

Company registration number 11027715 (England and Wales)

**CROSSCO (1427) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2022**

**CROSSCO (1427) LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	C R Stirling A Gillard G J Short A S Moore J S Hammond	(Appointed 23 March 2022)
<b>Company number</b>	11027715	
<b>Registered office</b>	Unit A Riverside Drive Cleckheaton West Yorkshire England BD19 4DH	
<b>Auditor</b>	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB	
<b>Bankers</b>	Yorkshire Bank Plc 94-96 Briggate Leeds LS1 6NP	

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# **CROSSCO (1427) LIMITED**

## **CONTENTS**

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	<b>Page</b>
Strategic report	1 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 9
Group statement of comprehensive income	10
Group balance sheet	11
Company balance sheet	12
Group statement of changes in equity	13
Company statement of changes in equity	14
Group statement of cash flows	15
Notes to the financial statements	16 - 34

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# **CROSSCO (1427) LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 30 APRIL 2022**

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The directors present the strategic report for the year ended 30 April 2022.

### **Fair review of the business**

The senior management team are focussed on continuing to grow the business and increase market share via the following initiatives:

- Growing and continuing to develop our workforce via internal and external training
- Developing the breadth of our product offering
- Refining the price strategy to ensure our customers receive consistent best value
- Maintaining excellent supplier relationships and efficient logistics
- Continuous development of marketing leading ecommerce strategy
- Processes and decisions are data and technology enabled across all teams
- Applying cost control and managing our working capital for strong liquidity.

The UK metalworking industry faces an uncertain outlook for the next year, with continued disruption to the automotive supply chain from semiconductor shortages and wiring systems, the UK car manufacturing industry is not expected to recover to pre-pandemic output which will continue to have a negative effect on demand from the sub-contract manufacturing industry. Our customers also face continued input cost inflation from the cost of energy and raw materials which may continue to effect investment in new capital. With our wide customer base, strong supplier relationships and purchasing power, we are able to offset any variation in demand from specific industries with dynamic customer targeting.

### **Principal risks and uncertainties**

The key business risks and uncertainties affecting the Group relate to uncertainty of supply in the manufacturing sector and economic instability. On going impacts resulting from Brexit and Covid-19 have been examined with mitigants detailed where appropriate.

### **Suppliers**

The Group relies upon a relatively small number of key suppliers to provide the products sold to our customers. Strong existing long-term relationships with these suppliers and a short supply chain mitigate the risks of disruption to supply to customers. During the year additional suppliers were engaged, which has both strengthened and expanded the product range and further development will continue in the following year. The Group has continued to invest in stock holding to mitigate delays in deliveries from suppliers.

### **Employees safety and retention**

The safety of employees as the country transitioned out of Covid restrictions remained paramount, there were no disruptions to business processes and employees have remained safe. Investment in the people is a key pillar of the Groups success, the retention and development of our highly engaged workforce will continue through both internal and external training, career development and well-rounded rewards packages.

## **CROSSCO (1427) LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 APRIL 2022***

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#### **Economic instability and currency fluctuations**

The Group purchases the majority of our products lines in Euros and therefore is exposed to transaction and translation foreign exchange risk. Exposure is partly minimised by natural hedging of matching Euro revenues with purchase costs, with the remaining exposure mitigated via hedging using forward exchange contracts. Wherever possible the company seeks to buy in Sterling, even from overseas suppliers, in order to mitigate the risk of currency fluctuations. The Group has exposure to overheads and purchases for resale inflationary pressures which they are able to absorb with their strong profit base or mitigate with dynamic pricing.

The Group is exposed to credit risk, this is mitigated by controls around provision of credit limits and clear debtor collection procedures.

#### **Working Capital**

Working capital efficiency continued to be a focus in the year with regular monitoring of cashflow continuing and senior management reviews of purchasing decisions. Data and software solutions are being implemented to support purchasing decisions on stock and credit decision and cash collection on debtors.

#### **Data Security, GDPR & Cyber Security**

Security of data and compliance with GDPR regulations are managed through a GDPR framework which identifies where risks may arise. The framework is reviewed periodically to refresh risks. Cyber Security risks are managed through maintaining a robust and up to date infrastructure with our IT partners. There is continuous training of all staff to ensure the risk of social engineering is minimised. All systems are audited annually by independent, third party, consultants including penetration testing.

