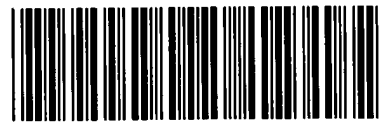


COMPANY REGISTRATION NUMBER: 03633185

CREST BRICK SLATE & TILE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 MARCH 2020

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CREST BRICK SLATE & TILE LIMITED

FINANCIAL STATEMENTS

Year ended 31 March 2020

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CREST BRICK SLATE & TILE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr S D Pearson
Mr A B G Van Huet
Mr A J Simpson
Mr A W Virgo
Ms J Kelmonaite

Company secretary

Addleshaw Goddard (Scotland) Secretarial Limited

Registered office

Howdenshire Way
Knedlington Road
Howden
GOOLE
DN14 7HZ

Auditor

BDO LLP
Bridgewater House
Finzels Reach
Counterslip
Bristol
BS1 6BX

Bankers

Lloyds Bank plc
18 Wyndham Street
Bridgend
CF31 1EQ

CREST BRICK SLATE & TILE LIMITED

STRATEGIC REPORT

Year ended 31 March 2020

Review of the business

The company sells superior quality building materials to all sectors of the UK construction industry including national house builders, developers, contractors, general builders and retail to the public. Operations include the importing and sale of a large number of roofing tiles, with the company arranging the sale of all its products from its base in the North East of England.

The company is a member of Brickability Group, whose objective is to be the United Kingdom's leading specialist supplier in the housebuilding sector. During the year, the company acquired McCann Roofing Products Limited which has expanded the group's product range and increased its geographical coverage within the UK.

Results, performance and business environment

The results for the financial period under review are set out on page 10.

The construction industry was performing well throughout most of 2019, with bricks and roofing tiles widely available to meet the demands of the industry. However, demand towards the end of the year was affected by uncertainty surrounding Brexit. Demand began to recover in early 2020 but was impacted by record levels of rainfall and then the onset of the COVID-19 pandemic in March 2020. Sales therefore fell significantly in the final weeks of the financial year, as the UK was placed into a national lockdown. Despite this challenging end to the year, the company performed well as demonstrated by the key performance indicators (KPIs) summarised below:

	Year Ended 31 March 2020		Year Ended 31 March 2019	
Turnover	£16,407,046		£15,497,305	
Gross margin	£3,500,828	21.3%	£2,972,560	19.2%
Operating profit	£2,382,359	14.5%	£1,989,878	12.8%

Total revenue has risen by 5.9% on the prior year, while the gross margin has improved by 2.1%. The operating profit margin has increased by 1.7%.

In addition to the above, the company aims to maximise cash generation and thus constantly monitors its cash position and undertakes regular review of its costs.

After the initial lockdown due to the COVID-19 pandemic, the construction and new build housing markets began to recover from May 2020, with higher levels of market activity leading to a more sustained level of demand for building materials. Trading in the current financial year, since May 2020, supports this. The company's assessment of the impact of COVID-19 on the financial statements is disclosed further in notes 3 and 4 of the financial statements.

Strategy

The company's success is dependent on the proper pricing, delivery and on-going management of the supplies to maximise profitability and increase market share.

Principal Risks & Uncertainties

The main risks facing the company are the shortage of the supply of bricks and roofing tiles and the general economic volatility that could slow house building. In particular, the COVID-19 pandemic and Brexit provide additional economic challenges and uncertainty. The company's strategy is to actively mitigate and manage these risks and any consequences of a reduction in demand and supply within its control. The company has robust buying power within the marketplace and continues to ensure supply of materials by maintaining excellent relationships with its suppliers. It also maintains close relationships with principal customers and, while key customers are considered to be financially robust, credit risk is still being monitored continuously.

CREST BRICK SLATE & TILE LIMITED

STRATEGIC REPORT *(continued)*

Year ended 31 March 2020

Principal Risks & Uncertainties *(continued)*

The company has European suppliers and thus Brexit has had an effect on the importing process and purchase of stock from these suppliers. The company has kept up to date with all developments throughout the Brexit process and has taken all relevant actions to adapt to changes in import procedures, mitigating the associated risks to ensure the continued supply of goods from its European suppliers. Strong relationships with UK based suppliers also reduces the direct impact of Brexit.

