

Registered number: 02749235

T Crossling & Co Limited

Directors' report and financial statements

31 December 2016

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T Crossling & Co Limited

Company Information

Directors	R R Errington C P H Errington S M Errington K C Clifford
Company secretary	K C Clifford
Registered number	02749235
Registered office	PO Box 5 Coast Road Newcastle upon Tyne NE6 5TP
Independent auditor	UNW LLP Chartered Accountants 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

Contents

	Page
Group strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report to the members of T Crossling & Co Limited	6 - 7
Consolidated profit and loss account	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated statement of changes in equity	11
Company statement of changes in equity	12
Consolidated statement of cash flows	13
Notes to the financial statements	14 - 30

T Crossling & Co Limited

Group strategic report Year ended 31 December 2016

Introduction

The principal activity of the group continues to be that of plumbers, pipeline and tool merchants.

Business review and review of future developments

The directors are disappointed with the decrease in turnover experienced in 2016 but are satisfied with the results for the year.

In an increasingly competitive sector including both national merchants and other local independents price competition has intensified but the group has managed to maintain profitability through a focus on maintaining gross margin and tight cost control, whilst also continuing to make selective future capital investments. As the table below illustrates, other expenses have increased, driven largely by an increase in information technology expenditure as new computer systems are introduced throughout the group.

The group finances continue to remain in a healthy position with the Balance Sheet showing net assets at year end in excess of £22.2 million. Strong working capital ratios allow the company to maximise the use of its resources although the interest rate received on cash balances has continued to fall.

The group has made a positive start to 2017 with turnover ahead of last year and continues to concentrate on margin in a competitive market which has recently led some national merchants to announce branch closures throughout their network. There is a degree of uncertainty on the potential impact on investment decisions during the Brexit negotiations although the longer term impact cannot be predicted with any degree of confidence. In the short term local authority expenditure may be redirected to an extent to issues arising from the Grenfell Tower tragedy which may reduce their normal spend on housing repair and maintenance.

Key performance indicators

The group monitors certain financial key performance indicators to measure movements and evaluate trends in revenues and profits. These are detailed below:

	2016	2015
	£000	£000
Sales	47,410	48,524
Gross profit	12,223	12,698
No of employees	259	272
Payroll costs	6,131	6,166
Other expenses	3,499	3,205
Sales per employee	183.1	178.4
Gross profit percentage	25.8%	26.2%
Gross profit per employee	47.3	46.7
Payroll costs per employee	23.7	22.7
Other expenses per employee	13.5	11.8

The group does not maintain key performance indicators for non-financial information, but does ensure it complies with all of its environmental responsibilities. The group also recognises the importance of its staff and actively promotes staff training and development.

T Crossling & Co Limited

Group strategic report Year ended 31 December 2016

Principal risks and uncertainties

The main risks associated with the group's financial assets and liabilities are set out below.

Credit risk

The profile of the group's 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 reduce the risk to an acceptable level.

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 and all amounts owed by debtors are collected promptly. All major capital expenditure must be approved by the directors.

Interest rate risk

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

Price Risk

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

This report was approved by the board on 5 September 2017 and signed on its behalf by:



K C Clifford
Director

T Crossling & Co Limited

Directors' report Year ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year, after taxation, amounted to £2,216,000 (2015 - £2,943,000).

Details of dividends paid during the year are given in note 23 to the financial statements. The directors do not recommend a final dividend in respect of the year.

Directors

The directors who served during the year were:

R R Errington
C P H Errington
S M Errington
K C Clifford

Employee involvement

The group's policy is to discuss and consult 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.

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.

