Registration number: 00062473

GEORGE BENCE & SONS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

GEORGE BENCE & SONS LIMITED
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GEORGE BENCE & SONS LIMITED
COMPANY INFORMATION

Directors	Christopher G Bence Paul C Bence Matthew G Bence Carlwyn J Coombes
Registered office	43 Fairview Road Cheltenham Gloucestershire GL52 2EJ
Bankers	Lloyds Bank Plc Ley Court Barnett Way Gloucester GL52 2EJ National Westminster Bank Plc 31 Promenade Cheltenham GL50 1LE
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

GEORGE BENCE & SONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the consolidated financial statements for the year ended 31 December 2019.

Principal activity
The principal activity of the company is that of a parent company of the George Bence group of companies and the group trades as builders and plumbers merchants.

Directors of the company
The directors who held office during the year were as follows:

Christopher G Bence

Paul C Bence

Matthew G Bence

Carlwyn J Coombes

Future developments
The external commercial environment was expected to remain flat during 2020, however the Covid-19 pandemic has had, and will continue for some time to have, a significant impact on all industries. Actions taken by the group following the lockdown measures introduced in the UK have put the company in a good position to continue to trade through the situation, which remains subject to constant close monitoring.

Disclosure of information to the auditor
Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors
Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 10 July 2020 and signed on its behalf by:

....
Christopher G Bence
Director

GEORGE BENCE & SONS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for the year ended 31 December 2019.

Business review
The directors consider that the business has performed adequately during the year given the market conditions, and consider the financial resources available to the group at the year end to be sufficient.

The results for the year, which are set out in the profit and loss account, show pre-tax profit for the year of £248,689 (2018 - £577,845). The group has trade debtors of £1,895,129 (2018 - £1,879,927) and trade creditors of £2,069,766 (2018 - £1,879,927). The group has long term debt of £290,883 (2018 - £572,705).

Key performance indicators
Given the straight forward nature of the business, the group's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance, or position of the business.

Principal risks and uncertainties
The management of the group and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to the general economic climate, and competition from other national builders merchants.

Financial instruments
The group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price or liquidity risk.

Going concern
In accordance with Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The group continued to trade during the lockdown imposed as a result of the covid-19 pandemic and is currently trading profitably and generating cash. The group has taken advantage of the availability of government support, and has secured further facilities to support the operations of the group should that be required.

The directors believe that the group has sufficient resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 10 July 2020 and signed on its behalf by:

....
Christopher G Bence
Director

GEORGE BENCE & SONS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report, Strategic 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 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of George Bence & Sons Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, it is difficult to evaluate all of the potential implications of the current COVID-19 outbreak on the company's trade, employees, customers, suppliers and the wider economy.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter 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 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.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEORGE BENCE & SONS LIMITED

Use of this 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.

Jon Cartwright (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

10 July 2020

GEORGE BENCE & SONS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	3	17,218,821	16,865,542
Cost of sales		(12,539,148)	(12,027,076)
Gross profit		4,679,673	4,838,466
Distribution costs		(1,148,464)	(1,192,550)
Administrative expenses		(3,420,319)	(3,170,207)
Other operating income	4	176,642	174,234
Operating profit	5	287,532	649,943
Interest receivable and similar income		14,779	7,802
Interest payable and similar charges	6	(53,622)	(79,900)
Profit before tax		248,689	577,845
Taxation	10	(83,619)	(158,763)
Profit for the financial year		165,070	419,082

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

GEORGE BENCE & SONS LIMITED
(REGISTRATION NUMBER: 00062473)
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	3,578,966	3,893,149
Investment properties	12	2,500,000	2,500,000
Other financial assets	14	10,100	10,100
		6,089,066	6,403,249
Current assets			
Stocks	15	1,074,391	959,932
Debtors	16	2,494,681	2,681,607
Cash at bank and in hand		41,980	156,174
		3,611,052	3,797,713
Creditors: Amounts falling due within one year	17	(3,855,669)	(4,236,336)
Net current liabilities		(244,617)	(438,623)
Total assets less current liabilities		5,844,449	5,964,626
Creditors: Amounts falling due after more than one year	17	(290,883)	(572,705)
Provisions for liabilities	10	(171,635)	(175,060)
Net assets		5,381,931	5,216,861
Capital and reserves			
Called up share capital	19	120,750	120,750
Capital redemption reserve		129,250	129,250
Revaluation reserve		3,286,486	3,298,036
Retained earnings		1,845,445	1,668,825
Total equity		5,381,931	5,216,861

Approved and authorised by the Board on 10 July 2020 and signed on its behalf by:

....
Christopher G Bence
Director

The notes on pages 14 to 25 form an integral part of these financial statements.

