

Registration number: 04026676

Bentham Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2015

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



Bentham Limited

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Bentham Limited

Company Information

Directors

Mrs E J Rendell

Mr I T H Gray

Mr P R Sinnett-Thomas

Mr M J Shobbrook

Mrs J Vine

Registered office

Polham Lane
Somerton
Somerset
TA11 6SP

Auditors

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

Bentham Limited

Strategic Report for the Year Ended 31 December 2015

The Directors present their strategic report for the year ended 31 December 2015.

Principal activity

The principal activity of the company is mail order business supplies

Fair review of the business

Trading in the business categories where Bentham Group is active continued to be extremely competitive, resulting in a small decrease in turnover.

Gross margins as percentage of turnover increased from 22% to over 25%, owing to a focus on higher margin brands and a more aggressive purchasing strategy. The increase in gross margin, along with continued efforts to reduce costs, has resulted in an impressive increase in profit before taxation from £1.16m to £1.53m.

A further reduction in sales through the low margin eBay/Amazon markets has resulted in a 33% fall in finance charges. Marketing spend has been reduced owing to decreasing returns on expensive advertising in the National Press. Administrative salaries have also fallen in line with turnover.

A result of the group's stringent credit control procedures was that bad debts were once again negligible. Debtors have decreased from £1.12m to £872k.

A key objective of the group is to maintain liquidity. Group cash reserves have become even stronger, increased from £1.07m to £1.27m. Profits and cash reserves have been utilised in fully repaying the loan created by the MBO. £1.06m in dividends were paid to the parent company to facilitate this.

The directors consider the results to be highly satisfactory given the difficult trading conditions.

The group continues to be very profitable through efforts made to maintain turnover and rigorously control costs.

The Group's key financial and other performance indicators during the year were as follows:

	Unit	2015	2014
Turnover	£	15,939,317	19,082,296
Gross margin	£	4,012,100	4,207,204
Cash at bank	£	1,277,825	1,074,535
Debtors	£	872,330	1,122,761

Turnover

Turnover fell by 16.5% from 2014 to 2015. This was due to a reduction in low margin brands and the competitive market in which the group operates, in particular in the public sector where schools and public bodies have moved over to service contracts.

Gross margin

Gross margins have increased, which is considered an excellent result given the current trading conditions. The Group has focussed on higher margin products, whilst addressing any obsolete stock.

Cash at bank and debtors

The group prides itself in not needing banking facilities. This is achieved by strong credit control and rigorous monitoring of cash flow. We are pleased to report that group cash at bank has remained comfortably over £1m, increasing over £200k. All debts created by the MBO at the beginning of 2014 have now been paid off. The directors consider this an excellent result, as the original payment plan spanned over five years. Debtors have reduced by over 20%.

Bentham Limited

Strategic Report for the Year Ended 31 December 2015 (continued)

Principal 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.

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. This has been demonstrated by the progression of senior managers to becoming the new owners, and the results prove this strategy to be successful.

Financial instruments

Objectives and policies

Financial

The company's principal financial instruments comprise bank balances, cash and short term deposits, as well as trade creditors and debtors. The main purpose of these financial instruments is to manage the company's funding and liquidity requirements.

Price risk, credit risk, liquidity risk and cash flow risk

The principal financial risks to which the company is exposed are those of price, liquidity, foreign currency and credit. Each of these is managed in accordance with board approved policies, as set out below.

Price risk

Changes in the industry and the economic environment can adversely affect demand for the products we sell. Net sales can be dependant on demand for specific product categories. The increase in computer hardware products means items need to be sold quickly in order to avoid their reducing in value as technology advances rapidly.

Liquidity risk

In respect of bank balances, liquidity risk is managed by closely monitoring movements and maintaining positive balances on accounts. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and regular monitoring of amounts outstanding for both credit and time limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Currency risk

The UK's impending exit from the EU may lead to price increases on purchases by the company. As this pressure should apply to whole industry, there will most likely be a general increase in prices so margins shouldn't be affected. The company's high gross margins also mean there is scope to absorb some of the increase if needed.

