COMPANY REGISTRATION NUMBER: 03202912

CUTWEL LIMITED

FINANCIAL STATEMENTS

30 APRIL 2019

CUTWEL LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2019

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OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	P Hawksworth (Resigned 18 May 2018) A Gillard (Appointed 18 May 2018) G J Short (Appointed 18 May 2018) A S Moore (Appointed 19 October 2018)
Registered office	Unit A Riverside Drive Cleckheaton BD19 4DH
Auditor	Grant Thornton UK LLP No 1 Whitehall Riverside Leeds LS1 4BN
Bankers	Yorkshire Bank plc 94-96 Briggate Leeds West Yorkshire LS1 6NP
	HSBC Bank plc Market Place Dewsbury West Yorkshire WF13 1DH

The directors present their report for the financial year ended 30 April 2019.

Principal activity and business review

The principal activity of the company is the supply of engineering tools, including cutting tools, measuring equipment and lubricants to a wide range of companies and individuals. The business offers technical support and advice alongside prompt delivery to customers on a range of over 25,000 stock lines.

The Company's markets remained steady in the trading year and growth in market share occurred in all product group areas.

In May 2018 there was a management buyout, supported by funds managed by NorthEdge Capital LLP, which resulted in the creation of Crossco (1427) Limited with Cutwel Limited as a trading subsidiary. The Company saw a net 14% increase in turnover and operating profit for the year. During the year the Company decided to focus on core activities of sales of cutting tools and cease non-core activities including the sale of 3D printers and sales to Amazon. Like for like sales in core activities increased by 20% in the year.

The senior management team are focussed on continuing to grow the business and have a clear direction to expand market share and the increase the number of trading customers by:

- Improving the product offering and the speed of delivery to our customer base;
- Growing our salesforce and continuing to invest in excellent technical product training;
- Maintaining margins whilst offering customers discounts and special offers;
- Investing in Technical Sales Managers to provide technical support to our customers;
- Keeping costs under control and managing our working capital for strong liquidity.

Conditions in the UK market are anticipated to be potentially more challenging in the 2020 trading year with the uncertainty surrounding Brexit, however with investment in new staff, new products and the continued improvement in customer service and delivery further growth is expected for the Company.

Results

The profit before tax for the year in the Company amounted to £3.6m (2018: £2.9m)

The key financial results for the year are summarised below.

- Revenue of £18.8m (2018: £16.5m), with revenue growth as per Business Review
- Gross Profit of £7.5m (2018: £6.3m), with margin being improved alongside revenue growth
- Operating profit of £3.3m (2018: £2.9m), margin maintained on prior year

Key performance indicators

The Directors consider the key performance indicators for the Company to be; revenue, gross profit, and operating profit.

The management use a number of KPIs to help measure and improve business performance including:

- daily sales and gross profit,
- gross margin by product line
- stock turnover
- debtors days
- number of trading customers

Future developments

Management do not believe there are any future developments to note other than those noted in the risk management and review of the business section. The business is continuing to grow.

Employee Matters

Post management buyout and the investment into the newly formed Group by funds managed by NorthEdge Capital LLP, an Environment and Social Governance framework was implemented. This has driven greater employee engagement and alongside ongoing attention to staff education and training (both technical, managerial and personal development) this has maintained a strong and stable workforce. This investment in our employees will continue to support the future growth of the business.

Risk management

Post management buyout and the investment into the newly formed Group by funds managed by NorthEdge Capital LLP, a system of risk management, a process that allows the Directors to identify, evaluate and manage potential risks and uncertainties that could have a material impact on the Company's performance was introduced.

The primary risks and uncertainties faced by the Company are assessed as follows:

Suppliers

The Company relies upon a small number of key suppliers to provide the products sold to our customers. Strong existing long-term relationships with these suppliers and a short supply chain mitigate the risks of disruption to supply to customers.

Currency fluctuations

The Company purchases the majority of our products lines in Euros and therefore is exposed to transaction and translation foreign exchange risk. Exposure is partly minimised by natural hedging of matching Euro revenues with purchase costs, with the remaining exposure mitigated via hedging using forward exchange contracts.

Working capital

Working capital efficiency continues to be a focus and liquidity risks are mitigated via close weekly monitoring of cashflow and working capital.

Data security and GDPR

Security of data, compliance with GDPR regulations and cyber security is managed through a GDPR framework which identifies where risks may arise. The framework was implemented in the current year and provides mitigants to these risks.

The impact of the United Kingdom leaving the European Union (Brexit)

There remains considerable uncertainty as to the impact of Brexit on our trading outlook, currency and security of supply. The Company has conducted a number of reviews and has prepared Brexit Strategy documents -which evaluated the likely impacts and risks and provides mitigants to those risks.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence based on detailed cashflow forecasts and likely future trading and thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

CUTWEL LIMITED

STRATEGIC REPORT ***(continued)***

YEAR ENDED 30 APRIL 2019

This report was approved by the board of directors on 7 January 2020 and signed on behalf of the board by:

A S Moore
Director

CUTWEL LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2019

The directors present their report and the Financial Statements of the company for the year ended 30 April 2019.

