

Registered number: 04850331

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

THURSDAY



AAD4I0CB

A18

16/09/2021

#168

COMPANIES HOUSE

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

COMPANY INFORMATION

Directors	J P Sowton J A Maisey
Company secretary	Grafton Group Secretarial Services Limited
Registered number	04850331
Registered office	Ground Floor, Boundary House 2 Wythall Green Way Wythall Birmingham United Kingdom B47 6LW
Independent auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 - 26

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

This Strategic Report has been prepared in accordance with the requirements of Section 414A of the Companies Act 2006. Its purpose is to inform shareholders and help them to assess how the directors have performed their duties to promote the success of Crescent Building Supplies (Ruislip) Limited.

Principal risks and uncertainties

The main challenge affecting the Company during the year, and continuing into the future is the uncertainty and confidence over the economic situation of the country and global economy due to the coronavirus pandemic.

Financial key performance indicators

The directors believe that the following indicators will provide stakeholders with sufficient information to assess how effectively the Company is performing.

	2020	2019
Revenue (£'000)	10,941	13,601
Operating Profit (£'000)	807	798
Operating Margin	7.4%	5.9%
Current Liquidity ratio	3.22	2.29
Total Shareholders' funds	6,427	5,795

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company adopts a prudent approach to liquidity management and to mitigate against cash flow and liquidity risk continuously monitors forecasted and actual cash flows and maintains sufficient cash reserves to meet its obligations. The Company's main exposure to credit risk is its provision of short-term credit to customers with the Company carrying the associated credit risk.

Future developments and post balance sheet events

This is a high performing business with a financially strong parent. It is considered to be in a good position to reclaim and grow its market share as current restrictions are gradually lifted. The Directors do not envisage any significant change in the activities of the Company in the forthcoming year.

On 16th April 2021, Grafton Group Plc, the ultimate parent company, announced that it was undertaking a strategic review of certain of its traditional merchanting businesses in Great Britain. As a result of this strategic review Grafton Group Plc announced on 1st July 2021, that it had entered into an agreement to divest its traditional merchanting business in Great Britain, of which the Company is part, to Huws Gray, one of the UK's largest independent builders' merchants. Huws Gray have notified the transaction to the Competition and Markets Authority ("CMA"). The divestment is expected to close by the end of the first quarter of 2022 and completion is not conditional on the outcome of the CMA process. Further consideration regarding this announcement is provided in the Going Concern section of the Directors' Report.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Health and Safety

There were no major incidents to report in the year ended 31 December 2020.

This report was approved by the board and signed on its behalf.

Joe Sowton

J P Sowton
Director

Date: 10 September 2021

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 of 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 judgements 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company during the year under review continues to be that of Builders Merchants.

Business review

In 2020 revenue decreased, however this was in line with the rest of the market. The market still remains volatile with confidence remaining fragile over the uncertainty of Brexit and the ongoing coronavirus pandemic.

Results and dividends

The profit for the year, after taxation, amounted to £632,000 (2019: £641,000).

The directors have proposed £nil (2019: £nil) as a final dividend.

Directors

The directors who served during the year and up to the date of signing of these financial statements were:

J P Sowton
J A Maisey

Political contributions

The Company made no political contributions during the year (2019: £nil). Donations to UK charities amounted to £nil (2019: £nil).

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' indemnities

The Company maintained indemnity liability insurance for its directors and officers throughout the financial year, which is still in force at the date of approving the Directors' report and which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Going concern

On 16th April 2021, Grafton Group Plc, the ultimate parent company, announced that it was undertaking a strategic review of certain of its traditional merchanting businesses in Great Britain. As a result of this strategic review Grafton Group Plc announced on 1st July 2021, that it had entered into an agreement to divest its traditional merchanting business in Great Britain, of which the Company is part, to Huws Gray, one of the UK's largest independent builders' merchants. Huws Gray have notified the transaction to the Competition and Markets Authority ("CMA"). The divestment is expected to close by the end of the first quarter of 2022 and completion is not conditional on the outcome of the CMA process.

As a member of Grafton Group Plc, the Company continues to have the financial support of the Group. Huws Gray has agreed to settle these intercompany balances as part of the sale completion process.

The Company's directors have very limited detailed knowledge of and have not verified the financial structure or business plan for the Company following completion, but it would be reasonable to expect that, as part of the acquisition process, Huws Gray will make sufficient funding available for the Company to continue as a going concern.

Due to the lack of visibility for the directors with regard to the position post sale, the directors note the indication of the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Strategic report

The financial risk management objectives and policies, and the principal risks and uncertainties are not shown in the directors' report as they are shown in the strategic report in accordance with S414C(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.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Auditor

The auditor, Cooper Parry Group Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Joe Sowton

J P Sowton
Director

Date: 10 September 2021

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

Opinion

We have audited the financial statements of Crescent Building Supplies (Ruislip) Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement 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 101 'Reduced Disclosure Framework' (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 December 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 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.

