Registration number: 02780063

Benchmarx Kitchens and Joinery Limited

Annual report and financial statements

for the year ended 31 December 2019

Benchmarx Kitchens and Joinery Limited

Contents

Benchmarx Kitchens and Joinery Limited

Company information

Directors	M.R. Meech A.R. Williams TP Directors Limited
Company secretary	TPG Management Services Limited
Registered office	Lodge Way House Lodge Way Harlestone Road Northampton NN5 7UG
Auditor	KPMG LLP Statutory Auditor 15 Canada Square Canary Wharf London E14 5GL

Benchmarx Kitchens and Joinery Limited

Directors' report for the year ended 31 December 2019

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2019.

Future developments

An indication of future developments of the business is included in the Strategic report on page 4.

Directors of the Company

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

J.P. Carter (resigned 1 May 2019)
I.J. Trevor (resigned 28 June 2019)
M.R. Meech
A.R. Williams
TP Directors Limited

Directors' liabilities

The Company made qualifying third party indemnity provisions for the benefits of its Directors during the year, which remain in force at the date of this report. This is a qualifying provision for the purposes of the Companies Act 2006.

Going concern

Subsequent to the balance sheet date, the UK's economic outlook has deteriorated as a consequence of the COVID-19 pandemic and the measures taken by the government to control the spread of the virus. In these circumstances, neither the Company nor its customers have been able to trade in a normal manner.

In late March and early April 2020, the Group's Merchant businesses operated a "service-light" operating model, focusing on serving customers through remote, non-contact channels with sites primarily running call/click and collect or direct delivery services to support essential construction programmes. Since 20 April 2020 the Group has been carefully opening more of its Merchant branch network, with branches continuing to operate the service-light, non-contact operating model.

The impact of this pandemic on the Company and the going concern basis of preparation is discussed in note 2. 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, Travis Perkins plc.

Dividends

The Directors do not recommend payment of a final dividend (2018: £nil).

A dividend of £18,600 (2018: £18,900) was paid on preference shares during the year.

Political contributions

The Company made no political donations nor incurred any political expenditure during the year.

Employees

Details of the Company's policies on disabled employees and employee consultation are given in the Strategic report on page 8.

Modern slavery

The Company will not accept slavery or human trafficking and works with suppliers and colleagues to ensure positive steps are taken to ensure that slavery has no place in the business or supply chain. If issues are identified, investigations and remedial actions will be taken. No instances of slavery or human trafficking have been identified.

The Company's approach to this issue is set out in greater detail in the Travis Perkins plc Annual Report, which does not form part of this report.

Disclosure of information to the auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

• so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

• the Director has taken 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment was proposed at the Annual General Meeting.

Approved by the Board on 30/09/2020 and signed on its behalf by:

....

A.R. Williams
Director

Benchmarx Kitchens and Joinery Limited

Strategic report for the year ended 31 December 2019

The Directors present their Strategic report for the year ended 31 December 2019.

Principal activities

The Company is a wholly owned subsidiary of Travis Perkins plc, the ultimate parent company.

The principal activity of the Company is the supply of kitchens and joinery to specialist joiners, developers and general builders.

Review of the business

The Company made a loss after tax of £691,000 for the year ended 31 December 2019 (2018: profit after tax £2,809,000). Net assets decreased to £14,366,000 (2018: 14,829,000).

There have been no events since the balance sheet date which materially affect the position of the Company.

Key performance indicators ('KPIs')

The Travis Perkins plc group (the "Group") manages its operations on a divisional basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the General Merchanting division of Travis Perkins plc, which includes the Company, is discussed in the Group's Annual Report, which does not form part of this report.

Principal risks and uncertainties

The Company operates in markets and an industry which by their nature are subject to a number of inherent risks. The Company is able to mitigate those risks by adopting different strategies and by maintaining a strong system of internal control which is routinely tested and assured. However, regardless of the approach that is taken, the Company must accept a certain level of risk in order to generate suitable returns for shareholders, and for that reason the risk management process is closely aligned to the Company's strategy.

The Group has a risk reporting framework that ensures it has visibility of the Company's key risks, the potential impacts on the Company and how and to what extent those risks are mitigated. As part of its risk management process, the principal risks stated in the risk register are reviewed, challenged and updated by the Group Board and monitored throughout the year. The Company maintains a separate risk register. The Group's risk register is used to determine strategies adopted by the Group's various businesses to mitigate the identified risks and are embedded in their operating plans.

