

Bentham Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2016

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

Bentham Limited

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Bentham Limited

Company Information

Directors 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 2016

The directors present their strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of the group is mail order business supplies.

Fair review of the business

Trading in the business categories where the group is active continued to be extremely competitive, resulting in a decrease in turnover. Gross margins remain healthy at 23%, with an increase in operating margin of £38k. Marketing spend has been further reduced, owing to decreasing returns on expensive advertising in the National press. Changes in consumer habits have made this an increasingly difficult expense to recover. Administrative salaries have also fallen substantially. A result of the group's stringent credit control procedures was that bad debts were once again negligible. Debtors have decreased from £872k to £626k. A key objective of the group is to maintain liquidity. Group cash reserves have become even stronger, increased from £1.27m to £1.3m. 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	2016	2015
Turnover	£	13,975,494	15,939,317
Gross margin	£	3,233,000	4,012,100
Operating profit	£	1,572,407	1,533,887
Cash at bank	£	1,300,124	1,277,825
Debtors	£	626,746	872,330

Turnover

Turnover fell by 12.3% from 2015 to 2016. This was again 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 continued to move over to service contracts. The private consumer brand has decreased due to the trend away from printing and towards using paperless technology.

Gross margin

Gross margins have decreased marginally, although the current levels are considered an excellent result given the current trading conditions. The group continues to focus on higher margin products, whilst addressing any obsolete stock issues.

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 £22k. Debtors have fallen by over 28%.

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, particularly the senior members. The policy of the group 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 current owners, and the results prove this strategy to be successful.

Bentham Limited

Strategic Report for the Year Ended 31 December 2016 (continued)

Financial instruments

Objectives and policies

Financial

The group'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 group's funding and liquidity requirements.

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

The principal financial risks to which the group 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 group. As this pressure should apply to the whole industry, there will most likely be a general increase in prices so margins shouldn't be greatly affected. The group's high gross margins also mean there is scope to absorb some of the increase if needed. Uncertainty over Sterling has caused exchange rates to move in the wrong direction, although imports in US Dollars are becoming an increasingly small proportion of purchases, so this cost has been absorbed in the course of usual trading.

Credit risk

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

Approved by the Board on 28 July 2017 and signed on its behalf by:

Mr P R Sinnett-Thomas

Director

Bentham Limited

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the for the year ended 31 December 2016.

Directors of the group

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

Mrs E J Rendell (Resigned 4 May 2017)

Mr I T H Gray

Mr P R Sinnett-Thomas

Mr M J Shobbrook

Mrs J Vine

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 July 2017 and signed on its behalf by:

Mr P R Sinnett-Thomas
Director

Bentham Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 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 and in accordance with FRS 102. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bentham Limited

Independent Auditor's Report to the Members of Bentham Limited

We have audited the financial statements of Bentham Limited for the year ended 31 December 2016, set out on pages 8 to 29. 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 2016 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Bentham Limited

Independent Auditor's Report to the Members of Bentham Limited (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

4 August 2017

Bentham Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2016

	Note	Total 31 December 2016 £	Total 31 December 2015 £
Turnover	<u>3</u>	13,975,494	15,939,317
Cost of sales		<u>(10,742,494)</u>	<u>(11,927,217)</u>
Gross profit		3,233,000	4,012,100
Administrative expenses		<u>(1,661,587)</u>	<u>(2,478,860)</u>
Operating profit	<u>5</u>	<u>1,571,413</u>	<u>1,533,240</u>
Other interest receivable and similar income	<u>6</u>	<u>994</u>	<u>647</u>
		<u>994</u>	<u>647</u>
Profit before tax		1,572,407	1,533,887
Taxation	<u>10</u>	<u>(276,786)</u>	<u>(255,543)</u>
Profit for the financial year		<u><u>1,295,621</u></u>	<u><u>1,278,344</u></u>
Profit/(loss) attributable to:			
Owners of the company		<u><u>1,295,621</u></u>	<u><u>1,278,344</u></u>

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

The notes on pages 16 to 29 form an integral part of these financial statements.
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Bentham Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2016

	2016 £	2015 £
Profit for the year	<u>1,295,621</u>	<u>1,278,344</u>
Total comprehensive income for the year	<u><u>1,295,621</u></u>	<u><u>1,278,344</u></u>
Total comprehensive income attributable to:		
Owners of the company	<u><u>1,295,621</u></u>	<u><u>1,278,344</u></u>

The notes on pages 16 to 29 form an integral part of these financial statements.

