Registration number: 02780063

Benchmarx Kitchens and Joinery Limited

Annual report and financial statements

for the year ended 31 December 2021

Benchmarx Kitchens and Joinery Limited

Contents

Benchmarx Kitchens and Joinery Limited

Company information

Directors
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 2021

The Directors present their Annual report and the Audited financial statements for the year ended 31 December 2021.

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 and up to the date of signing these financial statements were as follows:

M.R. Meech (resigned 17 December 2021)
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

The Directors have a reasonable expectation that the Company has the resources to continue in operational existence for at least twelve months from the date of signing these financial statements. Thus it continues to adopt the going concern assumption in preparing the annual financial statements. Further details regarding the going concern basis can be found in note 2 to the financial statements.

Dividends

The Directors do not recommend payment of a final dividend (2020: £nil).

A dividend of £18,000 (2020: £16,000) was paid on preference shares during the year.

Political contributions

The Company made no political donations nor incurred any political expenditure during the year. (2020: £nil).

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.

Benchmarx Kitchens and Joinery Limited

Directors' report for the year ended 31 December 2021 (continued)

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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 23 September 2022 and signed on its behalf by:

Alan Williams

A.R. Williams
Director

Benchmarx Kitchens and Joinery Limited

Strategic report for the year ended 31 December 2021

The Directors present their Strategic report for the year ended 31 December 2021.

Principal activities

The Company is a wholly owned subsidiary of Travis Perkins plc, the ultimate parent company. The principal activity of the Company is that of a dormant company. The Directors have no intention to change the principal activity of the Company in the foreseeable future.

Review of the business

The Company made no profit or loss in the year ended 31 December 2021 (2020: loss of £6,905,000) and has net assets of £7,509,000 (2020: £7,527,000).

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 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 gross risks. The Company is able to mitigate those risks by adopting different strategies and by maintaining a strong system of internal control. However, regardless of the approach that is taken, the Company has to 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 period. 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. During the period, the Directors have reviewed the principal risks and made a number of changes.

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.

The list below sets out, in no particular order, the current principal risks that are considered by the Board to be material. These key risks have been determined for the Group and are considered applicable to the Company

- Long term market trends and the changing customer and competitor landscape
- The Covid-19 pandemic and its significant and prolonged impact on the Group's operations
- Macroeconomic volatility leading to availability challenges and inflation
- Supply chain resilience risks including supplier dependency, relationship, overseas sourcing and disintermediation leading to adverse impacts on ranging and price
- Change management risk: business transformation and improvement projects fail to deliver the expected benefits, cost more or take longer to implement than anticipated
- Growing risks in relation to Environmental, Social and Governance matters require us to regularly identify our most material responsibilities and challenges in order to target investment and manage them well
- Failure of critical IT systems and infrastructure: system failures or outages could disrupt the day-to-day operations and, in turn, impact customer service and financial performance
- Cyber threat & data security: theft and sale of personal data as well as risks of data loss or leakage
- Health, safety & well-being: unsafe practices result in harm to colleagues, customers, suppliers or the public
- Legal compliance: changing regulatory framework increases the risk of non-compliance and fines.

S172 Statement

The Directors place significant importance on the strength of the Company's relationships with all its stakeholders to promote the sustainable success of the Company. In order to fulfil their duties in a manner that is consistent with the size and complexity of the Company, the Directors 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 long-term view and with the sustainable success of the business at its core.

Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. Directors have an open dialogue with the Company's shareholder and its ultimate parent company 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, risks and uncertainties and ethical practices.

Decisions and policies affecting colleagues, suppliers, communities and Government and regulators are often made or set at the level of the ultimate parent company. The Directors ensure that they are fulfilling their statutory duties when applying those policies. Further information on how these decisions are made and the ways in which the Group engages with stakeholders is set out in the Group's Annual Report, which does not form part of this report.

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 CO2 emissions and minimising the consumption of water and the production of waste (both hazardous and non-hazardous).

Approved by the Board on 23 September 2022 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 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.

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 2021, 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 2021 and of its result 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

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

Fraud and breaches of laws and regulations - ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment,we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company does not trade and therefore has no revenue.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria a nd comparing the identified entries to supporting documentation. These included material post closing entries.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Fraud and breaches of laws and regulations - ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 those 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 7, 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.

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

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.

BTelford

....

Bethan Telford (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

23 September 2022

Benchmarx Kitchens and Joinery Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	-	53,775
Cost of sales		-	(32,701)
Gross profit		-	21,074
Selling and distribution costs		-	(20,427)
Other administrative expenses		-	(8,478)
Operating result/(loss)	5	-	(7,831)
Tax credit on result/(loss)	10	-	926
Result/(loss) and total comprehensive loss for the financial year		-	(6,905)

All results in the prior year were derived from discontinued activity. The company no longer trades and accordingly has recorded no profit or loss in the current year.

Benchmarx Kitchens and Joinery Limited

Balance sheet as at 31 December 2021

	Note	2021 £000	2020 £000
Current assets			
Debtors	11	7,544	7,544
		7,544	7,544
Creditors: amounts falling due within one year	12	(35)	(17)
Net current assets		7,509	7,527
Total assets less current liabilities		7,509	7,527
Net assets		7,509	7,527
Capital and reserves			
Called up share capital	14	384	384
Share premium account	15	69	69
Profit and loss account	15	7,056	7,074
Total equity		7,509	7,527

The notes on pages 15 to 23 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 23 September 2022 and signed on its behalf by:

Alan Williams
....