Directors

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

A Gillard	(Appointed 18 May 2018)
G J Short	(Appointed 18 May 2018)
A S Moore	(Appointed 19 October 2018)
P Hawksworth	(Resigned 18 May 2018)

Dividends

Particulars of recommended dividends are detailed in note 12 to the Financial Statements for the year ended 30 April 2019.

Disclosure of information in the strategic report

In accordance with Section 414C(11), Companies Act 2006, the following information required to be contained in this report is set out in the company's Strategic Report on page 2: principal activities, business review, future developments and financial risks.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 "The Financial Reporting Standard applicable in the UK & 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 profit or loss of the company 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

A resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board of directors on 7 January 2020 and signed on behalf of the board by:

A S Moore
Director

Opinion

We have audited the financial statements of Cutwel Limited (the 'company') for the year ended 30 April 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the notes to the financial statements, 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 company's affairs as at 30 April 2019 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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.

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. 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.

Opinions 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 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 strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 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. 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.

Grant Thornton UK LLP

Mark Overfield BSc FCA (Senior Statutory Auditor)

For and on behalf of
Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds
LS1 4BN

7 January 2020

CUTWEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 APRIL 2019

	Note	2019 £	2018 £
Turnover	4	**18,785,257**	16,459,289
Cost of sales		**(11,254,025)**	(10,124,728)
Gross profit		**7,531,232**	6,334,561
Administrative expenses		**(4,183,312)**	(3,407,356)
Other operating income		**–**	500
Operating profit	5	**3,347,920**	2,927,705
Other interest receivable and similar income	9	**218,735**	–
Interest payable and similar expenses	10	**(1,080)**	(3,515)
Profit before taxation		**3,565,575**	2,924,190
Tax on profit	11	**(482,533)**	(563,200)
Profit for the financial year and total comprehensive income		**3,083,042**	2,360,990

All the activities of the company are from continuing operations.

The notes on pages 13 to 24 form part of these Financial Statements.

CUTWEL LIMITED

BALANCE SHEET

30 APRIL 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	43,995	15,222
Tangible assets	14	396,260	505,976
		440,255	521,198
Current assets			
Stocks	15	3,676,607	2,172,861
Debtors	16	6,931,738	3,207,921
Cash at bank and in hand		2,122,259	2,270,229
		12,730,604	7,651,011
Creditors: amounts falling due within one year	17	(4,088,837)	(2,112,214)
Net current assets		8,641,767	5,538,797
Total assets less current liabilities		9,082,022	6,059,995
Creditors: amounts falling due after more than one year	18	–	(11,566)
Provisions			
Taxation including deferred tax	21	(21,900)	(21,300)
Net assets		9,060,122	6,027,129
Capital and reserves			
Called up share capital	24	10,000	10,000
Profit and loss account	25	9,050,122	6,017,129
Shareholders funds		9,060,122	6,027,129

These Financial Statements were approved by the board of directors and authorised for issue on 7 January 2020, and are signed on behalf of the board by:

A S Moore
Director

Company registration number: 03202912

The notes on pages 13 to 24 form part of these Financial Statements.

CUTWEL LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 APRIL 2019

		Called up share capital	Profit and loss account	Total
		£	£	£
At 1 May 2017		10,000	4,568,155	4,578,155
Profit for the year			2,360,990	2,360,990
Total comprehensive income for the year		–	2,360,990	2,360,990
Dividends paid and payable	12	–	(912,016)	(912,016)
Total investments by and distributions to owners		–	(912,016)	(912,016)
At 30 April 2018		10,000	6,017,129	**6,027,129**
Profit for the year			3,083,042	**3,083,042**
Total comprehensive income for the year		–	3,083,042	**3,083,042**
Dividends paid and payable	12	–	(50,049)	**(50,049)**
Total investments by and distributions to owners		–	(50,049)	**(50,049)**
At 30 April 2019		10,000	9,050,122	**9,060,122**

The notes on pages 13 to 24 form part of these Financial Statements.

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit A, Riverside Drive, Cleckheaton, BD19 4DH.

2. Statement of compliance

These Financial Statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation
The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern
After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Disclosure exemptions
The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Crossco (1427) Limited which can be obtained from their registered office being, Unit A, Riverside Drive, Cleckheaton, BD19 4DH. As such, advantage has been taken of the following disclosure exemptions available under paragraphs 1.12 and 11.38 - 11.39 of FRS 102, in that:

(a) No cash flow statement has been presented for the company.
(b) Disclosures in respect of financial instruments have not been presented.

