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Company Registration No. 2447653 (England and Wales)

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2001

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GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

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GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2001

The directors present their report and financial statements for the year ended 31 December 2001.

Principal activities and review of the business

The principal activities of the company continued to be that of builders and plumbers merchants.

There has been no significant change to this activity during the year and none is expected in the foreseeable future. The directors consider the company's financial position at 31 December 2001 to be satisfactory.

During the year, part of the trading premises were destroyed in a fire. As a result the company suffered some disruption of trade and although the results as stated in these financial statements have improved over the previous year, they are lower than expected.

Results and dividends

The results for the year are set out on page 4.

In view of the company's current and future requirements for the maintenance and development of its business, the directors do not recommend that a dividend be declared but that the profit for the year, as stated on page 4, be transferred to reserves.

Directors

The following directors have held office since 1 January 2001:

C G Bence
I Crowe
P J Clinch
I P Stacey

Directors' interests

At no time during the year did the directors hold a direct interest in the shares of the company.

The directors at 31 December 2001, together with their interests, as defined by the Companies Act 1985, in shares of the parent company, George Bence & Sons Limited at that date and at the beginning of the year, were as follows:

	2001 Beneficial	2001 Non - Beneficial	2000 Beneficial	2000 Non - Beneficial
C G Bence	100,166	15,000	100,166	15,000
I Crowe	-	-	-	-
P J Clinch	-	-	-	-
I P Stacey	-	-	-	-

There were no other changes during the year.

Auditors

Hazlewoods have expressed their willingness to continue in office.

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

DIRECTORS' REPORT (CONTINUED)
for the year ended 31 December 2001

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 company and of the profit or loss of the company 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

On behalf of the board

J Crowe
Director
20 August 2002

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

AUDITORS' REPORT TO GEORGE BENCE AND SONS (CHELTENHAM) LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 13, together with the financial statements of the company for the year ended 31 December 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 13 are properly prepared in accordance with that provision.

Hazlewoods.

Hazlewoods

Chartered Accountants

Registered Auditor

20 August 2002

Windsor House
Bayshill Road
Cheltenham
Gloucestershire
GL50 3AT

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Notes	2001 £	2000 £
Gross profit		3,014,050	2,760,223
Distribution costs		(920,616)	(898,343)
Administrative expenses		(1,934,974)	(1,727,616)
Other income - exceptional	2	50,487	-
Operating profit	3	208,947	134,264
Interest payable and similar charges	4	(72,215)	(76,442)
Profit on ordinary activities before taxation		136,732	57,822
Tax on profit on ordinary activities	5	(49,491)	(21,929)
Profit on ordinary activities after taxation	12	87,241	35,893

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

ABBREVIATED BALANCE SHEET
as at 31 December 2001

	Notes	2001 £	£	2000 £	£
Current assets					
Stocks	6	734,620		799,244	
Debtors	7	2,826,749		2,424,069	
Cash at bank and in hand		2,030		1,970	
		3,563,399		3,225,283	
Creditors: amounts falling due within one year	8	(2,914,641)		(2,663,766)	
Total assets less current liabilities			648,758		561,517
Creditors: amounts falling due after more than one year	9		(100,000)		(100,000)
			548,758		461,517
Capital and reserves					
Called up share capital	11		100,000		100,000
Profit and loss account	12		448,758		361,517
Shareholders' funds - equity interests	13		548,758		461,517

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 20 August 2002

C G Bence
Director

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 2001

	2001		2000	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		182,273		(24,764)
Returns on investments and servicing of finance				
Interest paid	(72,215)		(76,442)	
Net cash outflow for returns on investments and servicing of finance		(72,215)		(76,442)
Taxation		(23,076)		(23,574)
Net cash inflow/(outflow) before management of liquid resources and financing		86,982		(124,780)
Increase/(decrease) in cash in the year		86,982		(124,780)

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 December 2001

1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2001	2000
	£	£
Operating profit	208,947	134,264
Decrease/(increase) in stocks	64,624	(10,009)
(Increase)/decrease in debtors	(402,680)	166,140
Increase/(decrease) in creditors within one year	311,382	(315,159)
Net cash inflow/(outflow) from operating activities	182,273	(24,764)

2 Analysis of net debt

	1 January 2001	Cash flow	31 December 2001
	£	£	£
Net cash:			
Cash at bank and in hand	1,970	60	2,030
Bank overdrafts	(1,268,696)	86,922	(1,181,774)
	(1,266,726)	86,982	(1,179,744)
Debt:			
Debts falling due after one year	(100,000)	-	(100,000)
Net debt	(1,366,726)	86,982	(1,279,744)

3 Reconciliation of net cash flow to movement in net debt

	2001	2000
	£	£
Increase/(decrease) in cash in the year	86,982	(124,780)
Cash (inflow)/outflow from (increase)/decrease in debt	-	300,000
Movement in net debt in the year	86,982	175,220
Opening net debt	(1,366,726)	(1,541,946)
Closing net debt	(1,279,744)	(1,366,726)

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 December 2000

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention, adopting the following principal accounting policies, all of which are in accordance with applicable Accounting Standards.

1.2 Turnover

Turnover represents the amounts, excluding value added tax, receivable during the year for goods and services supplied.