In common with most large organisations the Company is subject to general commercial risks; for example, political and economic developments, changes in the cost of goods for resale, increased competition in its markets and the threat of emerging and disruptive competitors, material failures in the supply chain, failure to secure supply of goods for resale on competitive terms, cyber-security breaches and failure of the IT infrastructure.

The risk environment in which the Company operates does not remain static. As part of the ongoing risk review process, the Directors identify new risks, assess the inherent risk associated with each risk, and determine whether the risk trend facing the Company is increasing, decreasing or unchanged. Whilst the risk profile remains relatively stable to 2018, key changes have been identified as follows:

- One additional principal risk has been identified in relation to IT systems and infrastructure
- The inherent risk associated with business transformation has been reassessed to 'high'
- The inherent risk associated with cyber threats and data security has been reassessed to 'high'.

The nature of risk is that its scope and potential impact will change over time. As such the list below should not be regarded as a comprehensive statement of all potential risks and uncertainties that may manifest themselves in the future. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, could also have an adverse effect on the Company's future operating results, financial condition or prospects.

The Directors are required to undertake a robust assessment of the emerging risks that may impact the Company. The Directors regularly consider the latest risk research alongside views on emerging risks collated from assessments made by the business unit and functional leadership teams.

Set out below, in no particular order, are the current principal risks that are considered by the Board to be material. Their potential impacts and the factors that mitigate them are detailed in the Travis Perkins plc Annual Report & Accounts. These key risks have been determined for the Group and are considered applicable to the Company:

- Changing customer and competitor landscape
- Talent management, the ability to recruit, develop, retain and motivate suitably qualified and experienced staff is an important driver of overall performance
- Supplier dependency, relationship, overseas sourcing and disintermediation leading to adverse impacts on ranging and price
- Unsafe practices result in harm to colleagues, customers, suppliers or the public
- Business transformation and improvement projects fail to deliver the expected benefits, cost more or take longer to implement than anticipated
- Uncertainty caused by the UK's decision to leave the European Union
- Market conditions leading to demand uncertainty
- Execution of planned disposals and potential acquisitions fails to deliver the expected benefits to the expected cost and timescale
- System failures or outages could disrupt the day-to-day operations and, in turn, impact customer service and financial performance
- Data security
- The changing regulatory framework increases the risk of non-compliance and fines

The Group disclosed in its 2019 Annual Report that it was monitoring the potential impact of coronavirus carefully. This has subsequently become a principal risk and its potential impact and the factors that mitigate it are detailed in the Travis Perkins plc June 2020 interim results announcement. Its ongoing impact and the Company's response is discussed in note 2.

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Engaging with stakeholders

Benchmarx Kitchens and Joinery Limited ("Benchmarx") is a wholly owned subsidiary of Travis Perkins plc (the "Group") and therefore is subject to and abides by all Group policies and procedures. The governance framework of the Group delegates authority for local decision making to Benchmarx up to defined levels of cost and impact. Reports are regularly made to the Group Board by the business units about the strategy, performance and key decisions taken which provides the Group Board with assurance that proper consideration is given to stakeholder interests in decision making.

The Board of Benchmarx places significant importance on the strength of its relationships with all its stakeholders to promote the sustainable success of the Company. In order to fulfil their duties, the Directors of Benchmarx, and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Such considerations ensure the business is making decisions with a longer term view in mind and with the sustainable success of the business is at its core.

Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. Details of the Company's key stakeholders and how we engage with them are set out below.

Shareholders

We rely on the support of our shareholder, BMSS Limited which is 100% owned by Travis Perkins plc, and its opinions are important to us. We have an open dialogue with our shareholder through regular one-to-one meetings and reporting to the Group Board. Discussions cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices.

Colleagues

Our people are key to the Company's success and we want them to be successful individually and as a team. We work hard to engage with and listen to our people in a number of different ways, including through listening groups, conferences, workshops, the Inspire event, commercial updates, forums and through the 'what good looks like' programme. Key areas of focus include business updates, new products and services, health and wellbeing, development opportunities, pay and benefits. Regular reports about what is important to our colleagues are made to the Board ensuring consideration is given to colleague needs.

Customers

The level of engagement with customers is key to the long term success of the business. We engage with our customers regularly and particularly in relation to product development to ensure we provide them with the quality and range of products they require. We undertake customer surveys and mystery shopping to understand the customer experience and improve on it wherever necessary. Servicing the trade as we do, we often have a relationship with both the trade customer and their customers - the homeowners.