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

Judgements and key sources of estimation uncertainty
Judgements in applying accounting policies and key sources of estimation uncertainty.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

(a) Impairment of goodwill

The company reviews, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based from two calculations.

- requires the estimation of future cash flows and the choice of a discount rate to calculate the present value of the cash flows.
- obtain fair value at the date of measurement.

The higher of the two outputs is used for the assessment. Actual outcomes may vary.

(b) Useful lives of property, plant and equipment

Property, plant and equipment is depreciated over its useful life. Useful lives are based on management's estimates of the periods within which the assets will generate revenue and which are periodically reviewed for continued appropriateness. Changes to judgements can result in significant variations in the carrying value and amounts charged to the Statement of Comprehensive Income.

(c) Deferred tax assets/liabilities

In determining the deferred tax asset or liability to be recognised, management carefully review the recoverability of these assets on a prudent basis and reach a judgement based on the best available information.

(d) Other

Other judgements made by management are stock provisions and the bad debt provision. The judgements are considered to be of low risk due to the basis in which they are calculated, therefore no further discussion has been included

Revenue recognition
Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer (on despatch of the goods), the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

3. Accounting policies *(continued)*

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have not arisen but not reversed by the balance sheet date.

Deferred tax is measured at the rates that are expected to apply in the periods when he timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

Forward Currency Contracts

Forward currency contracts classified as 'other financial instruments' in FRS 102 will therefore be accounted for in accordance with Section 12 Other Financial Instruments Issues. The derivative contract is recognised at fair value on initial recognition, and again at the balance sheet date. Any changes in fair value are recognised in profit or loss.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

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

Website	-	33% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

3. Accounting policies *(continued)*

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

Leasehold property improvements	-	10% straight line
Fixtures & fittings	-	20% straight line
Motor vehicles	-	25% straight line
Office equipment	-	33% straight line

Impairment of fixed assets
A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stock
Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Provisions
Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

3. Accounting policies *(continued)*

Financial instruments
A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship (see hedge accounting policy).

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans
The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

4. Turnover

Turnover arises from:

	2019	2018
	£	£
Sale of goods	**18,785,257**	16,459,289

4. Turnover *(continued)*

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2019	2018
	£	£
United Kingdom	18,269,174	16,013,632
Overseas	516,083	445,657
	18,785,257	16,459,289

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019	2018
	£	£
Amortisation of intangible assets	10,371	15,336
Depreciation of tangible assets	189,817	233,009
Gains on disposal of tangible assets	(20,918)	(7,999)
Impairment of trade debtors	55,488	16,208
Foreign exchange differences	159,495	83,208

The company enters into forward currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 30 April 2019, the outstanding forward contracts all matured within 3 months of the year end. The company committed to buy €2.1m (2018: €nil) in exchange for sterling. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for EUR: GBP.

6. Auditor's remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	27,500	16,000
Fees payable to the company's auditor for other services:		
Taxation advisory services	11,000	–

Thc auditors remuneration in the year include fees for the whole group.

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019	2018
	No.	No.
Number of staff	63	54

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	2,460,228	1,972,568
Social security costs	225,660	209,141
Other pension costs	47,879	33,310
	2,733,767	2,215,019

7. Staff costs *(continued)*

Included in wages and salaries are costs of £28,418 (2018: £24,948) in respect of agency staff.

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	1,946	19,321

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

	2019	2018
	No.	No.
Defined contribution plans	–	1

Directors' remuneration is disclosed in Crossco (1432) Limited. The company made use of key management personnel which is subsequently charged on a monthly basis to Cutwel Limited as a service fee. The service fees costs for the year were £669,634 (2018: £Nil)

9. Other interest receivable and similar income

	2019	2018
	£	£
Interest on loans and receivables	218,735	–

10. Interest payable and similar expenses

	2019	2018
	£	£
Interest on obligations under finance leases and hire purchase contracts	949	3,515
Other interest payable and similar charges	131	–
	1,080	3,515

11. Tax on profit

Major components of tax expense

	2019	2018
	£	£
Current tax:		
UK current tax expense	481,466	583,100
Adjustments in respect of prior periods	467	–
Total current tax	481,933	583,100
Deferred tax:		
Origination and reversal of timing differences	600	(19,900)
Tax on profit	482,533	563,200

11. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019	2018
	£	£
Profit on ordinary activities before taxation	**3,565,575**	2,924,190
Profit on ordinary activities by rate of tax	**677,459**	555,596
Adjustment to tax charge in respect of prior periods	**467**	324
Effect of expenses not deductible for tax purposes	**298**	1,303
Effect of capital allowances and depreciation	**2,264**	25,892
Effect of change in deferred tax closing position	**600**	(19,900)
Effect of other timing differences	**687**	(15)
Group relief	**(199,242)**	–
Tax on profit	**482,533**	563,200