Future Developments

Whilst the government has remained supportive of the UK's construction industry and housebuilding market, the speed and nature of a full recovery, during and following the COVID-19 pandemic, remains uncertain.

The company has, however, recovered well following the initial lockdown and continues to trade profitably. The company's strategy and ongoing monitoring of costs and other KPIs has enabled it to react quickly and appropriately. The company therefore still has a firm foundation on which to consolidate its position in the market and for growth in the future, as opportunities arise within the industry.

This report was approved by the board of directors on 12 February 2021 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'A B G Van Huet', written over a horizontal line.

Mr A B G Van Huet
Director

CREST BRICK SLATE & TILE LIMITED

DIRECTORS' REPORT

Year ended 31 March 2020

The directors present their report and the financial statements of the company for the year ended 31 March 2020.

Directors

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

Mr S D Pearson	
Mr A B G Van Huet	
Mr A J Simpson	
Mr A W Virgo	
Mr S J Overend	(Appointed 10 June 2019)
Ms J Kelmonaite	(Appointed 17 February 2020)
Mr F Langstraat	(Resigned 28 February 2020)

Mr S J Overend served as a director up until 16 November 2020.

Dividends

The directors do not recommend the payment of a dividend.

Future developments

Expected future developments of the company are outlined within the Strategic Report on pages 2 to 3 of the annual report and financial statements.

Financial instruments

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of the changes in the construction industry driven by the economy. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company by monitoring the economy for indications of volatility. The company's principal financial instruments comprise trade debtors, trade creditors and group loans. The policies set by the board are implemented by the company's finance department.

Price risk management

Due to the nature of the financial instruments used by the company there is no exposure to price risk.

Credit risk management

The company has implemented policies that requires appropriate credit checks on potential customers before sales are made. Customers are assigned credit limits and overdue debts are chased on a regular basis.

Liquidity risk and cash flow management

The company actively monitors its liquidity and cash flow position to ensure the continuity of funding throughout the group. Certain banking arrangements are made through the company's ultimate parent and thus the company undertakes regular cash flow forecasting to ensure that bank and other borrowing facilities are sufficient to meet working capital requirements and ultimately ensure it has sufficient cash in order to fund its activities.

CREST BRICK SLATE & TILE LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 31 March 2020

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 28 to the financial statements.

Qualifying indemnity provision

During the year, the company maintained liability insurance for its directors and officers, as permitted by the company's articles of association which allow the indemnification of directors or officers out of the assets of the company to the extent permitted by law. The qualifying third-party indemnity arrangements came into force on 29 August 2019 and have remained in place since the year end.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 we set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

CREST BRICK SLATE & TILE LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 31 March 2020

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

Auditor

BDO LLP were appointed as auditor during the year and have expressed their willingness to continue in office. A resolution to re-appoint BDO LLP as the Group's auditor was passed at the Group's Annual General Meeting.

This report was approved by the board of directors on 12 February 2021 and signed on behalf of the board by:



Mr A B G Van Huet
Director

CREST BRICK SLATE & TILE LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CREST BRICK SLATE & TILE LIMITED

Year ended 31 March 2020

Opinion

We have audited the financial statements of Crest Brick Slate & Tile Limited ("the Company") for the year ended 31 March 2020 which comprise the profit and loss account, 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 31 March 2020 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.

CREST BRICK SLATE & TILE LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CREST BRICK SLATE & TILE LIMITED (continued)

Year ended 31 March 2020

Other information

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

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

We have nothing to report in this regard.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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, 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.

CREST BRICK SLATE & TILE LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CREST BRICK SLATE & TILE LIMITED (continued)

Year ended 31 March 2020

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, 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.

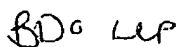
Auditor's responsibilities for the audit of the financial statements

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: <https://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.