Credit risk

The company's exposure to credit risk is managed by using payment with order, only offering credit to schools and other companies with strong ratings. The company uses credit checks to verify the credit risk of each company on an individual basis.

Approved by the Board on 28.9.16 and signed on its behalf by:



Mr P R Sinnett-Thomas
Director

Bentham Limited

Directors' Report for the Year Ended 31 December 2015

The Directors present their report and the consolidated financial statements for the year ended 31 December 2015.

Directors of the Group

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

Mrs E J Rendell

Mr I T H Gray

Mr P R Sinnett-Thomas

Mr M J Shobbrook

Mrs J Vine

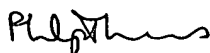
Important non adjusting events after the financial period

The company is currently undergoing an investigation by H M Revenue & Customs regarding the rate of duty applied to certain imported products. At the date of approval of these financial statements the case is ongoing, but the directors are confident that the outcome will not significantly affect the finances of the Group.

Disclosure of information to the auditor

Each 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 auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 28.9.16 and signed on its behalf by:



Mr P R Sinnett-Thomas
Director

Bentham Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bentham Limited

Independent Auditor's Report

We have audited the financial statements of Bentham Limited for the year ended 31 December 2015, set out on pages 8 to 36. 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 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.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors to the financial statements.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

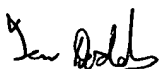
Bentham Limited

Independent Auditor's Report (continued)

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



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

Church House
Church Street
Yeovil
Somerset
BA20 1HB

Date: 28.2.16

Bentham Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	15,939,317	19,082,296
Cost of sales		<u>(11,927,217)</u>	<u>(14,875,092)</u>
Gross profit		4,012,100	4,207,204
Administrative expenses		<u>(2,478,860)</u>	<u>(3,048,711)</u>
Operating profit	5	<u>1,533,240</u>	<u>1,158,493</u>
Other interest receivable and similar income	6	<u>647</u>	<u>2,775</u>
		<u>647</u>	<u>2,775</u>
Profit before tax		1,533,887	1,161,268
Taxation	10	<u>(255,543)</u>	<u>(235,580)</u>
Profit for the financial year		<u>1,278,344</u>	<u>925,688</u>
Profit/(loss) attributable to:			
Owners of the company		<u>1,278,344</u>	<u>925,688</u>

The group has no recognised gains or losses for the year other than the results above.

Bentham Limited

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December
2015**

	2015	2014
	£	£
Profit for the year	<u>1,278,344</u>	<u>925,688</u>
Total comprehensive income for the year	<u>1,278,344</u>	<u>925,688</u>
Total comprehensive income attributable to:		
Owners of the company	<u>1,278,344</u>	<u>925,688</u>


The notes on pages 16 to 36 form an integral part of these financial statements.

Bentham Limited

(Registration number: 04026676) Consolidated Balance Sheet as at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	11	177	254
Tangible assets	12	<u>66,957</u>	<u>121,985</u>
		<u>67,134</u>	<u>122,239</u>
Current assets			
Stocks	14	1,560,728	1,445,796
Debtors	15	872,330	1,122,761
Cash at bank and in hand		<u>1,277,825</u>	<u>1,074,535</u>
		3,710,883	3,643,092
Creditors: Amounts falling due within one year	17	<u>(2,412,370)</u>	<u>(2,609,184)</u>
Net current assets		<u>1,298,513</u>	<u>1,033,908</u>
Total assets less current liabilities		1,365,647	1,156,147
Provisions for liabilities		<u>(1,778)</u>	<u>(10,132)</u>
Net assets		<u>1,363,869</u>	<u>1,146,015</u>
Capital and reserves			
Called up share capital	19	1,000	1,000
Profit and loss account		<u>1,362,869</u>	<u>1,145,015</u>
Equity attributable to owners of the company		<u>1,363,869</u>	<u>1,146,015</u>
Total equity		<u>1,363,869</u>	<u>1,146,015</u>

Approved and authorised by the Board on 28.9.16 and signed on its behalf by:


.....

Mr P R Sinnett-Thomas

Director

The notes on pages 16 to 36 form an integral part of these financial statements.

