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BENTHAM LIMITED AND ITS SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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COMPANIES HOUSE

LANHAM & FRANCIS

CHARTERED ACCOUNTANTS

BENTHAM LIMITED AND ITS SUBSIDIARIES
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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BENTHAM LIMITED AND ITS SUBSIDIARIES

DIRECTORS, OFFICERS AND ADVISERS

Directors

Mrs Elizabeth Rendell
Mrs Diana Moxon

Secretary

Mr Anthony Moxon

Registered Office

Unit 1
Polham Lane Industrial Estate
Somerton
Somerset
TA11 6SP

Registered number

4026676

Principal place of business

Unit 1
Polham Lane Industrial Estate
Somerton
Somerset
TA11 6SP

Auditors

Lanham & Francis
Church House
Church Street
Yeovil
Somerset
BA20 1HB

Bankers

NatWest
72 High Street
Street
Somerset

BENTHAM LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements of the Group for the year ended 31 December 2011

Principal activity

The principal activity of the company continues to be that of mail order business supplies from both locations with IJT Direct Ltd, based in Jersey, concerned with private customers and Bentham Limited based in the UK concerned with commercial organisations

Results and dividends

The results for the year are shown on the profit and loss account on page 7 and are summarised in the review below

The directors have paid an interim dividend of £475,000 and they do not recommend the payment of a final dividend

Review of the business

In a difficult economic climate and highly competitive market, the company continued to expand its product range and seek higher margins

Bentham Limited sales fell from £25.8m to £21.5m in the year to 31 December 2011. A decision was taken to reduce exposure to lower margin products and lower sales to IJT Direct Ltd who increasingly sourced direct. IJT Direct Limited turnover increased from £9.5m to £10.2m

Bentham Limited trading profit, excluding dividends from IJT Direct Limited, fell from £851k to £725k in the year ended 31 December 2011. This reflected tougher trading conditions particularly in the public sector. IJT Direct Limited trading profits increased from £49k to £92k

The Group pre-tax operating profit fell in the year ended 31 December 2011 from £893k to £828k. The directors consider this a highly satisfactory outcome given the difficult trading conditions. The company continues to be very profitable resulting from efforts made to expand sales and rigorously control costs

A major effort was made by Bentham Limited to maintain margins in a difficult climate. This was successfully achieved, but in a competitive market pre tax margins remained constant at 3.3%. IJT Direct Limited profit margins increased from 0.52% to 0.90%, continuing to reflect the low margin of Amazon and Ebay sales

Careful attention is paid to stock control and holdings. Despite an increase in product lines the stock holding at Bentham Limited decreased from £2.6m to £2.0m. IJT Direct Limited stocks similarly fell by £117k, reflecting greater stock control on an increased range of products

The company considers it an objective to use its strong cash flow to reduce creditors. Whilst the cash at bank and in hand fell by £640k creditors fell by £1.3m. IJT Direct Limited year end cash decreased marginally from £104k to £94k

Despite stringent credit control policies, debtors rose from £1.2m to £1.5m, primarily public sector clients and IJT Direct Ltd. Bad debts were derisory. IJT Direct debtors increased from £61k to £168k, owing to year end timing differences in recovering funds from Amazon/eBay. There were no other debtors

Total assets less current liabilities increased from £1.2m to £1.7m reflecting in part dividends received from IJT Direct Ltd. IJT Direct Ltd in turn fell from £426k to £119k reflecting the dividend paid to Bentham Ltd

BENTHAM LIMITED AND ITS SUBSIDIARIES
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Directors

The directors who served during the year were

Mrs Elizabeth Rendell
Mrs Diana Moxon

Disclosure of information to auditors

To the knowledge and belief of the directors, there is no relevant information that the Group's auditors are not aware of, and the directors have taken all the steps necessary to ensure the directors are aware of any relevant information, and to establish that the Group's auditors are aware of the information

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those 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,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act. It is also their responsibility to safeguard the assets of the Group and hence to take reasonable steps to prevent and detect fraud and other irregularities

Risks and uncertainties

Economic Environment

The office consumables industry is intensely competitive and actions of competitors, including manufacturers of products we sell, can negatively affect our business. Competition has been primarily on price, product availability, speed of delivery and credit availability. Generally pricing is aggressive in the industry and we expect pricing pressures to continue.

