COMPANY REGISTRATION NUMBER 02749235

T CROSSLING & CO LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2011

UNW LLP
Chartered Accountants & Statutory 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 S M Errington K C Clifford	(deceased 25 March 2012)
Company secretary	K C Clifford	
Registered office	PO Box 5 Coast Road Newcastle upon Tyne NE6 5TP	
Auditor	UNW LLP Chartered Accountants & Statutory Auditor Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE	
Bankers	Lloyds TSB Plc Black Horse House 91 Sandyford Road Newcastle upon Tyne NE99 1JW	
Solicitors	Sintons The Cube Barrack Road Newcastle upon Tyne NE4 6DB	

T CROSSLING & CO LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2011

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 pleased with the results for the current year maintaining profitability in difficult trading conditions

For the year ahead the economic outlook continues to remain challenging with government expenditure reductions, a general lack of business confidence and the Euro zone credit crisis combining to restrict business opportunities

RESULTS AND DIVIDENDS
The profit for the year, after taxation, amounted to £2,232,000 Particulars of dividends paid are detailed in note 11 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 are sad to report the death of our Chairman Roger Errington who served as a director for 52 years and they wish to place on record the Board's gratitude for all of his hard work during this period which developed the reputation, status and financial strength which the group holds today

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

R Errington	(deceased 25 March 2012)
R R Errington	
C P H Errington	
S M Errington	
K C Clifford	

POLICY ON THE PAYMENT OF CREDITORS
At 31 December 2011 trade creditors represented 34 days (2010 32 days) purchases outstanding

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 adequate accounting records that are sufficient to show and explain the group's and company's transactions and 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 2006 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

T CROSSLING & CO LIMITED

THE DIRECTORS' REPORT ***(continued)***

YEAR ENDED 31 DECEMBER 2011

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

K C CLIFFORD
Company Secretary

Approved by the directors on 24 September 2012

We have audited the group and parent company financial statements ("the financial statements") of T Crossling & Co Limited for the year ended 31 December 2011 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's shareholders, 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of the group's 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

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

A WILSON (Senior Statutory Auditor)
For and on behalf of
UNW LLP
Chartered Accountants
& Statutory Auditor

Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

24 September 2012

T CROSSLING & CO LIMITED

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2011

	Note	2011 £000	2010 £000
GROUP TURNOVER	2	**60,759**	64,844
Cost of sales		**(46,867)**	(51,627)
GROSS PROFIT		**13,892**	13,217
Distribution costs		**(8,214)**	(8,179)
Administrative expenses		**(3,165)**	(2,640)
OPERATING PROFIT	3	**2,513**	2,398
Profit on disposal of fixed assets	6	**–**	371
		2,513	2,769
Interest receivable and similar income	7	**657**	291
Interest payable and similar charges	8	**(51)**	(53)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**3,119**	3,007
Tax on profit on ordinary activities	9	**(887)**	(793)
PROFIT FOR THE FINANCIAL YEAR	10	**2,232**	2,214

All of the activities of the group are classed as continuing

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 12 to 24 form part of these financial statements.

T CROSSLING & CO LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2011

	2011	2010
	£000	£000
Profit for the financial year attributable to the shareholders of the parent company	**2,232**	2,214
Actuarial gain/(loss) in respect of defined benefit pension scheme	**(1,521)**	(235)
Deferred tax in respect of defined benefit pension scheme	**380**	63
Total gains and losses recognised since the last annual report	**1,091**	2,042

The notes on pages 12 to 24 form part of these financial statements.