GEORGE BENCE & SONS LIMITED
(REGISTRATION NUMBER: 00062473)
BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	3,578,966	3,893,149
Investment property	12	2,500,000	2,500,000
Investments	13	101,100	101,100
Other financial assets	14	10,100	10,100
		6,190,166	6,504,349
Current assets			
Debtors	16	43,160	42,498
Cash at bank and in hand		38,612	141,746
		81,772	184,244
Creditors: Amounts falling due within one year	17	(1,070,331)	(1,405,993)
Net current liabilities		(988,559)	(1,221,749)
Total assets less current liabilities		5,201,607	5,282,600
Creditors: Amounts falling due after more than one year	17	(290,883)	(533,521)
Provisions for liabilities	10	(171,635)	(175,060)
Net assets		4,739,089	4,574,019
Capital and reserves			
Called up share capital	19	120,750	120,750
Capital redemption reserve		129,250	129,250
Revaluation reserve		3,286,486	3,298,036
Retained earnings		1,202,603	1,025,983
Total equity		4,739,089	4,574,019

The company made a profit after tax for the financial year of £165,070 (2018 - profit of £419,082).

Approved and authorised by the Board on 10 July 2020 and signed on its behalf by:

....
Christopher G Bence
Director

GEORGE BENCE & SONS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Capital redemption reserve	Revaluation reserve	Retained earnings	Total
	£	£	£	£	£
At 1 January 2018	201,000	49,000	3,309,586	2,356,508	5,916,094
Profit for the year	-	-	-	419,082	419,082
Purchase of own share capital	(80,250)	80,250	-	(1,118,315)	(1,118,315)
Transfers	-	-	(11,550)	11,550	-
At 31 December 2018	120,750	129,250	3,298,036	1,668,825	5,216,861

	Share capital	Capital redemption reserve	Revaluation reserve	Retained earnings	Total
	£	£	£	£	£
At 1 January 2019	120,750	129,250	3,298,036	1,668,825	5,216,861
Profit for the year	-	-	-	165,070	165,070
Transfer to revaluation reserve	-	-	(11,550)	11,550	-
At 31 December 2019	120,750	129,250	3,286,486	1,845,445	5,381,931

GEORGE BENCE & SONS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2018	201,000	49,000	3,309,586	1,713,666	5,273,252
Profit for the year	-	-	-	419,082	419,082
Purchase of own share capital	(80,250)	80,250	-	(1,118,315)	(1,118,315)
Transfers	-	-	(11,550)	11,550	-
At 31 December 2018	120,750	129,250	3,298,036	1,025,983	4,574,019

	Share capital £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2019	120,750	129,250	3,298,036	1,025,983	4,574,019
Profit for the year	-	-	-	165,070	165,070
Transfers	-	-	(11,550)	11,550	-
At 31 December 2019	120,750	129,250	3,286,486	1,202,603	4,739,089

The notes on pages 14 to 25 form an integral part of these financial statements.

GEORGE BENCE & SONS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		165,070	419,082
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	368,898	351,257
Profit on disposal of property plant and equipment		(9,501)	(7,800)
Finance income		(14,779)	(7,802)
Finance costs	6	53,622	79,900
Corporation tax expense	10	83,619	158,763
		646,929	993,400
Working capital adjustments			
Increase in inventories	15	(114,459)	(96,048)
(Increase)/decrease in trade and other receivables	16	(183,207)	222,780
Decrease in trade and other payables	17	(91,998)	(406,710)
Cash generated from operations		257,265	713,422
Income taxes paid	10	(124,836)	(108,263)
Net cash flow from operating activities		132,429	605,159
Cash flows from investing activities			
Interest received		14,779	7,802
Acquisitions of property plant and equipment		(32,547)	-
Proceeds from sale of property plant and equipment		21,833	14,675
Net cash flows from investing activities		4,065	22,477
Cash flows from financing activities			
Interest paid	6	(26,622)	(79,900)
Repayment of hire purchase liabilities		(257,559)	(242,681)
Payments for purchase of own shares		-	(1,118,315)
Repayment of bank borrowing		(104,135)	(101,872)
Repayment of other borrowing		(129,334)	(85,918)
Net cash flows from financing activities		(517,650)	(1,628,686)
Net decrease in cash and cash equivalents		(381,156)	(1,001,050)
Cash and cash equivalents at 1 January		156,174	1,157,224
Cash and cash equivalents at 31 December		(224,982)	156,174