Sarah Joannidi (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Bristol, UK

19 February 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CREST BRICK SLATE & TILE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2020

	Note	2020 £	2019 £
TURNOVER	5	16,407,046	15,497,305
Cost of sales		(12,906,218)	(12,524,745)
GROSS PROFIT		3,500,828	2,972,560
Administrative expenses		(1,119,967)	(1,055,221)
Other operating income	6	1,498	72,539
OPERATING PROFIT	7	2,382,359	1,989,878
Other interest receivable and similar income	11	4,372	2,695
Interest payable and similar expenses	12	(590)	(685)
PROFIT BEFORE TAXATION		2,386,141	1,991,888
Tax on profit	13	(42,558)	(379,627)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>2,343,583</u>	<u>1,612,261</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 26 form part of these financial statements.

CREST BRICK SLATE & TILE LIMITED

BALANCE SHEET

31 March 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	14	52,204	30,069
Investments	15	2,811,422	–
		<u>2,863,626</u>	<u>30,069</u>
CURRENT ASSETS			
Stocks	16	690,767	297,804
Debtors	17	4,703,124	6,112,289
Cash at bank and in hand		1,232,151	1,783,712
		<u>6,626,042</u>	<u>8,193,805</u>
CREDITORS: amounts falling due within one year	18	(2,294,554)	(3,301,537)
NET CURRENT ASSETS		<u>4,331,488</u>	<u>4,892,268</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,195,114</u>	<u>4,922,337</u>
CREDITORS: amounts falling due after more than one year	19	(11,194)	–
PROVISIONS	21	(45,000)	(127,000)
NET ASSETS		<u>7,138,920</u>	<u>4,795,337</u>
CAPITAL AND RESERVES			
Called up share capital	24	83,416	83,416
Share premium account	25	9,334	9,334
Profit and loss account	25	7,046,170	4,702,587
SHAREHOLDERS FUNDS		<u>7,138,920</u>	<u>4,795,337</u>

These financial statements were approved by the board of directors and authorised for issue on 12 February 2021, and are signed on behalf of the board by:



Mr A B G Van Huet
Director

Company registration number: 03633185

The notes on pages 13 to 26 form part of these financial statements.

CREST BRICK SLATE & TILE LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
AT 1 APRIL 2018	83,416	9,334	3,090,326	3,183,076
Profit for the year	—	—	1,612,261	1,612,261
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	1,612,261	1,612,261
AT 31 MARCH 2019	83,416	9,334	4,702,587	4,795,337
Profit for the year	—	—	2,343,583	2,343,583
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	2,343,583	2,343,583
AT 31 MARCH 2020	<u>83,416</u>	<u>9,334</u>	<u>7,046,170</u>	<u>7,138,920</u>

The notes on pages 13 to 26 form part of these financial statements.

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

1. GENERAL INFORMATION

The company is a private company limited by shares, incorporated in England and Wales. The address of the principal place of business is Howdenshire Way, Knedlington Road, Howden, Goole, East Yorkshire, DN14 7HZ.

The company's principal activities are set out in the Strategic Report on pages 2 to 3 of the annual report and financial statements.

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' and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

3. ACCOUNTING POLICIES *(continued)*

Going concern

On 31 December 2019, China reported a pneumonia outbreak of unknown cause to the World Health Organisation ("WHO"). On 30 January 2020, the WHO declared a Public Health Emergency of International Concern.

On 11 March 2020, the WHO declared the virus a pandemic and, from 16 March 2020, the UK Government announced major government-backed loans. From this date, day-to-day life in the UK also began to be impacted through announced social distancing measures, with additional stay at home measures being enforced soon after. The scale of the Government interventions and impact on daily life in the UK gave rise to significant market movements, with global lockdowns occurring before the company's reporting date of 31 March 2020.

The directors have therefore had to consider the impact of this virus, COVID-19, in their assessment of the business as a going concern.

Forecasts have been prepared for multiple scenarios, including various levels of reductions in turnover and EBITDA (earnings before interest, tax, depreciation and amortisation), to reflect the predicted impact of potential trading restrictions during second and future waves of the virus. The company is in a strong cash position, as is the Brickability Group, which has a group level borrowing facility with significant headroom. Since May 2020, results have also demonstrated a return to profitability as trade levels have recovered well and continue to improve, despite the ongoing uncertainty and challenges.

