

Company Registration No. 01633743 (England and Wales)

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

COMPANY INFORMATION

Directors	Mr A Silver
	Mr S Silver
	Mr L B Silver
	Mrs S Silver
	Mr D A Silver
Secretary	Mr L B Silver
Company number	01633743
Registered office	Units 11 & 12
	Prospect Business Park
	Langston Road
	Loughton
	Essex
Auditor	IG10 3TR
	HW Fisher LLP
	Acre House
	11-15 William Road
	London
Bankers	NW1 3ER
	United Kingdom
	Barclays Bank Plc
	1250 High Road
	Whetstone
	London
	N20 0PB
	United Kingdom

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

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CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

Since lockdown the business has continued to grow at an exceptional rate, the turnover in 2022 increased by 43% over 2021. (2021's increase was 50% over the year affected by the lockdown. The current year's figures for a like for like period are again showing a significant increase.

Principal risks and uncertainties

The directors are aware of the pitfalls of the construction industry but believe the company has positioned itself within its core market to be able to take advantage and respond to changes in that market.

Liquidity Risks

The Director's view is that the company's exposure to any liquidity issues is low. The Directors undertake regular reviews of it's day to day cash requirements and in their opinion has sufficient working capital and access to additional funds to meet its needs. In addition, customers have continued to pay promptly despite the increase in interest rates and inflation.

Credit Risks

The company's credit risk is primarily attributable to trade receivables with its key customers some of whom are low risk local authorities and housing associations.

Customers are regularly vetted for any potential issues. All new customers are given a credit check and any credit terms are agreed based on the results of those checks. Further the company has credit insurance on most of its customers.

Supply Chain

The company purchases from UK suppliers and though those may get supplies from abroad, in general the supply chain held up well following Brexit, the pandemic and following Russia's invasion of Ukraine.

Payment of creditors

The company has agreed trading terms with its suppliers and the directors ensure that payments are made within those credit arrangements. The company maintains strong relationships with its suppliers.

Development and performance

Following Grenfell, a significant amount of turnover was relating to smoke detectors which are low margin products, and this partly explains the reduction in the gross margin between 2018 to 2020. As the purchase for these decrease as a percentage of turnover the impact has been to push the gross profit margin up.

The business moved premises in August 2019 primarily to take advantage of larger warehouse space. The growth in the business since the pandemic has meant that in June 2022 a further warehouse was taken on. As the business is still expanding the Directors will continue to look out for any further warehouse opportunities.

Due to the new warehouse and the business taking advantage of purchase deals the stock level has increased by 19% between December 2021 and 2022. With constant reviews of the stock held there is very low levels of slow-moving items. The stock turn for 2021 was 8.15 times a year and in 2022 was 9.96 times a year.

Key performance indicators

In the opinion of the directors, the key performance indicator for the company is the gross profit margin achieved. The company aims for a gross profit margin of 24% (2021: 21%).

Future developments

During 2022 the staff levels increased by two, these were employed in the warehouse. It is expected that to meet the additional orders a further two or three people will be employed in the warehouse/delivery departments in 2023.

On behalf of the board

Mr S Silver

Director

2 November 2023

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continues to be that of electrical wholesalers.

Directors

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

Mr A Silver
Mr S Silver
Mr L B Silver
Mrs S Silver
Mr D A Silver

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £934,561. The directors do not recommend payment of a final dividend.

Auditor

HW Fisher LLP were appointed as auditor to the company 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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management.

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

Mr S Silver
Director
2 November 2023

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

Opinion

We have audited the financial statements of Crossfold Electrical Wholesalers Limited (the company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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.

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud effecting the audit period.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: Health and safety regulations, employment law and compliance with government frameworks.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Review of internal control procedures to ensure expenses were approved prior to paying suppliers, as well as ensuring hotel receipts were accounted for and banked in a timely manner.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates.
- Testing key revenue lines, in particular cut-off, for evidence of management bias.
- Performing a physical verification of key assets and stock items.
- Obtaining third-party confirmation of material bank balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the company board minutes for discussions of irregularities including fraud.
- Completing analytical review of key expenditure and revenue items and seeking explanations from management for exceptions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

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.