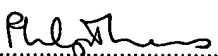
Bentham Limited

(Registration number: 04026676)
Balance Sheet as at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	12	66,957	116,159
Investments	13	101	101
		<u>67,058</u>	<u>116,260</u>
Current assets			
Stocks	14	1,404,242	1,302,032
Debtors	15	863,407	1,127,069
Cash at bank and in hand		1,260,004	1,053,552
		<u>3,527,653</u>	<u>3,482,653</u>
Creditors: Amounts falling due within one year	17	<u>(2,495,127)</u>	<u>(2,579,502)</u>
Net current assets		<u>1,032,526</u>	<u>903,151</u>
Total assets less current liabilities		<u>1,099,584</u>	<u>1,019,411</u>
Provisions for liabilities		<u>(1,778)</u>	<u>(10,132)</u>
Net assets		<u><u>1,097,806</u></u>	<u><u>1,009,279</u></u>
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss account		<u>1,096,806</u>	<u>1,008,279</u>
Total equity		<u><u>1,097,806</u></u>	<u><u>1,009,279</u></u>

The company made a profit after tax for the financial year of £1,149,017 (2014 - profit of £816,891).

Approved and authorised by the Board on 28.12.16 and signed on its behalf by:



Mr P R Sinnett-Thomas

Director

Bentham Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2015 Equity attributable to the parent company

	Share capital £	Profit and loss account £	Total £	Total equity £
At 1 January 2015	1,000	1,145,015	1,146,015	1,146,015
Profit for the year	-	1,278,344	1,278,344	1,278,344
Total comprehensive income	-	1,278,344	1,278,344	1,278,344
Dividends	-	(1,060,490)	(1,060,490)	(1,060,490)
At 31 December 2015	1,000	1,362,869	1,363,869	1,363,869

	Share capital £	Profit and loss account £	Total £	Total equity £
At 1 January 2014	1,000	2,078,723	2,079,723	2,079,723
Profit for the year	-	925,688	925,688	925,688
Total comprehensive income	-	925,688	925,688	925,688
Dividends	-	(1,859,396)	(1,859,396)	(1,859,396)
At 31 December 2014	1,000	1,145,015	1,146,015	1,146,015

The notes on pages 16 to 36 form an integral part of these financial statements.

Bentham Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £	Profit and loss account £	Total £
At 1 January 2015	1,000	1,008,279	1,009,279
Profit for the year	-	1,149,017	1,149,017
Total comprehensive income	-	1,149,017	1,149,017
Dividends	-	(1,060,490)	(1,060,490)
At 31 December 2015	1,000	1,096,806	1,097,806

	Share capital £	Profit and loss account £	Total £
At 1 January 2014	1,000	2,050,784	2,051,784
Profit for the year	-	816,891	816,891
Total comprehensive income	-	816,891	816,891
Dividends	-	(1,859,396)	(1,859,396)
At 31 December 2014	1,000	1,008,279	1,009,279

The notes on pages 16 to 36 form an integral part of these financial statements.

Bentham Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the year	1,278,344	925,688
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	55,213	71,092
Loss/(profit) on disposal of tangible assets	4,128	(1,500)
Finance income	(647)	(2,775)
Income tax expense	255,543	235,580
	<u>1,592,581</u>	<u>1,228,085</u>
Working capital adjustments		
(Increase)/decrease in stocks	(114,932)	706,891
Decrease/(increase) in trade debtors	250,431	(15,964)
(Decrease)/increase in trade creditors	(94,508)	116,779
	<u>1,633,572</u>	<u>2,035,791</u>
Cash generated from operations	1,633,572	2,035,791
Income taxes paid	(366,203)	(108,697)
Net cash flow from operating activities	<u>1,267,369</u>	<u>1,927,094</u>
Cash flows from investing activities		
Interest received	647	2,775
Acquisitions of tangible assets	(4,236)	(91,391)
Proceeds from sale of tangible assets	-	1,500
	<u>(3,589)</u>	<u>(87,116)</u>
Net cash flows from investing activities	(3,589)	(87,116)
Cash flows from financing activities		
Dividends paid	(1,060,490)	(1,859,396)
Net increase/(decrease) in cash and cash equivalents	203,290	(19,418)
Cash and cash equivalents at 1 January	1,074,535	1,093,953
Cash and cash equivalents at 31 December	<u>1,277,825</u>	<u>1,074,535</u>

The notes on pages 16 to 36 form an integral part of these financial statements.