Suppliers

We have a small supplier base which means we are more reliant on them and therefore place great importance on our relationships with them. We invest significant time and effort in planning and innovating with our suppliers and this results in long term relationships which are collaborative and not adversarial. Reviews are undertaken with each of our suppliers on a regular basis and results are fed back to the Board.

Communities and the environment

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. In consultation with our colleagues we select one main charity partner to work with across the business but also work with local charities and organisations at a site level to raise awareness and funds. The impact of decisions on the environment both locally and nationally is taken into account with an aim to use recycled products wherever possible.

Government and regulators

We engage with the government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Decision making in practice

One of the main decisions taken by the Board during the year was in relation to Profit and Loss visibility for each branch. The move from centralised profit data to individual branch data would enable all branches to see the profit they were making themselves - thereby enabling them to make more informed business decisions and to harness success.

Stakeholder	Stakeholder views	Conclusions
Shareholders	The Company's shareholder wants the Company to operate in the most cost effective way, thereby creating value for shareholders and ensuring the long term sustainable success of the Company.	Better visibility for each branch of their individual performance would enable them to better manage profitability and create more value in the longer term for our shareholder by making better informed financial decisions.
Colleagues	The Company's colleagues want to be kept informed of changes to the Company and to be listened to in relation to changes which will affect them and their teams. They also want the Company to provide security and opportunities to develop.	Colleagues were engaged early in the process and training was arranged to enable them to meet expectations. Ongoing monitoring process would mean that where problems arose, they would be identified early and support would be provided to rectify any issues.
Customers	The Company's customers want propositions that work for them and for the Company to operate in an ethical way.	Increased ownership of the performance of each branch as a business in its own right would help colleagues to tailor products and services to the customer's needs whilst remaining profitable for the Company.
Suppliers	The Company's suppliers want to have confidence that the business will continue to trade with them in the long term.	The decision would not have a material impact on suppliers. Suppliers could take confidence that with each branch having more visibility of its own performance, better decisions would be taken to ensure the long term success of the Company.
Communities	The communities want the Company's continued support with local causes and issues	The work done by Benchmarx in the community and with charity partners was not affected by the decision. Managing customers and suppliers effectively enables the Company to continue to support local and national causes.

Government and regulators	The government and regulators want the Company to operate in an ethical way and comply with laws and regulations	The Company must be compliant and cognisant of many regulations and legislation that apply to the Company and be able to implement changes in a timely manner. The decision would not result in any legal or regulatory changes to be made.

Corporate responsibility

Environmental matters

The Travis Perkins plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

The Company operates in accordance with group policies, which are described in the Group's Annual Report, which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include improving energy use efficiency, reducing the amount of CO_2 emissions and minimising the consumption of water and the production of waste (both hazardous and non-hazardous).

Company employees

Details of the number of employees and related costs can be found in note 9 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company's employment policies have been designed to meet the needs of its business, and follow best practice whilst complying with both current and anticipated legislation. Applied consistently throughout the Company they provide a fair framework within which employees work.

The Company is firmly committed to ensuring that the manner in which it employs staff is fair and equitable. Its equal opportunities policy is designed to ensure that no person or group of individuals will be treated less favourably because of their race, colour, ethnic origin, gender or sexual orientation, age or disability.

The Company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests and ensure that all employees are aware of the financial and economic performance of their business units and of the Company as a whole.

With branches throughout the United Kingdom, the Company recognises its role in and responsibilities towards local communities. Branches are encouraged to support their local communities through involvement in local affairs, such as by sponsoring organisations or donating materials to projects.

Approved by the Board on ..30/09/2020.. and signed on its behalf by:

Alan Williams
....

A.R. Williams
Director

Benchmarx Kitchens and Joinery Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting standard applicable in the UK and Republic of Ireland.*

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they the either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Benchmarx Kitchens and Joinery Limited

Independent Auditor's Report to the Members of Benchmarx Kitchens and Joinery Limited

Opinion

We have audited the financial statements of Benchmarx Kitchens and Joinery Limited ('the Company') for the year ended 31 December 2019, which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The Directors are responsible for the Strategic report and the directors' report. Our opinion on the financial statements does not cover these reports, and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view, such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

....