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.

Russell Cooper (Senior Statutory Auditor)

For and on behalf of HW Fisher LLP

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

2 November 2023

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	18,202,618	12,708,644
Cost of sales		(13,905,271)	(9,990,365)
Gross profit		4,297,347	2,718,279
Administrative expenses		(1,974,721)	(1,535,216)
Other operating income		42,621	1,343
Operating profit	4	2,365,247	1,184,406
Interest receivable and similar income	7	7,337	2,263
Interest payable and similar expenses	8	-	(215)
Profit before taxation		2,372,584	1,186,454
Tax on profit	9	(459,858)	(238,924)
Profit for the financial year		1,912,726	947,530

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11		1,181,327		230,145
Investments	12		1,300		1,300
			<u>1,182,627</u>		<u>231,445</u>
Current assets					
Stocks	13	1,519,044		1,273,505	
Debtors	14	4,588,548		3,016,257	
Cash at bank and in hand		967,279		1,138,498	
		<u>7,074,871</u>		<u>5,428,260</u>	
Creditors: amounts falling due within one year	15	(3,429,093)		(2,806,670)	
Net current assets			<u>3,645,778</u>		<u>2,621,590</u>
Total assets less current liabilities			<u>4,828,405</u>		<u>2,853,035</u>
Provisions for liabilities					
Deferred tax liability	17	39,482		42,256	
		<u>39,482</u>	<u>(39,482)</u>	<u>42,256</u>	<u>(42,256)</u>
Net assets			<u>4,788,923</u>		<u>2,810,779</u>
Capital and reserves					
Called up share capital	19		54,319		40,159
Share premium account			1,889,219		903,400
Profit and loss reserves			2,845,385		1,867,220
Total equity			<u>4,788,923</u>		<u>2,810,779</u>

The financial statements were approved by the board of directors and authorised for issue on 2 November 2023 and are signed on its behalf by:

Mr S Silver
Director

Company Registration No. 01633743

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2021		30,915	412,640	1,819,959	2,263,514
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	947,530	947,530
Issue of share capital	19	9,244	490,760	-	500,004
Dividends	10	-	-	(900,269)	(900,269)
Balance at 31 December 2021		40,159	903,400	1,867,220	2,810,779
Year ended 31 December 2022:					
Profit and total comprehensive income for the year		-	-	1,912,726	1,912,726
Issue of share capital	19	14,160	985,819	-	999,979
Dividends	10	-	-	(934,561)	(934,561)
Balance at 31 December 2022		54,319	1,889,219	2,845,385	4,788,923

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	24		974,662		1,672,491
Interest paid			-		(215)
Income taxes paid			(216,550)		(192,039)
Net cash inflow from operating activities			758,112		1,480,237
Investing activities					
Purchase of tangible fixed assets		(1,006,552)		(86,215)	
Proceeds on disposal of tangible fixed assets		4,466		-	
Interest received		7,337		2,263	
Net cash used in investing activities			(994,749)		(83,952)
Financing activities					
Proceeds from issue of shares		999,979		500,004	
Repayment of bank loans		-		(240,000)	
Dividends paid		(934,561)		(900,269)	
Net cash generated from/(used in) financing activities			65,418		(640,265)
Net (decrease)/increase in cash and cash equivalents			(171,219)		756,020
Cash and cash equivalents at beginning of year			1,138,498		382,478
Cash and cash equivalents at end of year			967,279		1,138,498

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Crossfold Electrical Wholesalers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Units 11 & 12, Prospect Business Park, Langston Road, Loughton, Essex, IG10 3TR.

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. The principal accounting policies adopted are set out below.

1.2 Going concern

Following Covid-19 and the lockdown the company has performed strongly, showing exceptional growth. There are sufficient reserves within the entity to fund its day to day activities. Accordingly, the directors have an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

1.4 Tangible fixed assets

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

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

Land and buildings Leasehold	Over the duration of the lease
Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	20% reducing balance

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 credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1	Accounting policies	(Continued)
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1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is comprised of finished goods purchases from suppliers.

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.

1.8 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

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 company 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 company after deducting all of its liabilities.

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, 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.

