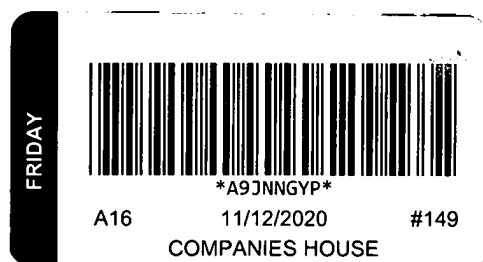


# **T Crossling & Co Limited**

**Annual report**

**31 December 2019**



# T Crossling & Co Limited

## Company information

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<b>Directors</b>	R R Errington C P H Errington S M Errington K C Clifford
<b>Company secretary</b>	K C Clifford
<b>Registered number</b>	02749235
<b>Registered office</b>	PO Box 5 Coast Road Newcastle upon Tyne NE6 5TP
<b>Independent auditor</b>	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
<b>Bankers</b>	Lloyds Bank Plc Black Horse House 91 Sandyford Road Newcastle upon Tyne NE99 1JW
<b>Solicitors</b>	Sintons The Cube Barrack Road Newcastle upon Tyne NE4 6DB

# **T Crossling & Co Limited**

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# T Crossling & Co Limited

## Group strategic report Year ended 31 December 2019

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### 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 satisfied with the results for the year.

The profit before tax shown in the profit and loss account for 2019 was £1,985k (2018: £2,769k)

The group continues to focus on customer service, margin and cost control to maintain profitability, although as the table below illustrates, certain costs such as payroll have increased largely as a result of government directed increases in the national minimum wage and auto enrolment pension contributions. We did take the opportunity during the year to close a branch when the lease expired and this incurred a number of one off costs which have reduced group profitability. The new computer system implemented in October 2018 continues to provide better management information to support decision making and has enabled other operational efficiencies to be introduced.

The group finances continue to remain in a healthy position with the balance sheet showing net assets at 31 December 2019 in excess of £26.1 million. Strong working capital ratios allow the group to maximise the use of its resources although the interest rate received on surplus cash is now at a historically low level.

The group enjoyed a satisfactory start to 2020 before the Covid-19 pandemic and subsequent lockdown caused such damage to the economy. The group kept most of its branches open during April and May with skeleton staff to supply and support essential sectors such as schools and hospitals. We are pleased that trading has significantly improved since June and we continue to operate following best practice guidelines in social distancing for the benefit of our staff and customers. We are not experiencing any significant problems with the supply chain and customer demand remains healthy. As we approach the end of the year there is still no formal trade agreement with the EU, with regards to Brexit, which is undoubtedly having an impact on business and consumer investment with cost increases and supply constraints being particular concerns. The group's robust cash position ensures the group can face these challenges with confidence.

### 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:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Sales	<b>47,849</b>	50,727
Gross profit	<b>11,757</b>	12,696
No of employees	<b>244</b>	252
Payroll costs	<b>6,462</b>	6,436
Other expenses	<b>3,497</b>	3,646
Sales per employee	<b>196.1</b>	201.3
Gross profit percentage	<b>24.6%</b>	25.0%
Gross profit per employee	<b>48.2</b>	50.4
Payroll costs per employee	<b>26.5</b>	25.5
Other expenses per employee	<b>14.3</b>	14.4

# **T Crossling & Co Limited**

## **Group strategic report (continued)** **Year ended 31 December 2019**

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### **Directors' statement of compliance with duty to promote the success of the group**

The directors are aware of their duty under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the group's employees;
- the need to foster the group's business relationships with suppliers, customers and others;
- the impact of the group's operations on the community and the environment;
- the desirability of the group maintaining high standards of business conduct; and
- the need to act fairly between members of the group.

### **Principal risks and uncertainties**

Other than the notes referred to above, the main risks associated with the group's financial assets and liabilities are set out below.

#### **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 and all major capital expenditure must be approved by the directors.

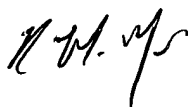
#### **Interest rate risk**

All surplus cash is invested in bank deposits at variable rates. 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 7 December 2020 and signed on its behalf by:



**K C Clifford**  
Director

# **T Crossling & Co Limited**

## **Directors' report Year ended 31 December 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,585,000 (2018 - £2,208,000).

Dividends paid during the year are detailed 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

### **Engagement with employees**

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.