Anthony Sykes (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

Date: 30 September 2020

Benchmarx Kitchens and Joinery Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	4	145,724	146,102
Cost of sales		(79,250)	(76,817)
Gross profit		66,474	69,285
Selling and distribution costs		(54,051)	(51,148)
Adjusting items	7	(322)	(158)
Other administrative expenses		(12,750)	(14,086)
Administrative expenses		(13,072)	(14,244)
Operating (loss)/profit	5	(649)	3,893
Tax charge on (loss)/profit	11	(42)	(1,084)
(Loss)/profit and total comprehensive income for the financial year		(691)	2,809

The above results were derived from continuing operations.

Benchmarx Kitchens and Joinery Limited

Balance sheet as at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible fixed assets	12	16,710	17,833
Intangible assets	13	44	-
		16,754	17,833
Current assets			
Stocks	14	11,246	11,603
Debtors	15	16,802	17,452
Cash at bank and in hand		769	666
		28,817	29,721
Creditors: amounts falling due within one year	16	(29,735)	(31,417)
Net current liabilities		(918)	(1,696)
Total assets less current liabilities		15,836	16,137
Provisions	17	(1,470)	(1,308)
Net assets		14,366	14,829
Capital and reserves			
Called up share capital	20	384	384
Share premium account	21	69	69
Profit and loss account	21	13,913	14,376
Total equity		14,366	14,829

The notes on pages 15 to 31 form an integral part of these financial statements.

The financial statements of Benchmarx Kitchens and Joinery Limited, registered number 02780063, were approved and authorised by the Board on ..30/09/2020.. and signed on its behalf by:

Alin Williams
....
A.R. Williams
Director

Benchmarx Kitchens and Joinery Limited

Statement of changes in equity for the year ended 31 December 2019

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 1 January 2018	384	69	11,257	11,710
Profit for the year and other comprehensive income	-	-	2,809	2,809
Dividends paid on preference shares	-	-	(19)	(19)
Share-based payment transactions	-	-	329	329
At 31 December 2018	384	69	14,376	14,829
Loss for the year and other comprehensive income	-	-	(691)	(691)
Dividends paid on preference shares	-	-	(19)	(19)
Share-based payment transactions	-	-	247	247
At 31 December 2019	384	69	13,913	14,366

1 General information

The Company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006.

The address of its registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4 to 8.

2 Accounting policies

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 that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Going concern assessment by the Directors of the Company

The Company is part of the Travis Perkins plc Group (the "Group"). The Company's ability to operate as a going concern is directly linked to the Group's position.

The Board of Travis Perkins plc undertook an assessment on 4 September 2020 of the ability of the Group to continue in operation and meet its liabilities as they fall due over the period to 31 December 2021. The Group's assessment was made available to the Directors of the Company. The Directors did not consider that this assessment indicated the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.The Directors have made appropriate inquiries of the Group subsequent to the date of this assessment and up to the date of signing these financial statements and have not identified any matters which impact their conclusion regarding the ability of the Group to continue as a going concern.

Travis Perkins plc has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

2 Accounting policies (continued)

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Going concern assessment by the Board of Travis Perkins plc

In the context of the current COVID-19 outbreak, the Board of Travis Perkins plc undertook an assessment on 4 September 2020 of the ability of the Group to continue in operation and meet its liabilities as they fall due over the period to 31 December 2021. In doing so, the Board considered events throughout the period of their assessment, including the availability and maturity profile of the Group's financing facilities, and concluded that it remained appropriate to prepare the interim financial statements on a going concern basis on the following basis.

In late March and early April 2020, the Group operated a "service-light" operating model, focusing on serving customers through remote, non-contact channels with sites primarily running call/click and collect or direct delivery services to support essential construction programmes. After 20 April 2020, the Group carefully re-opened more of its Merchant branch network and Wickes and Toolstation responded at pace to cope with the high levels of consumer demand.

In June 2020, the Group initiated a restructuring programme involving branch closures and reductions in above-branch roles. The purpose of this restructuring was to align the cost base of the Group to reduced sales volumes, particularly in the Merchanting and Plumbing & Heating businesses. As a result, the Group is well positioned to trade through even a significant and long-term decline in volume, has the flexibility to react to changing market conditions and is adequately placed to manage its business risks successfully. Furthermore, the Group's experience of trading over the initial lockdown period gives confidence in its ability to operate through subsequent lockdowns if there are further peaks in infections.