T CROSSLING & CO LIMITED

GROUP BALANCE SHEET

31 DECEMBER 2011

	Note	2011 £000	2010 £000
FIXED ASSETS			
Tangible assets	12	**6,012**	6,316
CURRENT ASSETS			
Stocks	14	**7,398**	8,437
Debtors	15	**10,613**	11,985
Cash at bank		**10,234**	7,398
		28,245	27,820
CREDITORS: Amounts falling due within one year	17	**(6,009)**	(7,572)
NET CURRENT ASSETS		**22,236**	20,248
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,248**	26,564
NET ASSETS EXCLUDING PENSION (LIABILITY)/ASSET		**28,248**	26,564
Defined benefit pension scheme (liability)/asset	18	**(28)**	641
NET ASSETS INCLUDING PENSION (LIABILITY)/ASSET		**28,220**	27,205
CAPITAL AND RESERVES			
Called-up equity share capital	22	**39**	39
Other reserves	23	**79**	79
Profit and loss account	23	**28,102**	27,087
SHAREHOLDERS' FUNDS	24	**28,220**	27,205

These financial statements were approved by the directors and authorised for issue on 24 September 2012 and are signed on their behalf by

R R Errington
Director

The notes on pages 12 to 24 form part of these financial statements.

T CROSSLING & CO LIMITED

BALANCE SHEET

31 DECEMBER 2011

	Note	2011 £000	2010 £000
FIXED ASSETS			
Investments	**13**	**3,585**	3,585
CURRENT ASSETS			
Debtors	**15**	**1,891**	1,967
TOTAL ASSETS		**5,476**	5,552
CAPITAL AND RESERVES			
Called-up equity share capital	**22**	**39**	39
Other reserves	**23**	**11**	11
Profit and loss account	**23**	**5,426**	5,502
SHAREHOLDERS' FUNDS		**5,476**	5,552

These financial statements were approved by the directors and authorised for issue on 24 September 2012 and are signed on their behalf by

R R Errington
Director

Company Registration Number 02749235

The notes on pages 12 to 24 form part of these financial statements.

T CROSSLING & CO LIMITED

GROUP CASH FLOW

YEAR ENDED 31 DECEMBER 2011

	Note	2011 £000	2010 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	**25**	**5,415**	1,103
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		**70**	194
Interest paid		**(51)**	(53)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**19**	141
TAXATION		**(833)**	(639)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		**(427)**	(439)
Receipts from sale of fixed assets		**74**	55
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE		**(353)**	(384)
EQUITY DIVIDENDS PAID		**(76)**	(4,305)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**4,172**	(4,084)
FINANCING	25	**(1,336)**	1,480
INCREASE/(DECREASE) IN CASH	25	**2,836**	(2,604)

The notes on pages 12 to 24 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

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 twenty 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 408 of the Companies Act 2006

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

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

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

Pension costs and other post-retirement benefits

The group operates a defined benefit pension scheme for employees The scheme was closed to new members on 1 October 2000 and accrual of benefits for existing members ceased on 31 October 2011 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

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

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

	2011	2010
	£000	£000
United Kingdom	60,759	64,844

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011 £000	2010 £000
Depreciation of owned fixed assets	**714**	689
Profit on disposal of fixed assets	**(57)**	(50)
Auditor's remuneration		
- as auditor	**24**	23
- for other services	**4**	4
Operating lease costs	**248**	294

4. PARTICULARS OF EMPLOYEES

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

	2011 No	2010 No
Number of distribution staff	**300**	297
Number of administrative staff	**30**	31
	330	328

The aggregate payroll costs of the above were

	2011 £000	2010 £000
Wages and salaries	**6,298**	6,239
Social security costs	**532**	529
Other pension costs	**126**	147
	6,956	6,915

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 7) and amounts recognised in the statement of recognised gains and losses

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011 £000	2010 £000
Remuneration receivable	**347**	429
Value of company pension contributions to money purchase schemes	**8**	3
	355	432

Remuneration of highest paid director:

	2011 £000	2010 £000
Total remuneration (excluding pension contributions)	**121**	163

5. DIRECTORS' REMUNERATION *(continued)*

The company closed the defined benefit pension scheme to future accrual on 31 October 2011 At the year end the accrued pension of the highest paid director amounted to £24,000 (2010 - £23,000) The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	1	1
Defined benefit schemes	2	3

6. PROFIT ON DISPOSAL OF FIXED ASSETS

	2011	2010
	£000	£000
Profit on disposal of fixed assets	–	371

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
	£000	£000
Bank interest receivable	70	194
Net finance income in respect of defined benefit pension schemes	587	97
	657	291

