**70,539**	73,971

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2008	2007 *(restated)*
	£000	£000
Depreciation of owned fixed assets	**768**	707
Profit on disposal of fixed assets	**(73)**	(23)
Operating lease costs:		
- Other	**201**	186
Auditor's remuneration - audit of the financial statements	**23**	23
Auditor's remuneration - other fees	**4**	4

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2008	2007 *(restated)*
	No	No
Number of distribution staff	**347**	352
Number of administrative staff	**32**	32
	379	384

The aggregate payroll costs of the above were:

	2008	2007 *(restated)*
	£000	£000
Wages and salaries	**7,527**	7,247
Social security costs	**646**	629
Other pension costs	**161**	(443)
	8,334	7,433

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 6) and amounts recognised in the statement of recognised gains and losses.

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007 *(restated)*
	£000	£000
Emoluments receivable	**574**	563

Emoluments of highest paid director:

	2008	2007 *(restated)*
	£000	£000
Total emoluments (excluding pension contributions)	**233**	232

Benefits are accruing under a defined benefits pension scheme and, at the year end the accrued pension amounted to £20,000 (2007 - £20,000).

The number of directors who accrued benefits under company pension schemes was as follows:

	2008	2007 *(restated)*
	No	No
Defined benefit schemes	**3**	3

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007 *(restated)*
	£000	£000
Bank interest receivable	243	240
Net finance income in respect of defined benefit pension schemes	96	–
	339	240

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007 *(restated)*
	£000	£000
Other similar charges payable	47	54
	47	54

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008	2007 *(restated)*
	£000	£000
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28.5% (2007 - 30%)	653	1,045
(Over)/under provision in prior year	(77)	(3)
Total current tax	576	1,042
Deferred tax:		
Origination and reversal of timing differences	259	129
Tax on profit on ordinary activities	835	1,171

8. TAXATION ON ORDINARY ACTIVITIES *(continued)*
(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2007 - 30%).

	2008	2007 *(restated)*
	£000	£000
Profit on ordinary activities before taxation	2,860	4,094
Profit on ordinary activities at standard rate of corporation tax	815	1,228
Expenses not deductible for tax purposes and other permanent differences	107	50
Accelerated/Decelerated capital allowances and other timing differences	(3)	11
Adjustments to tax charge in respect of previous years	(77)	(3)
Movement in short term timing differences	(266)	(144)
Total current tax (note 8(a))	576	1,042

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY
The profit dealt with in the financial statements of the parent company was £600,000 (2007 - £600,000).

10. DIVIDENDS
Equity dividends

	2008	2007 *(restated)*
	£000	£000
Paid during the year		
Equity dividends on ordinary shares	-	1,026

11. PRIOR YEAR ADJUSTMENT
Following a review of the accounting policies the way in which the pension scheme asset/liability is accounted for has been changed to comply with FRS 17 (see Note 1). These accounts have been updated to reflect this change, and the company now complies fully with FRS 17 'Retirement Benefits'.

The profit and loss account brought forward has increased by £1,358k (2007: decreased by £33k) as a result of this change in accounting policy.

T CROSSLING & CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

12. TANGIBLE FIXED ASSETS

Group

	Freehold & Leasehold Property £000	Plant & Machinery £000	Motor Vehicles £000	Total £000
COST				
At 1 January 2008	7,197	2,593	2,178	11,968
Additions	976	291	618	1,885
Disposals	-	(11)	(569)	(580)
At 31 December 2008	8,173	2,873	2,227	13,273
DEPRECIATION				
At 1 January 2008	1,302	2,087	1,541	4,930
Charge for the year	162	163	443	768
On disposals	-	(10)	(537)	(547)
At 31 December 2008	1,464	2,240	1,447	5,151
NET BOOK VALUE				
At 31 December 2008	6,709	633	780	8,122
At 31 December 2007	5,895	506	637	7,038

13. INVESTMENTS

Company

	Total £000
COST	
At 1 January 2008 and 31 December 2008	3,585
NET BOOK VALUE	
At 31 December 2008 and 31 December 2007	3,585

13. INVESTMENTS *(continued)*

The company owns 100% of the ordinary £1 share capital of the following subsidiary companies:

Crossling Limited, which is registered in England and Wales and carries on the trade of plumbers, engineers and tool merchants. The aggregate share capital and reserves of this company at 31 December 2008 amounted to £17,171,000 (2007: £17,513,000). The profit for the year was £1,293,000 (2007: £3,502,000) before dividends of £600,000 (2007: £600,000).

Crossling Properties Limited, which is registered in England and Wales and carries on the trade of holding and managing commercial properties. The aggregate share capital and reserves of this company at 31 December 2008 amounted to £7,516,000 (2007: £6,790,000). The profit for the year was £726,000 (2007: £711,000).

In addition to the above Crossling Limited owns 100% of the ordinary £1 share capital of the following subsidiary companies:

Northern Tools and Accessories Limited, which is registered in England and Wales. The aggregate share capital and reserves of this company at 31 December 2008 amounted to £8,717 (2007: £8,717). The company was dormant during the year.