Bentham Limited

Statement of Cash Flows for the Year Ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the year	1,149,017	816,891
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	55,136	67,516
Profit on disposal of tangible assets	(1,698)	(1,500)
Finance income	(100,625)	(2,739)
Income tax expense	255,543	235,580
	<u>1,357,373</u>	<u>1,115,748</u>
Working capital adjustments		
(Increase)/decrease in stocks	(102,210)	605,485
Decrease in trade debtors	263,662	183,113
Increase in trade creditors	17,931	129,146
	<u>1,536,756</u>	<u>2,033,492</u>
Cash generated from operations	1,536,756	2,033,492
Income taxes paid	(366,203)	(108,696)
Net cash flow from operating activities	<u>1,170,553</u>	<u>1,924,796</u>
Cash flows from investing activities		
Interest received	100,625	2,739
Acquisitions of tangible assets	(4,236)	(91,391)
Proceeds from sale of tangible assets	-	1,500
	<u>96,389</u>	<u>(87,152)</u>
Net cash flows from investing activities	96,389	(87,152)
Cash flows from financing activities		
Dividends paid	(1,060,490)	(1,859,396)
Net increase/(decrease) in cash and cash equivalents	206,452	(21,752)
Cash and cash equivalents at 1 January	<u>1,053,552</u>	<u>1,075,304</u>
Cash and cash equivalents at 31 December	<u><u>1,260,004</u></u>	<u><u>1,053,552</u></u>

The notes on pages 16 to 36 form an integral part of these financial statements.

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 General information

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

The address of its registered office is:

Polham Lane
Somerton
Somerset
TA11 6SP

These financial statements were authorised for issue by the Board on 28 September 2016.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2015.

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

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

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination.

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

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

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

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

Revenue recognition

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

The Group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Group's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, 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 is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

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

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

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

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

Asset class	Depreciation method and rate
Leasehold improvements	Over the period of the lease
Equipment, fixtures and fittings	15% per annum, straight line basis
Computer equipment	33% per annum, straight line basis
Plant and machinery	20% per annum, straight line basis

Business combinations

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

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

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

Asset class	Amortisation method and rate
Goodwill	20% per annum, straight line basis
Intellectual property	20% per annum, straight line basis

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

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

Debtors

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

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

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

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

Creditors

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

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

Share capital

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

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Dividends

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

Defined contribution pension obligation

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

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

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2015 £	2014 £
Sale of goods	<u>15,939,317</u>	<u>19,082,296</u>

4 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2015 £	2014 £
Gain (loss) on disposal of property, plant and equipment	<u>(4,128)</u>	<u>1,500</u>

5 Operating profit

Arrived at after charging/(crediting)

	2015 £	2014 £
Depreciation expense	55,136	71,015
Amortisation expense	77	77
Operating lease expense - property	49,929	49,930
Operating lease expense - other	26,000	-
Loss/(profit) on disposal of property, plant and equipment	<u>4,128</u>	<u>(1,500)</u>

6 Other interest receivable and similar income

	2015 £	2014 £
Interest income on bank deposits	<u>647</u>	<u>2,775</u>

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

7 Staff costs

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

	2015	2014
	£	£
Wages and salaries	2,337,921	2,404,348
Social security costs	40,481	76,130
Pension costs, defined contribution scheme	234,354	112,179
Other employee expense	20,358	19,152
	<u>2,633,114</u>	<u>2,611,809</u>

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

	2015	2014
	No.	No.
Administration and support	25	25
Sales	70	68
Distribution	20	19
	<u>115</u>	<u>112</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015	2014
	£	£
Remuneration	191,677	354,173
Contributions paid to money purchase schemes	156,221	36,106
	<u>347,898</u>	<u>390,279</u>

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

	2015	2014
	No.	No.
Accruing benefits under money purchase pension scheme	<u>5</u>	<u>5</u>

