

Company Registration No. 02767298 (England and Wales)

**INDUSTRIAL SUPPLY ALLIANCE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2018**

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# INDUSTRIAL SUPPLY ALLIANCE LIMITED

## COMPANY INFORMATION

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<b>Director</b>	H V Draa III N Jowsey R Pott
<b>Secretary</b>	Corporation Service Company (UK) Limited
<b>Registered number</b>	02767298
<b>Registered office</b>	PO Box 14 65 Chartwell Drive Wigston Leicester LE18 1AT
<b>Auditor</b>	Ernst & Young LLP No.1 Colmore Square Birmingham B4 6HQ

# INDUSTRIAL SUPPLY ALLIANCE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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

#### **Review of the business**

Industrial Supply Alliance Limited (the company) is a wholly owned subsidiary of Cromwell Group (Holdings) Limited. The principal activity of the company during the year was that of wholesale industrial supplies in the UK.

The company's turnover for the year decreased to £3,959,000 from £5,145,000 in the prior year, but profit continues to remain steady at £338,000 (2017: £477,000).

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**

There have been no changes to the business development 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.

Risks particular to the business include the continuing challenges of the UK economy following the UK's decision to leave the EU along with the increasing business impact from the growing digital ordering market. 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. The 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 for the core business are around 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.

Approved and signed on behalf of the Board



H V Draa III  
Director

04/10/2019

04 OCTOBER 2019

# INDUSTRIAL SUPPLY ALLIANCE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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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.

#### 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 7.

The directors do not recommend the payment of a dividend (2017: £nil).

#### 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, which is expected to result in a gain in the company. 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.

#### 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.

#### 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

  
H V Draa III  
Director

04/10/2019

04 OCTOBER 2019

# **INDUSTRIAL SUPPLY ALLIANCE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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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 INDUSTRIAL SUPPLY ALLIANCE LIMITED

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## Opinion

We have audited the financial statements of Industrial Supply Alliance 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 18, 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 INDUSTRIAL SUPPLY ALLIANCE 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 4, 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

*7th October 2019*

# INDUSTRIAL SUPPLY ALLIANCE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

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	Notes	2018 £'000	2017 £'000
Turnover	3	3,959	5,145
Cost of sales		(2,769)	(3,456)
Gross profit		1,190	1,689
Distribution costs		(26)	(62)
Administrative expenses		(827)	(1,154)
Profit on ordinary activities before taxation	4	337	473
Taxation	7	1	4
Profit and total comprehensive income for the financial year		338	477

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The company had no other comprehensive income or expenses other than those shown above.

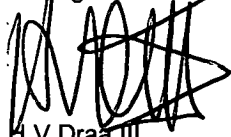
All results relate to continuing activities.



**INDUSTRIAL SUPPLY ALLIANCE LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

	Notes	2018 £'000	£'000	2017 £'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	8		28		54
Investments	9		10		10
			<u>38</u>		<u>64</u>
<b>Current assets</b>					
Stocks	10	129		337	
Debtors	11	1,097		1,923	
Cash at bank and in hand		2,803		2,698	
		<u>4,029</u>		<u>4,958</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,550)</u>		<u>(3,843)</u>	
<b>Net current assets</b>			<u>1,479</u>		<u>1,115</u>
<b>Total assets less current liabilities</b>			<u>1,517</u>		<u>1,179</u>
<b>Capital and reserves</b>					
Called up share capital	14		14		14
Share premium	15		96		96
Capital redemption reserve	15		10		10
Profit and loss reserves	15		1,397		1,059
<b>Total equity</b>			<u>1,517</u>		<u>1,179</u>

The financial statements were approved by the Board of Directors and authorised for issue on 04/10/2019  
are signed on their behalf by



H V Draa III  
Director

# INDUSTRIAL SUPPLY ALLIANCE LIMITED

## STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2018

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	Share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2017</b>	14	96	10	582	702
<b>Year ended 31 December 2017:</b>					
Profit and total comprehensive income for the year	-	-	-	477	477
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	14	96	10	1,059	1,179
<b>Year ended 31 December 2018:</b>					
Profit and total comprehensive income for the year	-	-	-	338	338
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2018</b>	14	96	10	1,397	1,517
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# INDUSTRIAL SUPPLY ALLIANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. Accounting policies

##### **Company information**

Industrial Supply Alliance 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, 65 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.

