

Registered number: 02749235

T Crossling & Co Limited

Annual report

31 December 2020



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 Bank 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

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T Crossling & Co Limited

Group strategic report Year ended 31 December 2020

Introduction

The directors present their strategic report for the year ended 31 December 2020. The principal activity of the group continues to be that of plumbers, pipeline and tool merchants.

Business review and review of future developments

The group reported a profit before tax in 2020 of £2,289k (2019: £1,985k)

Given the challenges resulting from the COVID-19 pandemic the directors are pleased with the results for the year.

The group enjoyed a satisfactory start to 2020 before the pandemic struck and the 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 significantly improved in the second half of the year where we continued to operate following best practice guidelines in social distancing for the benefit of our staff and customers.

The group continues to focus on customer service, margin and cost control to maintain profitability. The table below illustrates that certain measures such as sales and gross profit per employee have decreased due to the reduced turnover caused by the pandemic but staff numbers have also been reduced, the benefit of which will largely affect the profit and loss account in 2021. Certain costs such as payroll continue to increase and are being driven by government directed increases in the national minimum wage which were up to 6.5% in April 2020.

The group finances continue to remain in a healthy position with the balance sheet showing net assets at 31 December 2020 in excess of £27.7 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.

Since the year end turnover has returned to pre-pandemic levels and the group has traded strongly. The industry has experienced unprecedented numbers of price increases throughout 2021 as a result of material shortages and other supply constraints and these are expected to continue into the last quarter of the year.

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:

	2020 £000	2019 £000
Sales	38,886	47,849
Gross profit	10,073	11,757
No of employees	218	244
Payroll costs	6,020	6,462
Other expenses	2,881	3,497
Sales per employee	178.4	196.1
Gross profit percentage	25.9%	24.6%
Gross profit per employee	46.3	48.2
Payroll costs per employee	27.6	26.5
Other expenses per employee	13.2	14.3

T Crossling & Co Limited

Group strategic report (continued) Year ended 31 December 2020

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

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 directors believe that they have adequate measures in place to minimise the risk to the company.

This report was approved by the board on 17 September 2021 and signed on its behalf by:



K C Clifford
Director

T Crossling & Co Limited

Directors' report Year ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £1,828,000 (2019 - £1,585,000).

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 and changes since the year end were as follows:

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

Environmental matters

The group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The group has complied with all applicable legislation and regulations.

The group's energy use and associated carbon emissions during the year were as follows:

- The annual quantity of emissions, in tonnes of carbon dioxide, resulting from activities involving the combustion of gas or the consumption of fuel for the purposes of transport was 1,117.6 tonnes;
- The annual quantity of emissions, in tonnes of carbon dioxide, resulting from the purchase of electricity by the group for its own use, including for the purposes of transport was 88.1 tonnes;
- The annual amount of energy consumed from activities for which the group is responsible involving the combustion of gas, the consumption of fuel for the purposes of transport and the annual quantity of energy consumed resulting from the purchase of electricity was 4,075,182 kWh.

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines and the 2021 UK Government Conversion Factors for Company Reporting.

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.

T Crossling & Co Limited

Directors' report (continued) Year ended 31 December 2020

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.

Disclosure of information to auditor

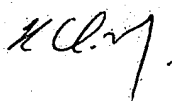
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- 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 17 September 2021 and signed on its behalf by:



K C Clifford
Director

T Crossling & Co Limited

Directors' responsibilities statement Year ended 31 December 2020

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

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 2020, 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 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 their 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out 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.



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

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 group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We have communicated identified laws and regulations within our audit team and remained alert to any indications of non compliance throughout the audit.

Firstly, the company, and its group are subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company, and its group are subject to many other laws and regulations where the consequences of non compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the group's activities. Auditing standards limit the required audit procedures to identify non compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our auditor's report.



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

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 'David Redhead'.

David Redhead (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

17 September 2021

T Crossling & Co Limited

Consolidated profit and loss account Year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	5	38,886	47,849
Cost of sales		(28,813)	(36,092)
Gross profit		10,073	11,757
Distribution costs		(4,688)	(6,132)
Administrative expenses		(4,213)	(3,817)
Other operating income	6	1,046	98
Operating profit	7	2,218	1,906
Interest receivable and similar income	11	71	79
Profit on ordinary activities before taxation		2,289	1,985
Tax on profit on ordinary activities	12	(461)	(400)
Profit for the financial year		1,828	1,585

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated profit and loss account.

