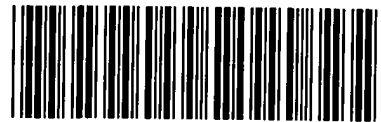


Company Registration No. 01756362 (England and Wales)

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2018**

FRIDAY



\*A8HBG957\*

A13

01/11/2019

#242

COMPANIES HOUSE

# **CROMWELL GROUP (HOLDINGS) LIMITED**

## **COMPANY INFORMATION**

---

<b>Director</b>	H V Draa III N L Jowsey R K Pott
<b>Secretary</b>	Corporation Service Company (UK) Limited
<b>Registered number</b>	01756362
<b>Registered office</b>	PO Box 14 Chartwell Drive Wigston Leicester LE18 1AT
<b>Auditor</b>	Ernst & Young LLP No.1 Colmore Square Birmingham B4 6HQ

# **CROMWELL GROUP (HOLDINGS) LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

The directors present their strategic report for the year ended 31 December 2018.

### **Review of the business**

Cromwell Group (Holdings) Limited (the company) is a trading entity in its own right with one trading branch located in South Africa. The company is also the parent company for the subsidiary undertakings, as listed in note 12 to these financial statements, known as the "Cromwell Group".

The principal activity of the company during the year was that of wholesale industrial supplies in South Africa as well as a holding/parent company for the "Cromwell Group".

Turnover for the year ended 31 December 2018 of £5,469,000 was down compared to the year ended 31 December 2017 of £5,662,000. The company recorded a profit in the current period of £18,384,000 (2017: £4,269,000 as restated).

The result for the financial period is shown in the attached statement of comprehensive income. There have not been any significant changes in the company's activities in the period under review.

### **Future developments and events since the balance sheet date**

The directors do not expect any changes to the business development in the future and no events since the balance sheet date which materially affect the position of the company.

### **Principal risks and uncertainties**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. Where risks are identified that are not acceptable, action plans are developed to mitigate these with clear allocation of responsibilities and progress towards completion is monitored and reported on.

Due to the nature of the company being a holding company of the businesses of the "Cromwell Group", along with its one foreign branch, all the business and inherent risks of the business apply to Cromwell Group (Holdings) Limited. The risks associated with the business include the continuing challenges of the UK economy following the UK's decision to leave the EU which might impact the trading of the company's subsidiary undertakings. Balancing the longer term investment needs of the business against a changing economic outlook, the business' relationships with key suppliers and the potential threat of new competitors are the primary business risk. There are possible impacts on costs of sourcing due to the weakness of sterling in comparison to the euro and US dollar currencies. The directors routinely monitor all these risks and uncertainties and appropriate actions are taken to mitigate the risks or the potential outcomes.

The main business risks are in relation to the recoverability of trade debtors and the potential for stock obsolescence. However, these risks are normal for a company of this nature and management believe that they have appropriate procedures and make adequate provisions to manage these risks.

### **Policy on payments to suppliers**

It is not the company's policy to follow any standard or code on payment practice but to pay suppliers' invoices when they fall due for payment. The company will continue to agree terms of payments with all of its suppliers when agreeing the terms of each contract, agreement or individual transaction and ensure that those suppliers are made aware of the agreed terms.

### **Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the candidates' particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continual employment wherever practical in the same or alternative position and to provide appropriate training to achieve this aim.

# CROMWELL GROUP (HOLDINGS) LIMITED

## STRATEGIC REPORT (CONTINUED)

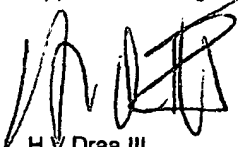
FOR THE YEAR ENDED 31 DECEMBER 2018

---

### Employee involvement

The company encourages and values employee involvement within the business. This is achieved via a number of means including regular meetings between local management and employees to allow a free flow of information and ideas. The company issues regular newsletters, information sheets which are distributed and generally available via noticeboards and the company intranet. All employees are encouraged to present their suggestions and views and participate directly in the success of the business through various bonus schemes where they can have a direct impact on performance.

Approved and signed on behalf of the Board



H V Draa III  
Director

30/10/19

.....

# **CROMWELL GROUP (HOLDINGS) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

---

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

#### **Principal activities**

The principal activities of the company continue to be that of wholesale industrial supplies in South Africa as well as a holding company and together with its subsidiaries is defined as the "Cromwell Group".

