

COUNTY BUILDING SUPPLIES (CHELTENHAM) LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Tangible assets	5	465,328	274,637
CURRENT ASSETS			
Stocks	6	815,207	690,335
Debtors: amounts falling due within one year	7	1,531,795	1,439,917
Cash at bank and in hand	8	406,848	400,528
		<u>2,753,850</u>	<u>2,530,780</u>
Creditors: amounts falling due within one year	9	(3,547,117)	(2,887,665)
NET CURRENT LIABILITIES		<u>(793,267)</u>	<u>(356,885)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(327,939)</u>	<u>(82,248)</u>
Creditors: amounts falling due after more than one year	10	(229,749)	(96,673)
PROVISIONS FOR LIABILITIES			
Deferred tax	12	(98,078)	(37,405)
NET LIABILITIES		<u><u>(655,766)</u></u>	<u><u>(216,326)</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		(655,866)	(216,426)
		<u><u>(655,766)</u></u>	<u><u>(216,326)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M A Rees
Director

Date: 13 February 2024

The notes on pages 2 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. GENERAL INFORMATION

County Building Supplies (Cheltenham) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 52a St. Andrews Road, Malvern, Worcestershire, WR14 3PP.

The principal activity of the company during the year was the sale of building supplies.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The directors have assessed the ability of the company to continue as a going concern and have concluded that the going concern basis is still appropriate. They believe there is no material uncertainty over the company not being able to trade 12 months from the signing of these financial statements. Post year-end sales are in line with expectations and consistent with the previous years and cash at the year-end is high. The company was in a net liability position at the year end and had negative reserves and so will continue to be supported by County Building Supplies (Holdings) Limited, the parent company, and other fellow subsidiaries where required.

2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. ACCOUNTING POLICIES (continued)

2.5 LEASED ASSETS: THE COMPANY AS LESSEE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.9 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. ACCOUNTING POLICIES (continued)

2.10 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method and on a reducing balance method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10% straight line
Plant and machinery	- 20% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 20% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is 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.

2.12 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. ACCOUNTING POLICIES (continued)

2.15 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.16 FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the company's Statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

2. ACCOUNTING POLICIES (continued)

2.16 FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

3.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key sources of estimation uncertainty that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Income taxes

The Company is subject to the income tax laws of the United Kingdom. These laws are complex and subject to different interpretations by taxpayers and tax authorities. When establishing income tax provisions, the directors make a number of judgements and interpretations about the application and interaction of these laws. Changes in these tax laws or in their interpretation could affect the Company's effective tax rate and the results of operations in a given period. Accordingly, potentially significant tax benefits will not be recognised until there is sufficient certainty that they will be accepted by HMRC.

Stock Provision

There is a risk that the Company will incur costs in relation to obsolete or damaged stock. Management consider the age of the stock and the levels of write offs and use this along with other current information to estimate the cost of this and make a provision accordingly.

Rebates

There is a risk that the Company will not recognise the rebates received in the correct period. Management consider the supplier activity and use this along with other current information to recognise rebates in the correct accounting period.

4. **EMPLOYEES**

The average monthly number of employees, including directors, during the year was 39 (2022: 33).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION					
At 1 July 2022	75,163	32,816	493,774	126,045	727,798
Additions	-	-	262,257	41,180	303,437
Disposals	-	-	(16,865)	(27,200)	(44,065)
At 30 June 2023	75,163	32,816	739,166	140,025	987,170
DEPRECIATION					
At 1 July 2022	23,272	19,566	349,478	60,845	453,161
Charge for the year on owned assets	7,516	2,650	7,674	5,337	23,177
Charge for the year on financed assets	-	-	68,291	14,414	82,705
Disposals	-	-	(12,649)	(24,552)	(37,201)
At 30 June 2023	30,788	22,216	412,794	56,044	521,842
NET BOOK VALUE					
At 30 June 2023	44,375	10,600	326,372	83,981	465,328
At 30 June 2022	51,891	13,250	144,296	65,200	274,637