The notes on pages 17 to 34 form part of these financial statements.

T Crossling & Co Limited

Consolidated balance sheet At 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	13	3,522	3,952
Investment property	14	680	680
		<u>4,202</u>	<u>4,632</u>
Current assets			
Stocks	16	7,693	7,065
Debtors	17	8,510	8,784
Cash at bank and in hand	18	13,076	9,775
		<u>29,279</u>	<u>25,624</u>
Creditors: amounts falling due within one year	19	(5,755)	(4,118)
Net current assets		<u>23,524</u>	<u>21,506</u>
Provisions for liabilities			
Deferred taxation	20	-	(6)
Net assets excluding pension asset		<u>27,726</u>	<u>26,132</u>
Pension asset	25	-	-
Net assets		<u><u>27,726</u></u>	<u><u>26,132</u></u>
Capital and reserves			
Called up share capital	21	39	39
Capital redemption reserve	22	11	11
Other reserves	22	68	68
Profit and loss account	22	27,608	26,014
Total equity		<u><u>27,726</u></u>	<u><u>26,132</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 September 2021.



C P H Errington
Director

The notes on pages 17 to 34 form part of these financial statements.

T Crossling & Co Limited

Company balance sheet At 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	15	3,585	3,585
		<u>3,585</u>	<u>3,585</u>
Current assets			
Debtors	17	4,989	3,223
		<u>4,989</u>	<u>3,223</u>
Net assets		<u><u>8,574</u></u>	<u><u>6,808</u></u>
Capital and reserves			
Called up share capital	21	39	39
Capital redemption reserve	22	11	11
Profit and loss account	22	8,524	6,758
Total equity		<u><u>8,574</u></u>	<u><u>6,808</u></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 the financial statements. The profit after tax and comprehensive income of the parent company for the year was £2,000,000 (2019: £2,000,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 September 2021.



C P H Errington
Director

Company registered number: 02749235

The notes on pages 17 to 34 form part of these financial statements.

T Crossling & Co Limited

Consolidated statement of changes in equity Year ended 31 December 2020

	Called up share capital £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2019	39	11	68	26,507	26,625
Profit for the year and total comprehensive income	-	-	-	1,585	1,585
Dividends	-	-	-	(2,078)	(2,078)
At 1 January 2020	39	11	68	26,014	26,132
Profit for the year and total comprehensive income	-	-	-	1,828	1,828
Dividends	-	-	-	(234)	(234)
At 31 December 2020	39	11	68	27,608	27,726

The notes on pages 17 to 34 form part of these financial statements.

T Crossling & Co Limited

Company statement of changes in equity Year ended 31 December 2020

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2019	39	11	6,836	6,886
Profit for the year and total comprehensive income	-	-	2,000	2,000
Dividends	-	-	(2,078)	(2,078)
At 1 January 2020	39	11	6,758	6,808
Profit for the year and total comprehensive income	-	-	2,000	2,000
Dividends	-	-	(234)	(234)
At 31 December 2020	39	11	8,524	8,574

The notes on pages 17 to 34 form part of these financial statements.

T Crossling & Co Limited

Consolidated statement of cash flows Year ended 31 December 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Profit for the financial year	1,828	1,585
Adjustments for:		
Depreciation of tangible assets	593	649
Profit on disposal of tangible assets	(61)	(87)
Interest receivable	(71)	(79)
Taxation charge	461	400
(Increase)/decrease in stocks	(628)	152
Decrease in debtors	304	1,378
Increase/(decrease) in creditors	1,452	(792)
Corporation tax paid	(312)	(531)
Net cash generated from operating activities	3,566	2,675
Cash flows from investing activities		
Purchase of tangible fixed assets	(163)	(762)
Sale of tangible fixed assets	61	97
Interest received	71	79
Net cash from investing activities	(31)	(586)
Cash flows from financing activities		
Dividends paid	(234)	(2,078)
Net cash used in financing activities	(234)	(2,078)
Net increase in cash and cash equivalents	3,301	11
Cash and cash equivalents at beginning of year	9,775	9,764
Cash and cash equivalents at the end of year	13,076	9,775
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	13,076	9,775
	13,076	9,775

The notes on pages 17 to 34 form part of these financial statements.