Matters covered in the strategic report

Information on future developments, and financial risk management objectives and policies, which would otherwise be disclosed in the directors' report, are instead disclosed in the strategic report, as permitted by s414(11) of the Companies Act 2006.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

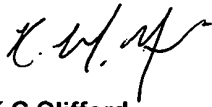
T Crossling & Co Limited

Directors' report (continued)
Year ended 31 December 2016

Auditor

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

This report was approved by the board on 5 September 2017 and signed on its behalf by:



K C Clifford
Director

T Crossling & Co Limited

Directors' responsibilities statement Year ended 31 December 2016

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Independent auditor's report to the members of T Crossling & Co Limited

We have audited the financial statements of T Crossling & Co Limited for the year ended 31 December 2016, set out on pages 8 to 30. The financial reporting framework that has been applied in their preparation is the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement on page 5, 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 Financial Reporting Council'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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the group strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 the parent company's affairs as at 31 December 2016 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.



Independent auditor's report to the members of T Crossling & Co Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report and the directors' report.

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 handwritten signature in black ink, appearing to read 'Andrew Wilson', written over a horizontal line.

Andrew Wilson BA FCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

5 September 2017

T Crossling & Co Limited

Consolidated profit and loss account Year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	4	47,410	48,524
Cost of sales		(35,187)	(35,826)
Gross profit		12,223	12,698
Distribution costs		(5,868)	(6,039)
Administrative expenses		(3,762)	(3,332)
Other operating income	5	90	93
Fair value movements - investment property		-	147
Operating profit	6	2,683	3,567
Interest receivable and similar income	10	132	129
Profit before tax		2,815	3,696
Tax on profit	11	(599)	(753)
Profit for the financial year		2,216	2,943

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated profit and loss account.

The notes on pages 14 to 30 form part of these financial statements.

T Crossling & Co Limited

Consolidated balance sheet At 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	12	4,339	4,437
Investment property	13	680	680
		<u>5,019</u>	<u>5,117</u>
Current assets			
Stocks	15	5,451	5,088
Debtors	16	8,561	8,559
Cash at bank and in hand		7,407	15,333
		<u>21,419</u>	<u>28,980</u>
Creditors	17	(4,172)	(3,891)
Net current assets		<u>17,247</u>	<u>25,089</u>
Net assets		<u>22,266</u>	<u>30,206</u>
Capital and reserves			
Called up share capital	20	39	39
Capital redemption reserve	21	11	11
Other reserves	21	68	68
Profit and loss account	21	22,148	30,088
Total equity		<u>22,266</u>	<u>30,206</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 September 2017.


C P H Errington
Director

The notes on pages 14 to 30 form part of these financial statements.

T Crossling & Co Limited

Company balance sheet At 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	14	3,585	3,585
		<u>3,585</u>	<u>3,585</u>
Current assets			
Debtors	16	1,637	6,132
		<u>1,637</u>	<u>6,132</u>
Creditors	17	(2,024)	(363)
		<u>(2,024)</u>	<u>(363)</u>
Net current (liabilities)/assets		(387)	5,769
Net assets		3,198	9,354
Capital and reserves			
Called up share capital	20	39	39
Capital redemption reserve	21	11	11
Profit and loss account	21	3,148	9,304
		<u>3,198</u>	<u>9,354</u>
Total equity		3,198	9,354

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 September 2017.



C P H Errington
Director
Company registered number: 02749235

T Crossling & Co Limited

Consolidated statement of changes in equity Year ended 31 December 2016

	Called up share capital £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2015	39	11	68	27,301	27,419
Profit for the year	-	-	-	2,943	2,943
Dividends: Equity capital	-	-	-	(156)	(156)
At 1 January 2016	39	11	68	30,088	30,206
Profit for the year	-	-	-	2,216	2,216
Dividends: Equity capital	-	-	-	(10,156)	(10,156)
At 31 December 2016	39	11	68	22,148	22,266

T Crossling & Co Limited

Company statement of changes in equity Year ended 31 December 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015	39	11	7,460	7,510
Profit for the year	-	-	2,000	2,000
Dividends: Equity capital	-	-	(156)	(156)
At 1 January 2016	39	11	9,304	9,354
Profit for the year	-	-	4,000	4,000
Dividends: Equity capital	-	-	(10,156)	(10,156)
At 31 December 2016	39	11	3,148	3,198