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company 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 company.

1.10 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 company'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 when the company has 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.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

1.12 Retirement benefits

The company operates a defined benefit contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.13 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 leases asset are consumed.

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.14 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by class of business		
Sale of goods	18,202,618	12,708,644
	<u> </u>	<u> </u>
	2022	2021
	£	£
Other significant revenue		
Interest income	7,337	2,263
Grants received	12,224	-
Rental income arising from investment properties	26,963	-
Sundry income	3,399	1,343
	<u> </u>	<u> </u>

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue (Continued)

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	18,202,618	12,708,644
	<u> </u>	<u> </u>

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(12,224)	-
Fees payable to the company's auditor for the audit of the company's financial statements	25,000	-
Depreciation of owned tangible fixed assets	49,100	51,457
Loss on disposal of tangible fixed assets	1,804	-
Operating lease charges	149,182	149,182
	<u> </u>	<u> </u>

5 Employees

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

	2022	2021
	Number	Number
Sales and warehousing	21	18
Administrative	4	4
Directors	5	5
	<u> </u>	<u> </u>
Total	30	27
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	1,179,019	890,131
Social security costs	115,320	78,939
Pension costs	15,448	29,829
	<u> </u>	<u> </u>
	1,309,787	998,899
	<u> </u>	<u> </u>

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6	Directors' remuneration	2022	2021
		£	£
	Remuneration for qualifying services	277,382	101,741
	Company pension contributions to defined contribution schemes	1,600	18,240
		<u>278,982</u>	<u>119,981</u>
		<u><u>278,982</u></u>	<u><u>119,981</u></u>
	The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 3).		
7	Interest receivable and similar income	2022	2021
		£	£
	Interest income		
	Interest on bank deposits	7,337	2,251
	Other interest income	-	12
		<u>7,337</u>	<u>2,263</u>
	Total income	<u><u>7,337</u></u>	<u><u>2,263</u></u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	7,337	2,251
		<u><u>7,337</u></u>	<u><u>2,251</u></u>
8	Interest payable and similar expenses	2022	2021
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	-	215
		<u><u>-</u></u>	<u><u>215</u></u>
9	Taxation	2022	2021
		£	£
	Current tax		
	UK corporation tax on profits for the current period	459,858	216,550
	Adjustments in respect of prior periods	-	1,110
		<u>459,858</u>	<u>217,660</u>
	Total current tax	<u><u>459,858</u></u>	<u><u>217,660</u></u>
	Deferred tax		
	Origination and reversal of timing differences	-	21,264
		<u><u>-</u></u>	<u><u>21,264</u></u>
	Total tax charge	<u><u>459,858</u></u>	<u><u>238,924</u></u>

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

(Continued)

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

	2022 £	2021 £
Profit before taxation	2,372,584	1,186,454
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	450,791	225,426
Tax effect of expenses that are not deductible in determining taxable profit	2,527	2,685
Change in unrecognised deferred tax assets	(980)	2,968
Adjustments in respect of prior years	-	1,110
Depreciation on assets not qualifying for tax allowances	7,522	(3,348)
Under/(over) provided in prior years	428	-
Deferred tax adjustment	(430)	10,083
Taxation charge for the year	459,858	238,924

10 Dividends

	2022 £	2021 £
Interim paid	934,561	900,269

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

	Land and buildings Leasehold	Plant and Fixtures, fittings & machinery	Motor vehicles equipment	Total
	£	£	£	£
Cost				
At 1 January 2022	48,992	95,087	89,404	406,291
Additions	997,722	6,258	2,572	1,006,552
Disposals	-	(9,505)	-	(34,235)
At 31 December 2022	1,046,714	91,840	91,976	1,378,608
Depreciation and impairment				
At 1 January 2022	12,860	67,757	31,965	176,146
Depreciation charged in the year	10,458	8,396	9,002	49,100
Eliminated in respect of disposals	-	(7,988)	-	(27,965)
At 31 December 2022	23,318	68,165	40,967	197,281
Carrying amount				
At 31 December 2022	1,023,396	23,675	51,009	1,181,327
At 31 December 2021	36,132	27,330	57,439	230,145