T Crossling & Co Limited

Consolidated Analysis of Net Funds Year ended 31 December 2020

	At 1 January 2020 £000	Cash flows £000	At 31 December 2020 £000
Cash at bank and in hand	9,775	3,301	13,076
	9,775	3,301	13,076

The notes on pages 17 to 34 form part of these financial statements.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

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 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 2020

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 has resulted in the group continuing to trade profitably in 2020 and be cash generative.

At 31 December 2020 the group had substantial net current assets including 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.

Government grants

Government grants are recognised within other operating income on the accruals basis. Grants are recognised in the profit and loss account over the period in which the related costs are recognised.

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 and machinery	-	3 to 10 years straight line
Motor vehicles	-	4 years straight line

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

3. Accounting policies (continued)

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.

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 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

3. Accounting policies (continued)

3.11 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.

3.12 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. Any surplus is recognised only to the extent that a reduction in future cash balances or the availability of a refund of the surplus has been established.

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 also 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.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

3. Accounting policies (continued)

3.13 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 2020

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 2020

6. Other operating income

	2020	2019
	£000	£000
Government grants receivable	957	-
Rents receivable	89	98
	1,046	98

7. Operating profit

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

	2020	2019
	£000	£000
Depreciation of tangible fixed assets	593	649
Profit on disposal of fixed assets	(61)	(87)
Impairment of stock (net of reversals)	185	290
Operating lease rentals	261	293

Stock impairments / reversals are included in cost of sales.

8. Auditor's remuneration

	2020	2019
	£000	£000
Audit fees - audit of these financial statements	2	2
Audit fees - audit of financial statements of subsidiaries	25	25
Taxation compliance services	4	4

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

9. Employees

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Wages and salaries	5,381	5,758	-	-
Social security costs	428	471	-	-
Employer contributions to defined contribution pension schemes	211	233	-	-
	6,020	6,462	-	-

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

	2020 No.	2019 No.
Distribution	196	218
Administrative	22	26
	218	244

10. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	268	255
Company contributions to defined contribution pension schemes	36	45
	304	300

During the year retirement benefits were accruing to 3 directors (2019 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £119,000 (2019 - £122,000).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,000 (2019 - £30,000).

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

11. Interest receivable and similar income

	2020 £000	2019 £000
Bank interest receivable	71	79

12. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	500	344
Adjustments in respect of previous periods	(4)	(2)
Total current tax	496	342
Deferred tax		
Origination and reversal of timing differences	(38)	64
Effect of changes in tax rates	-	(6)
Adjustments in respect of earlier years	3	-
Total deferred tax	(35)	58
Taxation on profit on ordinary activities	461	400

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	2,289	1,985
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	435	377
Effects of:		
Expenses not deductible for tax purposes	27	31
Adjustments to tax charge in respect of prior periods	(1)	(2)
Effects of changes in tax rates	-	(6)
Total tax charge for the year	461	400

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

12. Taxation (continued)

Factors that may affect future tax charges

The rate of corporation tax in the UK throughout the period was 19% and this was the enacted rate of corporation tax at the balance sheet date. Accordingly, the company's profits for this period are taxed at an effective rate of 19% and closing deferred taxation has been calculated based on a rate of 19% (2019: 19%).

In the Spring Budget 2021, the government announced that the main rate of UK corporation tax will increase to 25% from 1 April 2023, however this rate change has not yet been substantively enacted.

13. Tangible fixed assets

Group

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2020	4,256	890	2,495	2,073	9,714
Additions	-	-	37	126	163
Disposals	-	-	-	(298)	(298)
At 31 December 2020	4,256	890	2,532	1,901	9,579
Depreciation					
At 1 January 2020	2,001	257	2,195	1,309	5,762
Charge for the year	99	18	119	357	593
Disposals	-	-	-	(298)	(298)
At 31 December 2020	2,100	275	2,314	1,368	6,057
Net book value					
At 31 December 2020	2,156	615	218	533	3,522
At 31 December 2019	2,255	633	300	764	3,952

Freehold property includes land of £603,000 (2019: £603,000) which is not depreciated.