#### **Directors and indemnity arrangements**

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

F J Costello	(resigned 1 March 2019)
H V Draa III	
N Jowsey	(appointed 7 September 2018)
R Mowinski	(resigned 30 November 2018)
R Pott	(appointed 30 November 2018)

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

#### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £9,324,000 (2017: £6,042,000).

#### **Events after the reporting date**

Following the year end, the directors took the decision to undertake a group reorganisation, which included the liquidation of a number of subsidiary undertakings. The directors undertook an impairment review at the balance sheet date and confirm that no impairment provision is required.

#### **Statement of going concern**

The directors have adopted the going concern principle in preparing these financial statements on the basis of support arrangements made available by the ultimate parent undertaking, W.W. Grainger, Inc. Further details regarding the going concern basis can be found in note 1 to the financial statements.

#### **Strategic report**

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report Information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 7 to be contained in the directors' report and has done so in respect of a review of its business, future developments and principal risks.

#### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**CROMWELL GROUP (HOLDINGS) LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

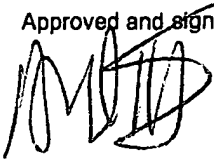
**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, a resolution is to be proposed to reappoint Ernst & Young LLP as auditor of the company.

Approved and signed on behalf of the Board



30/10/19

H V Draa III  
Director

.....

# **CROMWELL GROUP (HOLDINGS) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

---

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROMWELL GROUP (HOLDINGS) LIMITED

---

## Opinion

We have audited the financial statements of Cromwell Group (Holdings) Limited for the year ended 31 December 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including 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 company's affairs as at 31 December 2018 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROMWELL GROUP (HOLDINGS) LIMITED (CONTINUED)

---

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

*Ernst & Young LLP*

Helen McLeod-Jones (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham

*30 October 2019*

# CROMWELL GROUP (HOLDINGS) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

---

	Notes	2018 £'000	2017 (as restated) £'000
<b>Turnover</b>	<b>3</b>	5,469	5,662
Cost of sales		(3,447)	(3,159)
<b>Gross profit</b>		<u>2,022</u>	<u>2,503</u>
Distribution costs		(734)	(1,152)
Administrative expenses		(14,175)	(17,406)
Other operating income		10,175	10,226
<b>Operating loss</b>	<b>4</b>	<u>(2,712)</u>	<u>(5,829)</u>
Income from shares in group undertakings		21,196	10,335
Interest receivable and similar income	<b>7</b>	196	154
Other finance expense	<b>17</b>	(40)	(58)
<b>Profit on ordinary activities before taxation</b>		<u>18,640</u>	<u>4,602</u>
Taxation	<b>8</b>	(256)	(333)
<b>Profit for the financial year</b>		<u>18,384</u>	<u>4,269</u>
<b>Other comprehensive (loss)/income (net of tax)</b>			
Exchange (losses)/gains on retranslation of overseas branch		(323)	431
Remeasurement loss recognised on defined benefit pension scheme	<b>17</b>	(477)	(126)
<b>Total other comprehensive (loss)/income</b>		<u>(800)</u>	<u>305</u>
<b>Total comprehensive income for the year</b>		<u>17,584</u>	<u>4,574</u>

All results relate to continuing activities.

**CROMWELL GROUP (HOLDINGS) LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

		2018		2017 (as restated)	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible fixed assets	10		31		37
Tangible fixed assets	11		9,658		9,011
Investments	12		1,961		1,961
			<u>11,650</u>		<u>11,009</u>
<b>Current assets</b>					
Stocks	13	1,750		1,705	
Debtors	14	156,237		149,870	
Cash at bank and in hand		15,418		9,659	
		<u>173,405</u>		<u>161,234</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(125,875)</u>		<u>(151,630)</u>	
<b>Net current assets</b>			<u>47,530</u>		<u>9,604</u>
<b>Total assets less current liabilities</b>			<u>59,180</u>		<u>20,613</u>
Defined benefit pension liability	17		(2,300)		(1,993)
<b>Net assets including pension liability</b>			<u>56,880</u>		<u>18,620</u>
<b>Capital and reserves</b>					
Called up share capital	18		30,010		10
Profit and loss reserves	19		26,870		18,610
<b>Total equity</b>			<u>56,880</u>		<u>18,620</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30/10/19 and are signed on their behalf by