## **CROSSCO (1427) LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2022**

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#### **Key performance indicators**

The Directors consider the key performance indicators to be:

- Revenue of £23.6m (2021:£19.8m): Increase of 19% on PY driven by higher volume of spending customers and increased average spend per customer
- Gross Profit £9.7m (2021: £7.8m): Margin increases on PY resulting from product mix changes and efficiencies on purchasing
- Operating Profit before goodwill amortisation of £5m (2021:£2.8m): Operating efficiencies on staffing and other overheads resulting in overhead cost growth being slower than sales growth.
- Cashflow of £(0.3m) (2021: £(0.5m): Decrease in cash seen in both years with continued repayment of borrowings, but strong cash balance of £1.7m (2021: £2m) held at year end.
- Net Debt of £19.9m (2021: £21.2m): Decrease of £1.3m from payment of rolled up interest on loan note and repayment of bank debt.

Management use a number of operating KPIs to measure and improve business performance including;

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

#### **Future developments**

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

#### **Employee Matters**

The Environment and Social Governance framework has operated throughout the year. This continues to drive positive employee engagement. Specific initiatives on mental health have been focussed on this year and these will continue as part of the overall provision and support for all employees.

On behalf of the board

A S Moore

**Director**

20 July 2022

# CROSSCO (1427) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 APRIL 2022

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The directors present their annual report and financial statements for the year ended 30 April 2022.

#### Principal activities

The principal activity of the Group is the supply of engineering tools, including cutting tools, machine tool accessories, precision measuring tools and lubricants to a wide range of companies and individuals in the precision engineering sector. The business offers technical support and advice alongside prompt delivery to customers across the UK and Ireland from a range of over 100,000 stock lines.

#### Results and dividends

The results for the year are set out on page 10.

The profit before tax for the year in the Company amounted to £1.21m (2021 loss: £0.96m).

The key financial results for the year are summarised in the KPI section of the strategic report.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C R Stirling

A Gillard

G J Short

A S Moore

T J Rowley

J S Hammond

(Resigned 4 March 2022)

(Appointed 23 March 2022)

#### Auditor

BHP LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

#### Going concern

The directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence based on the following assessments, considering the principal risks and uncertainties detailed above;

- Management completed a forecast to April 2025, taking into consideration the improved performance during this financial year. The budget for next financial year shows continued strong liquidity.
- Detailed weekly cashflow forecasts, forward looking 12 months which incorporate the assumptions from budget and reforecasts are maintained and reviewed on a monthly basis.

The group showed a net liability position at year end of £2.1m (2021: £2.7m), the group is supported by loan notes issued by the majority shareholder which are not due for repayment until 2025.

Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

## **CROSSCO (1427) LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 APRIL 2022***

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On behalf of the board

A S Moore  
**Director**

20 July 2022

## **CROSSCO (1427) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2022***

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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 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# CROSSCO (1427) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CROSSCO (1427) LIMITED

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#### Opinion

We have audited the financial statements of Crossco (1427) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

## **CROSSCO (1427) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF CROSSCO (1427) LIMITED**

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

##### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations, relevant to the Group, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, review of company minutes and legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **CROSSCO (1427) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CROSSCO (1427) LIMITED**

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#### **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.

**Jamie Williams (Senior Statutory Auditor)**  
**For and on behalf of BHP LLP**

20 July 2022

**Chartered Accountants**  
**Statutory Auditor**

New Chartford House  
Centurion Way  
Cleckheaton  
Bradford  
West Yorkshire  
BD19 3QB

## CROSSCO (1427) LIMITED

### GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022 £	2021 £
Turnover	3	23,555,251	19,790,102
Cost of sales		(13,837,099)	(12,012,337)
<b>Gross profit</b>		<b>9,718,152</b>	<b>7,777,765</b>
Administrative expenses		(6,799,544)	(7,087,348)
Other operating income		-	104,974
<b>Operating profit</b>	4	<b>2,918,608</b>	<b>795,391</b>
Interest receivable and similar income	8	1,363	1,936
Interest payable and similar expenses	9	(1,708,101)	(1,762,730)
<b>Profit/(loss) before taxation</b>		<b>1,211,870</b>	<b>(965,403)</b>
Tax on profit/(loss)	10	(688,610)	(431,686)
<b>Profit/(loss) for the financial year</b>	24	<b>523,260</b>	<b>(1,397,089)</b>