In the analysis performed, the Travis Perkins plc Board considered the impact of the COVID-19 outbreak on the Group's results and financial position in a range of possible scenarios. The following key assumptions were used in the central scenario:

- Trading over the remainder of 2020 broadly continues at current levels, with no material improvement over the Group's experience through July and August
- Business rates relief of circa £80m for the 2020-2021 tax year and no further furlough claims
- No further overhead reductions beyond those identified as part of the recent restructuring programme
- Capital expenditure of circa £70m, net of disposals
- Working capital metrics return to normal, with a cash benefit from stock reduction related to closed branches

A second two-month lockdown scenario was also considered, with trading and cash collection reduced to the levels experienced by the Group in May 2020, and recovering to a lower level than in the central scenario. In this scenario it was assumed that the Group would take mitigating measures, including reduced dividend payments, although no further structural cost savings are included.

Under all scenarios considered, the Group was able to operate for the period ended 31 December 2021 within its existing borrowing facilities and its financial covenants.

2 Accounting policies (continued)

Further reverse stress testing examined the scale of prolonged sales decline required to cause the Group to become insolvent or to breach its financial covenants and concluded that the magnitude of the sales decline required was not plausible.

After reviewing these forecasts and risk assessments and making other enquiries, the Board of Travis Perkins plc on 4 September 2020 formed the judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period ended 31 December 2021 and meet its liabilities as they fall due.

Tangible fixed assets

Tangible fixed assets are stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation is charged on a straight-line basis so as to write off the cost of assets, other than land and tangible fixed assets under construction, over their estimated useful lives, as follows:

Asset class	**Depreciation rate**
Short leasehold property	Over the term of the lease
Plant and equipment	10% - 25% per annum

Intangible fixed assets - other

Intangible fixed assets are shown at historical cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible fixed assets on a straight-line basis so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	**Amortisation method and rate**
Software	20% - 33% per annum

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the weighted average method.

Cost 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 sell; the impairment loss is recognised immediately in the profit and loss account.

2 Accounting policies (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in operating profit in the profit and loss account as a charge to administrative expenses.

a) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from the measurement of the present value of the future cash flows of the cash-generating units ("CGUs") of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in a previously recognised impairment loss, the prior impairment loss is tested to determine whether a reversal is required. An impairment loss is reversed on an individual impaired asset (other than goodwill) to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

b) Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

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 income tax charge, including UK corporation tax and foreign tax, 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 Company operates and generates taxable income.

2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference. Deferred tax relating to tangible fixed assets measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Defined contribution pension obligation

The Group operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions.

The amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined benefit schemes, operating profit is charged with the cost of providing pension benefits earned by the employees in the period. The Group accounts for pensions using IAS 19 - Employee Benefits. The Company accounts for pensions using FRS 102, thus in accordance with the rules set out in FRS 102, contributions to the Group's defined benefit scheme are charged to the profit and loss account as they become payable.

2 Accounting policies (continued)

Share based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, having been adjusted to reflect an estimate of shares that will eventually vest and for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The Group also provides employees with the ability to purchase the Group's ordinary shares at 80% of the current market value. These are measured at fair value at the date of the grant and expensed on a straight-line basis over the vesting period.

As the Company is part of a group share-based payment plan it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the Group. This allocation is based on individual employees and where their services are rendered for group companies.

Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Customer rebates

Where the Company has rebate agreements with its customers, the value of customer rebates paid or payable, calculated in accordance with the agreements in place, is deducted from turnover in the year in which the rebate is earned.

Adjusting items

Adjusting items are those item of income and expenditure that by reference to the Company are material in size or unusual in nature or incidence, that in the judgement of the Directors, should be disclosed separately on the face of the financial statements (or in the notes in the case of a segment) to ensure both that the reader has a proper understanding of the Company's financial performance and that there is comparability of financial performance between periods.

Items of income or expense that are considered by the Directors for designation as adjusting items include, but are not limited to, significant restructurings, onerous contracts, write-downs or impairments of current and non-current assets, the costs of acquiring and integrating businesses, gains or losses on disposals of businesses and investments, re-measurement gains or losses arising from changes in the fair value of derivative financial instruments to the extent that hedge accounting is not achieved or is not effective, material pension scheme curtailment gains and the effect of changes in corporation tax rates on deferred tax balances.

Revenue recognition

Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of customer rebates, discounts and value added tax. The Company supplies all goods within the United Kingdom.

2 Accounting policies (continued)

Share capital
Equity instruments represent the ordinary share capital of the Company and are recorded at the proceeds received, 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.

3 Critical accounting judgements and key sources of estimation uncertainty

These financial statements have been prepared in accordance with the Company's accounting policies, which are described in note 2. The preparation of financial statements requires the Directors to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. The Directors frequently re-evaluate these significant factors and make adjustments as facts and circumstances dictate.