Price Risk

Changes in the industry and the economic environment can adversely affect the demand for the products we sell. Net sales can be dependant on demand for specific product categories, and any change in demand for or supply of such products could have a material effect on net sales and cause us to record further write downs of obsolete stock. The company also imports largely from the Far East and from Europe and is at risk from currency movements, which can have an adverse effect on the purchase price of products.

Staff Retention

The success of our business is dependant, to a large extent, on the efforts and abilities of key members of staff, particular the senior members. The policy of Bentham Limited is to provide senior members of staff with benefits which are competitive to other leading companies, as well as to provide them with fulfilment opportunities for their future careers.

Credit Risk

The Group's exposure to credit risk is managed by only dealing with other companies with strong credit ratings. The group uses credit insurance to verify the credit risk of each company on an individual basis.

Liquidity Risk

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and finance lease agreements. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

BENTHAM LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

In respect of bank balances, the liquidity risk is managed by closely monitoring movements and maintaining a positive balance on all accounts. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. The liquidity risk for finance leases is managed by ensuring there are sufficient funds to make periodic repayments on a timely basis.

Auditors

A resolution to reappoint Lanham & Francis as auditors of the Group will be proposed at the forthcoming annual general meeting.

Signed on behalf of the board



Mr Anthony Moxon
Secretary

Approved by the Board on 23.8.12

BENTHAM LIMITED AND ITS SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BENTHAM
LIMITED AND ITS SUBSIDIARIES

We have audited the Group and Parent company financial statements of Bentham Limited for the year ended 31 December 2011, which are set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Group'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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the Group financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its profit for the year then ended,
- the Parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Principles, of the state of the Parent company's affairs as at 31 December 2011,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BENTHAM LIMITED AND ITS SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BENTHAM
LIMITED AND ITS SUBSIDIARIES

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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



Ian Dodds (Senior Statutory Auditor)
for and on behalf of Lanham & Francis, Statutory Auditor

Church House
Church Street
Yeovil
Somerset
BA20 1HB

Date 24.8.12

BENTHAM LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	<u>Notes</u>	<u>2011</u> £	<u>2010</u> £
Turnover	2	26,292,063	28,403,603
Cost of sales		<u>(22,100,582)</u>	<u>(23,465,869)</u>
Gross profit		4,191,481	4,937,734
Distribution costs		<u>(1,107,327)</u>	<u>(1,295,875)</u>
Administrative expenses		<u>(2,256,802)</u>	<u>(2,751,360)</u>
		<u>(3,364,129)</u>	<u>(4,047,235)</u>
Operating profit	3	827,352	890,499
Other interest receivable and similar income		2,306	2,641
Interest payable and similar charges	6	<u>(1,810)</u>	<u>-</u>
Profit on ordinary activities before taxation		827,848	893,140
Taxation on profit on ordinary activities	7	<u>(194,834)</u>	<u>(236,492)</u>
Profit for the financial year		<u>633,014</u>	<u>656,648</u>

None of the company's activities was acquired or discontinued during the above two years

There were neither recognised gains nor losses other than those included in the profit and loss account