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£000	£000
Interest payable on bank borrowing	–	5
Other similar charges payable	51	48
	51	53

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011	2010
	£000	£000
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 26 49% (2010 - 28%)	711	735
(Over)/under provision in prior year	(2)	(4)
Total current tax	709	731
Deferred tax		
Origination and reversal of timing differences	178	62
Tax on profit on ordinary activities	887	793

9. 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 26 49% (2010 - 28%)

	2011 £000	2010 £000
Profit on ordinary activities before taxation	**3,119**	3,007
Profit on ordinary activities by rate of tax	**826**	842
Expenses not deductible for tax purposes and other permanent differences	**58**	59
Accelerated/Decelerated capital allowances and other timing differences	**(3)**	7
Adjustments to tax charge in respect of previous years	**(2)**	(4)
Movement in short term timing differences	**(170)**	(69)
Profit on disposal of property not taxable	**-**	(104)
Total current tax (note 9(a))	**709**	731

(c) Factors that may affect future tax charges

The group has £9,145 capital losses carried forward as at 31 December 2011 (2010 £100,000) No deferred tax asset has been recognised in relation to these losses due to uncertainty as to the timing of any utilisation and benefit, as they can only be offset against future capital gains

Recent Budget Statements have announced a staged reduction in the main rate of corporation tax down to 22%, which will tend to reduce future tax charges Only the reduction to 25% had been substantively enacted by the balance sheet date, and so only the effect of this has been included in these financial statements Although a reduction to 25% to apply from 1 April 2012 was substantively enacted in the Finance Act 2011, the Finance Act 2012 has increased the reduction so that the rate applying from 1 April 2012 is now 24% The Finance Act 2012 also included a further reduction to 23% applying from 1 April 2013 Neither of these reductions in rate had been substantively enacted by the balance sheet date

10. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £Nil (2010 - £1,695,000)

11. DIVIDENDS
Equity dividends

	2011 £000	2010 £000
Paid during the year		
Equity dividends on ordinary shares	**76**	6,000

12. TANGIBLE FIXED ASSETS

Group	Freehold Property £000	Leasehold Property £000	Plant & Machinery £000	Motor Vehicles £000	Total £000
COST					
At 1 January 2011	5,257	1,280	3,127	2,170	11,834
Additions	–	–	10	417	427
Disposals	–	–	(280)	(406)	(686)
At 31 December 2011	5,257	1,280	2,857	2,181	11,575
DEPRECIATION					
At 1 January 2011	1,335	120	2,527	1,536	5,518
Charge for the year	114	26	136	438	714
On disposals	–	–	(281)	(388)	(669)
At 31 December 2011	1,449	146	2,382	1,586	5,563
NET BOOK VALUE					
At 31 December 2011	3,808	1,134	475	595	6,012
At 31 December 2010	3,922	1,160	600	634	6,316

13. INVESTMENTS

Company	Total £000
COST	
At 1 January 2011 and 31 December 2011	3,585
NET BOOK VALUE	
At 31 December 2011 and 31 December 2010	3,585

13 INVESTMENTS *(continued)*

The company owns 100% of the ordinary share capital of the following investments All companies are incorporated in the United Kingdom

	2011 £000	2010 £000
Aggregate capital and reserves		
Crossling Limited	**18,872**	18,453
Crossling Properties Limited	**8,560**	7,889
Northern Tools and Accessories Limited*	**9**	9
Potter Cowan (Pipe Fittings) Limited*	**1**	1
Crossling CBM Limited*	**32**	32
Crossling Mitchells Limited*	–	–
Crossling Bancroft Ltd*	–	–
Stokplas Ltd*	–	–
Profit and (loss) for the year		
Crossling Limited	**1,560**	1,039
Crossling Properties Limited	**671**	1,175
Northern Tools and Accessories Limited*	–	–
Potter Cowan (Pipe Fittings) Limited*	–	–
Crossling CBM Limited*	–	–
Crossling Mitchells Limited*	–	–
Crossling Bancroft Ltd*	–	–
Stokplas Ltd*	–	–

* Held indirectly via Crossling Limited

14. STOCKS

	Group		Company	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Finished goods	**7,398**	8,437	–	–