In respect of the highest paid director:

	2015	2014
	£	£
Remuneration	67,708	77,670
Company contributions to money purchase pension schemes	<u>7,203</u>	<u>8,112</u>

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Auditors' remuneration

	2015 £	2014 £
Audit of these financial statements	12,000	16,000
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>6,000</u>	<u>4,000</u>
	<u>18,000</u>	<u>20,000</u>
Other fees to auditors		
All other non-audit services	<u>3,000</u>	<u>5,032</u>

10 Taxation

Tax charged/(credited) in the income statement

	2015 £	2014 £
Current taxation		
UK corporation tax	263,910	226,216
UK corporation tax adjustment to prior periods	<u>(13)</u>	<u>68</u>
	263,897	226,284
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(8,354)</u>	<u>9,296</u>
Tax expense in the income statement	<u>255,543</u>	<u>235,580</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2014 - the same as the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £	2014 £
Profit before tax	<u>1,533,887</u>	<u>1,161,268</u>
Corporation tax at standard rate	310,612	249,673
Effect of revenues exempt from taxation	(46,438)	(23,392)
Effect of expense not deductible in determining taxable profit (tax loss)	(8,617)	8,273
Tax increase (decrease) from effect of capital allowances and depreciation	-	958
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(14)</u>	<u>68</u>
Total tax charge	<u>255,543</u>	<u>235,580</u>

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

10 Taxation (continued)

Deferred tax

Group

Deferred tax assets and liabilities

2015

**Liability
£**

Accelerated capital allowances

1,778

2014

**Liability
£**

Accelerated capital allowances

10,132

Company

Deferred tax assets and liabilities

2015

**Liability
£**

Accelerated capital allowances

1,778

2014

**Liability
£**

Accelerated capital allowances

10,132

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

11 Intangible assets

Group

	Goodwill £	Intellectual property £	Total £
Cost or valuation			
At 1 January 2015	<u>2,000</u>	<u>3,510</u>	<u>5,510</u>
At 31 December 2015	<u>2,000</u>	<u>3,510</u>	<u>5,510</u>
Amortisation			
At 1 January 2015	2,000	3,256	5,256
Amortisation charge	<u>-</u>	<u>77</u>	<u>77</u>
At 31 December 2015	<u>2,000</u>	<u>3,333</u>	<u>5,333</u>
Carrying amount			
At 31 December 2015	<u>-</u>	<u>177</u>	<u>177</u>
At 31 December 2014	<u>-</u>	<u>254</u>	<u>254</u>

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2014 - £Nil).

Company

	Goodwill £	Intellectual property £	Total £
Cost or valuation			
At 1 January 2015	<u>2,000</u>	<u>3,000</u>	<u>5,000</u>
At 31 December 2015	<u>2,000</u>	<u>3,000</u>	<u>5,000</u>
Amortisation			
At 1 January 2015	2,000	3,000	5,000
At 31 December 2015	<u>2,000</u>	<u>3,000</u>	<u>5,000</u>
Carrying amount			
At 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2014 - £Nil).

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

12 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 January 2015	70,565	628,208	93,663	792,436
Additions	-	2,912	1,324	4,236
Disposals	(2,400)	(211,409)	(19,277)	(233,086)
At 31 December 2015	68,165	419,711	75,710	563,586
Depreciation				
At 1 January 2015	68,195	520,278	81,978	670,451
Charge for the year	1,998	47,414	5,724	55,136
Eliminated on disposal	(2,400)	(207,352)	(19,206)	(228,958)
At 31 December 2015	67,793	360,340	68,496	496,629
Carrying amount				
At 31 December 2015	372	59,371	7,214	66,957
At 31 December 2014	2,370	107,930	11,685	121,985

Included within the net book value of land and buildings above is £372 (2014 - £2,370) in respect of short leasehold land and buildings.