T Crossling & Co Limited

Consolidated statement of cash flows Year ended 31 December 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the financial year	2,216	2,943
Adjustments for:		
Depreciation of tangible assets	634	681
Profit on disposal of tangible assets	(97)	(62)
Interest received	(132)	(129)
Taxation charge	599	753
(Increase)/decrease in stocks	(363)	1,281
(Increase)/decrease in debtors	(2)	1,629
Increase/(decrease) in creditors	367	(744)
Net fair value losses/(gains) recognised in P&L	-	(147)
Corporation tax (paid)	(684)	(702)
Net cash generated from operating activities	2,538	5,503
Cash flows from investing activities		
Purchase of tangible fixed assets	(537)	(765)
Sale of tangible fixed assets	97	68
Interest received	132	129
Net cash from investing activities	(308)	(568)
Cash flows from financing activities		
Repayment of other loans	-	(30)
Dividends paid	(10,156)	(156)
Net cash used in financing activities	(10,156)	(186)
Net (decrease)/increase in cash and cash equivalents	(7,926)	4,749
Cash and cash equivalents at beginning of year	15,333	10,584
Cash and cash equivalents at the end of year	7,407	15,333
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,407	15,333
Total cash and cash equivalents	7,407	15,333

The notes on pages 14 to 30 form part of these financial statements.

T Crossling & Co Limited

Notes to the financial statements **Year ended 31 December 2016**

1. General information

T Crossling & Co Limited ('the company') and its subsidiaries (together 'the group') are merchants to the plumbing, pipeline and tool trades.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of these financial statements.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material on relation to the financial statements.

2.1 Basis of preparation

The group and individual financial statements of T Crossling & Co Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ('FRS102') and the Companies Act 2006.

The group and individual financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling, which is the functional currency of the group, and rounded to £000.

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity in respect of its individual financial statements, and has taken advantage of the exemptions relating to certain financial instrument disclosures and the preparation of a company cash flow statement, on the basis that equivalent disclosures are included in the consolidated financial statements.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

2.2 Basis of consolidation

The consolidated financial statements present the results of group and its subsidiaries as if they formed a single entity. Intercompany transactions and balances are therefore eliminated in full.

2.3 Revenue recognition

Turnover comprises revenue recognised in respect of goods supplied during the year, net of returns, discounts and rebates allowed by the company and Value Added Tax. The company recognises revenue on despatch / collection of the goods.

Rental income (within other operating income) is recognised on a straight line basis over the period of the lease.

Interest receivable is recognised on an accruals basis.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the bases set out below:

Freehold property	-	50 years
Long leasehold property	-	50 years
Plant, fixtures and fittings	-	3 to 10 years
Motor vehicles	-	4 years

2.5 Investment property

Investment properties are measured at fair value at each balance sheet date, with any changes in fair value recognised in the profit and loss account. Investment properties are not depreciated.

2.6 Investments

In the company balance sheet, investments in subsidiaries are measured at cost less impairment.

2.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method, and reflects the invoice price adjusted for retrospective rebates and allowances.

Provision is made where necessary for obsolete or slow-moving stocks.

2.8 Financial instruments

The company and group only enter into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties, including fellow group companies.

All such financial instruments are initially recognised at transaction price, and subsequently carried at amortised cost using the effective interest method.

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

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

2. Accounting policies (continued)

2.9 Current and deferred taxation

Current tax is the amount of income tax payable (or receivable) in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax arises from timing differences, which are differences between taxable profits and profit as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences, with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

2.10 Pensions

Defined benefit pension plan

The group operates a defined benefit plan for certain 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 amount recognised in the balance sheet in respect of the defined benefit plan is the net of the present value of the defined benefit obligation at the reporting date and the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. The group engages annually with independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The plan's assets comprise listed equities and bonds; their fair value is the quoted price on the reporting date.

Defined contribution pension plan

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

The assets of both the defined benefit and defined contribution plan are held separately from the group in independently administered funds.