The notes on pages 10 to 18 form part of these financial statements

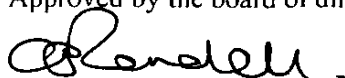
BENTHAM LIMITED AND ITS SUBSIDIARIES

COMPANY REGISTRATION NUMBER 4026676

BALANCE SHEETS AT 31 DECEMBER 2011

	Notes	Group 2011 £	2010 £	Company 2011 £	2010 £
Fixed assets					
Intangible assets	9	1,241	2,237	1,241	2,237
Tangible assets	10	122,621	149,284	105,740	112,213
Investments	11	-	-	101	101
		<u>123,862</u>	<u>151,521</u>	<u>107,082</u>	<u>114,551</u>
Current assets					
Stock	12	2,515,556	3,160,841	2,020,903	2,558,066
Debtors	13	1,338,307	1,083,765	1,496,429	1,152,413
Cash at bank and in hand		726,886	1,382,127	631,935	1,277,351
		<u>4,580,749</u>	<u>5,626,733</u>	<u>4,149,267</u>	<u>4,987,830</u>
Creditors : amounts falling due within one year	14	<u>(2,888,719)</u>	<u>(4,120,376)</u>	<u>(2,559,441)</u>	<u>(3,861,438)</u>
Net current assets		<u>1,692,030</u>	<u>1,506,357</u>	<u>1,589,826</u>	<u>1,126,392</u>
Total assets less current liabilities		<u>1,815,892</u>	<u>1,657,878</u>	<u>1,696,908</u>	<u>1,240,943</u>
Capital and reserves					
Called up share capital	17	1,000	1,000	1,000	1,000
Profit and loss account	18	1,814,892	1,656,878	1,695,908	1,239,943
Shareholders' funds	20	<u>1,815,892</u>	<u>1,657,878</u>	<u>1,696,908</u>	<u>1,240,943</u>

Approved by the board of directors on 23.8.12 and signed on its behalf



Mrs Elizabeth Rendell
Director

The notes on pages 10 to 18 form part of these financial statements

BENTHAM LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED CASHFLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

	<u>Notes</u>	<u>2011</u> £	<u>2010</u> £
Operating activities			
Net cash flow from operating activities	21a	108,313	1,719,006
Returns on investment and servicing of finance			
Interest and similar income received		2,303	2,641
Interest and similar charges paid		<u>(1,810)</u>	<u>-</u>
Net cash flow from returns on investments and servicing of finance		493	2,641
Taxation			
Corporation Tax paid		(228,026)	(357,366)
Capital expenditure			
Payments to acquire tangible fixed assets		(63,047)	(71,957)
Receipts from the sale of tangible fixed assets		<u>2,026</u>	<u>-</u>
Net cash flow from investing activities		<u>(61,021)</u>	<u>(71,957)</u>
		(180,241)	1,292,324
Equity dividends paid		(475,000)	(820,000)
Net cash flow before financing		(655,241)	472,324
Financing			
Net cash flow from financing		<u>-</u>	<u>-</u>
(Decrease)/increase in cash		<u>(655,241)</u>	<u>472,324</u>

The notes on pages 10 to 18 form part of these financial statements

BENTHAM LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards

b) Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax

c) Consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries for the year ended 31 December 2011

d) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are

Leasehold property	Over the period of the lease
Equipment, fixtures and fittings	15% per annum, straight line basis
Plant and machinery	20% per annum, straight line basis
Computer equipment	33% per annum, straight line basis

e) Goodwill and intellectual property

Purchased goodwill and intellectual property is written off on a straight line basis over its expected useful life of five years. This period has been chosen as, in the opinion of the directors, it gives a true and fair view.

f) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transaction. All differences are taken to the profit and loss account.

g) Stocks

Stock is valued at the lower of cost and estimated net realisable value.

Cost of finished goods is determined on an average cost basis. Net realisable value is the price at which the stock can be released in the normal course of business, less further costs to completion of sale.

h) Investments

Investments held as fixed assets are stated at cost less provision for any diminution in value.

i) Hire purchase and lease transactions

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the Group's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases are charged to the profit and loss account as they fall due.

BENTHAM LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies (continued)

j) Deferred tax

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

j) Pension scheme

The parent company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the parent company in an independently administered fund. The pension cost and charge represents contributions payable by the parent company to the fund.

2 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Group.

No exports were made by the Group during the year.