Bentham Limited

(Registration number: 04026676)

Consolidated Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	<u>11</u>	101	177
Tangible assets	<u>12</u>	58,121	66,957
		<u>58,222</u>	<u>67,134</u>
Current assets			
Stocks	<u>14</u>	1,644,780	1,560,728
Debtors	<u>15</u>	626,746	872,330
Cash at bank and in hand		1,300,124	1,277,825
		<u>3,571,650</u>	<u>3,710,883</u>
Creditors: Amounts falling due within one year	<u>17</u>	<u>(1,941,072)</u>	<u>(2,412,370)</u>
Net current assets		<u>1,630,578</u>	<u>1,298,513</u>
Total assets less current liabilities		1,688,800	1,365,647
Provisions for liabilities		<u>(2,810)</u>	<u>(1,778)</u>
Net assets		<u>1,685,990</u>	<u>1,363,869</u>
Capital and reserves			
Called up share capital	<u>19</u>	1,000	1,000
Profit and loss account		<u>1,684,990</u>	<u>1,362,869</u>
Equity attributable to owners of the company		<u>1,685,990</u>	<u>1,363,869</u>
Total equity		<u>1,685,990</u>	<u>1,363,869</u>

Approved and authorised by the Board on 28 July 2017 and signed on its behalf by:

Mr P R Sinnett-Thomas

Director

The notes on pages 16 to 29 form an integral part of these financial statements.

Bentham Limited

(Registration number: 04026676) Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	<u>12</u>	58,121	66,957
Investments	<u>13</u>	101	101
		<u>58,222</u>	<u>67,058</u>
Current assets			
Stocks	<u>14</u>	1,547,129	1,404,242
Debtors	<u>15</u>	644,285	863,407
Cash at bank and in hand		1,280,509	1,260,004
		<u>3,471,923</u>	<u>3,527,653</u>
Creditors: Amounts falling due within one year	<u>17</u>	<u>(2,107,816)</u>	<u>(2,495,127)</u>
Net current assets		<u>1,364,107</u>	<u>1,032,526</u>
Total assets less current liabilities		1,422,329	1,099,584
Provisions for liabilities		<u>(2,810)</u>	<u>(1,778)</u>
Net assets		<u>1,419,519</u>	<u>1,097,806</u>
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss account		<u>1,418,519</u>	<u>1,096,806</u>
Total equity		<u>1,419,519</u>	<u>1,097,806</u>

The company made a profit after tax for the financial year of £1,295,213 (2015 - profit of £1,149,017).

Approved and authorised by the Board on 28 July 2017 and signed on its behalf by:

Mr P R Sinnett-Thomas

Director

The notes on pages 16 to 29 form an integral part of these financial statements.
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Bentham Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016 Equity attributable to the parent company

	Share capital £	Profit and loss account £	Total £	Total equity £
At 1 January 2016	1,000	1,362,869	1,363,869	1,363,869
Profit for the year	-	1,295,621	1,295,621	1,295,621
Total comprehensive income	-	1,295,621	1,295,621	1,295,621
Dividends	-	(973,500)	(973,500)	(973,500)
At 31 December 2016	1,000	1,684,990	1,685,990	1,685,990

	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

The notes on pages 16 to 29 form an integral part of these financial statements.
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Bentham Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Profit and loss account £	Total £
At 1 January 2016	1,000	1,096,806	1,097,806
Profit for the year	-	1,295,213	1,295,213
Total comprehensive income	-	1,295,213	1,295,213
Dividends	-	(973,500)	(973,500)
At 31 December 2016	1,000	1,418,519	1,419,519

	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

The notes on pages 16 to 29 form an integral part of these financial statements.

Bentham Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		1,295,621	1,278,344
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	49,260	55,213
Loss on disposal of tangible assets	<u>4</u>	-	4,128
Finance income	<u>6</u>	(994)	(647)
Income tax expense	<u>10</u>	276,786	255,543
		1,620,673	1,592,581
Working capital adjustments			
Increase in stocks	<u>14</u>	(84,052)	(114,932)
Decrease in trade debtors	<u>15</u>	245,584	250,431
Decrease in trade creditors	<u>17</u>	(476,857)	(94,508)
Cash generated from operations		1,305,348	1,633,572
Income taxes paid	<u>10</u>	(270,195)	(366,203)
Net cash flow from operating activities		1,035,153	1,267,369
Cash flows from investing activities			
Interest received		994	647
Acquisitions of tangible assets		(40,348)	(4,236)
Net cash flows from investing activities		(39,354)	(3,589)
Cash flows from financing activities			
Dividends paid		(973,500)	(1,060,490)
Net increase in cash and cash equivalents		22,299	203,290
Cash and cash equivalents at 1 January		1,277,825	1,074,535
Cash and cash equivalents at 31 December		1,300,124	1,277,825

The notes on pages 16 to 29 form an integral part of these financial statements.