Material uncertainty related to going concern

We draw attention to note 1.4 in the financial statements, which indicates that the agreed change in ownership of the Company within the next 12 months creates material uncertainty in relation to the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED (CONTINUED)

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 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 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 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, 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 3, 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.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRESCENT BUILDING SUPPLIES (RUISLIP) 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 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:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge of builders merchants.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions;
- investigated the rationale behind significant or unusual transactions; and
- reviewed nominals of certain nominal codes for indication of any management override.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error. 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.

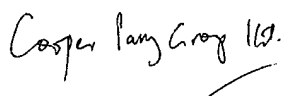
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Melanie Hopwell (Senior statutory auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA
Date: 13 September 2021

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Revenue	3	10,941	13,601
Cost of sales		(7,927)	(10,207)
Gross profit		<u>3,014</u>	<u>3,394</u>
Administrative expenses		(1,993)	(2,596)
Exceptional administrative expenses	4	(359)	-
Other operating income	5	145	-
Operating profit	6	<u>807</u>	<u>798</u>
Tax on profit	8	(175)	(157)
Profit for the financial year		<u><u>632</u></u>	<u><u>641</u></u>

All activities derive from the continuing operations of the Company.

There was no other comprehensive income in the current or prior year.

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

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED
REGISTERED NUMBER: 04850331

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Right-of-use assets	9	1,485	1,540
Tangible fixed assets	10	592	930
		<u>2,077</u>	<u>2,470</u>
Current assets			
Stocks	11	1,025	1,403
Debtors: amounts falling due within one year	12	4,845	5,047
Cash at bank and in hand		2,445	1,725
		<u>8,315</u>	<u>8,175</u>
Creditors: amounts falling due within one year	13	(2,586)	(3,570)
Net current assets		<u>5,729</u>	<u>4,605</u>
Total assets less current liabilities		<u>7,806</u>	<u>7,075</u>
Creditors: amounts falling due after more than one year	14	(1,242)	(1,275)
Provisions for liabilities			
Deferred tax	15	(10)	(5)
Other provisions	16	(127)	-
		<u>(137)</u>	<u>(5)</u>
Net assets		<u><u>6,427</u></u>	<u><u>5,795</u></u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account	19	6,427	5,795
		<u><u>6,427</u></u>	<u><u>5,795</u></u>

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

Joe Sowton

J P Sowton

Director

10 September 2021

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

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	-	5,795	5,795
Profit for the year	-	632	632
At 31 December 2020	-	6,427	6,427

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	-	5,154	5,154
Profit for the year	-	641	641
At 31 December 2019	-	5,795	5,795

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

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

Crescent Building Supplies (Ruislip) Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England and Wales. The address of its registered office and principal place of business is disclosed on the Company information page. The principal activity of the Company is that of Builders Merchants.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The accounts have been prepared in the group's functional currency, pounds sterling; all figures have been rounded to the nearest thousand.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Adoption of new and revised Standards

No new standards have been adopted in the year which have a material impact on the entity.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

1.4 Going concern

On 16th April 2021, Grafton Group Plc, the ultimate parent company, announced that it was undertaking a strategic review of certain of its traditional merchanting businesses in Great Britain. As a result of this strategic review Grafton Group Plc announced on 1st July 2021, that it had entered into an agreement to divest its traditional merchanting business in Great Britain, of which the Company is part, to Huws Gray, one of the UK's largest independent builders' merchants. Huws Gray have notified the transaction to the Competition and Markets Authority ("CMA"). The divestment is expected to close by the end of the first quarter of 2022 and completion is not conditional on the outcome of the CMA process.

As a member of Grafton Group Plc, the Company continues to have the financial support of the Group. Huws Gray has agreed to settle these intercompany balances as part of the sale completion process.

The Company's directors have very limited detailed knowledge of and have not verified the financial structure or business plan for the Company following completion, but it would be reasonable to expect that, as part of the acquisition process, Huws Gray will make sufficient funding available for the Company to continue as a going concern.

Due to the lack of visibility for the directors with regard to the position post sale, the directors note the indication of the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

1.5 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A debtor is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

1.7 Leases

The Company leases various properties and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

Lease are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs;
- Restoration costs.

Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture.

1.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.9 Pensions

Defined contribution pension plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

1.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

1.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

1.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- Nil
Plant and machinery	- 5-10 years
Motor vehicles	- 5-7 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies (continued)

1.15 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors and creditors

Trade and other debtors and creditors are stated at amortised cost (less any impairment losses), which approximates to fair value given the short-term nature of these assets and liabilities.