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

12 Tangible assets (continued)

Company

	Land and buildings £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 January 2015	70,565	571,915	93,663	736,143
Additions	-	2,912	1,324	4,236
Disposals	(2,400)	(155,116)	(19,277)	(176,793)
At 31 December 2015	68,165	419,711	75,710	563,586
Depreciation				
At 1 January 2015	68,195	469,811	81,978	619,984
Charge for the year	1,998	47,414	5,724	55,136
Eliminated on disposal	(2,400)	(156,885)	(19,206)	(178,491)
At 31 December 2015	67,793	360,340	68,496	496,629
Carrying amount				
At 31 December 2015	372	59,371	7,214	66,957
At 31 December 2014	2,370	102,104	11,685	116,159

Included within the net book value of land and buildings above is £372 (2014 - £2,370) in respect of short leasehold land and buildings.

13 Investments

Company

	2015 £	2014 £
Investments in subsidiaries	101	101
Subsidiaries		£
Cost or valuation		
At 1 January 2015		101
Carrying amount		
At 31 December 2015		101
At 31 December 2014		101

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Investments (continued)

Details of undertakings

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

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2015	2014
Subsidiary undertakings				
IJT Direct Limited	Jersey	Ordinary shares	100%	100%
IJT Direct Limited	England and Wales	Ordinary shares	100%	100%

The principal activity of IJT Direct Limited is the mail order sale of business products.

The principal activity of IJT Direct Limited is the mail order sale of business products. The company is dormant.

The profit for the financial period of IJT Direct Limited was £229,327 and the aggregate amount of capital and reserves at the end of the period was £266,063.

14 Stocks

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Other inventories	<u>1,560,728</u>	<u>1,445,796</u>	<u>1,404,242</u>	<u>1,302,032</u>

15 Debtors

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade debtors	611,412	662,165	611,388	662,112
Amounts owed by related parties	-	-	-	31,421
Other debtors	-	26	-	26
Prepayments	<u>260,918</u>	<u>460,570</u>	<u>252,019</u>	<u>433,510</u>
Total current trade and other debtors	<u>872,330</u>	<u>1,122,761</u>	<u>863,407</u>	<u>1,127,069</u>

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

16 Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Cash on hand	20	999	20	999
Cash at bank	177,660	473,437	159,839	452,454
Short-term deposits	1,100,145	600,099	1,100,145	600,099
	<u>1,277,825</u>	<u>1,074,535</u>	<u>1,260,004</u>	<u>1,053,552</u>

17 Creditors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Due within one year				
Trade creditors	1,630,881	1,726,613	1,620,918	1,704,467
Amounts due to related parties	75,000	99,000	181,645	99,000
Social security and other taxes	412,139	336,455	412,139	336,455
Outstanding defined contribution pension costs	10,546	10,585	10,546	10,585
Other payables	120,985	170,387	120,985	170,387
Accrued expenses	38,909	39,928	24,984	32,392
Income tax liability	123,910	226,216	123,910	226,216
	<u>2,412,370</u>	<u>2,609,184</u>	<u>2,495,127</u>	<u>2,579,502</u>

18 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £234,354 (2014 - £112,179).

Contributions totalling £(10,546) (2014 - £(10,585)) were payable to the scheme at the end of the year and are included in creditors.

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

19 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

20 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2015	2014
	£	£
Not later than one year	72,929	49,929
Later than one year and not later than five years	<u>71,665</u>	<u>74,354</u>
	<u>144,594</u>	<u>124,283</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £75,929 (2014 - £49,930).

Company

Operating leases

The total of future minimum lease payments is as follows:

	2015	2014
	£	£
Not later than one year	72,929	49,929
Later than one year and not later than five years	<u>71,665</u>	<u>74,354</u>
	<u>144,594</u>	<u>124,283</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £75,929 (2014 - £49,930).

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

21 Dividends

	2015	2014
	£	£
Interim dividend of £10,604.90 (2014 - £18,593.96) per ordinary share	<u>1,060,490</u>	<u>1,859,396</u>

The directors are proposing a final dividend of £Nil (2014 - £Nil) per share totalling £Nil (2014 - £Nil). This dividend has not been accrued in the Balance Sheet.

22 Parent and ultimate parent undertaking

The company's immediate parent is VSGT Limited, incorporated in England.