30/10/19

H V Draa III  
Director

# CROMWELL GROUP (HOLDINGS) LIMITED

## STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2018

	Share capital £'000	Fair value reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2017 – as previously stated</b>	10	1,290	21,568	22,868
Prior period adjustment (see note 25)	-	(1,290)	(1,490)	(2,780)
<b>Balance at 1 January 2017 – as restated</b>	10	-	20,078	20,088
<b>Year ended 31 December 2017:</b>				
Profit for the year	-	-	4,269	4,269
Other comprehensive income, net of tax:				
Exchange gains on retranslation of overseas branch	-	-	431	431
Remeasurement loss recognised on defined benefit pension scheme	-	-	(126)	(126)
<b>Total comprehensive income</b>	-	-	4,574	4,574
Transactions with owners:				
Dividends	-	-	(6,042)	(6,042)
<b>Total transactions with owners</b>	-	-	(6,042)	(6,042)
<b>Balance at 31 December 2017</b>	10	-	18,610	18,620
<b>Year ended 31 December 2018:</b>				
Profit for the year	-	-	18,384	18,384
Other comprehensive loss, net of tax:				
Exchange losses on retranslation of overseas branch	-	-	(323)	(323)
Remeasurement loss recognised on defined benefit pension scheme	-	-	(477)	(477)
<b>Total comprehensive income</b>	-	-	17,584	17,584
Transactions with owners:				
Issue of share capital	30,000	-	-	30,000
Dividends	-	-	(9,324)	(9,324)
<b>Total transactions with owners</b>	30,000	-	(9,324)	20,676
<b>Balance at 31 December 2018</b>	30,010	-	26,870	56,880

# **CROMWELL GROUP (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

### **1. Accounting policies**

#### **Company information**

Cromwell Group (Holdings) Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is PO Box 14, Chartwell Drive, Wigston, Leicester, LE18 1AT.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### **Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including 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 presented in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000, except where otherwise indicated.

The financial statements have been prepared under the historical cost convention. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

The company has taken advantage of the following disclosure exemptions available under FRS 102 as equivalent disclosures are included in the consolidated financial statements of the ultimate parent company:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment, interest income/expense and net gains/losses for financial instruments measured at amortised cost, loan defaults or breaches, and descriptions of hedging relationships.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of W.W. Grainger, Inc. These consolidated financial statements are available from its principal address, 100 Grainger Parkway, Lake Forest, Illinois 60045-520.

#### **Change in accounting policy**

The company adopted the amendment to FRS 102 in respect of properties leased to group companies where properties have previously been treated as investment properties carried at fair value, and now adopt a historical cost approach treating them as land and buildings. Details of the adjustment are disclosed in note 25.

#### **Going concern**

The company continues to adopt the going concern basis of accounting in preparing the financial statements, as the ultimate parent company has indicated that it will provide ongoing financial support for the foreseeable future.

#### **Consolidated financial statements**

The company has taken advantage of the exemption in section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**1. Accounting policies (Continued)**

**Turnover**

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance.

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.

Turnover is recognised when it and the associated costs can be measured reliably, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. Sales of goods are recognised when goods are delivered, and legal title has passed, and the company has no continuing managerial involvement associated with ownership or effective control of the goods sold.

**Other income**

*Dividend income*

Dividend income from investments in subsidiaries is recognised when the company's right to receive payment is established.

*Interest income*

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

**Intangible fixed assets**

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Brands - 10% per annum on cost

Amortisation is revised prospectively for any significant change in useful life or residual value.

**Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently 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 - 2% per annum on cost  
Fixtures, fittings & equipment - 10% - 33.3% per annum on cost  
Motor vehicles - 25% per annum on cost

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.

The company have recognised the present value of a liability for an asset retirement obligation and capitalised the cost as part of the carrying amount of tangible assets, which is depreciated on a straight-line basis over the life of the lease.

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**1. Accounting policies (Continued)**

**Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interest in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out basis and 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.

**Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held on call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

**Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other debtors, trade and other creditors, and amounts due from and amounts due to group undertakings.

Trade and other debtors are recorded at their original amount less provision for impairment.

Trade and other creditors are non-interest bearing and are stated at their nominal value.