The notes on pages 14 to 25 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
43 Fairview Road
Cheltenham
Gloucestershire
GL52 2EJ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation
These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

Basis of consolidation
The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2019.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern
In making the current year's assessment the Directors have considered the available cash reserves and other facilities at the point of approving the financial statements, reviewed forecasts that include the anticipated impact of covid-19 and considered the availability and use of Government support should it be necessary.

Although there are inherent uncertainties regarding the forecasts, such as the extent of the impact of the expected UK recession to the group's activity levels and future incoming resources, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Revenue recognition
Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:
- The amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the group's activities.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible Assets
Tangible assets is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Freehold land	nil
Freehold buildings	1% per annum
Plant and machinery	5% - 25% per annum
Fixtures, fittings and equipment	15% - 20% per annum
Motor vehicles	25% per annum

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquiisition date if the adjustment is probable and can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade receivables

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Stock and work in progress

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 method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade payables
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings
Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial Instruments

Classification
Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

3 Revenue

The group's revenue for the year comprises of the sale of goods in the United Kingdom which are all continuing operations.

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2019 £	2018 £
Rental income	96,994	79,609
Other operating income	79,648	94,625
	176,642	174,234

5 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	368,898	351,257
Operating lease expense - property	25,000	25,000
Operating lease expense - plant and machinery	37,709	29,684

6 Interest payable and similar charges

	2019 £	2018 £
Interest on bank overdrafts and borrowings	800	879
Interest on obligations under finance leases and hire purchase contracts	21,673	40,105
Interest expense on other finance liabilities	31,149	38,916
	53,622	79,900

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	2,789,480	2,646,198
Social security costs	266,736	247,052
Pension costs, defined contribution scheme	70,446	50,865
	3,126,662	2,944,115

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Administration and support	80	76
Distribution	32	33
	112	109

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	426,003	334,162
Contributions paid to money purchase schemes	17,645	17,645
	443,648	351,807

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	1	1

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	196,122	125,670
Company contributions to money purchase pension schemes	-	17,645

9 Auditors' remuneration

	2019 £	2018 £
Audit of these financial statements	9,500	9,000

10 Corporation tax

Tax charged in the profit and loss account

	2019 £	2018 £
Current taxation		
UK corporation tax	87,044	124,836
Deferred taxation		
Arising from origination and reversal of timing differences	(13,442)	33,927
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	10,017	-
Total deferred taxation	(3,425)	33,927
Tax expense in the profit and loss account	83,619	158,763

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	248,689	577,845
Corporation tax at standard rate	47,251	109,791
Effect of expense not deductible in determining taxable profit	11,409	14,494
UK deferred tax expense relating to changes in tax rates or laws	14,942	34,478
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	10,017	-
Total tax charge	83,619	158,763

Deferred tax

Group
Deferred tax

	2019 £	2018 £
On revaluation of property	182,396	172,379
Decelerated capital allowances	55,189	83,332
Other	(65,950)	(80,651)
Deferred tax liability	171,635	175,060

11 Tangible Assets

Group and company

	Freehold land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2019	3,255,000	2,400,217	5,655,217
Additions	-	67,047	67,047
Disposals	-	(84,604)	(84,604)
At 31 December 2019	3,255,000	2,382,660	5,637,660
Depreciation			
At 1 January 2019	137,750	1,624,318	1,762,068
Charge for the year	27,550	341,348	368,898
Eliminated on disposal	-	(72,272)	(72,272)
At 31 December 2019	165,300	1,893,394	2,058,694
Carrying amount			
At 31 December 2019	3,089,700	489,266	3,578,966
At 31 December 2018	3,117,250	775,899	3,893,149

Revaluation
The fair value of the group's freehold land and buildings was revalued on 31 December 2016 by an independent valuer.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £1,474,579 (2018 - £1,490,579).