3 Operating profit

This is stated after charging

	<u>2011</u> £	<u>2010</u> £
Directors' emoluments	229,852	265,140
Staff costs	2,644,420	2,806,284
Total staff costs (note 4)	2,874,272	3,071,424
Amortisation of goodwill	1,000	996
Depreciation of owned assets	73,726	96,719
Loss on disposal of tangible fixed assets	13,957	4,128
Auditor's remuneration - audit fee	15,000	15,000
Auditor's remuneration - non-audit services	17,777	17,525
Loss/(profit) on foreign exchange	(7,708)	10,489
Operating lease rentals – other assets	70,189	67,013

BENTHAM LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

4 Employee information

	Group		Company	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	£	£	£	£
Staff costs:				
Wages and salaries	2,490,076	2,691,186	2,281,493	2,204,991
Social security costs	238,054	253,407	225,650	222,773
Other pension costs	146,142	126,831	146,142	126,831
	<u>2,874,272</u>	<u>3,071,424</u>	<u>2,653,285</u>	<u>2,554,595</u>

The average number of persons employed during the year, including executive directors, was made up as follows

	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Number	Number	Number	Number
Sales	59	59	52	42
Warehouse	22	22	22	22
Administration	23	26	21	22
	<u>104</u>	<u>107</u>	<u>95</u>	<u>86</u>

5 Directors' emoluments

	<u>2011</u>	<u>2010</u>
	£	£
Emoluments	175,552	212,340
Company contributions to money purchase pension schemes	54,300	52,800
	<u>229,852</u>	<u>265,140</u>

The remuneration of the highest paid director was

Emoluments and amounts received under long term incentive schemes	88,021	111,631
Company contributions to money purchase pension scheme	49,500	48,000
	<u>137,521</u>	<u>159,631</u>

The number of directors who were accruing benefits under company pension schemes was as follows

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

6 Interest payable and similar charges

	<u>2011</u>	<u>2010</u>
	£	£
On bank loans and overdrafts	513	-
Other interest	1,297	-
	<u>1,810</u>	<u>-</u>

BENTHAM LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

7 Tax on profit on ordinary activities

	<u>2011</u> £	<u>2010</u> £
United Kingdom Corporation Tax at 28% (2010 28%)	187,646	238,480
Jersey Corporation Tax at 0% (2010 0%)	-	-
Deferred taxation	7,188	5,216
Adjustments in respect of previous years	-	(7,204)
	<u>194,834</u>	<u>236,492</u>

Factors affecting tax charge for the period

Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 28% (2010 28%)	216,752	250,079
Effects of		
Lower tax rates in overseas jurisdictions	(24,465)	(11,100)
Expenses not deductible for tax purposes	1,837	366
Depreciation for period in excess of capital allowances	(5,863)	(865)
Deferred tax	7,188	5,216
(Over)/underprovision in earlier years	-	(7,204)
Marginal relief	(615)	-
	<u>194,834</u>	<u>236,492</u>

8 Profit for the financial period

As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial period was £930,965 (2010 £617,004).

9 Intangible fixed assets – group and company

	Goodwill £	Intellectual property £	Total £
Cost :			
At 1 January 2011	2,000	3,000	5,000
Additions	-	-	-
	<u>2,000</u>	<u>3,000</u>	<u>5,000</u>
At 31 December 2011			
Amortisation :			
At 1 January 2011	867	1,896	2,763
Provision for the year	400	596	996
	<u>1,267</u>	<u>2,492</u>	<u>3,759</u>
At 31 December 2011			
Net book value :			
At 31 December 2011	<u>733</u>	<u>508</u>	<u>1,241</u>
At 31 December 2010	<u>1,133</u>	<u>1,104</u>	<u>2,237</u>

BENTHAM LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10 Tangible fixed assets – group