### **Engagement with suppliers, customers and others**

The group considers the development and maintenance of strong relationships with its suppliers to be key to the success of the business. As a consequence, directors and other members of the management team meet regularly with suppliers during the course of the year, in order to obtain their feedback and establish a cohesive approach to delivering a valuable service to customers.

The delivery of consistently high customer service is one of the fundamental principles on which the business is built. The directors consider this to be a differentiating factor when compared with competitors and staff will interact with customers, either in branches, during meetings, or through other means of regular communication.

### **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, is instead disclosed in the strategic report, as permitted by s414(11) of the Companies Act 2006.

# **T Crossling & Co Limited**

## **Directors' report (continued)** **Year ended 31 December 2019**

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### **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'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's auditor is aware of that information.

### **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 7 December 2020 and signed on its behalf.



**K C Clifford**  
Director

# **T Crossling & Co Limited**

## **Directors' responsibilities statement Year ended 31 December 2019**

---

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 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 period.

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

- select suitable accounting policies 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**

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### **Opinion**

We have audited the financial statements of T Crossling & Co Limited ('the parent company') and its subsidiaries (together, 'the group') for the year ended 31 December 2019, which comprise the group profit and loss account, the group and company balance sheets, the group statement of cash flows, the group and company statements of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('United Kingdom Generally Accepted Accounting Practice').

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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



## **Independent Auditor's Report to the Members of T Crossling & Co Limited (continued)**

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### **Other information**

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

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept 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.



## **Independent Auditor's Report to the Members of T Crossling & Co Limited (continued)**

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### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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

A handwritten signature in black ink, appearing to read 'Andrew Wilson'.

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

7 December 2020

# T Crossling & Co Limited

## Consolidated profit and loss account Year ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	5	47,849	50,727
Cost of sales		(36,092)	(38,031)
<b>Gross profit</b>		<b>11,757</b>	12,696
Distribution costs		(6,132)	(6,168)
Administrative expenses		(3,817)	(3,914)
Other operating income	6	98	86
<b>Operating profit</b>	7	<b>1,906</b>	2,700
Interest receivable and similar income	11	79	69
<b>Profit before taxation</b>		<b>1,985</b>	2,769
Tax on profit	12	(400)	(561)
<b>Profit for the financial year</b>		<b>1,585</b>	2,208

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated profit and loss account.

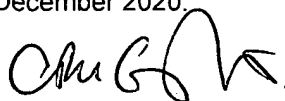
The notes on pages 16 to 32 form part of these financial statements.

# T Crossling & Co Limited

## Consolidated balance sheet At 31 December 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	13	3,952	3,849
Investment property	14	680	680
		<u>4,632</u>	<u>4,529</u>
<b>Current assets</b>			
Stocks	16	7,065	7,217
Debtors	17	8,784	10,214
Cash at bank and in hand		9,775	9,764
		<u>25,624</u>	<u>27,195</u>
Creditors: amounts falling due within one year	19	(4,118)	(5,099)
<b>Net current assets</b>		<u>21,506</u>	<u>22,096</u>
Deferred taxation	20	(6)	-
<b>Net assets excluding pension asset</b>		<u>26,132</u>	<u>26,625</u>
Pension asset	25	-	-
<b>Net assets</b>		<u><u>26,132</u></u>	<u><u>26,625</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	39	39
Capital redemption reserve	22	11	11
Other reserves	22	68	68
Profit and loss account	22	26,014	26,507
<b>Total equity</b>		<u><u>26,132</u></u>	<u><u>26,625</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 December 2020.



**C P H Errington**  
Director

The notes on pages 16 to 32 form part of these financial statements.

# T Crossling & Co Limited

## Company balance sheet At 31 December 2019

	Note	2019 £000	Restated 2018 £000
<b>Fixed assets</b>			
Investments	15	3,585	3,585
		<u>3,585</u>	<u>3,585</u>
<b>Current assets</b>			
Debtors	17	3,223	3,301
		<u>3,223</u>	<u>3,301</u>
<b>Net assets</b>		<u>6,808</u>	<u>6,886</u>
<b>Capital and reserves</b>			
Called up share capital	21	39	39
Capital redemption reserve	22	11	11
Profit and loss account	22	6,758	6,836
<b>Total equity</b>		<u>6,808</u>	<u>6,886</u>

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 £2,000,000 (2018: £2,000,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 December 2020.



**C P H Errington**  
Director

Company registered number: 02749235

The notes on pages 16 to 32 form part of these financial statements.