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

14. Investment property

Group

**Freehold
investment
property
£000**

Valuation

At 1 January 2020 and 31 December 2020

680

The 2020 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 2020 and 31 December 2020

3,585

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

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 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 2020

15. Fixed asset investments (continued)

16. Stocks

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Goods for resale	7,693	7,065	-	-
	7,693	7,065	-	-

17. Debtors

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade debtors	7,822	8,195	-	-
Amounts owed by group undertakings	-	-	4,989	3,223
Other debtors	32	1	-	-
Prepayments and accrued income	627	588	-	-
Deferred taxation (see note 20)	29	-	-	-
	8,510	8,784	4,989	3,223

Trade debtors are stated after provisions for impairment of £271,000 (2019: £290,000).

18. Cash

Cash includes £8,595,000 (2019: £6,077,000) placed on term deposits with a maturity at inception of twelve months (2019: twelve months) and a weighted average interest rate of 0.62% (2019: 1.06%).

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

19. Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade creditors	4,200	3,057	-	-
Corporation tax	309	124	-	-
Other taxation and social security	855	479	-	-
Other creditors	119	109	-	-
Accruals and deferred income	272	349	-	-
	5,755	4,118	-	-

20. Deferred tax

Group

	2020	2019
	£000	£000
At beginning of year	(6)	52
Credit/(charge) to profit and loss account in the year	35	(58)
At end of year	29	(6)

The deferred taxation balance is made up as follows:

	Group	Group
	2020	2019
	£000	£000
Fixed asset timing differences	11	(20)
Short term timing differences	18	14
	29	(6)

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

21. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
39,034 (2019 - 39,034) Ordinary shares of £1.00 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 or the repayment of capital.

22. Reserves

Capital redemption reserve

The capital redemption reserve arose on the parent company purchase of own shares in earlier years and is not distributable.

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 includes unrealised gains on investment properties of £147,000 which is not distributable until the gains are realised through disposal of the properties.

23. Dividends

	2020 £000	2019 £000
Dividends paid on equity capital	<u>234</u>	<u>2,078</u>

24. Capital commitments

At 31 December 2020 the group and company had capital commitments as follows:

	Group 2020 £000	Group 2019 £000
Contracted for but not provided in these financial statements	<u>144</u>	<u>95</u>

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

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 £211,000 (2019: £233,000). The amount outstanding at the year end, included within creditors, is £55,715 (2019: £48,087).

(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 members 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:

	2020 £000	2019 £000
Fair value of plan assets	29,048	25,251
Present value of funded obligations	(19,902)	(17,019)
Limit on recognition of surplus	(9,146)	(8,232)
At the end of the year	-	-

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Expected return on scheme assets	428	475
Interest on obligation	(333)	(420)
Administrative costs (including PPF levy)	(95)	(55)
Total	-	-

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

25. Post employment benefits (continued)

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

	2020 £000	2019 £000
Opening defined benefit obligation	17,019	17,148
Interest cost	333	420
Changes to assumptions	3,304	156
Benefits paid	(754)	(705)
Closing defined benefit obligation	19,902	17,019

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

	2020 £000	2019 £000
Opening fair value of scheme assets	25,251	22,444
Interest on assets	428	475
Administration costs	(95)	(55)
Gain on assets less interest	4,218	3,092
Benefits paid	(754)	(705)
Closing fair value of scheme assets	29,048	25,251

The cumulative amount of actuarial gains and losses recognised in the consolidated statement of other comprehensive income was £nil (2019 - £nil).

The group expects to contribute £nil to its in 2021.

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

	2020 %	2019 %
Discount rate	1.2	2.0
Inflation (retail prices index)	3.0	3.1
Inflation (consumer prices index)	2.6	2.3
Pension increase	2.5	2.2

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

25. Post employment benefits (continued)

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

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Defined benefit obligation	(19,902)	(17,019)	(17,148)	(17,759)	(19,645)
Scheme assets	29,048	25,251	22,444	24,118	23,111
Surplus (not recognised)	9,146	8,232	5,296	6,359	3,466

26. Commitments under operating leases

At 31 December 2020 the group had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group 2020 £000	Group 2019 £000
Not later than 1 year	228	264
Later than 1 year and not later than 5 years	538	424
	766	688

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

T Crossling & Co Limited

Notes to the financial statements Year ended 31 December 2020

27. Related party transactions

Group

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 £125,208 (2019: £99,286) 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 £60,152 (2019: £60,112) 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 £2,374 (2019: £639) owed to Regional Engineers Distributors Group, a company in which C P H Errington is director.

Company

Dividends paid to the directors in the year were £234,000 (2019: £2,078,000).

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. Parent undertaking preparing consolidated financial statements

There is no ultimate controlling party.