Some financial information is produced by finance systems that were first implemented by the Group over 30 years ago. As the business has grown, these have been amended to cope with significantly higher transaction levels and more complicated ways of doing business. This has made the systems unwieldy and could result in a material misstatement in the information calculated by those systems in areas such as supplier income, stocks and goods received not invoiced accruals.

The Directors believe that the following items are critical due to the degree of estimation required and / or the potential material impact the judgements may have on the Company's financial position and performance.

Stocks
In determining the cost of inventories the Directors have to make estimates to arrive at cost and net realisable value.

The Company has entered into a large number of rebate and fixed price discount agreements, the effects of which have to be offset against the gross invoice price paid for goods. The calculation of the value deferred into stock is complicated due to the number, nature and structure of the agreements in place. However, a well tested methodology is consistently applied

Furthermore, determining the net realisable value of the wide range of products held in many locations requires judgement to be applied to determine the likely saleability of the product and the potential price that can be achieved. In arriving at any provisions for net realisable value the Directors take into account the age, condition and quality of the product stocked and the recent trend in sales.

4 Revenue

Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of customer rebates, discounts and value added tax. The Company supplies all goods within the United Kingdom.

All turnover (2018: all turnover) is generated from the sale of goods.

Benchmarx Kitchens and Joinery Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Operating loss

Operating is stated after charging/(crediting):

	2019 £000	2018 £000
Loss/(profit) on disposal of fixed assets	142	(194)
Operating lease expense - property	1,793	4,831
Operating lease expense - plant and equipment	691	796
Impairment of trade receivables	620	1,017

6 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	20,000	10,000

These fees were borne by another group company. Auditor's remuneration for non-audit services is disclosed within the Travis Perkins plc Annual Report. No non-audit services were provided by the auditor directly to the Company in either the current or prior year.

7 Adjusting items

	2019 £000	2018 £000
Restructuring costs	322	158

The restructuring charge relates to the cost-reduction programmes consists of the following:
• Rationalisation of the merchanting supply chain
• Costs relating to the closure of branches and a reduction in support centre headcount, comprising property-related costs, redundancy costs and inventory write-downs

8 Directors' remuneration

Four (2018: eight) of the Directors are paid by other group companies and received total emoluments (including non-performance related bonuses) of £2,225,000 (2018: £3,322,000), pension contributions of £12,000 (2018: £493,000) and performance-related bonus of £nil (2018: £nil) during the year, but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition, of these Directors, none (2018: three) are accruing benefits under the Travis Perkins Pensions and Dependents' Benefit Scheme, which is a defined benefit pension scheme, and one (2018: one) are contributing towards the Travis Perkins Pension Plan, which is a defined contribution scheme, in respect of their service to other group companies.

There were no Directors paid directly by the Company for the current year or previous year.

Four Directors paid by another group company exercised share options during the year (2018: seven).

9 Staff costs

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

	2019 No.	2018 No.
Administration and support	53	57
Sales	983	975
	1,036	1,032

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

	2019 £000	2018 £000
Wages and salaries	28,668	27,497
Social security costs	2,372	2,370
Pension costs	739	623
Share-based payment expenses	247	329
	32,026	30,819

10 Share-based payments

The total expense recognised in profit and loss account for the year was £247,000 (2018: £329,000).

a) SAYE

The employee Save-As-You-Earn (SAYE) share purchase plan is open to all employees with at least three months' service and provides for the purchase of shares at a price equal to the three day average market price before the date of invitation to the plan, less 20%. Employees may participate in the Employee Share Savings Plan for a three or five year period.

b) Nil price options

The Group operates a share matching scheme, a performance share plan and a deferred share bonus plan for senior employees. Options are granted at a price equal to the average quoted market price of Travis Perkins plc shares on the date of grant and there is no exercise price. The vesting period is three years and is subject to performance conditions. Options are forfeited if the employee leaves the Group before the options vest.