##### **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.

##### **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.

# INDUSTRIAL SUPPLY ALLIANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 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 in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

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 and services are recognised when goods and services are delivered and legal title has passed and the company has no continuing managerial involvement associated with ownership or effective control of the goods and services sold.

##### **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:

Fixtures & fittings	- 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.

##### **Impairment of fixed assets**

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

##### **Fixed asset investments**

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

Interests 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.

# INDUSTRIAL SUPPLY ALLIANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. Accounting policies (Continued)

##### **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 at 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:

- 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.

# INDUSTRIAL SUPPLY ALLIANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. Accounting policies (Continued)

##### **Retirement benefits**

The immediate parent undertaking operates two defined contribution pension funds. Contributions are charged to profit or loss on a due basis and are recharged to the company by the immediate parent undertaking who administer the schemes and hold all employee service contracts. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease. The company is recharged for operating lease rentals by its parent undertaking, Cromwell Group (Holdings) Limited, who is the lessee on all agreements and hold the obligation for all future commitments.

#### 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.

##### **Key sources of estimate uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

##### **Stocks**

Stocks are valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecasts of consumer demand, the promotional, competitive and economic environment and stock loss trends. The carrying amount of stocks at 31 December 2018 was £129,000.

##### **Trade debtors**

Trade debtors are stated at recoverable amounts, after appropriate impairment for bad and doubtful debts. Calculation of the bad debt impairment requires judgment from the management team, based on the creditworthiness of the debtor, the agency profile of the debtor, and the historical experience. The carrying amount of trade debtors at 31 December 2018 was £432,000.

#### 3. Turnover

Turnover represents the amount derived from the provision of goods 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. All turnover arose in the United Kingdom.

**INDUSTRIAL SUPPLY ALLIANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**4. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging/(crediting):

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Depreciation of owned tangible fixed assets	33	38
Stock:		
- Amounts expensed to cost of sales	2,800	3,534
- Impairment losses reversed in cost of sales	(31)	(78)
Fees payable to the company's auditor and its associates:		
- for the audit of the company's financial statements	<u>3</u>	<u>3</u>

**5. Staff costs**

The average monthly number of employees during the year was made up as follows:

	<b>2018</b> <b>Number</b>	<b>2017</b> <b>Number</b>
Office and management	3	4
Sales	<u>14</u>	<u>23</u>
	<u>17</u>	<u>27</u>

Their aggregate remuneration comprised:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Wages and salaries	322	520
Social security costs	25	42
Pension costs	<u>11</u>	<u>19</u>
	<u>358</u>	<u>581</u>

All service contracts for employees are held by Cromwell Group (Holdings) Limited, the immediate parent undertaking, and the payroll costs are recharged to the subsidiary undertaking. The pension costs are £11,000 (2017: £19,000) in respect of the defined contribution schemes operated by the immediate parent undertaking.

**6. Directors' remuneration**

The directors' remuneration for their services in the current and prior period were borne by another group company. The directors of the company are also directors of other companies within the W.W. Grainger Inc. group. The directors' services to the company do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for the incidental services to the company for the current and prior periods.