Trade debtors are carried at original invoice amount less an allowance for potentially uncollectable debts. Provision is made when there is objective evidence that the company will not be in a position to collect all of its receivables when they fall due. Bad debts are written-off in the income statement on identification. Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade

1.16 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

1.17 Government grants

Grants relating to the Coronavirus Job Retention Scheme are recognised when the requirements are met and recognised in the Statement of Comprehensive Income within other income in the period to which it relates.

Grants for revenue expenditure are presented as part of the Profit or Loss in the periods in which the expenditure is recognised.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The Company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors have made the following judgments:

Leases

Where the Company has an option to extend or terminate a lease, management uses its judgment to determine whether such an option would be reasonably certain to be exercised. Management considers all facts and circumstances, including past practice and costs that would be incurred if an option were to be exercised, to help them determine the lease term. Management have also applied judgments in assessing the discount rate, which are based on the incremental borrowing rate. Such judgments could impact lease terms and associated lease liabilities.

Rebate income

Rebates from suppliers represent a significant source of income for the Company each year. The nature of the arrangements in place means that a large proportion of the rebates due to the Company are not collected until after the year end. The calculation of the rebate income in the year and the rebate receivable at year end is based on the arrangements in place with suppliers. Rebate is accrued in the year as it is earned. Due to the supplier specific nature of each arrangement the calculations can be complex and requires management to make estimates in the absence of supplier confirmations.

Stock provisioning

The company maintains inventory which is subject to changing customer demands. As a result, it is necessary to consider the recoverability of the cost of the inventory and the associated provisioning required. Management consider the nature and condition of inventory, as well as apply assumptions around expected future demand for the inventory, when calculating the level of inventory provisioning. See note 11 for the net carrying value of inventory and associated provision.

3. Revenue

The total revenue of the Company for the year has been derived from its principal activity being the supply of service wholly undertaken in the United Kingdom.

4. Exceptional items

	2020 £000	2019 £000
Restructuring	359	-
	<u>359</u>	<u>-</u>

5. Other operating income

	2020 £000	2019 £000
Government grants receivable - Coronavirus Job Retention Scheme	145	-
	<u>145</u>	<u>-</u>

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****6. Operating profit**

The operating profit is stated after charging:

	2020	2019
	£000	£000
Depreciation of tangible fixed assets	177	205
Depreciation of right of use assets	302	287
Auditor's remuneration for the audit of the financial statements	11	11
Cost of stocks recognised as an expense	7,927	10,207
	<u> </u>	<u> </u>

7. Employees

Staff costs were as follows:

	2020	2019
	£000	£000
Wages and salaries	1,321	1,625
Social security costs	128	146
Cost of defined contribution scheme	27	31
	<u> </u>	<u> </u>
	<u>1,476</u>	<u>1,802</u>

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

	2020	2019
	No.	No.
Merchanting	50	56
	<u> </u>	<u> </u>

The emoluments of the directors are paid by other group companies. A recharge is made to the subsidiary by other group companies, but the management charge includes other costs and the emoluments cannot be separately identified. The directors are also directors of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the Company's directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	162	170
Adjustments in respect of previous periods	8	(2)
Total current tax	<u>170</u>	<u>168</u>
Deferred tax		
Current year charge	(8)	(17)
Adjustment in respect of prior periods	13	6
Total deferred tax	<u>5</u>	<u>(11)</u>
Taxation on profit on ordinary activities	<u>175</u>	<u>157</u>

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% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	<u>807</u>	<u>798</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	153	152
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	1
Adjustments to tax charge in respect of prior periods	8	(3)
Impact of change in the UK tax rate	2	1
Non-taxable income	(2)	-
Adjustment to deferred tax in respect of previous periods	13	6
Total tax charge for the year	<u>175</u>	<u>157</u>

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****8. Taxation (continued)****Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This retention of the 19% rate was substantively enacted on 17 March 2020 and the deferred tax liability as at 31 December 2020 has been calculated based on this rate.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £3,160.

9. Right-of-use assets

	Property & land leases	Vehicles	Total
	£000	£000	£000
Cost			
At 1 January 2020	1,784	43	1,827
Additions	225	26	251
Disposals	(45)	(12)	(57)
Remeasurement	3	-	3
At 31 December 2020	<u>1,967</u>	<u>57</u>	<u>2,024</u>
Depreciation			
At 1 January 2020	277	10	287
Charge for the year	290	12	302
On disposals	(45)	(5)	(50)
At 31 December 2020	<u>522</u>	<u>17</u>	<u>539</u>
Net book value			
At 31 December 2020	<u>1,445</u>	<u>40</u>	<u>1,485</u>
At 31 December 2019	<u>1,507</u>	<u>33</u>	<u>1,540</u>

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. Right-of-use assets (continued)

The average lease term is 50 months (2019: 53 months).