A.R. Williams
Director

Benchmarx Kitchens and Joinery Limited

Statement of changes in equity for the year ended 31 December 2021

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 1 January 2020	384	69	13,913	14,366
Loss for the year and other comprehensive loss	-	-	(6,905)	(6,905)
Dividends paid on preference shares	-	-	(16)	(16)
Share-based payment transactions	-	-	82	82
At 31 December 2020	384	69	7,074	7,527
Dividends paid on preference shares	-	-	(18)	(18)
At 31 December 2021	384	69	7,056	7,509

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.

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 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 financial statements in 2020 were not prepared on the going concern basis as management intended to liquidate the company. Those plans have been cancelled and management expects to continue to operate the company as a dormant entity for the foreseeable future. Therefore these financial statements have been prepared on a going concern basis.

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing this Annual report and financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- that the Company is part of the Travis Perkins plc Group (the "Group") and the Company's ability to operate as a going concern is directly linked to the Group's position
- that the company has produced cash flow forecasts which are included in those of the Group
- the Group's cash flow forecasts and revenue projections
- reasonably possible changes in trading performance
- the committed debt facilities available to the Group and the covenants thereon
- the Group's robust policy towards liquidity and cash flow management
- the Group management's ability to successfully manage the principal risks and uncertainties during periods of uncertain economic outlook and challenging macro-economic conditions

2 Accounting policies (continued)

Going concern assessment by the Directors of the Company (continued)

The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios based on a severe recession and housing market weakness, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least the next 12 months from the date of approval of these financial statements.

The Group going concern assessment was completed for the Group accounts published in March. The Directors have made appropriate inquiries of the Group subsequent to the date of that 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.

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.

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.

2 Accounting policies (continued)

Financial instruments (continued)

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.

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.

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.

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.

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.

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.

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.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Due to the simplicity of the Company's operations, there are no critical accounting judgements and estimates made in the preparation of these financial statements.

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 (2020: all turnover) is generated from the sale of goods.

5 Operating loss

Operating result/loss is stated after charging:

	2021 £000	2020 £000
Loss on disposal of fixed assets	-	2,232
Impairment of trade receivables	-	922
Loss on disposal of intangible assets	-	1

6 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	10,000	30,000

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 Directors' remuneration

Two (2020: two) of the Directors are paid by other group companies and received total emoluments (including non-performance related bonuses) of £2,450,000 (2020: £1,066,000), pension contributions of £nil (2020: £nil) and performance-related bonus of £nil (2020: £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 (2020: none) are accruing benefits under the Travis Perkins Pensions and Dependents' Benefit Scheme, which is a defined benefit pension scheme, and none (2020: none) 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.

Two Directors paid by another group company exercised share options during the year (2020: two).

8 Staff costs

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

	2021 No.	2020 No.
Administration and support	-	30
Sales	-	557
	-	587

The aggregate payroll costs were as follows:

	2021 £000	2020 £000
Wages and salaries	-	11,981
Social security costs	-	1,405
Pension costs	-	448
Share-based payment expenses	-	82
	-	13,916

9 Share-based payments

The total expense recognised in profit and loss account for the year was £nil (2020: £82,000).

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.

10 Tax

Tax credited in the profit and loss account

	2021 £000	2020 £000
Current taxation		
UK corporation tax	-	(379)
UK corporation tax adjustment to prior periods	-	6
	-	(373)
Deferred taxation		
Origination and reversal of timing differences	-	(692)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	139
Total deferred taxation	-	(553)
Tax credit in the income statement	-	(926)

The tax on profit before tax for the year is equal to the standard rate of corporation tax in the UK (2020: higher than) of 19% (2020: 19%).

The differences are reconciled below:

	2021 £000	2020 £000
Loss before tax	-	(7,831)
Corporation tax at standard rate	-	(1,488)
Depreciation on non-qualifying property	-	101
Increase in UK current tax from adjustment for prior periods	-	145
Effect of exercise of employee share options	-	16
Tax increase from effect of unrelieved loss on disposal of fixed assets	-	300
Total tax credit	-	(926)

On 3 March 2021 it was announced that the UK corporation tax rate will increase in April 2023 to 25%, this was substantively enacted on 24 May 2021. Any deferred tax balances have been calculated at the rates substantively enacted for the periods in which they are expected to unwind.

11 Debtors

	2021 £000	2020 £000
Other debtors	-	1
Amounts owed by group undertakings	7,544	7,543
	7,544	7,544

Amounts owed by group undertakings are amounts with no fixed date for repayment and are interest-free.

12 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Due within one year		
Amounts due to group undertakings	35	17

Amounts owed to group undertakings are amounts with no fixed date for repayment and are interest-free.

14 Share capital

Allotted, called up and fully paid shares

	2021 No.	2021 £000	2020 No.	2020 £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.

15 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.

16 Dividends

Final dividends paid

	2021 £000	2020 £000
Final dividend of £0.0469 (2020: £0.0417) per each preference share	18	16

17 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.

18 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.