15. DEBTORS

	Group		Company	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Trade debtors	**9,753**	11,536	–	–
Amounts owed by group undertakings	–	–	**1,891**	1,967
Deferred taxation (Note 16)	**94**	100	–	–
Prepayments and accrued income	**766**	349	–	–
	10,613	11,985	**1,891**	1,967

16. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Asset brought forward	**100**	103	-	-
Decrease in asset	**(6)**	(3)	-	-
Asset carried forward	**94**	100	-	-

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	**2011**		2010	
	Provided	**Unprovided**	Provided	Unprovided
	£000	**£000**	£000	£000
Excess of depreciation over taxation allowances	**94**	-	100	-

17. CREDITORS: Amounts falling due within one year

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Unsecured loans repayable on demand	**291**	1,627	–	–
Trade creditors	**4,341**	4,551	–	–
Corporation tax	**462**	586	–	–
Other taxation and social security	**668**	583	–	–
Accruals and deferred income	**247**	225	–	–
	6,009	7,572	–	–

Details of the unsecured loans are provided in note 20

18. PENSIONS AND OTHER POST RETIREMENT BENEFITS

(A) defined contribution scheme

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 £68,755 (2010 £55,358) Pension contributions of £10,748 (2010 £nil) were owed to the scheme at the year end

(B) defined benefit scheme

The company also operates a funded pension scheme, the T Crossling & Co Limited Staff Pension and Assurance Scheme (the "Plan") This provides benefits based on final pensionable earnings The assets of the plan are held in separate trustee administered funds

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 employer expects to make no further contributions to the scheme which was closed to future accrual on 31 October 2011 with all active members becoming deferred members

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

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

	2011 £000	2010 £000
Amounts charged to operating profit		
Current service cost	**58**	88
Total operating charge	**58**	88
Amounts included in other finance income		
Expected return on scheme assets	**(873)**	(918)
Interest on scheme liabilities	**815**	821
Gain on settlements and curtailments	**(529)**	–
Other finance income	**(587)**	(97)
Total credit to the profit and loss account	**(529)**	(9)
Actual return on scheme assets	**35**	2,797

Other finance income including gains on settlements and curtailments are included within the profit and loss account within interest receivable and similar income

Actuarial losses of £1,521 (2010 £235) have been recognised in the statement of total recognised gains and losses

The amounts recognised in the balance sheet are as follows

	2011 £000	2010 £000
Present value of funded obligations	**(14,556)**	(15,670)
Fair value of scheme assets	**17,766**	18,301
	3,210	2,631
Deficit restriction	**(3,210)**	(1,753)
Surplus in the scheme after restriction	**–**	878
Related deferred tax liability	**(28)**	(237)
Net pension (liability)/asset	**(28)**	641

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

	2011 £000	2010 £000
Opening defined benefit obligation	**15,670**	14,459
Current service cost	**58**	88
Gains on curtailments	**(529)**	–
Interest on scheme liabilities	**815**	821
Actuarial (gain)/loss	**(774)**	1,015
Contributions by scheme participants	**48**	65
Benefits paid	**(732)**	(778)
Closing defined benefit obligation	**14,556**	15,670

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

Changes in the fair value of scheme assets are as follows

	2011 £000	2010 £000
Opening fair value of scheme assets	**18,301**	15,982
Expected return on scheme assets	**873**	918
Contributions by employer	**114**	235
Contributions by scheme participants	**48**	65
Actuarial (loss)/gain	**(838)**	1,879
Benefits paid	**(732)**	(778)
Closing fair value of scheme assets	**17,766**	18,301

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows

	2011 %	2010 %
European equities	**68.00**	66 00
European bonds	**31.00**	29 00
Other assets	**1.00**	5 00

The principal actuarial assumptions as at the balance sheet date were

	2011 %	2010 %
Discount rate	**4.60**	5 40
Expected return on scheme assets	**6.30**	6 50
Rate of increase in salaries	**–**	4 50
Rate of increase in pensions in payment	**2.00**	3 40
Inflation	**3.00**	3 50