Potter Cowan (Pipe Fittings) Limited, which is registered in Scotland. The aggregate share capital and reserves of this company at 31 December 2008 amounted to £1,000 (2007: £1,000). The company was dormant during the year.

Crossling CBM Limited, which is registered in England and Wales, and carries on the trade of plumbers merchant. The aggregate share capital and reserves of this company at 31 December 2006 amounted to £32,000 (2007: £32,000). The profit for the year was £Nil as the company did not trade (2007: £Nil).

Crossling Mitchells Limited, which is registered in England and Wales, and carries on the trade of plumbers merchant. The aggregate share capital and reserves of this company at 31 December 2008 are £nil (2007: £Nil). The profit for the year was £nil as the company did not trade (2007: £Nil).

Crossling Bancroft Ltd. which is registered in England and Wales and carries on the trade of engineers merchant. The aggregate share capital and reserves of this company at 31 December 2008 amounted to £1 (2007: £1). The profit for the year was £Nil as the company did not trade (2007: £Nil).

Stokplas Ltd. which is registered in England and Wales did not trade during the year. The aggregate share capital and reserves of this company at 31 December 2008 amounted to £1 (2007: £1). The company was dormant during the year.

14. STOCKS

	Group		**Company**	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Finished goods	**8,323**	9,686	–	–

15. DEBTORS

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Trade debtors	**10,458**	13,063	**-**	–
Amounts owed by group undertakings	**-**	–	**6,272**	5,672
Corporation tax repayable	**-**	320	**-**	–
Other debtors	**2**	50	**-**	–
Deferred taxation (Note 16)	**101**	285	**-**	–
Prepayments and accrued income	**346**	671	**-**	–
	10,907	14,389	**6,272**	5,672

16. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	Group		Company	
	2008	2007 *(restated)*	**2008**	2007 *(restated)*
	£000	£000	**£000**	£000
Asset included in debtors (note 15)	**(102)**	(101)	**-**	-
Liability included in net pension asset (note 13)	**203**	345	**-**	-
	101	244	**-**	-

The movement in the deferred taxation account during the year was:

	Group		Company	
	2008	2007 *(restated)*	**2008**	2007 *(restated)*
	£000	£000	**£000**	£000
Provision/(asset) at start of period	**244**	(355)	**-**	-
Profit and loss account movement arising during the year	**259**	127	**-**	-
STRGL movement arising during the year	**(402)**	472	**-**	-
Provision at end of period	**101**	244	**-**	-

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2008	2007 *(restated)*	**2008**	2007 *(restated)*
	£000	£000	**£000**	£000
Pension scheme	**203**	345	**-**	-
Excess of depreciation over taxation allowances	**(102)**	(101)	**-**	-
	101	244	**-**	-

17. CREDITORS: Amounts falling due within one year

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Unsecured loans repayable on demand	**178**	128	**-**	-
Trade creditors	**3,658**	3,151	**-**	-
Corporation tax	**11**	-	**-**	-
Other taxation and social security	**533**	625	**-**	-
Accruals and deferred income	**294**	500	**-**	-
	4,674	4,404	**-**	-

18. PENSIONS AND OTHER POST RETIREMENT BENEFITS

The company operates a defined contribution pension scheme whose assets are held in a separate trustee administered fund. The pension costs for the year in respect of this scheme were £55,481 (2007: £50,000).

The company also operates a funded pension scheme, the T. Crossling & co limited 1972 staff pension and assurance scheme (the "plan"). Under the scheme, the employees are entitled to retirement benefits varying based on a percentage of final salary on reaching retirement age of 65. No other post-retirement benefits are provided. The scheme is a funded scheme. The scheme is closed to new members. The assets of the plan are held in separate trustee administered funds.

The employer expects to contribute £265,000 into the scheme in 2009.

The amounts recognised in the profit and loss account are as follows:

	2008	2007
	£000	£000
Amounts charged to operating profit:		
Current service cost	**96**	103
Total operating charge	**96**	103
Amounts included in other finance income:		
Expected return on scheme assets	**(878)**	(835)
Interest on scheme liabilities	**782**	732
Other finance income	**(96)**	(103)
Actual return on scheme assets	**(2,203)**	1,179

Other finance income is included in the profit and loss account within interest receivable and similar income.

Actuarial losses of £ (1,437) (2007: £1,686) have been recognised in the statement of total recognised gains and losses.