	Land & buildings £	Equipment fixtures & fittings £	Plant & machinery £	Computer equipment £	Total £
Cost :					
At 1 January 2011	62,826	276,456	88,996	430,551	858,829
Additions	-	35,125	13,530	14,392	63,047
Disposals	-	(35,516)	(6,938)	(50,661)	(93,115)
At 31 December 2011	62,826	276,065	95,588	394,282	828,761
Depreciation :					
At 1 January 2011	61,779	195,350	74,607	377,809	709,545
Provision for the year	576	20,411	7,534	45,205	73,726
Disposals	-	(21,279)	(6,938)	(48,914)	(77,131)
At 31 December 2011	62,355	194,482	75,203	374,100	706,140
Net book value :					
At 31 December 2011	471	81,583	20,385	20,182	122,621
At 1 January 2011	1,047	81,106	14,389	52,742	149,284

10 Tangible fixed assets – company

	Land & buildings £	Equipment fixtures & fittings £	Plant & machinery £	Computer equipment £	Total £
Cost :					
At 1 January 2011	62,826	228,064	88,996	384,011	763,897
Additions	-	35,125	13,530	14,392	63,047
Disposals	-	(10,448)	(6,938)	(37,090)	(54,476)
At 31 December 2011	62,826	252,741	95,588	361,313	772,468
Depreciation :					
At 1 January 2011	61,779	180,987	74,607	334,311	651,684
Provision for the year	576	16,912	7,534	43,935	68,957
Disposals	-	(10,415)	(6,938)	(36,560)	(53,913)
At 31 December 2011	62,355	187,484	75,203	341,686	666,728
Net book value :					
At 31 December 2011	471	65,257	20,385	19,627	105,740
At 1 January 2011	1,047	47,077	14,389	49,700	112,213

The net book value of land and buildings at 31 December 2011 is made up as follows

	<u>2011</u> £	<u>2010</u> £
Short term leasehold premises	471	1,047

BENTHAM LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

11 Fixed asset investments

	Interest in group undertakings £	Total £
Cost:		
At 1 January 2011	101	101
At 31 December 2011	101	101

The company's investments, at the balance sheet date, in the share capital of companies include the following

Name of subsidiary	Country of registration	Class of shares held	Proportion of nominal value of issued shares held
IJT Direct Limited	Jersey	Ordinary £1	100%
IJT Direct Limited	England	Ordinary £1	100%

For the year ended 31 December 2011 IJT Direct Limited, registered in England, was dormant IJT Direct Limited, registered in Jersey, traded from its country of registration. Its principal activity was the sale of ink cartridges and other computer consumables via the internet, telephone and by mail order.

12 Stocks

	<u>2011</u> £	<u>Group</u> <u>2010</u> £	<u>2011</u> £	<u>Company</u> <u>2010</u> £
Finished goods and goods for resale	2,515,556	3,160,841	2,020,903	2,558,066

13 Debtors

	<u>2011</u> £	<u>Group</u> <u>2010</u> £	<u>2011</u> £	<u>Company</u> <u>2010</u> £
Trade debtors	803,270	561,048	692,047	542,708
Other debtors	44,246	156,760	38,214	152,957
Amounts owed by subsidiary undertakings	-	-	326,219	129,226
Prepaid expenses and accrued income	486,659	344,183	435,817	305,748
Corporation Tax recoverable	-	10,454	-	10,454
Deferred taxation (note 15)	4,132	11,320	4,132	11,320
	1,338,307	1,083,765	1,496,429	1,152,413

Included above are the sums of £4,132 (2010 £11,320) for the Group and £4,132 (2010 £11,320) for the company, which are due after more than one year.