Amounts due from and amounts due to group undertakings are recognised initially at fair value which is the transaction value. Subsequent to initial recognition they are held at original value less any impairment losses. The carrying value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**1. Accounting policies (Continued)**

**Finance costs**

Finance costs are capitalised where they are directly attributable to the construction of tangible fixed assets. Capitalisation of finance costs is ceased when substantially all the activities that are necessary to get the tangible fixed assets ready for use are complete.

**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.

**Retirement benefits**

*Defined contribution plans*

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

*Defined benefit plans*

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method and is based on actuarial advice.

*Asset/Liability*

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

*Gains/Losses*

Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses
- The difference between the interest income on the plan assets and the actual return on the plan assets.

**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.

**Operating leases as a lessor**

Rental income from operating leases is credited to the statement of comprehensive income on a straight-line basis over the term of the relevant lease. Any amounts paid or payable as a lease incentive are recognised as a reduction to income over the term of that lease on a straight-line basis.

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**1. Accounting policies (Continued)**

**Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of a foreign operation are translated into the company's presentation currency at the rate ruling at the reporting date. Income and expenses of the foreign operation are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Exchange differences are recognised in other comprehensive income and accumulated in equity.

**Provisions**

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar expenses.

**Dilapidations**

Provisions for dilapidations are provided on leasehold properties where the terms of the lease require the company to make good any changes made to the property during the period of the lease. Where a dilapidation provision is required the company recognises a provision equal to the expected future cost of reinstating the property to its original state. The carrying liability is compounded by the risk-free rate to provide the required future value.

**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 amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period 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.

**Revaluation of investment properties**

The company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The key assumptions used to determine the fair value of investment properties are based on industry standards. The estimates and underlying assumptions are reviewed on an ongoing basis. These underlying assumptions will inherently have areas of judgement and estimation within them. Actual results may differ from these estimates. In the opinion of the directors, the investment properties are shown at the value approximating the open market value as at 31 December 2018.

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Judgements and key sources of estimation uncertainty (continued)**

*Defined benefit pension scheme*

The company has obligations to pay pension benefits to certain employees, and former employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends and are detailed in note 17.

**3. Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's ordinary activities and is stated before any sales taxes. Turnover is attributable to one continuing activity, as defined in the directors' report.

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

	2018 £'000	2017 £'000
Africa	5,469	5,662
	<u>5,469</u>	<u>5,662</u>

**4. Operating profit**

Operating profit is stated after charging/(crediting):

	2018 £'000	2017 (as restated) £'000
Foreign exchange gains	(144)	(48)
Depreciation of owned tangible fixed assets	557	403
Amortisation of intangible fixed assets	6	5
Profit on disposal of tangible fixed assets	(10)	(38)
Operating lease rentals	4,820	5,148
Stock:		
- Amounts expensed to cost of sales	3,345	2,496
- Impairment losses recognised/(reversed) in cost of sales	69	50
Fees payable to the company's auditor and its associates:		
- for the audit of the company's financial statements	77	77
	<u>77</u>	<u>77</u>

Of the operating lease rentals, the amounts recharged to subsidiary undertakings are:

	2018 £'000	2017 £'000
Operating lease rentals	4,717	5,049
	<u>4,717</u>	<u>5,049</u>

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**5. Staff costs**

The company holds all the UK staff service contracts for employees and directors of its subsidiary undertakings. The average monthly number of employees during the year was made up as follows:

	2018 Number	2017 Number
Directors	3	4
Sales and administration	1,166	1,311
Distribution	282	339
	<u>1,451</u>	<u>1,654</u>

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	41,921	45,610
Social security costs	3,671	4,511
Pension costs	2,198	2,257
	<u>47,790</u>	<u>52,378</u>

The payroll costs are recharged to the staff's allocated subsidiary undertakings.

The pension costs are £2,198,000 (2017: £2,257,000) in respect of the defined contribution schemes.

Contributions totalling £258,000 (2017: £268,000) were payable to the fund at the year end and are included in other creditors.

The average monthly number of persons (including directors) employed and working directly for the company during the year was:

	2018 Number	2017 Number
Directors	3	4
Sales and administration	250	209
	<u>253</u>	<u>213</u>

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**5. Staff costs (Continued)**

The aggregate remuneration of the staff working directly for the company was as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	10,336	9,160
Social security costs	845	795
Pension costs	794	537
	<u>11,975</u>	<u>10,492</u>

**6. Directors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	309	231
Compensation for loss of office	-	59
Pension contributions to defined contribution schemes	13	13
	<u>322</u>	<u>303</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017: 1).