# T Crossling & Co Limited

## Consolidated statement of changes in equity Year ended 31 December 2019

	Called up share capital £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2018</b>	<b>39</b>	<b>11</b>	<b>68</b>	<b>24,455</b>	<b>24,573</b>
Profit for the year	-	-	-	2,208	2,208
Dividends	-	-	-	(156)	(156)
<b>At 1 January 2019</b>	<b>39</b>	<b>11</b>	<b>68</b>	<b>26,507</b>	<b>26,625</b>
Profit for the year	-	-	-	1,585	1,585
Dividends	-	-	-	(2,078)	(2,078)
<b>At 31 December 2019</b>	<b>39</b>	<b>11</b>	<b>68</b>	<b>26,014</b>	<b>26,132</b>

The notes on pages 16 to 32 form part of these financial statements.

# T Crossling & Co Limited

## Company statement of changes in equity Year ended 31 December 2019

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2018</b>	<b>39</b>	<b>11</b>	<b>4,992</b>	<b>5,042</b>
Profit for the year	-	-	2,000	2,000
Dividends	-	-	(156)	(156)
<b>At 1 January 2019</b>	<b>39</b>	<b>11</b>	<b>6,836</b>	<b>6,886</b>
Profit for the year	-	-	2,000	2,000
Dividends	-	-	(2,078)	(2,078)
<b>At 31 December 2019</b>	<b>39</b>	<b>11</b>	<b>6,758</b>	<b>6,808</b>

The notes on pages 16 to 32 form part of these financial statements.



# T Crossling & Co Limited

## Consolidated statement of cash flows Year ended 31 December 2019

	2019 £000	2018 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,585	2,208
<b>Adjustments for:</b>		
Depreciation of tangible assets	649	679
Profit on disposal of tangible assets	(87)	(56)
Interest received	(79)	(69)
Taxation charge	400	561
Decrease/(increase) in stocks	152	(510)
Decrease/(increase) in debtors	1,378	(626)
(Decrease)/increase in creditors	(792)	323
Corporation tax paid	(531)	(652)
<b>Net cash generated from operating activities</b>	<b>2,675</b>	<b>1,858</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(762)	(495)
Sale of tangible fixed assets	97	60
Interest received	79	69
<b>Net cash from investing activities</b>	<b>(586)</b>	<b>(366)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(2,078)	(156)
<b>Net cash used in financing activities</b>	<b>(2,078)</b>	<b>(156)</b>
<b>Net increase in cash and cash equivalents</b>	<b>11</b>	<b>1,336</b>
Cash and cash equivalents at beginning of year	9,764	8,428
<b>Cash and cash equivalents at the end of year</b>	<b>9,775</b>	<b>9,764</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	9,775	9,764
	<b>9,775</b>	<b>9,764</b>

The notes on pages 16 to 32 form part of these financial statements.

# T Crossling & Co Limited

## Consolidated Analysis of Net Debt Year ended 31 December 2019

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	At 1 January 2019 £000	Cash flows £000	At 31 December 2019 £000
Cash at bank and in hand	9,764	11	9,775
	<u>9,764</u>	<u>11</u>	<u>9,775</u>

The notes on pages 16 to 32 form part of these financial statements.

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

---

### 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, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of this report.

### 2. Statement of compliance

The financial statements 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'* ('FRS 102') and the Companies Act 2006.

### 3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 3.1 Basis of preparation

These financial statements comprise the consolidated (group) financial statements and the company's separate financial statements. However, as permitted by section 408 of the Companies Act 2006, the separate profit and loss account of the company is not presented.

The financial statements are prepared on a going concern basis and under the historical cost convention, other than the measurement of investment properties at fair value. They are presented in pounds sterling, which is the functional currency of the group, and rounded to £000.

#### **Reduced disclosures**

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity in respect of its separate (non-group) financial statements and has taken advantage of the exemptions relating to certain financial instruments disclosures, presentation of a cash flow statement and remuneration of key management personnel. The equivalent disclosures, on a consolidated basis, are included in the consolidated financial statements.

#### 3.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings as if they formed a single entity. Intercompany transactions and balances are therefore eliminated in full.

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

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### 3. Accounting policies (continued)

#### 3.3 Going concern

The directors have prepared financial forecasts which indicate that the group will be able to meet its liabilities as they fall due in the normal course of business for at least the next twelve months following approval of these financial statements.