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# CROSSCO (1427) LIMITED

## GROUP BALANCE SHEET

AS AT 30 APRIL 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Goodwill	11		10,781,106		12,577,957
Other intangible assets	11		94,329		97,896
Total intangible assets			10,875,435		12,675,853
Tangible assets	12		483,213		515,409
			11,358,648		13,191,262
<b>Current assets</b>					
Stocks	16	3,160,206		2,754,273	
Debtors	17	4,764,920		4,613,615	
Cash at bank and in hand		1,707,758		2,003,025	
			9,632,884		9,370,913
<b>Creditors: amounts falling due within one year</b>	18	(3,890,357)		(5,457,735)	
<b>Net current assets</b>			5,742,527		3,913,178
<b>Total assets less current liabilities</b>			17,101,175		17,104,440
<b>Creditors: amounts falling due after more than one year</b>	19		(19,160,589)		(19,710,214)
<b>Provisions for liabilities</b>					
Deferred tax liability	21	90,000		66,900	
			(90,000)		(66,900)
<b>Net liabilities</b>			(2,149,414)		(2,672,674)
<b>Capital and reserves</b>					
Called up share capital	23		21,080		21,080
Share premium account	24		426,420		426,420
Profit and loss reserves	24		(2,596,914)		(3,120,174)
<b>Total equity</b>			(2,149,414)		(2,672,674)

The financial statements were approved by the board of directors and authorised for issue on 20 July 2022 and are signed on its behalf by:

A S Moore  
Director

# CROSSCO (1427) LIMITED

## COMPANY BALANCE SHEET

AS AT 30 APRIL 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Investments	13		1		1
<b>Current assets</b>					
Debtors	17	605,183		550,189	
Cash at bank and in hand		31,250		31,250	
		<u>636,433</u>		<u>581,439</u>	
<b>Net current assets</b>			636,433		581,439
<b>Net assets</b>			<u>636,434</u>		<u>581,440</u>
<b>Capital and reserves</b>					
Called up share capital	23		21,080		21,080
Share premium account	24		426,420		426,420
Profit and loss reserves	24		188,934		133,940
<b>Total equity</b>			<u>636,434</u>		<u>581,440</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £54,994 (2021 - £49,788 profit).

The financial statements were approved by the board of directors and authorised for issue on 20 July 2022 and are signed on its behalf by:

A S Moore  
Director

Company Registration No. 11027715

# CROSSCO (1427) LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 May 2020</b>	21,080	426,420	(1,723,085)	(1,275,585)
<b>Year ended 30 April 2021:</b>				
Loss and total comprehensive income for the year	-	-	(1,397,089)	(1,397,089)
<b>Balance at 30 April 2021</b>	21,080	426,420	(3,120,174)	(2,672,674)
<b>Year ended 30 April 2022:</b>				
Profit and total comprehensive income for the year	-	-	523,260	523,260
<b>Balance at 30 April 2022</b>	21,080	426,420	(2,596,914)	(2,149,414)

## CROSSCO (1427) LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 May 2020	21,080	426,420	84,152	531,652
Year ended 30 April 2021:				
Profit and total comprehensive income for the year	-	-	49,788	49,788
Balance at 30 April 2021	21,080	426,420	133,940	581,440
Year ended 30 April 2022:				
Profit and total comprehensive income for the year	-	-	54,994	54,994
Balance at 30 April 2022	21,080	426,420	188,934	636,434

# CROSSCO (1427) LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

		2022	2021
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	30	3,474,269	2,786,284
Income taxes paid		(604,875)	(440,255)
<b>Net cash inflow from operating activities</b>		2,869,394	2,346,029
<b>Investing activities</b>			
Purchase of intangible assets		(49,251)	(8,024)
Purchase of tangible fixed assets		(134,291)	(114,017)
Proceeds on disposal of tangible fixed assets		15,749	44,099
Interest received		1,363	1,936
<b>Net cash used in investing activities</b>		(166,430)	(76,006)
<b>Financing activities</b>			
Interest paid		(1,708,101)	(1,322,692)
Repayment of borrowings		(1,290,130)	(1,603,549)
Government grant income		-	104,974
<b>Net cash used in financing activities</b>		(2,998,231)	(2,821,267)
<b>Net decrease in cash and cash equivalents</b>		(295,267)	(551,244)
Cash and cash equivalents at beginning of year		2,003,025	2,554,269
<b>Cash and cash equivalents at end of year</b>		1,707,758	2,003,025