The directors of the company are also directors of other companies within the "Cromwell Group".

Certain directors consider that 25% of their time is spent on services to Cromwell Group (Holdings) Limited and their remuneration has been disclosed accordingly. The remaining directors' services to the company do not occupy a significant amount of their time. As such, the remaining directors do not consider that they have received any remuneration for the incidental services to the company for the current and prior periods.

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	103	94
Compensation for loss of office	-	59
Pension contributions to defined contribution schemes	5	13
	<u>108</u>	<u>166</u>

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**7. Interest receivable and similar income**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest receivable</b>		
Interest on bank deposits	142	104
Interest on overdue debts	54	50
	<u>196</u>	<u>154</u>

**8. Taxation on profit on ordinary activities**

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>(as restated)</b>
		<b>£'000</b>
<b>Current tax</b>		
UK corporation tax	392	437
Adjustments in respect of prior periods	14	(149)
Total current tax	<u>406</u>	<u>288</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(138)	.45
Adjustments in respect of prior periods	(12)	-
Total deferred tax	<u>(150)</u>	<u>45</u>
Tax on profit on ordinary activities	<u>256</u>	<u>333</u>

(b) Tax included in other comprehensive income

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deferred tax recognised in other comprehensive income:</b>		
Credit arising on actuarial loss on pension scheme	(98)	(14)
Change in tax rates or laws	-	67
Total deferred tax recognised in other comprehensive income	<u>(98)</u>	<u>53</u>

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**8. Taxation on profit on ordinary activities (Continued)**

(c) Factors affecting the total tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 (as restated) £'000
Profit on ordinary activities before tax	18,640	4,602
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	3,542	886
<i>Effects of:</i>		
Income not taxable	(4,302)	(1,989)
Depreciation on assets expensed for tax purposes	-	16
Expenses not deductible for tax purposes	256	84
Capital allowances in excess of depreciation	(144)	31
Adjustments in respect of prior periods	2	(149)
Short term timing differences	45	(5)
Pensions	157	(285)
Group relief surrendered	308	1,307
Foreign tax	392	437
Taxation for the year	<u>256</u>	<u>333</u>

**Factors that may affect future tax charge**

Legislation to reduce the main rate of corporation tax rate to 17% from 1 April 2020 was enacted in September 2016. The deferred tax balances within these financial statements have been reassessed to reflect these rate reductions and the period in which any related timing differences are expected to reverse.

**9. Dividends**

	2018 £'000	2017 £'000
Declared and paid during the year:		
Dividend paid	<u>9,324</u>	<u>6,042</u>

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. Intangible fixed assets**

	<b>Brand £'000</b>
<b>Cost</b>	
At 1 January 2018 and at 31 December 2018	<u>84</u>
<b>Amortisation</b>	
At 1 January 2018	47
Amortisation charged in the year	<u>6</u>
At 31 December 2018	<u>53</u>
<b>Carrying amount</b>	
At 31 December 2018	<u>31</u>
At 31 December 2017	<u>37</u>

**11. Tangible fixed assets**

	<b>Land and buildings £'000</b>	<b>Fixtures, fittings &amp; equipment £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2018 (as restated)	9,618	4,510	204	14,332
Additions	-	1,116	67	1,183
Disposals	-	(4)	(37)	(41)
Transfer from group undertaking	-	140	-	140
Foreign exchange adjustments	-	19	20	39
At 31 December 2018	<u>9,618</u>	<u>5,781</u>	<u>254</u>	<u>15,653</u>
<b>Depreciation</b>				
At 1 January 2018 (as restated)	2,012	3,232	77	5,321
Depreciation charged in the year	138	369	50	557
Eliminated in respect of disposals	-	(3)	(37)	(40)
Transfer from group undertaking	-	130	-	130
Foreign exchange adjustments	-	19	8	27
At 31 December 2018	<u>2,150</u>	<u>3,747</u>	<u>98</u>	<u>5,995</u>
<b>Carrying amount</b>				
At 31 December 2018	<u>7,468</u>	<u>2,034</u>	<u>156</u>	<u>9,658</u>
At 31 December 2017 (as restated)	<u>7,606</u>	<u>1,278</u>	<u>127</u>	<u>9,011</u>