The amounts recognised in the balance sheet are as follows:

	2008	2007
	£000	£000
Present value of funded obligations	**(12,250)**	(13,384)
Fair value of scheme assets	**12,978**	14,615
	728	1,231
Related deferred tax liability	**(203)**	(345)
Net pension asset	**525**	886

18. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

Changes in the present value of the defined benefit obligation scheme are as follows:

	2008	2007
	£000	£000
Opening defined benefit obligation	(13,384)	(14,179)
Current service cost	96	103
Interest on scheme liabilities	782	732
Actuarial gain	(1,644)	(1,342)
Contributions by scheme participants	83	91
Benefits paid	(451)	(379)
Closing defined benefit obligation	(12,250)	(13,384)

Changes in the fair value of scheme assets are as follows:

	2008	2007
	£000	£000
Opening fair value of scheme assets	14,615	13,260
Expected return on scheme assets	878	835
Contributions by employer	934	464
Contributions by scheme participants	83	91
Actuarial (loss)/gain	(3,081)	344
Benefits paid	(451)	(379)
Closing fair value of scheme assets	(12,978)	14,615

Amounts for the current and previous two periods are as follows:

	2008	2007	2006
	£000	£000	£000
Defined benefit obligation	1,134	795	(14,179)
Fair value of scheme assets	(1,637)	1,355	13,260
(Deficit)/surplus in the scheme	(503)	2,150	(919)

19. COMMITMENTS UNDER OPERATING LEASES

At 2008 the group had annual commitments under non-cancellable operating leases as set out below.

Group	**Land and buildings**	
	2008	2007 *(restated)*
	£000	£000
Operating leases which expire:		
Within 2 to 5 years	332	69
After more than 5 years	141	117
	473	186

20. RELATED PARTY TRANSACTIONS

A warehouse owed by a partnership in which R R Errington and C P H Errington have an interest provides handling and storage services to the group at commercial rates. The charge incurred by the group for the period was £18,450 (2007: £74,000). The property was sold to Crossling Properties Limited on an arms length basis in March 2008. There were no amounts outstanding at the end of the year (2007: £nil).

On 16 October 2001 the group entered into a loan agreement with Claire Errington Ltd, a company where Mr R R Errington is also a director. The loan accrues interest at a rate payable by the bank of Scotland for 7-day deposits. The maximum amount outstanding during the year was £393,000 (2007: £351,000). The balance at 31 December 2008 was £172,000 (2007: £128,000).

The group operates a pension scheme for its employees. Included in prepayments is an amount of £149,000 (2007: £172,000) in relation to amounts due from T Crossling & Co Limited 1972 Staff Pension & Assurance Scheme, who is considered to be a related party. The balance arises from expenses which have been paid on behalf of the scheme.

The company has taken advantage of the exemption under Financial Reporting Standard 8, not to disclose details of inta-group transactions.

21. ULTIMATE CONTROLLING PARTY

The directors consider there to be no controlling party.

22. SHARE CAPITAL

Authorised share capital:

	2008	2007 *(restated)*
	£000	£000
50,000 Ordinary shares of £1 each	50	50

Allotted, called up and fully paid:

	2008		2007 *(restated)*	
	No	£000	No	£000
Ordinary shares of £1 each	39,034	39	39,034	39

23. RESERVES

Group

	Capital redemption reserve £000	Other reserves £000	Profit and loss account (restated) £000
Balance brought forward as previously reported	11	68	27,395
Prior year adjustment (note 11)	-	-	1,358
Restated balance as at 1 January 2008	11	68	28,753
Profit for the year	-	-	2,025
Defined benefit pension scheme	-	-	(1,035)
Balance carried forward	11	68	29,743

23. RESERVES *(continued)*

Company	Capital redemption reserve £000	Profit and loss account £000
Balance brought forward as previously reported	11	9,207
Profit for the year	-	600
Balance carried forward	11	9,807

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £000	2007 *(restated)* £000
Profit for the financial year	2,025	2,923
Equity dividends	-	(1,026)
Defined benefit pension scheme	(1,035)	1,214
Net addition to shareholders' funds	990	3,111
Opening shareholders' funds	27,513	29,088
Prior year adjustment (see note 11)	1,358	(33)
Closing shareholders' funds	29,861	29,055

25. NOTES TO THE STATEMENT OF CASH FLOWS
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £000	2007 *(restated)* £000
Operating profit	2,568	3,908
Depreciation	768	707
Profit on disposal of fixed assets	(73)	(23)
Decrease/(increase) in stocks	1,363	(764)
Decrease/(increase) in debtors	2,978	(1,078)
Increase/(decrease) in creditors	209	(25)
Defined benefit pension scheme contributions paid	(934)	(464)
Net cash inflow from operating activities	6,879	2,261

25. NOTES TO THE STATEMENT OF CASH FLOWS ***(continued)***

FINANCING

	2008	2007 *(restated)*
	£000	£000
Unsecured loans repayable on demand	50	(223)
Net cash inflow/(outflow) from financing	50	(223)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2008	2007 *(restated)*
	£000	£000
Increase/(decrease) in cash in the period	5,285	(1,084)
Unsecured loans repayable on demand	(50)	223
	5,235	(861)
Change in net funds	5,235	(861)
Net funds at 1 January 2008	1,332	2,707
Net funds at 31 December 2008	6,480	1,332

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2008	Cash flows	At 31 Dec 2008
	£000	£000	£000
Net cash:			
Cash in hand and at bank	1,460	5,198	6,658
Debt:			
Debt due within 1 year	(128)	(50)	(178)
Net funds	1,332	5,148	6,480