The majority of the group's branches remained open during the first lockdown of the Covid-19 pandemic to continue to supply essential sectors with goods and services, although some branches were closed throughout April and May which resulted in a challenging second quarter. However, with all branches re-open by June 2020, improved trading and the support of the government Job Retention Scheme this has resulted in the group continuing to trade profitably in 2020 and be cash generative.

At 31 December 2019 the group had £21.5m of net current assets including £9.8m of cash balances. The directors therefore believe the group has adequate financial resources to continue in operational existence for the foreseeable future, even if further Covid-19 lockdowns resulted in temporary branch closures. Accordingly they continue to prepare the financial statements on a going concern basis.

#### 3.4 Revenue recognition

##### *Turnover*

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 group recognises revenue on despatch / collection of the goods.

##### *Rental income*

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

##### *Interest income*

Interest receivable is recognised on an accruals basis.

#### 3.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the purchase price, plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, other than investment properties, from the point they are ready for use, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

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

#### 3.6 Investment property

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

# **T Crossling & Co Limited**

## **Notes to the financial statements Year ended 31 December 2019**

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### **3. Accounting policies (continued)**

#### **3.7 Fixed asset investments**

In the company balance sheet, investments in subsidiary undertakings are stated at cost less accumulated impairment losses.

#### **3.8 Stocks**

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

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

Provision is made for obsolete or slow-moving items as necessary.

#### **3.9 Financial instruments**

The company and group only enter into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities, for example trade, intercompany and other debtors and creditors, cash and bank balances and loans to related parties, including fellow group companies.

Debt instruments which on inception are due within one year are measured initially and subsequently at the transaction price. Debt instruments which on inception are due after more than one year are measured initially at the transaction price and subsequently at amortised cost using the effective interest method.

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

#### **3.10 Taxation**

The taxation expense for the year comprises current tax and deferred tax, and is recognised in the profit and loss account.

Current tax is the amount of tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that 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.

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

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### 3. Accounting policies (continued)

#### 3.11 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.

#### 3.12 Operating leases

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including best expectations of future events.

#### **Significant judgments in applying the group's accounting policies**

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

#### **Key sources of estimation uncertainty**

##### ***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.

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. See note 25 for disclosures relating to the defined benefit pension scheme.

##### ***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.

##### ***Stock provisioning***

Some of the group's stock lines are subject to changing customer preferences, 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 consider the nature and condition of the stock, as well as applying assumptions around anticipated future saleability.

##### ***Impairment of debtors***

The group estimates the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider factors including the current credit rating of the debtor, the ageing profile and historical experience.

##### ***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.

### 5. Turnover

The whole of the turnover is attributable to the sale of goods within the United Kingdom.

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 6. Other operating income

	2019 £000	2018 £000
Rents receivable	98	86

### 7. Operating profit

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

	2019 £000	2018 £000
Depreciation of tangible fixed assets	649	679
Profit on disposal of fixed assets	(87)	(56)
Impairment of stock (net of reversals)	290	(137)
Operating lease rentals	293	314

Stock impairments / reversals are included in cost of sales.

### 8. Auditor's remuneration

	2019 £000	2018 £000
Audit fees - audit of these financial statements	2	2
Audit fees - audit of financial statements of subsidiaries	25	24
Taxation compliance services	4	4
	31	30



# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 9. Employees

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

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Company 2019 £000</b>	<b>Company 2018 £000</b>
Wages and salaries	<b>5,758</b>	5,771	-	-
Social security costs	<b>471</b>	485	-	-
Employer contributions to defined contribution pension schemes	<b>233</b>	180	-	-
	<b>6,462</b>	6,436	-	-

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

	<b>2019 No.</b>	<b>2018 No.</b>
Distribution	<b>218</b>	227
Administrative	<b>26</b>	25
	<b>244</b>	252

### 10. Directors' remuneration

	<b>2019 £000</b>	<b>2018 £000</b>
Directors' emoluments	<b>255</b>	254
Company contributions to defined contribution pension schemes	<b>45</b>	40
	<b>300</b>	294

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £122,000 (2018 - £114,000).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,000 (2018 - £25,000).