BENTHAM LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

14 Creditors: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	£	£	£	£
Trade creditors	2,521,310	3,664,773	2,201,069	3,438,008
Other creditors	50,854	18,847	50,854	18,847
Corporation Tax	187,646	238,479	187,646	238,479
Other taxes and social security	85,766	103,396	85,766	83,776
Accruals and deferred income	43,143	94,881	34,106	82,328
	<u>2,888,719</u>	<u>4,120,376</u>	<u>2,559,441</u>	<u>3,861,438</u>

15 Provisions for liabilities

	<u>Group</u>	<u>Company</u>
	£	£
At 1 January 2011	(11,320)	(11,320)
Charged to profit and loss account	7,188	7,188
	<u>(4,132)</u>	<u>(4,132)</u>
Transferred to debtors (note 13)	(4,132)	(4,132)
	<u>(4,132)</u>	<u>(4,132)</u>
At 31 December 2011	-	-

	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	£	£	£	£
Accelerated capital allowances	<u>(4,132)</u>	<u>(11,320)</u>	<u>(4,132)</u>	<u>(11,320)</u>

17 Called-up share capital

	<u>2011</u>	<u>2010</u>
	£	£
Allotted, called up and fully paid		
Equity shares:		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

18 Reserves

	<u>Profit and loss account</u>	
	<u>Group</u>	<u>Company</u>
	£	£
At 1 January 2011	1,656,878	1,239,943
Profit for the year	633,014	930,965
Dividends paid (see note 19)	<u>(475,000)</u>	<u>(475,000)</u>
At 31 December 2011	<u>1,814,892</u>	<u>1,695,908</u>

BENTHAM LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

19 Dividends

	<u>2011</u> £	<u>2010</u> £
On equity shares		
Interim dividend	<u>475,000</u>	<u>820,000</u>

20 Reconciliation of movement in shareholders' funds

	<u>2011</u> £	<u>Group</u> 2010 £	<u>2011</u> £	<u>Company</u> 2010 £
Profit for the year	633,014	656,648	930,965	617,004
Dividends	(475,000)	(820,000)	(475,000)	(820,000)
Net addition to shareholder funds	158,014	(163,352)	455,965	(202,996)
Shareholders' funds at 1 January 2011	1,657,878	1,821,230	1,240,943	1,443,939
	<u>1,815,892</u>	<u>1,657,878</u>	<u>1,696,908</u>	<u>1,240,943</u>

21 Notes to the consolidated cash flow statement

a) Reconciliation of operating profit to net cash flow operating activities

	<u>2011</u> £	<u>2010</u> £
Operating profit	827,352	890,499
Depreciation charges	74,726	97,715
Loss on sale of fixed assets	13,957	4,128
(Increase)/decrease in stock	645,285	(1,031,009)
(Increase)/decrease in debtors	(272,184)	487,391
Increase/(decrease) in creditors	(1,180,823)	1,270,282
Net cash inflow from operating activities	<u>108,313</u>	<u>1,719,006</u>

b) Analysis of change in net debt

	Brought forward £	Cash flows £	Other changes £	Carried forward £
Cash at bank and in hand	1,382,127	(655,241)	-	726,886
	<u>1,382,127</u>	<u>(655,241)</u>	<u>-</u>	<u>726,886</u>

BENTHAM LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

21 Notes to the consolidated cash flow statement (continued)

c) Reconciliation of net cash flow to movement in debt

	<u>2011</u> £	<u>2010</u> £
Net (decrease)/increase in cash	(655,241)	472,324
Net funds at 1 January 2011	<u>1,382,127</u>	<u>909,803</u>
Net funds at 31 December 2011	<u>726,886</u>	<u>1,382,127</u>

22 Related parties

During the period the parent company secretary and majority shareholder, Mr A Moxon, operated a loan account with the parent company. The loan is repayable on demand and is interest free. The balance at the start of the period was £50,645, the highest balance during the period was £79,160 and the amount owed to the parent company at the period end was £33,917.

The ultimate controlling party is Mr A Moxon.

During the period the parent company paid dividends to Mr A Moxon totalling £242,250, to Mrs D Moxon totalling £209,000 and to Mrs E Rendell totalling £23,750.

23 Pension commitments and other post-retirement benefits

Defined contribution scheme

The parent company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the parent company in an independently administered fund. The pension cost and charge represents contributions payable by the parent company to the fund and amounted to £126,831 (2010 £116,290). At 31 December 2011 contributions amounting to £5,205 (2010 £5,205) were payable to the fund and were included in creditors.