2.11 Operating leases

Rentals paid under operating leases are charged to the consolidated profit and loss account on a straight line basis over the lease term.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

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

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

Significant judgments in applying the entity's accounting policies

No significant judgements were required, other than those involving estimates which are set out below.

Key sources of estimation uncertainty

Accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Defined benefit pension scheme

The group has an obligation to defined benefit pension benefits to certain employees and past employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, pension increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation (or asset) in the balance sheet. The assumptions reflect historical experience and current trends. Management have sought advice from an independent, qualified actuary to establish a reasonable range for the various assumptions, and the actuary has performed all the ensuing calculations.

See note 24 for disclosures relating to the defined benefit pension scheme. The scheme is currently in surplus (calculated assuming a continuing basis) however no asset has been recognised in the balance sheet, as the directors consider there is insufficient certainty that the surplus will ultimately be realised by the group.

Useful lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful lives and the residual values of the assets, which are re-assessed annually and amended when necessary to reflect current estimates. There have been no changes in the estimation bases during the current reporting period. See note 12 for the carrying amount of fixed assets and note 2.4 for the useful lives of each class of asset.

Stock provisioning

Some of the group's stock lines are subject to changing consumer tastes, and/or product advances. As a result it is necessary to consider the need for a provision against the cost of stocks. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated future saleability. See note 15 for the carrying amount of stock (stated net of provisions) and note 6 for the effect of stock provisioning in the reported result.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile and historical experience. See note 16 for the carrying amount of the debtors and associated impairment provision.

Valuation of investment property

Investment properties are valued based on the terms of the leases in place at the date of the valuation. A nominal equivalent yield is applied to the future rental cash flows from the property to generate the market value of the property. The nominal equivalent yield applied is assessed by reference to similar market transactions. The valuations were undertaken by the directors, informed by market knowledge obtained during recent commercial lease negotiations.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

4. Turnover

The whole of the turnover is attributable to the sale of goods in connection with the group's principal activity, as described in the strategic report.

All turnover arose within the United Kingdom.

5. Other operating income

	2016 £000	2015 £000
Rents receivable	90	93

6. Operating profit

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

	2016 £000	2015 £000
Depreciation of tangible fixed assets	634	680
Profit on disposal of fixed assets	(97)	(62)
Stock recognised as an expense	35,097	35,911
Impairment of stock (net of reversals)	70	(85)

Stock impairments / reversals are included in cost of sales.

7. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the company's auditor and its associates for the audit of the parent company financial statements and the group consolidated financial statements	2	2
Fees payable to the company's auditor for other services:		
- the audit of the company's subsidiaries	24	24
- taxation services	4	4

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

8. Employees

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

	2016 £000	2015 £000
Wages and salaries	5,480	5,516
Social security costs	450	452
Cost of defined contribution scheme	201	198
	<u>6,131</u>	<u>6,166</u>

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

	2016 No.	2015 No.
Distribution	234	244
Administration	25	28
	<u>259</u>	<u>272</u>

9. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	208	214
Company contributions to defined contribution pension schemes	51	48
	<u>259</u>	<u>262</u>

During the year retirement benefits were accruing to 3 directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £50,000 (2015 - £58,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £37,000 (2015 - £33,000).

10. Interest receivable and similar income

	2016 £000	2015 £000
Bank interest receivable	<u>132</u>	<u>129</u>

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

11. Taxation

	2016 £000	2015 £000
Corporation tax		
UK Corporation tax on profits for the year	598	710
Adjustments in respect of previous periods	(1)	(2)
Total current tax	597	708
Deferred tax		
Origination and reversal of timing differences	2	46
Effect of change in tax rates	-	(1)
Total deferred tax	2	45
Taxation on profit on ordinary activities	599	753