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 11. Interest receivable and similar income

	2019 £000	2018 £000
Bank interest receivable	79	69

### 12. Taxation

	2019 £000	2018 £000
<b>Current tax</b>		
UK Corporation tax on profits for the year	344	594
Adjustments in respect of previous periods	(2)	(6)
<b>Total current tax</b>	<b>342</b>	<b>588</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	64	(33)
Adjustment in respect of prior periods	-	3
Effect of change in tax rates	(6)	3
<b>Total deferred tax</b>	<b>58</b>	<b>(27)</b>
<b>Taxation on profit on ordinary activities</b>	<b>400</b>	<b>561</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before taxation	1,985	2,769
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018:19.00%)	377	526
<b>Effects of:</b>		
Expenses not deductible for tax purposes	31	36
Adjustments to tax charge in respect of prior periods	(2)	(4)
Effect of changes in tax rates	(6)	3
<b>Total tax charge for the year</b>	<b>400</b>	<b>561</b>

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 12. Taxation (continued)

#### Factors that may affect future tax charges

The rate of corporation tax throughout the year was 19%. A reduction to 17%, due to come into effect from 1 April 2020, was substantively enacted on 6 September 2016. However, the current government announced that this reduction would be put on hold and this was confirmed in the recent Budget on 11 March 2020 and the rate will remain at 19% past 1 April 2020. This rate was substantively enacted on 17 March 2020 and therefore future deferred tax balances will be measured at 19%.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 13. Tangible fixed assets

#### Group

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2019	4,256	890	2,534	1,976	9,656
Additions	-	-	73	689	762
Disposals	-	-	(112)	(592)	(704)
At 31 December 2019	4,256	890	2,495	2,073	9,714
<b>Depreciation</b>					
At 1 January 2019	1,902	239	2,194	1,472	5,807
Charge for the year	99	18	113	419	649
Disposals	-	-	(112)	(582)	(694)
At 31 December 2019	2,001	257	2,195	1,309	5,762
<b>Net book value</b>					
At 31 December 2019	2,255	633	300	764	3,952
At 31 December 2018	2,354	651	340	504	3,849

Freehold property includes land of £603,000 (2018: £603,000) which is not depreciated.

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 14. Investment property

#### Group

**Freehold  
investment  
property  
£000**

#### Valuation

At 1 January 2019 and 31 December 2019

**680**

The 2019 valuations were made by the directors, on an open market value for existing use basis. The directors are satisfied that there has been no material change in the valuation of properties over the year.

### 15. Fixed asset investments

#### Company

**Investments  
in  
subsidiary  
companies  
£000**

#### Cost and net book value

At 1 January 2019 and 31 December 2019

**3,585**

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

<b>Name</b>	<b>Nature of business</b>
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 Bancroft Limited	Dormant
Crossling Mitchells 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.

All of the companies have their registered office c/o Crossling Limited, Coast Road, Newcastle upon Tyne, NE6 5TP, other than Potter Cowan Pipe Fittings Limited, whose registered office is Unit 1 Block 2, Dumfries Enterprise Park Tinwald Road, Heathhall, Dumfries, DG1 2SJ.

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 16. Stocks

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Company 2019 £000</b>	<b>Company 2018 £000</b>
Goods for resale	<b>7,065</b>	<b>7,217</b>	-	-

### 17. Debtors

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Company 2019 £000</b>	<b>Restated Company 2018 £000</b>
Trade debtors	<b>8,195</b>	9,679	-	-
Amounts owed by group undertakings	-	-	<b>3,223</b>	3,301
Other debtors	<b>1</b>	-	-	-
Prepayments and accrued income	<b>588</b>	483	-	-
Deferred tax asset (note 20)	-	52	-	-
	<b>8,784</b>	<b>10,214</b>	<b>3,223</b>	<b>3,301</b>

Trade debtors are stated after provisions for impairment of £290,000 (2018: £268,000).

£412,343 has been reclassified from amounts owed from group undertakings to amounts owed by group undertakings for the year ended 31 December 2019. This balance was incorrectly shown within amounts owed to group undertakings in the prior year. This does not affect the net assets for the year end or the comparability of the financial statements as the prior year balance of £334,475 has also been reallocated.

### 18. Cash

Cash includes £6,077,000 (2018: £5,557,000) placed on long term deposits which will mature between 1 and 9 months from the balance sheet date. (2018: 6 to 9 months).