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Investments**

	<b>Subsidiary undertakings £'000</b>
<b>Cost</b>	
At 1 January 2018 and at 31 December 2018	4,172
<b>Provisions</b>	
At 1 January 2018 and at 31 December 2018	2,211
<b>Net book value</b>	
At 1 January 2018 and at 31 December 2018	1,961

The company owns the ordinary share capital of the following companies:

Name of the company	% holding	Registered office	Principal activity
2020 Supplies Limited	100	(1)	Dormant
AJ Howard Industrial Supplies Limited *	100	(1)	Dormant
Apex Industrial Limited	100	(2)	Industrial supplies
Ashlink Software Limited	100	(1)	Computer services
Bogle and Timms Limited *	100	(1)	Dormant
Cambridge Tool Supplies Limited *	100	(1)	Dormant
CJ Bent & Son Limited *	100	(1)	Dormant
Comag PTY Limited *	100	Australia	Industrial supplies
Cromwell Bearings and Transmissions Services Limited	100	(1)	Dormant
Cromwell Czech Republic s.r.o.	100	Czech Republic	Industrial supplies
Cromwell Group (International) Limited	100	(1)	Dormant
Cromwell Indonesia*	100	Indonesia	Industrial supplies
Cromwell Industrial Supplies Private Limited *	100	India	Industrial supplies
Cromwell Logistics Limited	100	(1)	Logistics and distribution
Cromwell PTY Limited *	100	Australia	Industrial supplies
Cromwell Sp. z.o.o.	100	Poland	Industrial supplies
Cromwell Tools (Norwich) Limited	100	(1)	Dormant
Cromwell Tools (Rochester) Limited	100	(1)	Dormant
Cromwell Tools (Shanghai) Co. Limited	100	China	Industrial supplies
Cromwell Tools (Thailand) Co. Limited *	100	Thailand	Industrial supplies
Cromwell Tools Limited	100	(1)	Sale and distribution of industrial supplies
Cromwell Tools SDN BHD	100	Malaysia	Industrial supplies
Cromwell-Siddle (Grimsby) Limited *	100	(1)	Dormant
East Midlands Property Development Limited	100	(1)	Property management
Engineerstore Limited *	100	(1)	Dormant
G.T.S.S. Engineers Supplies Limited *	100	(1)	Dormant
Hellvend Limited	100	(2)	Industrial supplies
HF Supplies (Scotland) Limited *	100	(1)	Dormant
Industrial Supply Alliance Limited	100	(1)	Industrial supplies

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Investments (Continued)**

Name of the company	% holding	Registered office	Principal activity
John Blee (Tools) Limited *	100	(1)	Dormant
John Smallman Limited *	100	(1)	Industrial supplies
JSLBearbreak Limited *	100	(1)	Dormant
Kennedy International (England) Limited	100	(1)	Dormant
McSkimming Industrial Supplies Limited	100	(2)	Dormant
Merlin Business Software Limited *	100	(3)	Business software development
Norwell Engineering Limited *	100	(1)	Dormant
S.A.S. Cromwell *	100	France	Industrial supplies
S.C. Cromwell Tools S.R.L. *	100	Romania	Industrial supplies
Technical Tooling Limited *	100	(1)	Dormant
The Kennedy Group Limited	100	(1)	Industrial supplies
Tooling & Engineering Distributors (TED) Limited *	100	Ireland	Industrial supplies
Turners (Ironmongers) Limited *	100	(1)	Dormant
Valentine Tools Limited	100	(1)	Industrial supplies

\* Shares held indirectly

*Registered office:*

- (1) P.O. Box 14, 65 Chartwell Drive, Wigston, Leicester, Leicestershire, LE18 1AT  
(2) Gorman House James Street, Righead Industrial Estate, Bellshill, Lanarkshire, ML4 3LU  
(3) Chatsworth House, Millennium Way, Chesterfield, S41 8ND

**13. Stocks**

	2018 £'000	2017 £'000
Finished goods and goods for resale	<u>1,750</u>	<u>1,705</u>