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 -higher than) the standard rate of corporation tax in the UK of 20% (2015 -20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	2,815	3,696
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20.25%)	563	748
Effects of:		
Expenses not deductible for tax purposes	37	37
Adjustments to tax charge in respect of prior periods	(1)	(2)
Non-taxable gain on property revaluation	-	(29)
Effect of changes in tax rates	-	(1)
Total tax charge for the year	599	753

Factors that may affect future tax charges

Changes to the UK corporation tax rates were enacted as part of Finance (No 2) Act 2015 (substantively enacted on 26 October 2015) and Finance Act 2016 (substantively enacted on 7 September 2016). These include a reduction to the rate from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

12. Tangible fixed assets

Group

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 January 2016	4,256	883	2,626	2,130	9,895
Additions	-	7	118	412	537
Disposals	-	-	(31)	(503)	(534)
At 31 December 2016	4,256	890	2,713	2,039	9,898
Depreciation					
At 1 January 2016	1,605	186	2,060	1,608	5,459
Charge for the year	99	17	208	310	634
Disposals	-	-	(31)	(503)	(534)
At 31 December 2016	1,704	203	2,237	1,415	5,559
Net book value					
At 31 December 2016	2,552	687	476	624	4,339
At 31 December 2015	2,651	697	567	522	4,437

Included in freehold property is land of £603,000 (2015 - £603,000) which is not depreciated.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

13. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 January 2016	680
At 31 December 2016	680

The 2016 valuations were made by the directors, on an open market value for existing use basis.

At 31 December 2016

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2016 £000	2015 £000
Historic cost	751,000	751,000
Accumulated depreciation and impairments	(230,000)	(218,000)
	521,000	533,000

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 1 January 2016	3,585
	<hr/>
Net book value	
At 31 December 2016	3,585
	<hr/>
At 31 December 2015	3,585
	<hr/>

The company owns 100% of the ordinary share capital of the following companies, all of which are incorporated in the UK:

Name	Nature of business
Crossling Limited	Plumbers, pipeline and tool merchants
Crossling Properties Limited	Property management
Northern Tools and Accessories Limited	Dormant
Potter Cowan (Pipe Fittings) Limited	Dormant
Crossling CBM Limited	Dormant
Crossling Mitchells Limited	Dormant
Crossling Bancroft Limited	Dormant
Stockplas Limited	Dormant

The company's investments in Crossling Limited and Crossling Properties Limited are direct ownership, all other investments are indirect ownership.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

15. Stocks

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Finished goods and goods for resale	5,451	5,088	-	-

16. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade debtors	8,201	7,984	-	-
Amounts owed by group undertakings	-	-	1,637	6,132
Prepayments and accrued income	360	573	-	-
Deferred taxation	-	2	-	-
	8,561	8,559	1,637	6,132

Trade debtors are stated after provisions for impairment of £304,729 (2015 - £339,000).

17. Creditors: amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade creditors	3,038	2,592	-	-
Amounts owed to group undertakings	-	-	2,024	363
Corporation tax	328	414	-	-
Other taxation and social security	551	551	-	-
Other creditors	10	10	-	-
Accruals and deferred income	245	324	-	-
	4,172	3,891	2,024	363

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

18. Financial instruments

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	15,923	13,830	1,637	6,132
	<u>15,923</u>	<u>13,830</u>	<u>1,637</u>	<u>6,132</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(3,283)	(2,918)	(2,023)	(363)
	<u>(3,283)</u>	<u>(2,918)</u>	<u>(2,023)</u>	<u>(363)</u>

Financial assets measured at fair value through profit or loss comprise trade and other debtors and amounts owed by group undertakings.

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

19. Deferred taxation

Group

	Deferred tax asset £000
At beginning of year	2
Charged to profit or loss	(2)
At end of year	<u>-</u>

The deferred taxation balance is made up as follows:

	Group 2016 £000
Fixed assets timing differences	5
Short term timing differences	(5)
	<u>-</u>

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

20. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
39,034 Ordinary shares of £1 each	<u>39</u>	<u>39</u>

There is a single class of ordinary shares which carry no fixed right to income. There are no restrictions on the distribution of dividends and the repayment of capital.