1.3 Leasing

The cost of and income from operating leases is respectively charged and credited to the profit and loss account on a straight line basis over the lease term.

1.4 Stock

Stock is valued at the lower of cost and net realisable value. Cost is represented by direct materials and labour together with attributable amounts of fixed and variable overheads incurred in bringing each product to its present location and condition. Net realisable value is estimated selling price less further costs to completion and disposal.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with Statement of Standard Accounting Practice (SSAP) 24.

1.6 Deferred taxation

Provision is made for deferred taxation using the liability method (calculated at the rate at which it is estimated that tax will be payable) in respect of timing differences between profits as computed for tax purposes and profits as stated in the financial statements, to the extent that those differences will give rise to tax liabilities in the foreseeable future.

1.7 Finance costs

All finance costs in connection with borrowing are allocated to the profit and loss account at a constant rate on the carrying amount shown in the balance sheet. Accrued finance costs are included in accruals to the extent that they will be paid in cash in the next accounting period, but otherwise are added to the carrying amount of the borrowings.

2 Exceptional item

During the year, the company's showroom was destroyed in a fire and as a result the company is suffering a disruption in it's trade until the new showroom has been contructed and utilised. An insurance claim has been made to cover the period from 17 July 2001 to 16 July 2002 of which £50,487 relates to the year ended 31 December 2001.

3 Operating profit

	2001	2000
	£	£
Operating profit is stated after charging:		
Operating lease rentals		
- Plant and machinery	37,995	32,947
- Other assets	152,477	177,987
Auditors' remuneration	8,000	7,500

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
for the year ended 31 December 2000

4	**Interest payable**	**2001**	**2000**
		£	**£**
	On bank overdraft	72,215	76,442

5	**Taxation**	**2001**	**2000**
		£	**£**
	Domestic current year tax		
	U.K. corporation tax	48,344	21,929
	Adjustment for prior years	1,147	-
	Current tax charge	49,491	21,929

6	**Stocks**	**2001**	**2000**
		£	**£**
	Finished goods and goods for resale	734,620	793,941
	Sundry items	-	5,303
		734,620	799,244

7	**Debtors**	**2001**	**2000**
		£	**£**
	Trade debtors	2,267,288	2,099,403
	Amounts owed by parent undertaking	63,937	18,412
	Amounts owed by subsidiary undertaking	1,400	1,200
	Other debtors	87,596	27,864
	Prepayments and accrued income	406,528	277,190
		2,826,749	2,424,069

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
for the year ended 31 December 2000

8 Creditors: amounts falling due within one year	2001 £	2000 £
Bank loans and overdrafts	1,181,774	1,268,696
Trade creditors	1,332,229	1,192,333
Corporation tax	48,344	21,929
Other taxes and social security costs	104,606	116,069
Other creditors	180,629	25,582
Accruals and deferred income	67,059	39,157
	2,914,641	2,663,766

The bank overdraft is secured by an unlimited debenture over the company's stocks and debtors and a legal charge over leasehold property.

9 Creditors: amounts falling due after more than one year	2001 £	2000 £
Other loans	100,000	100,000
Analysis of loans		
Wholly repayable within five years	100,000	100,000
	100,000	100,000
Loan maturity analysis		
In more than one year but not more than two years	100,000	100,000

The loan of £100,000 is repayable at one year's notice given by the parent company.

10 Pension costs

Defined contribution

	2001 £	2000 £
Contributions payable by the company for the year	142,314	124,659

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
for the year ended 31 December 2000

11 Share capital

	2001	2000
	£	£
Authorised		
250,000 Ordinary shares of £ 1 each	250,000	250,000
Allotted, called up and fully paid		
100,000 Ordinary shares of £ 1 each	100,000	100,000

12 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2001	361,517
Retained profit for the year	87,241
Balance at 31 December 2001	448,758

13 Reconciliation of movements in shareholders' funds

	2001	2000
	£	£
Profit for the financial year	87,241	35,893
Opening shareholders' funds	461,517	425,624
Closing shareholders' funds	548,758	461,517

14 Financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2001	2000	2001	2000
	£	£	£	£
Expiry date:				
Within one year	-	-	13,118	-
Between two and five years	100,000	100,000	12,212	25,330
	100,000	100,000	25,330	25,330

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
for the year ended 31 December 2000

15 Directors' emoluments

	2001	2000
	£	£
Emoluments for qualifying services	300,503	258,627
Company pension contributions to money purchase schemes	86,470	84,213
	386,973	342,840

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2000 - 4).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	134,935	109,100
Company pension contributions to money purchase schemes	68,636	69,702

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2001	2000
	Number	Number
Distribution	35	33
Administration	46	48
	81	81

Employment costs

	£	£
Wages and salaries	1,487,103	1,328,401
Social security costs	162,070	119,150
Other pension costs	142,314	124,659
	1,791,487	1,572,210

16 Auditors interest in shares of parent company

C J Mourton FCCA, a partner of Hazlewoods (the company's auditors) holds 15,000 of the parent company's ordinary £1 shares jointly and non-beneficially with C G Bence, as trustee of the C G Bence Children's Trust.

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
for the year ended 31 December 2000

18 Ultimate parent company

The ultimate parent company is George Bence & Sons Limited, a company registered in England and Wales and controlled by Mr C G Bence.