Furthermore, the construction industry is supported by the Government and not expected to undergo another complete lockdown, as illustrated during the recent local and national measures imposed by the UK Government. The directors therefore consider the company to be in a strong position to continue trading, having successfully adapted to new methods of working and incorporating all relevant additional health and safety requirements.

Based on the above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of signing these financial statements. For this reason, they continue to adopt the going concern basis in preparing the 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 Brickability Group Plc which can be obtained from Brickability Group Plc South Road, Bridgend Industrial Estate, Bridgend, CF31 3XG. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) the requirement to present a cash flow statement under Section 7 Statement of Cash Flows;
- (b) the requirements of eligible paragraphs within Sections 11 and 12 concerning financial instrument disclosures; and
- (c) the requirement to disclose the aggregate remuneration of key management personnel in accordance with paragraph 33.7.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

3. ACCOUNTING POLICIES *(continued)*

Consolidation *(continued)*

Its financial statements are consolidated into the financial statements of Brickability Group plc which can be obtained from the company's registered office at C/O Brick-ability Ltd, South Road, Bridgend Industrial Estate, Bridgend, United Kingdom, CF31 3XG and from its website.

Turnover

The company generates turnover through the sale of superior quality building materials to all sectors of the construction industry. Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied to customers during the period, net of volume rebates, discounts and Value Added Tax.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on delivery of the goods. The following conditions must also be satisfied: the company retains neither continuing managerial involvement, to the degree usually associated with ownership, nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the company will receive the consideration due under the transaction; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

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 in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised 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 reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

3. ACCOUNTING POLICIES *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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:

Freehold land and buildings	- 25% straight line
Plant and machinery	- 25% reducing balance
Motor vehicles	- 25% reducing balance
Equipment	- 25% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

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.

Stocks

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. At each reporting date, stocks are assessed for impairment and, if stock is impaired, the carrying value is reduced to its selling price less costs to complete and sell. Impairment losses are recognised immediately in profit or loss.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

3. ACCOUNTING POLICIES *(continued)*

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 statement of financial position and the amount of the provision as an expense.

Provision is made for liabilities arising in respect of extended warranty and defect claims or warranties provided in conjunction with the sale of goods. 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. The provision is subjective, based on historical experience and management's assessment of the likely cost required to resolve any claim, taking into account their knowledge of the products provided.

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. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

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.

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. Debt instruments are subsequently measured at amortised cost.

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.

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 pensions

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

4. 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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Provisions

Provisions are included for slow moving stock and volume rebates payable. These provisions require management's best estimate based on a review of stock movements following the period end and an assessment of expected trading volumes based on contractual rates.

Provisions are also recognised on product defect warranties when claims are made in relation to the products supplied. This requires judgement as to whether a claim would likely give rise to a provision based on management's knowledge of the company's products, services and customers. The provision would then need to be estimated based on management's assessment of the likely work and cost required to rectify any defect.

COVID-19

The assessment of the impact of COVID-19 on the financial statements requires judgement and affects the estimates included in certain areas, including the assessment of the appropriateness of the going concern basis in preparing the financial statements and the testing for impairment of assets.

In making these assessments, the company has forecasted results and cash flows for a range of scenarios for the periods up to 31 March 2023. This has included management's judgement and estimates of future turnover, costs and EBITDA.

Given the timing of the global pandemic, management determined that the conditions in relation to COVID-19 existed at the balance sheet date and therefore the events which quickly unfolded, subsequent to 31 March 2020, provide additional information about conditions which existed at the balance sheet date.

Information available to management after the balance sheet date has been considered in the company's impairment assessment, including the assessment of recoverability of trade debtors and other relevant areas of the balance sheet. The impact of COVID-19 is considered by the directors to be an adjusting event for the company.