23 Non adjusting events after the financial period

The company is currently undergoing an investigation by H M Revenue & Customs regarding the rate of duty applied to certain imported products. At the date of approval of these financial statements the case is ongoing, but the directors are confident that the outcome will not significantly affect the finances of the Group.

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

24 Transition to FRS 102

Consolidated Balance Sheet at 1 January 2014

	As originally reported £	Reclassification £	Remeasurement £	As restated £
Fixed assets				
Intangible assets	331	-	-	331
Tangible assets	101,609	-	-	101,609
	<u>101,940</u>	<u>-</u>	<u>-</u>	<u>101,940</u>
Current assets				
Stocks	2,152,687	-	-	2,152,687
Debtors	1,106,796	-	-	1,106,796
Cash at bank and in hand	1,093,953	-	-	1,093,953
	<u>4,353,436</u>	<u>-</u>	<u>-</u>	<u>4,353,436</u>
Creditors: Amounts falling due within one year	<u>(2,374,817)</u>	<u>-</u>	<u>-</u>	<u>(2,374,817)</u>
Net current assets	<u>1,978,619</u>	<u>-</u>	<u>-</u>	<u>1,978,619</u>
Total assets less current liabilities	2,080,559	-	-	2,080,559
Provisions for liabilities	<u>(836)</u>	<u>-</u>	<u>-</u>	<u>(836)</u>
Net assets	<u>2,079,723</u>	<u>-</u>	<u>-</u>	<u>2,079,723</u>
Capital and reserves				
Called up share capital	(1,000)	-	-	(1,000)
Profit and loss account	<u>(2,078,723)</u>	<u>-</u>	<u>-</u>	<u>(2,078,723)</u>
Total equity	<u>(2,079,723)</u>	<u>-</u>	<u>-</u>	<u>(2,079,723)</u>

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

24 Transition to FRS 102 (continued)

Consolidated Balance Sheet at 31 December 2014

	As originally reported £	Reclassification £	Remeasurement £	As restated £
Fixed assets				
Intangible assets	254	-	-	254
Tangible assets	121,985	-	-	121,985
	<u>122,239</u>	<u>-</u>	<u>-</u>	<u>122,239</u>
Current assets				
Stocks	1,445,796	-	-	1,445,796
Debtors	1,122,761	-	-	1,122,761
Cash at bank and in hand	1,074,535	-	-	1,074,535
	<u>3,643,092</u>	<u>-</u>	<u>-</u>	<u>3,643,092</u>
Creditors: Amounts falling due within one year	<u>(2,609,184)</u>	<u>-</u>	<u>-</u>	<u>(2,609,184)</u>
Net current assets	<u>1,033,908</u>	<u>-</u>	<u>-</u>	<u>1,033,908</u>
Total assets less current liabilities	1,156,147	-	-	1,156,147
Provisions for liabilities	<u>(10,132)</u>	<u>-</u>	<u>-</u>	<u>(10,132)</u>
Net assets	<u>1,146,015</u>	<u>-</u>	<u>-</u>	<u>1,146,015</u>
Capital and reserves				
Called up share capital	(1,000)	-	-	(1,000)
Profit and loss account	<u>(1,145,015)</u>	<u>-</u>	<u>-</u>	<u>(1,145,015)</u>
Total equity	<u>(1,146,015)</u>	<u>-</u>	<u>-</u>	<u>(1,146,015)</u>

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

24 Transition to FRS 102 (continued)

Consolidated Profit and Loss Account for the year ended 31 December 2014

	As originally reported £	Reclassification £	Remeasurement £	As restated £
Turnover	19,082,296	-	-	19,082,296
Cost of sales	(14,875,092)	-	-	(14,875,092)
Gross profit	4,207,204	-	-	4,207,204
Administrative expenses	(3,048,711)	-	-	(3,048,711)
Operating profit	1,158,493	-	-	1,158,493
Other interest receivable and similar income	2,775	-	-	2,775
	2,775	-	-	2,775
Profit before tax	1,161,268	-	-	1,161,268
Taxation	(235,580)	-	-	(235,580)
Profit for the financial year	925,688	-	-	925,688