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019	2018
	£	£
Dividends on equity shares	**50,049**	912,016

13. Intangible assets

	Website
	£
Cost	
At 1 May 2018	**120,626**
Additions	**39,144**
At 30 April 2019	**159,770**
Amortisation	
At 1 May 2018	**105,404**
Charge for the year	**10,371**
At 30 April 2019	**115,775**
Carrying amount	
At 30 April 2019	**43,995**
At 30 April 2018	15,222

14. Tangible assets

	Leasehold property improvements	Fixtures & fittings	Motor vehicles	Office equipment	**Total**
	£	£	£	£	**£**
Cost					
At 1 May 2018	279,494	539,014	209,575	425,168	**1,453,251**
Additions	19,182	11,990	25,344	70,925	**127,441**
Disposals	–	–	(81,922)	(26,242)	**(108,164)**
At 30 April 2019	298,676	551,004	152,997	469,851	**1,472,528**
Depreciation					
At 1 May 2018	129,166	361,414	76,162	380,533	**947,275**
Charge for the year	28,969	75,654	45,575	39,619	**189,817**
Disposals	–	–	(41,168)	(19,656)	**(60,824)**
At 30 April 2019	158,135	437,068	80,569	400,496	**1,076,268**
Carrying amount					
At 30 April 2019	140,541	113,936	72,428	69,355	**396,260**
At 30 April 2018	150,328	177,600	133,413	44,635	505,976

15. Stocks

	2019	2018
	£	£
Finished goods for resale	**3,676,607**	2,172,861

16. Debtors

	2019	2018
	£	£
Trade debtors	**3,740,867**	3,131,432
Amounts owed by group undertakings	**2,864,718**	–
Prepayments and accrued income	**250,533**	74,017
Directors loan account	**50,193**	–
Corporation tax recoverable	**13,729**	–
Other debtors	**11,698**	2,472
	6,931,738	3,207,921

The debtors above include the following amounts falling due after more than one year:

	2019	2018
	£	£
Directors loan account	**39,553**	–

17. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	**2,719,878**	1,109,852
Accruals and deferred income	**205,476**	100,521
Corporation tax	**309,417**	343,100
Social security and other taxes	**822,316**	541,468
Obligations under finance leases and hire purchase contracts	**11,566**	3,456
Other creditors	**20,184**	13,817
	4,088,837	2,112,214

18. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Obligations under finance leases and hire purchase contracts	**–**	11,566

19. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2019	2018
	£	£
Not later than 1 year	**11,566**	3,456
Later than 1 year and not later than 5 years	**–**	11,566
	11,566	15,022

20. Secured liabilities

The obligations under finance lease and hire purchase contracts included in creditors are secured on the related assets.

21. Provisions

	Deferred tax (note 22)
	£
At 1 May 2018	**21,300**
Additions	**600**
At 30 April 2019	**21,900**

22. Deferred tax

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

	2019	2018
	£	£
Included in provisions (note 21)	**21,900**	21,300

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

	2019	2018
	£	£
Accelerated capital allowances	**22,700**	21,700
Other timing differences	**(800)**	(400)
	21,900	21,300

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution pension plans was £47,879 (2018: £33,310).

24. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	**10,000**	**10,000.00**	10,000	10,000.00

The ordinary shares have full rights to voting, dividend entitlement and participation in capital distributions. They are irredeemable other than by way of capital reduction.

25. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	**86,400**	86,400
Later than 1 year and not later than 5 years	**308,333**	335,920
Later than 5 years	**716,667**	7,600
	1,111,400	429,920

27. Directors' advances, credits and guarantees

Included in debtors (note 16) is a loan to a director, A Gillard in the amount of £50,193 (2018: £nil). This qualifying loan is unsecured and repayable over 48 months from 18 May 2018. Interest is being charged at a rate of 3% per annum.

28. Related party transactions

Key management personnel were remunerated £nil (2018: £240,488).

In addition, the dividends paid disclosed in note 12 were paid to related parties.

Amounts paid to NorthEdge Capital LLP in relation to monitoring fees for the financial year were £71,541 (2018: £nil). This is inclusive of board member remuneration/fees.

Included in debtors is a loan to the company's immediate parent company Crossco (1432) Limited of £2,864,718 (2018: £nil). This loan is unsecured and repayable on demand. Interest is being charged at a rate of 10% per annum.

29. Controlling party

Until 18 May 2018, the joint controlling parties were P and E M Hawksworth.

On 18 May 2018, the entire issued share capital of the company was acquired by Crossco (1432) Limited. The company's immediate parent company became Crossco (1432) Limited, and its ultimate parent company became Crossco (1427) Limited, both companies incorporated in England and Wales. The company's ultimate controlling party became NorthEdge Capital Fund II LP.