**INDUSTRIAL SUPPLY ALLIANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**7. Taxation on profit on ordinary activities**

(a) Tax on profit on ordinary activities

The tax credit is made up as follows:

	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Current tax</b>		
UK corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2)	(3)
Tax underprovided/(overprovided) in respect of prior periods	1	(1)
Total deferred tax	<u>(1)</u>	<u>(4)</u>
Tax on profit on ordinary activities	<u>(1)</u>	<u>(4)</u>

(b) Factors affecting the total tax charge

The tax assessed on 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:

	<b>2018 £'000</b>	<b>2017 £'000</b>
Profit on ordinary activities before tax	<u>337</u>	<u>473</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	64	91
<i>Effects of:</i>		
Ineligible depreciation	1	1
Depreciation in excess of capital allowances	5	3
Adjustments in respect of prior periods	1	-
Group relief claimed	(70)	(96)
Origination and reversal of timing differences	(2)	(3)
Taxation	<u>(1)</u>	<u>(4)</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.



**INDUSTRIAL SUPPLY ALLIANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**8. Tangible fixed assets**

	<b>Fixtures &amp; fittings £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2018	365	46	411
Additions	7	-	7
	<u>372</u>	<u>46</u>	<u>418</u>
At 31 December 2018			
<b>Depreciation</b>			
At 1 January 2018	316	41	357
Depreciation charged in the year	29	4	33
	<u>345</u>	<u>45</u>	<u>390</u>
At 31 December 2018			
<b>Carrying amount</b>			
At 31 December 2018	27	1	28
	<u>49</u>	<u>5</u>	<u>54</u>
At 31 December 2017			

**9. Fixed asset investments**

	<b>Subsidiary undertakings £'000</b>
<b>Cost and net book value</b>	
At 1 January 2018 and at 31 December 2018	<u>10</u>

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

<b>Name of company</b>	<b>% shareholding</b>	<b>Registered office</b>	<b>Principal activity</b>
JSL Bearbreak Limited	100	PO Box 14, 65 Chartwell Drive, Wigston, Leicester, LE18 1AT	Dormant
John Smallman Limited *	100	As above	Dormant
Cambridge Tool Supplies Limited	100	As above	Dormant

\* Shares are held indirectly

**10. Stocks**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Finished goods and goods for resale	<u>129</u>	<u>337</u>

**INDUSTRIAL SUPPLY ALLIANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**11. Debtors**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Amounts falling due within one year:		
Trade debtors	432	1,090
Amounts owed by group undertakings	656	804
Corporation tax	-	13
Prepayments and accrued income	-	8
	<u>1,088</u>	<u>1,915</u>
Deferred tax asset (note 13)	9	8
	<u>1,097</u>	<u>1,923</u>

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

	<b>2018 £'000</b>	<b>2017 £'000</b>
Trade creditors	129	426
Amounts owed to parent undertaking	438	382
Amounts owed to group undertakings	1,957	2,980
Other taxation and social security	-	1
Other creditors	6	29
Accruals and deferred income	20	25
	<u>2,550</u>	<u>3,843</u>

**13. 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:

<b>Balances:</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Accelerated capital allowances	9	8
	<u>9</u>	<u>8</u>

The movement in deferred tax is analysed as follows:

	<b>£'000</b>
At 1 January 2018	8
Credit to profit or loss	1
At 31 December 2018	<u>9</u>

# INDUSTRIAL SUPPLY ALLIANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 14. Share capital

	2018 £'000	2017 £'000
<b>Ordinary share capital</b>		
<b>Allotted, called up, and fully paid</b>		
14,286 Ordinary shares of £1 each	14	14

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.

#### 15. Reserves

##### Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

##### Capital redemption reserve

The reserve records the nominal value of shares repurchased by the company.

##### Profit and loss reserves

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

#### 16. Bank guarantees and contingent liabilities

The immediate parent undertaking'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 other subsidiary undertakings.

#### 17. 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.

#### 18. 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, which is expected to result in a gain in the company. The directors undertook an impairment review at the balance sheet date and confirm that no impairment provision is required.

#### 19. Ultimate parent and controlling company

The company is a wholly owned subsidiary of Cromwell Group (Holdings) Limited, with the ultimate parent company being W.W. Grainger, Inc. a company registered in the United States. 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).