12 Fixed asset investments

	Notes	2022 £	2021 £
Other investments		1,300	1,300

Movements in fixed asset investments

	Other investments £
Cost	
At 1 January 2022 & 31 December 2022	1,300
Carrying amount	
At 31 December 2022	1,300
At 31 December 2021	1,300

13 Stocks

	2022 £	2021 £
Finished goods and goods for resale	1,519,044	1,273,505

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	3,439,267	2,449,129
Other debtors	1,069,706	507,794
Prepayments and accrued income	79,575	59,334
	<u>4,588,548</u>	<u>3,016,257</u>

15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	2,201,060	1,836,016
Corporation tax	462,627	216,545
Other taxation and social security	155,980	75,340
Other creditors	4,105	255,362
Accruals and deferred income	605,321	423,407
	<u>3,429,093</u>	<u>2,806,670</u>

16 Provisions for liabilities

	2022	2021
	£	£
Deferred tax liabilities	39,482	42,256
	<u>39,482</u>	<u>42,256</u>

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2022	2021
	£	£
Balances:		
ACAs	<u>39,482</u>	<u>42,256</u>

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17	Deferred taxation	(Continued)
		2022
	Movements in the year:	£
	Liability at 1 January 2022	42,256
	Credit to profit or loss	(2,774)
	Liability at 31 December 2022	<u>39,482</u>

The closing provision is based on a corporation tax rate of 25%.

18	Retirement benefit schemes	2022	2021
	Defined contribution schemes	£	£
	Charge to profit or loss in respect of defined contribution schemes	15,448	29,829

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19	Share capital	2022	2021	2022	2021
	Ordinary share capital	Number	Number	£	£
	Issued and fully paid				
	Ordinary shares of £1 each	31,879	17,719	31,879	17,719
	Ordinary A shares of £1 each	2,500	2,500	2,500	2,500
	Ordinary B shares of £1 each	2,500	2,500	2,500	2,500
	Ordinary C shares of £1 each	6,120	6,120	6,120	6,120
	Ordinary D shares of £1 each	2,040	2,040	2,040	2,040
	Ordinary E shares of £1 each	9,280	9,280	9,280	9,280
		<u>54,319</u>	<u>40,159</u>	<u>54,319</u>	<u>40,159</u>

Ordinary shares have full voting and distribution rights whereas ordinary shares classes A to E have no voting rights but participate in distributions.

During the year, 14,160 (2021: 9,244) Ordinary shares of £1 each were issued for an aggregate consideration of £999,979 (2021: £500,004)

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Operating lease commitments

Lessee

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

	2022	2021
	£	£
Within one year	154,994	154,994
Between two and five years	774,970	774,970
In over five years	826,635	981,629
	<u>1,756,599</u>	<u>1,911,593</u>

21 Events after the reporting date

On 28 June 2023, there was a share allotment of 1 class 'E' ordinary share purchased for the cash price of £70.00 per share

22 Related party transactions

During the year, 14,160 (2021: 9,244) Ordinary shares were allotted to directors.

During the year, dividends of £934,561 (2021: £900,269) were paid to directors.

At the year end, a balance of £117 (2021: £252,004) was owed to directors. These loans are interest free and repayable on demand.

23 Ultimate controlling party

The controlling party is Mr A Silver by virtue of his shareholding.

24 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	1,912,726	947,530
Adjustments for:		
Taxation charged	459,858	238,924
Finance costs	-	215
Investment income	(7,337)	(2,263)
Loss on disposal of tangible fixed assets	1,804	-
Depreciation and impairment of tangible fixed assets	49,100	51,457
Movements in working capital:		
Increase in stocks	(245,539)	(94,974)
Increase in debtors	(1,572,291)	(169,229)
Increase in creditors	376,341	700,831
Cash generated from operations	<u>974,662</u>	<u>1,672,491</u>

CROSSFOLD ELECTRICAL WHOLESALERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

25 Analysis of changes in net funds

	1 January 2022	Cash flows 31 December 2022	
	£	£	£
Cash at bank and in hand	1,138,498	(171,219)	967,279
	<u> </u>	<u> </u>	<u> </u>

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.