11 Tax

Tax charged in the profit and loss account

	2019 £000	2018 £000
Current taxation		
UK corporation tax	101	1,016
UK corporation tax adjustment to prior periods	(30)	107
	71	1,123
Deferred taxation		
Origination and reversal of timing differences	(25)	(50)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(4)	11
Total deferred taxation	(29)	(39)
Tax expense in the income statement	42	1,084

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 £000	2018 £000
(Loss)/profit before tax	(649)	3,893
Corporation tax at standard rate	(123)	740
Effect of expenses not deductible for tax purposes	25	53
Depreciation on non-qualifying property	114	112
(Decrease)/increase in UK current tax from adjustment for prior periods	(34)	118
Effect of exercise of employee share options	36	61
Other tax effects for reconciliation between accounting profit and tax expense	24	-
Total tax charge	42	1,084

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

12 Tangible fixed assets

	Short leasehold property £000	Plant and equipment £000	Total £000
Cost			
At 1 January 2019	7,586	30,474	38,060
Additions	1,312	824	2,136
Disposals	(152)	(355)	(507)
Transfers to other group companies	(207)	(3,172)	(3,379)
Transfers between asset classes	(15)	2,302	2,287
At 31 December 2019	8,524	30,073	38,597
Depreciation			
At 1 January 2019	1,856	18,371	20,227
Charge for the year	459	2,493	2,952
Eliminated on disposal	(46)	(199)	(245)
Transfers to other group companies	-	(2,075)	(2,075)
Transfer between asset classes	(11)	1,039	1,028
At 31 December 2019	2,258	19,629	21,887
Net book value			
At 31 December 2019	**6,266**	**10,444**	**16,710**
At 31 December 2018	5,730	12,103	17,833

The net book values include no freehold land and buildings.

13 Intangible fixed assets

	Software £000	Total £000
Cost		
At 1 January 2019	-	-
Additions internally developed	42	42
Transfers between asset classes	15	15
At 31 December 2019	57	57
Amortisation and impairment		
At 1 January 2019	-	-
Amortisation charge	2	2
Transfers between assets classes	11	11
At 31 December 2019	13	13
Net book value		
At 31 December 2019	44	44

14 Stocks

Stocks consist of goods for resale. There is no material difference between the balance sheet valuation of stocks and their replacement cost.

Stocks are stated after provisions for impairment of £640,000 (2018: £488,000).

15 Debtors

	2019 £000	2018 £000
Trade debtors	9,577	10,137
Other debtors	1,489	885
Prepayments and accrued income	1,136	1,065
Amounts owed by group undertakings	4,338	5,132
Deferred tax asset (note 18)	262	233
	16,802	17,452

Amounts owed by group undertakings include trade balances.

Trade debtors are stated after provisions for impairment of £1,355,000 (2018: £1,658,000).

16 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Due within one year		
Trade creditors	17,035	23,758
Amounts due to group undertakings	5,759	8
Corporation tax liability	-	642
Other payables	3,389	4,203
Accruals and deferred income	3,552	2,806
	29,735	31,417

17 Provisions

	Adjusting £000	Insurance £000	Total £000
At 1 January 2019	60	1,248	1,308
Utilised during the year	(60)	222	162
At 31 December 2019	-	1,470	1,470

Insurance excess provides against claims arising in respect of damage to assets, or due to employers or public liability claims.

18 Deferred tax asset

	Provided		Unprovided	
	2019 £000	2018 £000	2019 £000	2018 £000
Capital allowances in excess of depreciation	224	190	-	-
Share options	38	43	-	-
	262	233	-	-

There are no unused tax losses or unused tax credits.

The Directors regard the deferred tax asset to be recoverable as, on the basis of all available evidence, it can be regarded as more than likely that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

19 Pension schemes

The Company's employees are able to contribute to one of two pension schemes, the Travis Perkins Pensions and Dependents' Benefit Scheme (the "Group Scheme") or the Travis Perkins Pension Plan (the "Plan").

The Travis Perkins Pensions and Dependants Benefit Scheme is closed to new members. The Group Scheme is a 1/60th scheme for the majority of members. Employees are entitled to start drawing a pension, based on their membership of the Scheme, on their normal retirement date. If employees choose to retire early and draw their pension, then the amount they receive is scaled down accordingly.

The Group Scheme is a final salary scheme. The assets of the Group Scheme are held in a separate Trustee administered fund, funded by contributions from Group companies and employees. Contributions are paid to the Trustees on the basis of advice from an independent professionally qualified actuary who carries out a valuation of the scheme every three years.

The date of the most recent comprehensive actuarial valuation was 30 September 2017. A full actuarial valuation of the Group Scheme was carried out on 30 September 2017 and it was updated to 31 December 2019 by a qualified actuary. The triennial valuation of the Scheme as at 30 September 2017 was finalised in 2018.