The amounts recognised in the statement of comprehensive income include:

	2020 £000	2019 £000
Depreciation expense on right-of-use assets	302	287
Interest expense on lease liabilities	53	60

The total cash outflow for leases amounted to £347,000 (2019: £329,000). There have been no sale and leaseback transactions in the current year.

10. Tangible fixed assets

	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost				
At 1 January 2020	24	901	1,439	2,364
Additions	-	1	-	1
Transfers intra group	-	20	-	20
Disposals	-	(454)	(118)	(572)
Transfers between classes	-	37	(37)	-
At 31 December 2020	24	505	1,284	1,813
Depreciation				
At 1 January 2020	-	623	811	1,434
Charge for the year on owned assets	-	55	122	177
Transfers intra group	-	20	-	20
Disposals	-	(295)	(115)	(410)
Transfers between classes	-	19	(19)	-
At 31 December 2020	-	422	799	1,221
Net book value				
At 31 December 2020	24	83	485	592
At 31 December 2019	24	278	628	930

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****11. Stocks**

	2020 £000	2019 £000
Finished goods and goods for resale	1,025	1,403
	<u>1,025</u>	<u>1,403</u>

Finished goods recognised as cost of sales in the year amounted to £7.9m (£10.2m). The write-down of stocks to net realisable value amounted to £347,000 (2019: £396,000).

12. Debtors

	2020 £000	2019 £000
Trade debtors	686	859
Amounts owed by group undertakings	4,150	4,177
Prepayments and accrued income	9	11
	<u>4,845</u>	<u>5,047</u>

13. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	1,026	1,136
Amounts owed to group undertakings	1,019	1,791
Other taxation and social security	111	75
Lease liabilities	237	254
Accruals and deferred income	193	314
	<u>2,586</u>	<u>3,570</u>

Amounts due to group companies are interest free, unsecured and are repayable on demand.

14. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Lease liabilities	1,242	1,275
	<u>1,242</u>	<u>1,275</u>

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****15. Deferred taxation**

	2020 £000	2019 £000
At beginning of year	(5)	(10)
Charged to profit or loss	(5)	5
At end of year	<u>(10)</u>	<u>(5)</u>

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	(10)	(5)
	<u>(10)</u>	<u>(5)</u>

16. Provisions

	Onerous lease provision £000
At 1 January 2020	-
Charged to profit or loss	127
At 31 December 2020	<u>127</u>

Where the costs of leasehold properties are considered to be greater than projected future income generated from the leasehold properties' the company provides for all unavoidable costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease. The provision relates to the closure of the West Ruislip branch in 2020.

17. Lease liabilities

The maturity analysis of the lease liabilities are as follows:

	2020 £000	2019 £000
Less than one year	237	254
In the second to fifth years inclusive	819	723
Over five years	423	552
	<u>1,479</u>	<u>1,529</u>

CRESCENT BUILDING SUPPLIES (RUISLIP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****18. Share capital**

	2020 £000	2019 £000
Allotted, called up and fully paid		
2 (2019: 2) Ordinary shares of £1.00 each	-	-
	<u> </u>	<u> </u>

19. Reserves**Share capital**

Represents the nominal value of shares that have been issued.

Profit and loss account

Profit and loss account represents accumulated profit and loss for the period and prior periods.

20. Pension commitments

The Company contributes to the personal pension schemes of certain employees. The charge for the year amounted to £27,000 (2019: £31,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

21. Post balance sheet events

On 16th April 2021, Grafton Group Plc, the ultimate parent company, announced that it was undertaking a strategic review of certain of its traditional merchanting businesses in Great Britain. As a result of this strategic review Grafton Group Plc announced on 1st July 2021, that it had entered into an agreement to divest its traditional merchanting business in Great Britain, of which the Company is part, to Huws Gray, one of the UK's largest independent builders' merchants. Huws Gray have notified the transaction to the Competition and Markets Authority ("CMA"). The divestment is expected to close by the end of the first quarter of 2022 and completion is not conditional on the outcome of the CMA process.

22. Controlling party

The Company's immediate parent company is Grafton Group (UK) PLC, which is the smallest group for which consolidated financial statements are prepared. The Company's ultimate parent company and controlling party is Grafton Group Plc, which is the largest group for which consolidated financial statements are prepared.

Grafton Group (UK) PLC and Grafton Group Plc are incorporated in United Kingdom and Ireland respectively.

Copies of the financial statements of Grafton Group (UK) PLC, Grafton Group Plc may be obtained from the Company's registered office of ultimate parent at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18.