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Plant and machinery	-	11,700
Motor vehicles	265,702	103,793
Furniture, fittings and equipment	69,488	48,408
	335,190	163,901

6. STOCKS

	2023 £	2022 £
Finished goods and goods for resale	815,207	690,335

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

7. DEBTORS

	2023 £	2022 £
Trade debtors	1,102,442	1,163,984
Amounts owed by group undertakings	169,679	39,708
Other debtors	119,589	136,469
Prepayments and accrued income	140,085	99,756
	<u>1,531,795</u>	<u>1,439,917</u>

8. CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash at bank and in hand	406,848	400,528
Less: bank overdrafts	(1,062)	-
	<u>405,786</u>	<u>400,528</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Bank overdrafts	1,062	-
Trade creditors	1,489,773	1,346,283
Amounts owed to group undertakings	1,264,785	840,511
Corporation tax	-	40,715
Other taxation and social security	41,242	73,492
Obligations under finance lease and hire purchase contracts	104,789	67,885
Other creditors	612,741	481,828
Accruals and deferred income	32,725	36,951
	<u>3,547,117</u>	<u>2,887,665</u>

Other creditors includes £612,741 (2022: £481,828) in respect of advances under an invoice discounting arrangement which is secured by a fixed and floating charge over all book and other debts of the company.

The obligations under finance leases are secured by fixed charges over the assets which they relate to.

The loans and overdrafts are secured by a first legal charge over the company freehold property and an unlimited debenture incorporating a fixed and floating charge over the assets of the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023 £	2022 £
Net obligations under finance leases and hire purchase contracts	<u>229,749</u>	<u>96,673</u>

The obligations under finance leases are secured by fixed charges over the assets which they relate to.

11. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	104,789	67,885
Between 1-5 years	229,749	96,673
	<u>334,538</u>	<u>164,558</u>

12. DEFERRED TAXATION

	2023 £
At beginning of year	(37,405)
Charged to profit or loss	(60,673)
AT END OF YEAR	<u>(98,078)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	<u>(98,078)</u>	<u>(37,405)</u>

13. SHARE CAPITAL

	2023 £	2022 £
ALLOTTED, CALLED UP AND FULLY PAID		
100 (2022: 100) Ordinary Shares shares of £1.00 each	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

14. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £55,841 (2022: £47,701). Contributions totalling £3,823 (2022: £13,492) were payable to the fund at the reporting date and are included in creditors.

15. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	275,515	221,942
Later than 1 year and not later than 5 years	905,915	948,068
Later than 5 years	736,541	1,050,998
	<u>1,917,971</u>	<u>2,221,008</u>

16. TRANSACTIONS WITH DIRECTORS

Included in other debtors due within one year are the following amounts due from directors:

G Lloyd £1,523 (2022: £1,204)

I Stacey £116 (2022: £Nil)

M Rees £238 (2022: £Nil)

These amounts are unsecured, interest free and repayable on demand.

Included in turnover for the year are the following transactions with directors:

G Lloyd £5,202 with £4,886 being repaid in the year

I Stacey £277 with £161 being repaid in the year

M Rees £248 with £9 being repaid in the year

17. RELATED PARTY TRANSACTIONS

	2023 £	2022 £
Purchase transactions with group companies	678,194	319,830
Sales transactions with group companies	150,258	190,881
Balances due from group companies	169,679	39,716
Balances due to group companies	1,264,785	834,736
Overheads recharged from group companies	240,223	155,757
Overheads recharged to group companies	512	236
Management charge paid to group companies	248,900	207,505
Sales transactions with companies with directors in common	<u>9,829</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

18. CONTROLLING PARTY

The ultimate parent company is County Building Supplies (Holdings) Limited

19. AUDITORS' INFORMATION

The auditors' report on the financial statements for the year ended 30 June 2023 was unqualified.

The audit report was signed on 20 February 2024 by Simon Morrison FCA (Senior statutory auditor) on behalf of Bishop Fleming LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.