The Group accounts for pensions using IAS 19 - Employee Benefits. However, because the Company's share of the net assets and liabilities of the Group Scheme cannot be separately identified, the Company accounts for its pension contributions to the Group Scheme on a defined contribution basis, as allowed by FRS 102.

During the year the Company made contributions to the Group Scheme of £nil (2018: £20,000).

The Plan is a defined contribution scheme. Contributions of £739,000 (2018: £603,000) were made to the plan scheme during the year.

The following information relates to the Group Scheme:

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2019	2018
	%	%
Rate of increase of pensions in payment 1997-2006	2.95	3.10
Rate of increase of pensions in payment post 2006	2.05	2.10
Inflation assumption – CPI	2.05	2.25
Inflation assumption – RPI	3.05	3.25
Discount rate	2.00	2.90

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2019	2018
	£000	£000
Fair value of scheme assets	1,220,400	1,103,800
Present value of defined benefit obligations	(1,165,400)	(1,021,500)
Defined benefit pension scheme surplus	55,000	82,300
Related deferred tax asset	(9,400)	(15,600)
Defined benefit pension scheme net surplus	45,600	66,700

20 Share capital

Allotted, called up and fully paid shares

	No.	2019 £000	No.	2018 £000
Ordinary shares of £1 each	2	-	2	-
Preference shares of £1 each	384,000	384	384,000	384
	384,002	384	384,002	384

Rights, preferences and restrictions

There were no changes to share capital during the year.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Preference shareholders have priority over ordinary shareholders in respect of the right to receive a distribution of assets upon the winding up of the Company, up to a maximum value of £1 per share. Thereafter, all shares rank equally. The preference shares have no voting rights and no automatic rights to dividends, and are accordingly classified as equity rather than debt.

21 Reserves

The share premium reserve records the amount above the nominal value received for shares sold. The share premium account cannot be distributed under the Companies Act 2006.

The profit and loss account represents cumulative profits or losses.

22 Dividends

Final dividends paid

	2019 £000	2018 £000
Final dividend of £0.0485 (2018 - £0.0492) per each Preference share	19	19

23 Contingent liabilities

A £30.0m (2018: £30.0m) overdraft facility advanced to the Group is guaranteed by the Company, along with other group companies. At the year-end the overdraft facility was not utilised.

Along with other group companies the Company is also guarantor of certain agreements entered into during the normal course of business by the Group which at the year-end totalled approximately £25m (2018: £25m).

Further details of the Group's borrowings are given in the financial statements of Travis Perkins plc.

24 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £343,000 (2018: £nil) relating to property, plant and equipment.

Operating leases

The Company had the following future minimum lease payments under non-cancellable operating leases:

	2019 £000	2018 £000
Not later than one year	2,624	1,589
Later than one year and not later than five years	7,696	6,211
Later than five years	3,364	4,631
	13,684	12,431

25 Related party transactions

The Company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are fellow wholly-owned subsidiaries of Travis Perkins plc.

Summary of transactions with other related parties

Sales of £5,000 (2018 - £nil) were made on normal trading terms during the year to The Underfloor Heating Store Limited, a related group company.

26 Non adjusting events after the financial period

Subsequent to the balance sheet date, the UK's economic outlook has deteriorated as a consequence of the COVID-19 pandemic and the measures taken by the government to control the spread of the virus. A significant recession is expected, with increases in unemployment resulting in reduced sales and increased expected credit losses. The impact of this will be partially mitigated by UK government actions such as subsidies to businesses for furloughed employees and the self-employed. At this point it is not possible to estimate the financial effect of this event.

In June 2020, in response to coronavirus and an expectation of reduced sales volumes in 2020 and 2021, the Group announced a significant programme of branch closures and the restructuring of distribution, administrative and sales functions. This will result in the closure of around 165 branches across the overall branch estate, representing approximately 8% of the Group's network. For the Company this will result in the closure of around 41 branches and costs in relation to property costs, redundancy and other restructuring costs, fixed asset impairments and inventory provisions.

As part of a new partnership between the Benchmarx and Travis Perkins brands and to make it easier for customers to trade with the Group, accelerate Benchmarx's strategy and strengthen TP's offer in the market, the trade and assets of the Company were sold at net book value to Travis Perkins Trading Company on 31 July 2020.

27 Parent and ultimate parent undertaking

The immediate parent undertaking is BMSS Limited.

The ultimate parent undertaking, controlling party and smallest and largest group to consolidate these financial statements is Travis Perkins plc, a company registered in England and Wales. Copies of the Travis Perkins plc group financial statements are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.