Company Registration No. 2447653 (England and Wales)

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2003

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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 2003

The directors present their report and financial statements for the year ended 31 December 2002.

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

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 2003:

C G Bence
I Crowe
P J Clinch

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 2003, together with their interests, as defined by the Companies Act 1985, in shares of the parent company, George Bence and Sons Limited at that date and at the beginning of the year, were as follows:

	2002 Beneficial	2001 Beneficial
C G Bence	100,166	100,166
I Crowe	-	-
P J Clinch	-	-

In addition to the above shareholding, C G Bence and I Crowe hold 10,000 £1 ordinary shares in the parent company jointly on a non-beneficial basis in their capacity as trustees of the C G Bence Childrens Trust.

Auditors
Hazlewoods have expressed their willingness to continue in office.

DIRECTORS' REPORT (CONTINUED)
for the year ended 31 December 2003

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

I Crowe
Director
3 August 2004

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

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

Basis of audit opinion

We have examined the abbreviated accounts set out on pages 4 to 12, together with the financial statements of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 audit 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 12 are properly prepared in accordance with that provision.

Hazlewoods

Hazlewoods

Chartered Accountants

Registered Auditor

3rd August 2004.

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 2003

	Notes	2003 £	2002 £
Gross profit		3,733,298	3,296,161
Distribution costs		(1,097,069)	(991,983)
Administrative expenses		(2,455,388)	(2,067,373)
Operating profit	**2**	180,841	236,805
Interest payable and similar charges	**3**	(71,563)	(60,949)
Profit on ordinary activities before taxation		109,278	175,856
Tax on profit on ordinary activities	**4**	(59,232)	(51,706)
Profit on ordinary activities after taxation	**10**	50,046	124,150

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

ABBREVIATED BALANCE SHEET
as at 31 December 2003

	Notes	2003 £	£	2002 £	£
Current assets					
Stocks	5	910,099		765,210	
Debtors	6	3,776,665		3,225,776	
Cash at bank and in hand		2,178		1,910	
		4,688,942		3,992,896	
Creditors: amounts falling due within one year	7	(3,965,988)		(3,319,988)	
Total assets less current liabilities			722,954		672,908
Capital and reserves					
Called up share capital	9		100,000		100,000
Profit and loss account	10		622,954		572,908
Shareholders' funds - equity interests	11		722,954		672,908

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 3 August 2004

C G Bence
Director

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 2003

	2003		2002	
	£	£	£	£
Net cash outflow from operating activities		(165,952)		(6,220)
Returns on investments and servicing of finance				
Interest paid	(71,563)		(60,949)	
Net cash outflow for returns on investments and servicing of finance		(71,563)		(60,949)
Taxation		(51,706)		(48,344)
Net cash outflow before management of liquid resources and financing		(289,221)		(115,513)
Financing				
Repayment of other loan	-		(100,000)	
Net cash outflow from financing		-		(100,000)
Decrease in cash in the year		(289,221)		(215,513)

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 December 2003

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

	2003	2002
	£	£
Operating profit	180,841	236,805
Increase in stocks	(144,889)	(30,590)
Increase in debtors	(550,889)	(399,027)
Increase in creditors within one year	348,985	186,592
Net cash (outflow)/inflow from operating activities	(165,952)	(6,220)

2 Analysis of net debt

	1 January 2003	Cash flow	31 December 2003
	£	£	£
Net cash:			
Cash at bank and in hand	1,910	268	2,178
Bank overdrafts	(1,397,167)	(289,489)	(1,686,656)
Net debt	(1,395,257)	(289,221)	(1,684,478)

3 Reconciliation of net cash flow to movement in net debt

	2003	2002
	£	£
Decrease in cash in the year	(289,221)	(215,513)
Cash outflow from decrease in debt	-	100,000
Movement in net debt in the year	(289,221)	(115,513)
Opening net debt	(1,395,257)	(1,279,744)
Closing net debt	(1,684,478)	(1,395,257)

GEORGE BENCE AND SONS (CHELTENHAM) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 December 2003

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 company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

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.

1.8 Employee Benefit Trust

In accordance with UITF abstract 32, Employee Benefit Trusts (EBTs) and other intermediate payment arrangements, the company does not include the assets and liabilities of its EBT on its Balance Sheet. It considers that it will not retain any present economic benefit from the assets of the EBT, nor will it have control of the rights or other access to those present economic benefits.

2 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Operating lease rentals	249,525	162,958
Auditors' remuneration	8,800	8,500

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
for the year ended 31 December 2003

3	Interest payable	2003 £	2002 £
	On bank loans and overdrafts	71,563	60,949

4	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	*57,146*	*51,706*
	Adjustment for prior years	2,086	-
	Current tax charge	59,232	51,706
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	109,278	175,856
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	32,783	52,757
	Effects of:		
	Non deductible expenses	35,604	13,202
	Adjustments to previous periods	2,086	-
	Marginal tax relief	(11,241)	(14,253)
		26,449	(1,051)
	Current tax charge	59,232	51,706

5	Stocks	2003 £	2002 £
	Finished goods and goods for resale	910,099	765,210

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
for the year ended 31 December 2003

6 Debtors

	2003	2002
	£	£
Trade debtors	2,752,671	2,238,808
Amounts owed by parent undertaking	351,886	390,405
Amounts owed by fellow subsidiary undertaking	2,748	2,448
Other debtors	6,479	42,317
Prepayments and accrued income	662,881	551,798
	3,776,665	3,225,776

7 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank overdraft	1,686,656	1,397,167
Trade creditors	1,616,260	1,375,741
Corporation tax	59,232	51,706
Other taxes and social security costs	176,363	126,882
Other creditors	353,005	248,696
Accruals and deferred income	74,472	119,796
	3,965,988	3,319,988

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

8 Pension costs

Defined contribution

	2003	2002
	£	£
Contributions payable by the company for the year	177,517	148,326

9 Share capital

	2003	2002
	£	£
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

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
for the year ended 31 December 2003

13 Directors' emoluments

	2003	2002
	£	£
Emoluments for qualifying services	230,906	265,477
Company pension contributions to money purchase schemes	89,919	88,659
	320,825	354,136

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2002- 4).

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

Emoluments for qualifying services	121,610	120,000
Company pension contributions to money purchase schemes	74,308	68,636

14 Employees

Number of employees

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

	2003	2002
	Number	Number
Distribution	39	38
Administration	67	55
	106	93

Employment costs

	£	£
Wages and salaries	1,924,918	1,680,579
Social security costs	176,282	150,808
Other pension costs	177,517	148,326
	2,278,717	1,979,713

15 Ultimate parent company

The ultimate parent company is George Bence and Sons Limited.

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
for the year ended 31 December 2003

10 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2003	572,908
Retained profit for the year	50,046
Balance at 31 December 2003	622,954

11 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Profit for the financial year	50,046	124,150
Opening shareholders' funds	672,908	548,758
Closing shareholders' funds	722,954	672,908

12 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	-	-	4,415	-
Between two and five years	190,000	140,000	11,124	23,336
	190,000	140,000	15,539	23,336