Bentham Limited

Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		1,295,213	1,149,017
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	49,184	55,136
Profit on disposal of tangible assets	<u>4</u>	-	(1,698)
Finance income		(163,978)	(100,625)
Income tax expense	<u>10</u>	276,786	255,543
		1,457,205	1,357,373
Working capital adjustments			
Increase in stocks	<u>14</u>	(142,887)	(102,210)
Decrease in trade debtors	<u>15</u>	219,122	263,662
(Decrease)/increase in trade creditors	<u>17</u>	(392,870)	17,931
Cash generated from operations		1,140,570	1,536,756
Income taxes paid	<u>10</u>	(270,195)	(366,203)
Net cash flow from operating activities		870,375	1,170,553
Cash flows from investing activities			
Interest received		163,978	100,625
Acquisitions of tangible assets		(40,348)	(4,236)
Net cash flows from investing activities		123,630	96,389
Cash flows from financing activities			
Dividends paid		(973,500)	(1,060,490)
Net increase in cash and cash equivalents		20,505	206,452
Cash and cash equivalents at 1 January		1,260,004	1,053,552
Cash and cash equivalents at 31 December		1,280,509	1,260,004

The notes on pages 16 to 29 form an integral part of these financial statements.

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

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 July 2017.

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 2016.

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.

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

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 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.

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 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.

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

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

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

Inventories

Stocks are stated at the lower of cost and estimated selling price. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises costs 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 estimated selling price; the impairment loss is recognised immediately in profit or loss.

Defined contribution pension obligation

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:

	2016 £	2015 £
Sale of goods	13,975,494	15,939,317

4 Other gains and losses

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

	2016 £	2015 £
Gain (loss) on disposal of property, plant and equipment	-	(4,128)

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

5 Operating profit

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	49,184	55,136
Amortisation expense	76	77
Foreign exchange gains	(20,045)	(11,110)
Operating lease expense - property	49,929	49,929
Operating lease expense - other	23,000	26,000
Loss on disposal of property, plant and equipment	-	4,128

6 Other interest receivable and similar income

	2016 £	2015 £
Interest income on bank deposits	994	647

7 Staff costs

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

	2016 £	2015 £
Wages and salaries	2,281,812	2,337,921
Social security costs	34,974	40,481
Pension costs, defined contribution scheme	271,609	234,354
Other employee expense	21,183	20,358
	2,609,578	2,633,114

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

	2016 No.	2015 No.
Administration and support	22	25
Sales	66	70
Distribution	19	20
	107	115

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	197,385	191,677
Contributions paid to money purchase schemes	197,819	156,221
	<u>395,204</u>	<u>347,898</u>

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

	2016 No.	2015 No.
Accruing benefits under money purchase pension scheme	<u>5</u>	<u>5</u>

9 Auditors' remuneration

	2016 £	2015 £
Audit of these financial statements	12,027	12,000
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>6,000</u>	<u>6,000</u>
	<u>18,027</u>	<u>18,000</u>
Other fees to auditors		
All other non-audit services	<u>3,000</u>	<u>3,000</u>

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
UK corporation tax	281,632	263,910
UK corporation tax adjustment to prior periods	(5,878)	(13)
	<u>275,754</u>	<u>263,897</u>
Deferred taxation		
Arising from origination and reversal of timing differences	<u>1,032</u>	<u>(8,354)</u>
Tax expense in the income statement	<u>276,786</u>	<u>255,543</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	<u>1,572,407</u>	<u>1,533,887</u>
Corporation tax at standard rate	314,481	310,612
Effect of revenues exempt from taxation	(32,681)	(46,438)
Effect of expense not deductible in determining taxable profit (tax loss)	864	(8,617)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(5,878)</u>	<u>(14)</u>
Total tax charge	<u>276,786</u>	<u>255,543</u>

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Taxation (continued)

Deferred tax

Group

Deferred tax assets and liabilities

	Liability £
2016	
Accelerated capital allowances	886

	Liability £
2015	
Accelerated capital allowances	1,778

Company

Deferred tax assets and liabilities

	Liability £
2016	
Accelerated capital allowances	886

	Liability £
2015	
Accelerated capital allowances	1,778

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

11 Intangible assets

Group

	Goodwill £	Intellectual property £	Total £
Cost or valuation			
At 1 January 2016	2,000	3,510	5,510
At 31 December 2016	2,000	3,510	5,510
Amortisation			
At 1 January 2016	2,000	3,333	5,333
Amortisation charge	-	76	76
At 31 December 2016	2,000	3,409	5,409
Carrying amount			
At 31 December 2016	-	101	101
At 31 December 2015	-	177	177

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2015 - £Nil).