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

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### 1 Accounting policies

#### Company information

Crossco (1427) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit A, Riverside Drive, Cleckheaton, West Yorkshire, England, BD19 4DH.

The group consists of Crossco (1427) Limited and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

#### 1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

#### 1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Crossco (1427) Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 April 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 1 Accounting policies

(Continued)

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

#### 1.4 Going concern

The directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence based on the following assessments, considering the principal risks and uncertainties detailed above;

- Management completed a forecast to April 2025, taking into consideration the improved performance during this financial year. The budget for next financial year shows continued strong liquidity.
- Detailed weekly cashflow forecasts, forward looking 12 months which incorporate the assumptions from budget and reforecasts are maintained and reviewed on a monthly basis.

The group showed a net liability position at year end of £2.1m (2021: £2.7m), the group is supported by loan notes issued by the majority shareholder which are not due for repayment until 2025.

Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

#### 1.6 Intangible fixed assets - goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

#### 1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website development costs	33% straight line
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# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 1 Accounting policies

(Continued)

#### 1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold property improvements	10% straight line
Fixtures and fittings	20% straight line
Equipment	33% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

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 group after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 1 Accounting policies

(Continued)

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### 1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 1 Accounting policies

(Continued)

#### 1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.19 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 1.20 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Grants received in the prior year in relation to the government Coronavirus Job Retention Scheme (Furlough) have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

#### 1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

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

#### Impairment of goodwill

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

- estimating future cash flows by choosing a discount rate to calculate the present value of the cash
- obtaining fair value at the date of measurement.

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

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 3 Turnover and other revenue

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Sale of goods	23,555,251	19,790,102
	<u>23,555,251</u>	<u>19,790,102</u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	1,363	1,936
Grants received	-	104,974
	<u>1,363</u>	<u>104,974</u>
	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	22,852,509	19,093,303
Overseas	702,742	696,799
	<u>23,555,251</u>	<u>19,790,102</u>

### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Foreign exchange differences	(45,026)	220,101
Government grants	-	(104,974)
Depreciation of owned tangible fixed assets	159,624	156,005
Profit on disposal of tangible fixed assets	(8,886)	(35,692)
Amortisation of intangible assets	1,849,669	1,843,108
Operating lease charges	87,161	86,400
	<u>1,849,669</u>	<u>1,843,108</u>

The group's trading subsidiary enters into forward currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 30 April 2022, there were no outstanding forward contracts. The company committed to buy €nil (2021: €2.5m) in exchange for Sterling. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for EUR:GBP. Currency gains or losses which arise on revaluation of FX contracts are held in the statement of financial position within creditors. At 30 April 2022, the amount recognised for FX contracts was £nil (2021: £86,988).

### 5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements	15,125	13,750
	<u>15,125</u>	<u>13,750</u>

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 5 Auditor's remuneration (Continued)

#### For other services

Other assurance services	1,980	1,500
Taxation compliance services	9,130	7,750
All other non-audit services	6,600	6,000
	<u>17,710</u>	<u>15,250</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Sales	48	51	-	-
Administration	18	16	-	-
Warehouse	19	16	-	-
Directors	4	4	-	-
Total	<u>89</u>	<u>87</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	2,974,568	3,161,701	-	-
Social security costs	293,994	310,476	-	-
Pension costs	76,440	80,318	-	-
	<u>3,345,002</u>	<u>3,552,495</u>	<u>-</u>	<u>-</u>

### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	599,964	551,933
Company pension contributions to defined contribution schemes	26,695	33,154
	<u>626,659</u>	<u>585,087</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3).