Amounts for the current and previous four periods are as follows

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Defined benefit obligation	**(14,556)**	(15,670)	(14,459)	(12,250)	(13,384)
Fair value of scheme assets	**17,766**	18,301	15,982	12,978	14,615
Surplus/(deficit) in the scheme	**3,210**	2,631	1,523	728	1,231

19. COMMITMENTS UNDER OPERATING LEASES

At 2011 the group had annual commitments under non-cancellable operating leases as set out below

Group	**Land and buildings** 2011 £000	2010 £000
Operating leases which expire		
Within 1 year	**30**	60
Within 2 to 5 years	**43**	73
After more than 5 years	**174**	125
	247	258

20. RELATED PARTY TRANSACTIONS

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 the highest rate payable to Crossling Properties Limited on bank deposits The maximum amount outstanding during the year was £485,000 (2010 £149,000) The balance at 31 December 2011 was £290,000 (2010 £122,000)

The group operates a pension scheme for its employees Included in prepayments is an amount of £302,000 (2010 £164,000) in relation to amounts due from T Crossling & Co Limited 1972 Staff Pension & Assurance Scheme, which is considered to be a related party The balance is due to pensioner payroll costs and expenses which have been paid on behalf of the scheme and are therefore owed back to the group

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

21. ULTIMATE CONTROLLING PARTY

The directors consider there to be no controlling party

22 SHARE CAPITAL

Authorised share capital:

	2011	2010
	£000	£000
50,000 Ordinary shares of £1 each	50	50

Allotted, called up and fully paid·

	2011		2010	
	No	£000	No	£000
39,034 Ordinary shares of £1 each	39,034	39	39,034	39

23. RESERVES

Group

	Capital redemption reserve	Other reserves	Profit and loss account
	£000	£000	£000
Balance brought forward	11	68	27,087
Profit for the year	–	–	2,232
Equity dividends	–	–	(76)
Deferred tax in respect of defined benefit pension scheme	–	–	380
Actuarial gain/(loss) in respect of defined benefit pension scheme	–	–	(1,521)
Balance carried forward	11	68	28,102

23. RESERVES *(continued)*

Company

	Capital redemption reserve £000	Profit and loss account £000
Balance brought forward	**11**	**5,502**
Equity dividends	**–**	**(76)**
Balance carried forward	**11**	**5,426**

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £000	2010 £000
Profit for the financial year	**2,232**	2,214
Equity dividends	**(76)**	(6,000)
Actuarial gain/(loss) in respect of defined benefit pension scheme	**(1,521)**	(235)
Deferred tax in respect of the defined benefit pension scheme	**380**	64
Net addition/(reduction) to shareholders' funds	**1,015**	(3,957)
Opening shareholders' funds	**27,205**	31,162
Closing shareholders' funds	**28,220**	27,205

25. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £000	2010 £000
Operating profit	**2,513**	2,398
Depreciation	**714**	689
Profit on disposal of fixed assets	**(57)**	(50)
Decrease/(increase) in stocks	**1,039**	(375)
Decrease/(increase) in debtors	**1,366**	(2,082)
(Decrease)/increase in creditors	**(104)**	670
Provision for service cost of defined benefit pension scheme	**58**	88
Defined benefit pension scheme contributions paid	**(114)**	(235)
Net cash inflow from operating activities	**5,415**	1,103

FINANCING

	2011 £000	2010 £000
Unsecured loans repayable on demand	**(1,336)**	1,480
Net cash (outflow)/inflow from financing	**(1,336)**	1,480

25. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011	2010
	£000	£000
Increase/(decrease) in cash in the period	2,837	(2,604)
Unsecured loans repayable on demand	1,336	(1,480)
	4,173	(4,084)
Change in net funds	4,173	(4,084)
Net funds at 1 January 2011	5,771	9,855
Net funds at 31 December 2011	9,943	5,771

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2011	Cash flows	At 31 Dec 2011
	£000	£000	£000
Net cash			
Cash in hand and at bank	7,398	2,836	10,234
Debt			
Debt due within 1 year	(1,627)	1,336	(291)
Net funds	5,771	4,172	9,943