5. TURNOVER

Turnover arises from:

	2020	2019
	£	£
Sale of goods	<u>16,407,046</u>	<u>15,497,305</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

6. OTHER OPERATING INCOME

	2020	2019
	£	£
Other operating income	<u>1,498</u>	<u>72,539</u>

7. OPERATING PROFIT

Operating profit or loss is stated after charging/ (crediting):

	2020	2019
	£	£
Depreciation of tangible assets	17,496	11,846
Gains on disposal of tangible assets	–	(5,140)
Impairment of trade debtors	11,309	21,152
Cost of stock recognised as an expense	<u>83,250</u>	<u>62,583</u>

8. AUDITOR'S REMUNERATION

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>7,700</u>	<u>7,250</u>

9. STAFF COSTS

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

	2020	2019
	No.	No.
Administrative staff	1	–
Management staff	1	1
Sales staff	14	14
	<u>16</u>	<u>15</u>

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

9. STAFF COSTS *(continued)*

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

	2020	2019
	£	£
Wages and salaries	660,658	610,397
Social security costs	80,891	72,431
Other pension costs	12,606	7,513
	<u>754,155</u>	<u>690,341</u>

10. DIRECTORS' REMUNERATION

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

	2020	2019
	£	£
Remuneration	<u>115,004</u>	<u>111,500</u>

11. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Interest on bank deposits	<u>4,372</u>	<u>2,695</u>

12. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Interest on obligations under finance leases and hire purchase contracts	<u>590</u>	<u>685</u>

13. TAX ON PROFIT

Major components of tax expense

	2020	2019
	£	£
Current tax:		
UK current tax expense	199,880	379,454
Adjustments in respect of prior periods	(155,925)	—
Total current tax	<u>43,955</u>	<u>379,454</u>

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

13. TAX ON PROFIT *(continued)*

	2020 £	2019 £
Deferred tax:		
Origination and reversal of timing differences	(1,397)	173
Tax on profit	<u>42,558</u>	<u>379,627</u>

On 17 March 2020, a future rate of corporation tax in the United Kingdom of 19% was substantively enacted. Previously, the rate of corporation tax expected to apply from 1 April 2020 was 17%. As such, deferred tax assets and liabilities were recognised at 17% in the prior year but have been re-measured at 19% at the reporting date.

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	2,386,141	1,991,888
Profit on ordinary activities by rate of tax	453,367	378,459
Adjustment to tax charge in respect of prior periods	(155,925)	–
Effect of expenses not deductible for tax purposes	2,820	1,188
Effect of different UK tax rates on some earnings	(467)	(20)
Utilisation of tax losses	(257,237)	–
Tax on profit	<u>42,558</u>	<u>379,627</u>

14. TANGIBLE ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 April 2019	16,000	54,651	41,848	12,464	124,963
Additions	–	–	34,986	4,645	39,631
Disposals	–	–	–	(1,190)	(1,190)
At 31 March 2020	<u>16,000</u>	<u>54,651</u>	<u>76,834</u>	<u>15,919</u>	<u>163,404</u>
Depreciation					
At 1 April 2019	16,000	45,686	21,626	11,582	94,894
Charge for the year	–	2,256	15,240	–	17,496
Disposals	–	–	(1,190)	–	(1,190)
At 31 March 2020	<u>16,000</u>	<u>47,942</u>	<u>35,676</u>	<u>11,582</u>	<u>111,200</u>
Carrying amount					
At 31 March 2020	<u>–</u>	<u>6,709</u>	<u>41,158</u>	<u>4,337</u>	<u>52,204</u>
At 31 March 2019	<u>–</u>	<u>8,965</u>	<u>20,222</u>	<u>882</u>	<u>30,069</u>

Tangible fixed assets with a carrying value of £25,966 (2019 - £nil) are pledged as security, under a first fixed charge, for a bank loan held by a group company.

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

14. TANGIBLE ASSETS *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 31 March 2020	26,238
At 31 March 2019	—

15. INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 April 2019	—
Additions	2,811,422
At 31 March 2020	2,811,422
Impairment	
At 1 April 2019 and 31 March 2020	—
Carrying amount	
At 31 March 2020	2,811,422
At 31 March 2019	—

Subsidiaries, associates and other investments

Subsidiary undertakings	Country of incorporation	Class of share	Percentage of shares held
McCann Roofing Products Limited	England and Wales	Ordinary	100

On 13 February 2020 the company acquired the entire share capital and 100% of the voting rights of McCann Roofing Products Limited.