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 7 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	-	187,600
Company pension contributions to defined contribution schemes	-	16,253
	<u>          </u>	<u>          </u>

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

### 8 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Other interest income	1,363	1,936
	<u>          </u>	<u>          </u>

### 9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	213,479	250,498
Other interest	1,494,622	1,512,232
	<u>          </u>	<u>          </u>
Total finance costs	1,708,101	1,762,730
	<u>          </u>	<u>          </u>

### 10 Taxation

	2022	2021
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	661,351	424,986
Adjustments in respect of prior periods	4,159	-
	<u>          </u>	<u>          </u>
Total current tax	665,510	424,986
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	23,100	6,700
	<u>          </u>	<u>          </u>
Total tax charge	688,610	431,686
	<u>          </u>	<u>          </u>

## CROSSCO (1427) LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

#### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit/(loss) before taxation	1,211,870	(965,403)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	230,255	(183,427)
Tax effect of expenses that are not deductible in determining taxable profit	439,528	598,914
Adjustments in respect of prior years	4,159	-
Effect of capital allowances and depreciation	(8,334)	3,163
Effect of changes in deferred tax closing position	23,100	6,700
Effect of other timing differences	(98)	6,336
Taxation charge	688,610	431,686

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 11 Intangible fixed assets

Group	Goodwill	Website development costs	Total
	£	£	£
<b>Cost</b>			
At 1 May 2021	17,885,706	152,854	18,038,560
Additions	-	49,251	49,251
At 30 April 2022	17,885,706	202,105	18,087,811
<b>Amortisation and impairment</b>			
At 1 May 2021	5,307,749	54,958	5,362,707
Amortisation charged for the year	1,796,851	52,818	1,849,669
At 30 April 2022	7,104,600	107,776	7,212,376
<b>Carrying amount</b>			
At 30 April 2022	10,781,106	94,329	10,875,435
At 30 April 2021	12,577,957	97,896	12,675,853

The company had no intangible fixed assets at 30 April 2022 or 30 April 2021.

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 12 Tangible fixed assets

Group	Leasehold property improvements	Fixtures and fittings	Equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 May 2021	510,651	120,575	255,342	25,343	911,911
Additions	6,397	2,120	94,310	31,464	134,291
Disposals	-	(5,750)	-	(25,343)	(31,093)
At 30 April 2022	517,048	116,945	349,652	31,464	1,015,109
<b>Depreciation and impairment</b>					
At 1 May 2021	154,105	88,750	137,279	16,368	396,502
Depreciation charged in the year	64,385	11,259	76,624	7,356	159,624
Eliminated in respect of disposals	-	(5,750)	-	(18,480)	(24,230)
At 30 April 2022	218,490	94,259	213,903	5,244	531,896
<b>Carrying amount</b>					
At 30 April 2022	298,558	22,686	135,749	26,220	483,213
At 30 April 2021	356,546	31,825	118,063	8,975	515,409

The company had no tangible fixed assets at 30 April 2022 or 30 April 2021.

### 13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	1	1

#### Movements in fixed asset investments Company

	Shares in subsidiaries £
<b>Cost or valuation</b>	
At 1 May 2021 and 30 April 2022	1
<b>Carrying amount</b>	
At 30 April 2022	1
At 30 April 2021	1

### 14 Subsidiaries

Details of the company's subsidiaries at 30 April 2022 are as follows:

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 14 Subsidiaries (Continued)

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Crossco (1432) Limited	Unit A, Riverside Drive, Cleckheaton, BD19 4DH	Ordinary	100.00	-
Cutwel Limited	Unit A, Riverside Drive, Cleckheaton, BD19 4DH	Ordinary	0	100.00

### 15 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss				
- Other financial liabilities	-	86,988	-	-

### 16 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Finished goods and goods for resale	3,160,206	2,754,273	-	-

The directors do not believe there is a material difference between the carrying cost and replacement value. This applied in both the current and prior financial periods.

### 17 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Amounts falling due within one year:</b>				
Trade debtors	4,456,127	4,148,350	-	-
Corporation tax recoverable	11,154	11,154	-	-
Amounts owed by group undertakings	-	-	605,183	550,189
Other debtors	24,959	228,929	-	-
Prepayments and accrued income	226,631	179,133	-	-
	4,718,871	4,567,566	605,183	550,189
<b>Amounts falling due after more than one year:</b>				
Other debtors	46,049	46,049	-	-
<b>Total debtors</b>	4,764,920	4,613,615	605,183	550,189

The directors' loan accounts of £46,049 (2021: £46,049) falling due after more than one year was included in the other debtors.