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

24 Transition to FRS 102 (continued)

Company Balance Sheet at 1 January 2014

	As originally reported £	Reclassification £	Remeasurement £	As restated £
Fixed assets				
Tangible assets	92,284	-	-	92,284
Investments	101	-	-	101
	<u>92,385</u>	<u>-</u>	<u>-</u>	<u>92,385</u>
Current assets				
Stocks	1,907,517	-	-	1,907,517
Debtors	1,310,182	-	-	1,310,182
Cash at bank and in hand	1,075,304	-	-	1,075,304
	<u>4,293,003</u>	<u>-</u>	<u>-</u>	<u>4,293,003</u>
Creditors: Amounts falling due within one year	<u>(2,332,768)</u>	<u>-</u>	<u>-</u>	<u>(2,332,768)</u>
Net current assets	<u>1,960,235</u>	<u>-</u>	<u>-</u>	<u>1,960,235</u>
Total assets less current liabilities	2,052,620	-	-	2,052,620
Provisions for liabilities	<u>(836)</u>	<u>-</u>	<u>-</u>	<u>(836)</u>
Net assets	<u>2,051,784</u>	<u>-</u>	<u>-</u>	<u>2,051,784</u>
Capital and reserves				
Called up share capital	(1,000)	-	-	(1,000)
Profit and loss account	<u>(2,050,784)</u>	<u>-</u>	<u>-</u>	<u>(2,050,784)</u>
Total equity	<u>(2,051,784)</u>	<u>-</u>	<u>-</u>	<u>(2,051,784)</u>

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

24 Transition to FRS 102 (continued)

Company Balance Sheet at 31 December 2014

	As originally reported £	Reclassification £	Remeasurement £	As restated £
Fixed assets				
Tangible assets	116,159	-	-	116,159
Investments	101	-	-	101
	<u>116,260</u>	<u>-</u>	<u>-</u>	<u>116,260</u>
Current assets				
Stocks	1,302,032	-	-	1,302,032
Debtors	1,127,069	-	-	1,127,069
Cash at bank and in hand	1,053,552	-	-	1,053,552
	<u>3,482,653</u>	<u>-</u>	<u>-</u>	<u>3,482,653</u>
Creditors: Amounts falling due within one year	<u>(2,579,502)</u>	<u>-</u>	<u>-</u>	<u>(2,579,502)</u>
Net current assets	<u>903,151</u>	<u>-</u>	<u>-</u>	<u>903,151</u>
Total assets less current liabilities	1,019,411	-	-	1,019,411
Provisions for liabilities	<u>(10,132)</u>	<u>-</u>	<u>-</u>	<u>(10,132)</u>
Net assets	<u>1,009,279</u>	<u>-</u>	<u>-</u>	<u>1,009,279</u>
Capital and reserves				
Called up share capital	(1,000)	-	-	(1,000)
Profit and loss account	<u>(1,008,279)</u>	<u>-</u>	<u>-</u>	<u>(1,008,279)</u>
Total equity	<u>(1,009,279)</u>	<u>-</u>	<u>-</u>	<u>(1,009,279)</u>

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

24 Transition to FRS 102 (continued)

Company Profit and Loss Account for the year ended 31 December 2014

	As originally reported £	Reclassification £	Remeasurement £	As restated £
Turnover	17,537,364	-	-	17,537,364
Cost of sales	<u>(14,460,467)</u>	<u>-</u>	<u>-</u>	<u>(14,460,467)</u>
Gross profit	3,076,897	-	-	3,076,897
Administrative expenses	<u>(2,027,165)</u>	<u>-</u>	<u>-</u>	<u>(2,027,165)</u>
Operating profit	<u>1,049,732</u>	<u>-</u>	<u>-</u>	<u>1,049,732</u>
Other interest receivable and similar income	<u>2,739</u>	<u>-</u>	<u>-</u>	<u>2,739</u>
	<u>2,739</u>	<u>-</u>	<u>-</u>	<u>2,739</u>
Profit before tax	1,052,471	-	-	1,052,471
Taxation	<u>(235,580)</u>	<u>-</u>	<u>-</u>	<u>(235,580)</u>
Profit for the financial year	<u><u>816,891</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>816,891</u></u>