**14. Debtors**

	2018 £'000	2017 (as restated) £'000
Amounts falling due within one year:		
Trade debtors	1,387	3,434
Amounts owed by group undertakings	152,380	140,909
Other debtors	21	1,377
Corporation tax	59	2,495
Prepayments and accrued income	<u>1,816</u>	<u>1,329</u>
	155,663	149,544
Deferred tax asset (note 16)	<u>574</u>	<u>326</u>
	<u>156,237</u>	<u>149,870</u>

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**15. Creditors: amounts falling due within one year**

	2018	2017
	£'000	£'000
Bank loans and overdrafts	18,000	20,000
Preference shares (note 18)	4	4
Trade creditors	1,141	1,861
Amounts owed to parent undertaking	6,455	6,532
Amounts owed to group undertakings	95,053	117,894
Other taxation and social security	3,146	970
Other creditors	614	366
Accruals and deferred income	1,462	4,003
	<u>125,875</u>	<u>151,630</u>

The revolver loan is unsecured and incurs interest based on the 1 month sterling LIBOR rate.

**16. 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:

	2018	2017
	£'000	(as restated) £'000
<b>Balances:</b>		
Accelerated capital allowances	(90)	(93)
Losses	145	-
Retirement benefit obligation	519	419
	<u>574</u>	<u>326</u>

The movement in deferred tax is analysed as follows:

	£'000
At 1 January 2018 (as restated)	326
Credit to profit or loss	150
Charge to other comprehensive income	98
At 31 December 2018	<u>574</u>

The deferred tax asset of £142,000 is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits and accelerated capital allowances.

**17. Retirement benefits**

**Defined benefit pension scheme**

The company is the statutory employer of a defined benefit pension scheme 'Cromwell Group (Holdings Limited Pension and Life Assurance Scheme' ("the scheme"), which was closed to new members and in which accrual of benefits has ceased. In order to meet the scheme's liabilities, the company, as arranged with the Trustees, has scheduled future contributions and these are expected to be £720,000 for the year to 31 December 2019.

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**17. Retirement benefits (Continued)**

The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 31 August 2016. The following disclosures are based on that valuation updated to 31 December 2018 and adjusted by an independent qualified actuary for the change in financial assumptions.

The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	<b>2018</b>	<b>2017</b>
	%	%
Future salary increases	-	-
Future pension increases	3.3	3.3
Discount rate	2.7	2.4
Rate of inflation	3.4	3.4

The average life expectancy for a pension retiring at 65 on the reporting date is:

	<b>2018</b>	<b>2017</b>
	Years	Years
Male	21.9	22.1
Female	23.8	23.9

The average life expectancy for a pension retiring at 65 that is aged 45 at the reporting date is:

	<b>2018</b>	<b>2017</b>
	Years	Years
Male	23.3	23.5
Female	25.4	25.4

Amounts recognised in profit or loss in respect of the defined benefit scheme is as follows:

	<b>2018</b>	<b>2017</b>
	£'000	£'000
Net interest on the net defined benefit pension liability	<u>40</u>	<u>58</u>

Amounts recognised in other comprehensive income/(loss) in respect of the defined benefit scheme is as follows:

	<b>2018</b>	<b>2017</b>
	£'000	£'000
Return on plan assets	(1,506)	817
Actuarial gains/(losses) on defined benefit obligation	931	(890)
Movement on deferred tax relating to pension liability	98	(53)
Amount recognised in other comprehensive income/(loss)	<u>(477)</u>	<u>(126)</u>

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**17. Retirement benefits (Continued)**

Amounts recognised in the statement of financial position in respect of the defined benefit scheme is as follows:

	2018 £'000	2017 £'000
Fair value of plan assets	13,035	14,239
Present value of defined benefit obligation	<u>(15,335)</u>	<u>(16,232)</u>
Defined benefit pension liability at 31 December	<u>(2,300)</u>	<u>(1,993)</u>

Changes in the present value of the defined benefit obligation:

	2018 £'000	2017 £'000
Defined benefit obligation at 1 January	(16,232)	(15,220)
Interest cost	(381)	(392)
Actuarial gains/(losses)	931	(890)
Benefits paid	759	270
Past service cost	(412)	-
Defined benefit obligation at 31 December	<u>(15,335)</u>	<u>(16,232)</u>

Changes in the fair value of plan assets:

	2018 £'000	2017 £'000
Plan assets at 1 January	14,239	12,638
Interest income	341	334
Return on plan assets (excluding net interest on net defined benefit liability)	(1,506)	817
Contributions by employer	720	720
Benefits paid	<u>(759)</u>	<u>(270)</u>
Plan assets at 31 December	<u>13,035</u>	<u>14,239</u>

The actual return on scheme assets was (£1,165,000) (2017: £1,151,000).