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 18 Creditors: amounts falling due within one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Other loans		142,283	882,788	-	-
Bank loans	20	600,000	600,000	-	-
Trade creditors		1,713,476	1,899,641	-	-
Corporation tax payable		231,113	170,478	-	-
Other taxation and social security		961,200	1,490,703	-	-
Derivative financial instruments		-	86,988	-	-
Other creditors		79,345	55,814	-	-
Accruals and deferred income		162,940	271,323	-	-
		<u>3,890,357</u>	<u>5,457,735</u>	<u>-</u>	<u>-</u>

The other loans are secured by a charge on present and future property, revenue, rights and interests of every kind.

The bank loans are secured by a fixed and floating charge over the company's property, assets and rights.

Amounts owed to group undertakings are repayable on demand and attract a market rate of interest.

### 19 Creditors: amounts falling due after more than one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Other loans		14,445,000	14,445,000	-	-
Bank loans and overdrafts	20	4,715,589	5,265,214	-	-
		<u>19,160,589</u>	<u>19,710,214</u>	<u>-</u>	<u>-</u>

## CROSSCO (1427) LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 APRIL 2022

#### 19 Creditors: amounts falling due after more than one year

(Continued)

The other loans are secured by a charge on present and future property, revenue, rights and interests of every kind. The bank loans are secured by a fixed and floating charge over the company's property, assets and rights.

In respect of liabilities payable or repayable by instalments, the following is included within creditors: amounts falling due within one year: £600,000 (2021: £600,000), amounts falling due within two to five years: £4,715,589 (2021: £5,265,214).

In respect of liabilities repayable otherwise than by instalments £14,445,000 (2021: £14,445,000) is due within five years from the reporting date.

##### Loan notes

During the financial year 2019 and to finance the acquisition of 100% of the share capital of Cutwel Limited, the company created and issued £14,400,000 A fixed rate (10%) redeemable loan notes, with a further £7,500,000 A1 fixed rate (10%) redeemable loan notes. In addition, £45,000 A2 fixed rate (10%) redeemable loan notes were issued to key management. Two classes of loan notes were issued during 2019.

These loan notes are treated in the financial statements at amortised cost.

The balance on each class of loan note at 30 April 2022 was:

Series A1 Loan notes - £nil (2021: £nil)

Series A2 Loan notes - £14,445,000 (2021: £15,327,788)

Series A1 and A2 loan notes were secured by a fixed and floating charge over the company's property, assets and rights. The loan notes are treated in the financial statements at amortised cost.

At 30 April 2022 of the loan notes in issue, £14,400,000 (2021: £14,400,000) are held by NorthEdge Capital Fund II, LP and NorthEdge Capital Coinvestment II, LP, The fund being the majority shareholder of the company. Interest of £nil (2021: £389,164) has been accrued on the loan notes in the year and rolled-up in line with the loan note agreement. The interest charged in the year amounted to £1,490,120 (2021: £1,507,273). The additional £45,000 (2021: £45,000) are held by key management. Interest of £4,500 (2021: £4,500) has been accrued on the loan notes in the year and rolled-up in line with the loan notes agreement.

The A2 loan notes will be repaid in full by 18 May 2025.

Interest is included within creditors and disclosed as falling due within one year.

Series A2 loan notes are listed on the International Stock Exchange.

##### Bank loans

The Group operates with two bank loan facilities.

Facility A bears interest at a floating rate based on SONIA plus 3.06%. The facility is repayable in instalments, commencing on 31 October 2018 and will be repaid in full by 18 May 2024. The balance in respect of Facility A at 30 April 2022 was £900,000 (2021: £1,500,000).

Facility B bears interest at a floating rate based on SONIA plus 3.56%. The facility is repayable in full on 18 May 2024. The balance in respect of Facility B at 30 April 2022 was £4,500,000 (2021: £4,500,000).

Included within creditors: amounts falling due after more than one year is £4,715,589 (2021: £5,265,214).