At the year end, assets held under finance leases had a net book value of £406,841 (2018 - £666,189) and depreciation in the year of £281,891 (2018 - £308,283).

12 Investment properties

Group and company

	2019 £
At 1 January 2019 and 31 December 2019	2,500,000

The investment properties were revalued using the market value for residential property investment.

The valuation was carried out by an independent valuer who is external to the company.

13 Investments

Company

	Subsidiaries
	£
Cost and carrying amount	
At 1 January 2019 and 31 December 2019	101,100

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held 2019	2018
Subsidiary undertakings				
George Bence & Sons (Cheltenham) Limited*	England and Wales	Ordinary	100%	100%
George Bence & Sons (Tewkesbury) Limited*	England and Wales	Ordinary	100%	100%
George Bence & Sons (Properties) Limited*	England and Wales	Ordinary	100%	100%

* indicates direct investment of the company

Subsidiary undertakings

The principal activity of George Bence & Sons (Cheltenham) Limited is builders and plumbers merchants.

The principal activity of George Bence & Sons (Tewkesbury) Limited is dormant.

The principal activity of George Bence & Sons (Properties) Limited is dormant.

14 Other financial assets

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Non-current financial assets				
Unlisted investments	10,100	10,100	10,100	10,100

15 Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Goods for resale	1,074,391	959,932	-	-

16 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	1,895,129	1,879,927	-	-
Other debtors	84,495	291,624	35,935	40,073
Prepayments	515,057	510,056	7,225	2,425
	2,494,681	2,681,607	43,160	42,498

17 Creditors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Due within one year				
Loans and borrowings	569,447	847,324	263,301	819,482
Trade creditors	2,069,766	1,999,116	6	6
Amounts due to related parties	-	-	397,124	88,335
Social security and other taxes	252,100	306,952	-	-
Outstanding pension costs	13,135	15,703	-	-
Other payables	190,176	283,243	-	-
Accrued expenses	674,001	659,162	392,545	488,294
Corporation tax liability	87,044	124,836	17,355	9,876
	3,855,669	4,236,336	1,070,331	1,405,993
Due after one year				
Loans and borrowings	290,883	572,705	290,883	533,521

18 Loans and borrowings

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Current loans and borrowings				
Bank borrowings	92,430	105,881	53,246	78,039
Bank overdrafts	266,962	-	-	-
Finance lease liabilities	210,055	241,976	210,055	241,976
Other borrowings	-	499,467	-	499,467
	569,447	847,324	263,301	819,482

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Non-current loans and borrowings				
Bank borrowings	-	90,684	-	51,500
Finance lease liabilities	290,883	482,021	290,883	482,021
	290,883	572,705	290,883	533,521

Group

Bank borrowings

The bank borrowings are denominated in sterling with a nominal interest rate of 4.67%, and the final instalment is due on 20 May 2021. The carrying amount at year end is £92,430 (2018 - £195,565).

The bank loans are secured by an unlimited debenture over the group's assets.

Other borrowings

A loan due to Mr C G Bence with a carrying amount of £nil (2018 - £499,467) is denominated in sterling with a nominal interest rate of 6%. During the year capital repayments of £129,334 (2018 - £85,918) were made to Mr C G Bence.

The loan from Mr C G Bence is secured.

19 Share capital

Allotted, called up and fully paid shares

	2019 No.	2019 £	2018 No.	2018 £
Ordinary shares of £1 each	120,750	120,750	120,750	120,750

20 Obligations under leases

Group

Operating leases
The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	33,842	49,664
Later than one year and not later than five years	16,181	23,759
	50,023	73,423

The amount of non-cancellable operating lease payments recognised as an expense during the year was £62,709 (2018 - £52,394).

21 Pension and other schemes

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £70,446 (2018 - £50,865).

Contributions totalling £13,135 (2018 - £15,703) were payable to the scheme at the end of the year and are included in creditors.

22 Related party transactions

Group

Summary of transactions with related parties
Bence Roofing Supplies Limited - a company with common ownership.

During the year the group entered into the following transactions with Bence Roofing Supplies Limited: sales of £137,532 (2018 - £280,046); and expenditure of £203,614 (2018 - £172,021). The group also rented equipment to Bence Roofing Supplies Limited to the value of £79,648 (2018 - £94,625). At the balance sheet date the group was owed £73,511 (2018 - £281,121).