The analysis of the scheme assets at the reporting date were as follows:

	Fair value of assets	
	2018 £'000	2017 £'000
Diversified Growth Fund	7,273	10,505
Diversified Credit Fund	2,505	-
Liability Driven Investments	3,187	2,987
Cash and other	70	747
	<u>13,035</u>	<u>14,239</u>

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**18. Share capital**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Ordinary share capital</b>		
<b>Allotted, called up and fully paid</b>		
30,009,653 Ordinary shares of £1 each	30,010	10

Details of shares shown as liabilities are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Redeemable preference share capital</b>		
<b>Allotted, called up and fully paid</b>		
40,000,000 redeemable preference shares of £0.0001 each	4	4

The company has one class of ordinary shares which carry no right to fixed income, and each carry the right to one vote at general meetings of the company.

On 22 January 2018 the company issued 15,000,000 Ordinary shares of £1 each at par.

On 31 July 2018 the company issued 7,000,000 Ordinary shares of £1 each at par.

On 30 November 2018 the company Issued 8,000,000 Ordinary shares of £1 each at par.

**19. Reserves**

**Profit and loss reserves**

This reserve records the cumulative profit and loss net of distributions to owners.

**20. Bank guarantees and contingent liabilities**

The company's bankers hold an omnibus letter of set off between the bank balance of the company and the bank balances of Cromwell Group (Holdings) Limited's subsidiary undertakings.

**21. Commitments under operating leases**

**The company as a lessee:**

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

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts due:				
Within one year	1,988	1,908	902	1,284
Between one and five years	4,253	4,667	481	1,446
After five years	4,437	3,487	2	1
	<b>10,678</b>	<b>10,062</b>	<b>1,385</b>	<b>2,731</b>

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**21. Commitments under operating leases (continued)**

**The company as a lessor:**

At the year end, the company had contracted with tenants, under non-cancellable operating leases, for the following future minimum lease payments:

	<b>Land and buildings</b>	
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due:		
Within one year	122	127
Between one and five years	-	75
	<u>122</u>	<u>202</u>

The operating leases represent leases of surplus business units let to third parties.

**22. Related party transactions**

There were no related party transactions during the period other than with group companies. Amounts due from and amounts due to group undertakings are recorded on an arm's length basis. The intra group activity does not incur any interest unless specifically stated in a loan agreement between the two companies. Amounts due from and amounts due to group undertakings are repayable on demand.

The company has taken advantage of the exemption in FRS 102 Section 33 and has therefore not disclosed transactions or balances with entities which form part of the group.

**23. Events after the reporting date**

Following the year end, the directors took the decision to undertake a group reorganisation, which included the liquidation of a number of subsidiary undertakings. The directors undertook an impairment review at the balance sheet date and confirm that no impairment provision is required.

**24. Ultimate parent and controlling party**

The company is a wholly owned subsidiary of W.W. Grainger, Inc. which is considered by the directors' to be the ultimate parent company. W.W. Grainger, Inc. is a company registered in the United States and its principal address is 100 Grainger Parkway, Lake Forest, Illinois 60045-520.

W.W. Grainger, Inc. is also the parent undertaking of the largest and only group in which the company is consolidated. The consolidated financial statements of the group are available from W.W. Grainger, Inc. website at [www.grainger.com](http://www.grainger.com).

**CROMWELL GROUP (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**25. Prior period adjustment**

In preparing the financial statements, the company has adopted the amendment to FRS 102 and an adjustment was made to transfer investment properties leased to group companies carried at fair value to land and buildings carried at historical cost. The effect of the adjustment on the prior year figures is as follows:

**Statement of changes in equity**

	<b>£'000</b>
Total equity before the adjustment	21,595
Decrease in fair value reserve	(1,290)
Decrease in profit and loss reserve	(1,685)
At 31 December 2017	<u>18,620</u>

**Statement of comprehensive income**

	<b>£'000</b>
Total comprehensive income for the year before the adjustment	4,769
Increase in depreciation	(138)
Increase in tax charge	(57)
Total comprehensive income for the year ended 31 December 2017	<u>4,574</u>