Interest on the bank loan of £213,480 (2021: £235,288) was paid during the year in quarterly instalments. The bank loans are secured by a fixed and floating charge over the company's property, assets and right.

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 20 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	5,315,589	5,865,214	-	-
Payable within one year	600,000	600,000	-	-
Payable after one year	4,715,589	5,265,214	-	-

### 21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	88,603	69,693
Tax losses	1,397	(2,793)
	90,000	66,900

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2022 £	Company 2022 £
Liability at 1 May 2021	66,900	-
Charge to profit or loss	23,100	-
Liability at 30 April 2022	90,000	-

### 22 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	76,440	80,318

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 23 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
<b>Issued and fully paid</b>				
Ordinary A1 shares of 0.1p each	16,000,000	16,000,000	16,000	16,000
Ordinary A2 shares of 0.01p each	50,000	50,000	5	5
Ordinary B1 shares of 0.4p each	1,200,000	1,200,000	4,800	4,800
Ordinary B2 shares of 0.01p each	2,750,000	2,750,000	275	275
	<u>20,000,000</u>	<u>20,000,000</u>	<u>21,080</u>	<u>21,080</u>

Subject to article 6 of the company's articles of association, holders of the A1 and A2 ordinary shares are entitled to one vote, the B1 holders 4 votes and the B2 holders no votes. Holders of all classes of ordinary shares rank Parri Passu in the entitlement to dividends. None of the shares are redeemable.

In the case of winding up, the holders of the shares would firstly be entitled to an amount equal to the nominal value of the shareholding. Any remaining surplus would be divided pro rata as between such holders to their respective holdings of the relevant class as if such shares constituted a single class.

### 24 Reserves

Share premium account - this reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - this reserve records retained earnings and accumulated losses,

### 25 Financial commitments, guarantees and contingent liabilities

#### Financial commitments

At 30 April 2022 the company was committed to pay £nil (2021: £2,279,092) under foreign exchange contracts.

#### Guarantees

The bank loans within Crossco (1432) Limited are covered by a cross guarantee including Crossco (1427) Limited. This is secured by a fixed and floating charge over the company's property, assets and rights.

### 26 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
Within one year	120,068	142,256	-	-
Between two and five years	330,550	396,869	-	-
In over five years	488,667	564,668	-	-
	<u>939,285</u>	<u>1,103,793</u>	<u>-</u>	<u>-</u>

# CROSSCO (1427) LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

### 27 Related party transactions

Amounts paid to NorthEdge Capital LLP in relation to monitoring fees for the financial year were £75,000 (2021: £56,250). This is inclusive of board member remuneration/fees.

### 28 Directors' transactions

Included in debtors (note 16) is a loan to a director, A Gillard in the amount of £46,049 (2021: £46,049). This qualifying loan is unsecured. The loan is repayable in full by 31 December 2025. Interest is being charged at a rate of 3% per annum.

### 29 Controlling party

The controlling party is NorthEdge Capital Fund II, LP.

The registered office is: 13th Floor Number One Spinningfields, 1 Hardman Square Spinningfields, Manchester, M3 3EB.

### 30 Cash generated from group operations

	2022 £	2021 £
Profit/(loss) for the year after tax	523,260	(1,397,089)
<b>Adjustments for:</b>		
Taxation charged	688,610	431,686
Finance costs	1,708,101	1,762,730
Investment income	(1,363)	(1,936)
Government grant income	-	(104,974)
Gain on disposal of tangible fixed assets	(8,886)	(35,692)
Amortisation of intangible assets	1,849,669	1,843,108
Depreciation of tangible fixed assets	159,624	156,005
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(405,933)	212,035
Increase in debtors	(151,305)	(1,157,992)
(Decrease)/increase in creditors	(887,508)	1,078,403
<b>Cash generated from operations</b>	<b>3,474,269</b>	<b>2,786,284</b>

### 31 Analysis of changes in net debt - group

	1 May 2021 £	Cash flows £	30 April 2022 £
Cash at bank and in hand	2,003,025	(295,267)	1,707,758
Borrowings excluding overdrafts	(5,865,214)	549,625	(5,315,589)
Convertible loan notes	(15,327,788)	740,505	(14,587,283)
	<b>(19,189,977)</b>	<b>994,863</b>	<b>(18,195,114)</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.