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

16. STOCKS

	2020	2019
	£	£
Stock	<u>690,767</u>	<u>297,804</u>

17. DEBTORS

	2020	2019
	£	£
Trade debtors	1,935,119	2,587,113
Amounts owed by group undertakings	2,355,914	3,491,217
Deferred tax asset	5,366	3,969
Prepayments and accrued income	1,680	2,698
Corporation tax repayable	405,045	–
Other debtors	–	27,292
	<u>4,703,124</u>	<u>6,112,289</u>

18. CREDITORS: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,602,999	2,127,144
Accruals and deferred income	138,172	200,402
Corporation tax	–	188,348
Social security and other taxes	544,428	778,598
Obligations under finance leases and hire purchase contracts	8,955	–
Other creditors	–	7,045
	<u>2,294,554</u>	<u>3,301,537</u>

19. CREDITORS: amounts falling due after more than one year

	2020	2019
	£	£
Obligations under finance leases and hire purchase contracts	<u>11,194</u>	<u>–</u>

Included in creditors falling due within one year and after more than one year are hire purchase liabilities. These are secured on the assets to which they relate.

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

20. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

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

	2020 £	2019 £
Not later than 1 year	9,742	–
Later than 1 year and not later than 5 years	12,177	–
	<u>21,919</u>	<u>–</u>
Less: future finance charges	(1,770)	–
	<u>20,149</u>	<u>–</u>

21. PROVISIONS

	Warranties £
At 1 April 2019	127,000
Unused amounts reversed	(82,000)
At 31 March 2020	<u>45,000</u>

22. DEFERRED TAX

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

	2020 £	2019 £
Included in debtors (note 17)	<u>5,366</u>	<u>3,969</u>

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

	2020 £	2019 £
Accelerated capital allowances	(2,516)	(1,419)
Short term timing differences	(2,850)	(2,550)
	<u>(5,366)</u>	<u>(3,969)</u>

The net deferred tax asset is expected to reduce in 2021 by £5,000. This primarily relates to the origination of new timing differences on tangible fixed assets.

23. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £12,606 (2019: £7,513).

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

24. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary A shares of £1 each	77,000	77,000	77,000	77,000
Ordinary B shares of £1 each	6,333	6,333	6,333	6,333
Ordinary C shares of £1 each	83	83	83	83
	<u>83,416</u>	<u>83,416</u>	<u>83,416</u>	<u>83,416</u>

The ordinary A, B and C shares all carry full voting rights. There are no restrictions on the distribution of dividends and the repayment of capital.

25. RESERVES

The share capital reserve represents the nominal value received for shares issued.

The share premium reserve represents the amount received, for shares issued, in excess of the nominal value, less transaction costs.

The profit and loss account represents the total of all current and prior period retained profits and losses.

26. OPERATING LEASES

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

	2020	2019
	£	£
Not later than 1 year	39,034	33,750
Later than 1 year and not later than 5 years	140,284	135,000
Later than 5 years	98,438	132,188
	<u>277,756</u>	<u>300,938</u>

27. CONTINGENCIES

The company has provided a guarantee in respect of a bank loan held by its ultimate parent company. The maximum potential liability, in respect of this debt, at 31 March 2020 was £25m.

CREST BRICK SLATE & TILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2020

28. EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no subsequent events requiring further disclosure or adjustments to these financial statements.

29. RELATED PARTY TRANSACTIONS

The company has taken the exemption under FRS 102 not to disclose transactions with wholly owned subsidiaries within the group.

During the year the company paid rent of £33,750 (2019 - £33,750) to an entity controlled by two of the directors.

30. CONTROLLING PARTY

The company's immediate parent undertaking is PVH Holdings Limited whose registered office is Howdenshire Way, Knedlington Road, Howden, East Yorkshire, United Kingdom DN14 7HZ.

Brickability Group plc is the company's ultimate parent undertaking and the parent of the group for which consolidated financial statements are prepared. Copies of the group accounts can be obtained from Brickability Group plc's registered office at C/O Brick-ability Ltd, South Road, Bridgend Industrial Estate, Bridgend, United Kingdom, CF31 3XG and from its website. The directors consider that there is no ultimate controlling party. The majority shareholders of Brickability Group plc are stated in the group's annual report.