21. Reserves

Capital redemption reserve

The capital redemption reserve is a non distributable reserve.

Other reserves

Other reserves is a merger reserve arising on a group reconstruction.

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of dividends. Consolidated profit and loss reserves include unrealised gains on investment properties of £147,000. This amount is not distributable until the gains are realised through disposal of the properties.

22. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the year was £4,000,000 (2015: £2,000,000).

23. Dividends

	2016 £000	2015 £000
Dividends paid on equity capital	<u>10,156</u>	<u>156</u>

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

24. Pension commitments

(a) Defined contribution scheme

The group 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 £201,000 (2015 - £198,000). Pension contributions of £25,626 (2015: £25,369) were owed to the scheme at the year end.

(b) Defined benefit scheme

The group 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 on a percentage of final pensionable salary on reaching retirement age of 65. No other post-retirement benefits are provided. The plan is a funded scheme and is closed to new members.

The employer expects to make no further contributions to the plan which was closed to future accrual on 31 October 2011 with all active members at this date becoming deferred members.

The amounts recognised in the balance sheet are as follows:

	2016 £000	2015 £000
Fair value of plan assets	23,111	21,080
Present value of plan liabilities	(19,645)	(16,584)
Limit on recognition of surplus	(3,466)	(4,496)
Net pension scheme liability	-	-

The amounts recognised in profit or loss are as follows:

	2016 £000	2015 £000
Expected return on plan assets	584	560
Interest on obligation	(584)	(560)
Total	-	-

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

24. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2016 £000	2015 £000
Opening defined benefit obligation	16,584	17,326
Interest cost	584	560
Actuarial (gain)/loss	3,180	(613)
Benefits paid	(703)	(689)
Closing defined benefit obligation	19,645	16,584

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

	2016 £000	2015 £000
Opening fair value of scheme assets	21,080	21,248
Interest income on plan assets	584	560
Actuarial gain/(loss)	2,150	(39)
Benefits paid	(703)	(689)
	23,111	21,080

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of other comprehensive income was £nil (2015 - £nil).

The group expects to contribute £nil to its defined benefit pension scheme in 2017.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2016 %	2015 %
Discount rate	2.6	3.6
Expected return on scheme assets at 31 December	5.5	5.5
Future pension increases	2.6	2.35
Inflation (consumer price index)	2.7	2.4

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

24. Pension commitments (continued)

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

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Defined benefit obligation	(19,645)	(16,584)	(17,326)	(16,192)	(16,231)
Scheme assets	23,111	21,080	21,248	20,226	20,226
Surplus	3,466	4,496	3,922	4,034	3,995

25. Commitments under operating leases

At 31 December 2016 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000
Not later than 1 year	304	3
Later than 1 year and not later than 5 years	504	617
Later than 5 years	65	91
	873	711

The company had no commitments under non-cancellable operating leases.

26. Related party transactions

Group

Key management personnel remuneration in the year totalled £260,000 (2015 - £262,000).

Dividends paid to the directors in the year were £10,156,000 (2015 - £156,000).

The group operates a pension scheme for its employees: the T Crossling & Co Limited 1972 Staff Pension and Assurance Scheme. At the balance sheet date £14,642 (2015: £99,547) is owed to the group by the scheme in relation to expenses paid by the group on behalf of the scheme.

Creditor due to Brocks Properties

The group acts as an agent for Brocks Properties collecting rent on their behalf of £48,000 (2015: £48,000). Included within other creditors is £10,046 (2015: £10,019) owed to Brocks Properties, being amounts collected but not yet transferred. Brocks Properties is a partnership owned and controlled by persons connected to R R Errington and C P H Errington, who themselves have a minority holding.

Company

Other than the payment of dividends disclosed above, the company's other related party transactions were with its wholly owned subsidiaries and so have not been disclosed.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2016

27. Ultimate controlling party

The directors consider there to be no controlling party.