### 19. Creditors: amounts falling due within one year

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Company 2019 £000</b>	<b>Company 2018 £000</b>
Trade creditors	<b>3,057</b>	3,998	-	-
Corporation tax	<b>124</b>	313	-	-
Other taxation and social security	<b>479</b>	450	-	-
Other creditors	<b>109</b>	47	-	-
Accruals and deferred income	<b>349</b>	291	-	-
	<b>4,118</b>	<b>5,099</b>	-	-

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 20. Deferred tax

#### Group

	2019 £000	2018 £000
At beginning of year	52	25
(Charge)/credit to profit and loss account in the year	(58)	27
<b>At end of year</b>	<b>(6)</b>	<b>52</b>

The deferred taxation balance is made up as follows:

	Group 2019 £000	Group 2018 £000
Fixed assets timing differences	(20)	38
Short term timing differences	14	14
	<b>(6)</b>	<b>52</b>

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 21. Share capital

	2019 £000	2018 £000
<b>Allotted, called up and fully paid</b>		
39,034 (2018 - 39,034) Ordinary shares of £1.00 each	39	39

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

### 22. 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 cumulative dividends paid. The consolidated profit and loss account reserve include unrealised gains on investment properties of £147,000. This amount is not distributable until the gains are realised through disposal of the properties.

### 23. Dividends

	2019 £000	2018 £000
Dividends paid on equity capital	2,078	156

### 24. Capital commitments

At 31 December 2019 the group and company had capital commitments as follows:

	Group 2019 £000	Group 2018 £000
Contracted for but not provided in these financial statements	95	175

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 25. Post employment benefits

#### (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 £233,000 (2018: £180,000).

#### (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.

Reconciliation of present value of plan liabilities:

	2019 £000	2018 £000
Fair value of plan assets	25,251	22,444
Present value of funded obligations	(17,019)	(17,148)
Limit on recognition of surplus	(8,232)	(5,296)
<b>At the end of the year</b>	<b>-</b>	<b>-</b>
<b>Net pension scheme liability</b>		

The amounts recognised in profit or loss are as follows:

	2019 £000	2018 £000
Expected return on scheme assets	475	455
Interest on obligation	(420)	(399)
Administrative costs (including PPF levy)	(55)	(56)
<b>Total</b>	<b>-</b>	<b>-</b>



# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 25. Post employment benefits (continued)

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

	2019 £000	2018 £000
Opening defined benefit obligation	17,148	17,759
Interest cost	420	399
Changes to assumptions	156	(177)
Benefits paid	(705)	(833)
<b>Closing defined benefit obligation</b>	<b>17,019</b>	<b>17,148</b>

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

	2019 £000	2018 £000
Opening fair value of scheme assets	22,444	24,118
Interest on assets	475	455
Administration costs	(55)	(56)
Gain/(loss) on assets less interest	3,092	(1,240)
Benefits paid	(705)	(833)
	<b>25,251</b>	<b>22,444</b>

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of other comprehensive income was £nil (2018 - £nil).

The group expects to contribute £nil to its defined benefit pension scheme in 2020.

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

	2019 %	2018 %
Discount rate	2.0	2.5
Inflation (retail prices index)	3.1	3.4
Pension increase	2.2	2.5
Inflation (consumer prices index)	2.3	2.6

# T Crossling & Co Limited

## Notes to the financial statements Year ended 31 December 2019

### 25. Post employment benefits (continued)

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

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Defined benefit obligation	(17,019)	(17,148)	(17,759)	(19,645)	(16,584)
Scheme assets	25,251	22,444	24,118	23,111	21,080
<b>Surplus (not recognised)</b>	<b>8,232</b>	<b>5,296</b>	<b>6,359</b>	<b>3,466</b>	<b>4,496</b>

### 26. Commitments under operating leases

At 31 December 2019 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2019 £000	Group 2018 £000
Not later than one year	264	268
Later than one year and not later than five years	424	495
Later than five years	-	12
	<b>688</b>	<b>775</b>

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

# **T Crossling & Co Limited**

## **Notes to the financial statements Year ended 31 December 2019**

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### **27. Related party transactions**

#### **Group**

Dividends paid to the directors in the year were £2,078,000 (2018: £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 £99,286 (2018: £21,008) 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**

Creditors includes £60,112 (2018: £10,047) owed to Brocks Properties. 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.

#### **Creditor due to Regional Engineers Distributors Group**

Creditors includes £639 (2018: £4,463) owed to Regional Engineers Distributors Group, a company in which C P H Errington is director.

#### **Company**

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

### **28. Ultimate controlling party**

There is no ultimate controlling party.