Company

	Goodwill £	Intellectual property £	Total £
Cost or valuation			
At 1 January 2016	2,000	3,000	5,000
At 31 December 2016	2,000	3,000	5,000
Amortisation			
At 1 January 2016	2,000	3,000	5,000
At 31 December 2016	2,000	3,000	5,000
Carrying amount			
At 31 December 2016	-	-	-

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2015 - £Nil).

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

12 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 January 2016	68,165	419,711	75,710	563,586
Additions	-	38,247	2,101	40,348
Disposals	-	(16,137)	(2,030)	(18,167)
At 31 December 2016	68,165	441,821	75,781	585,767
Depreciation				
At 1 January 2016	67,793	360,340	68,496	496,629
Charge for the year	372	45,736	3,076	49,184
Eliminated on disposal	-	(16,137)	(2,030)	(18,167)
At 31 December 2016	68,165	389,939	69,542	527,646
Carrying amount				
At 31 December 2016	-	51,882	6,239	58,121
At 31 December 2015	372	59,371	7,214	66,957

Included within the net book value of land and buildings above is £Nil (2015 - £372) in respect of short leasehold land and buildings.

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (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 2016	68,165	419,711	75,710	563,586
Additions	-	38,247	2,101	40,348
Disposals	-	(16,137)	(2,030)	(18,167)
At 31 December 2016	68,165	441,821	75,781	585,767
Depreciation				
At 1 January 2016	67,793	360,340	68,496	496,629
Charge for the year	372	45,736	3,076	49,184
Eliminated on disposal	-	(16,137)	(2,030)	(18,167)
At 31 December 2016	68,165	389,939	69,542	527,646
Carrying amount				
At 31 December 2016	-	51,882	6,239	58,121
At 31 December 2015	372	59,371	7,214	66,957

Included within the net book value of land and buildings above is £Nil (2015 - £372) in respect of short leasehold land and buildings.

13 Investments

Company

	2016 £	2015 £
Investments in subsidiaries	101	101
Subsidiaries		£
Cost or valuation		
At 1 January 2016		101
Carrying amount		
At 31 December 2016		101
At 31 December 2015		101

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

13 Investments (continued)

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2016	2015
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 based in England and Wales is dormant.

14 Stocks

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Other inventories	1,644,780	1,560,728	1,547,129	1,404,242

15 Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	545,678	611,412	545,678	611,388
Amounts owed by related parties	-	-	26,620	-
Prepayments	81,068	260,918	71,987	252,019
Total current trade and other debtors	626,746	872,330	644,285	863,407

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

16 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Cash on hand	156	20	156	20
Cash at bank	199,901	177,660	180,286	159,839
Short-term deposits	1,100,067	1,100,145	1,100,067	1,100,145
	<u>1,300,124</u>	<u>1,277,825</u>	<u>1,280,509</u>	<u>1,260,004</u>

17 Creditors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Due within one year				
Trade creditors	1,354,743	1,637,506	1,338,301	1,620,918
Amounts due to related parties	-	75,000	190,000	181,645
Social security and other taxes	322,162	412,139	322,162	412,139
Outstanding defined contribution pension costs	9,733	10,546	9,733	10,546
Other payables	94,816	120,985	94,816	120,985
Accrued expenses	30,149	32,284	23,335	24,984
Income tax liability	129,469	123,910	129,469	123,910
	<u>1,941,072</u>	<u>2,412,370</u>	<u>2,107,816</u>	<u>2,495,127</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 £271,609 (2015 - £234,354).

Contributions totalling £9,733 (2015 - £10,546) 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 2016 (continued)

19 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

20 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	68,929	72,929
Later than one year and not later than five years	102,594	71,665
	<u>171,523</u>	<u>144,594</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £72,929 (2015 - £75,929).

Company

Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	68,929	72,929
Later than one year and not later than five years	102,594	71,665
	<u>171,523</u>	<u>144,594</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £72,929 (2015 - £75,929).

Bentham Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

21 Dividends

	2016	2015
	£	£
Interim dividend of £973.50 (2015 - £1,060.49) per ordinary share	973,500	1,060,490

The directors are proposing a final dividend of £Nil (2015 - £Nil) per share totalling £Nil (2015 - £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 and Wales.

These financial statements are available upon request from

Polham Lane

Somerton

Somerset

TA11 6SP

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