

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2020
for
GARDINER,SONS & CO.,LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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Company Information
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS:

A G P Allen
B C F Allen
S D Butcher
J Watson
S D Whitcombe
K G Bennett

SECRETARY:

J Watson

REGISTERED OFFICE:

1 Straight Street
Bristol
BS2 0FQ

REGISTERED NUMBER:

00039402 (England and Wales)

AUDITORS:

Haines Watts Partnership (Bristol) Limited
Bath House
6-8 Bath Street
Bristol
BS1 6HL

**Strategic Report
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report for the year ended 31 December 2020.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the company is the operation of home improvement centres in Bristol and Cirencester.

As noted in the company's strategic report to 31 December 2019, the pandemic of COVID-19 was, as with all UK businesses, a major financial risk to the business. The company was required to close its premises in March 2020.

Throughout the year, with the various lockdowns in the UK, the Bristol centre was closed for a significant amount of time. Following the Government's Road Map out of Lockdown, the Bristol outlet re-opened on 12 April 2021.

The Cirencester operation, being classified as essential retail, remained open for a majority of the year.

The results for the company show a profit before taxation of £223,269 (2019: Profit £15,831,551) for the year. The Profit for 2019 included the profit on the sale of surplus land and buildings of £15,702,164.

Turnover for the year was £5,252,817 (2019: £7,731,766) resulting in a profit before taxation of £223,269 (2019: Profit £15,831,551).

As at the 31 December 2020, the Company reported a net liability on its closed Defined Benefit Pension scheme of £207,200 (2019: Surplus £344,700). Full provision for this liability is included in the company's balance sheet.

The company's statement of Comprehensive Income has reported an Actuarial Loss for the year of £558,800 before tax relating to the movement in the net liability of the scheme for the year. The principal actuarial assumption change being the use of a discount rate of 1.30% (2019: 2.00%)

The dividend proposed and paid in respect of the year ended 31 December 2020 was £166,111 (2019: £12,712,460).

Shareholders' funds totalled £10,307,579 as at 31 December 2020 (2019: £10,691,571)

The directors consider the results for the year and the company's financial position as at the 31 December 2020 to be satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the business continues to be caused by the pandemic, COVID-19.

The company's policy of operating from freehold premises and holding significant cash balances continues to mitigate this risk. As at 31 December 2020, the company held cash balances of £2,556,169 (2019: £3,293,998). The reduction in cash held during the year of £737,829 is after accounting for tax paid of £1,210,122.

The company has continued to take advantage of the UK Job Retention Scheme which has been extended by the UK Government until September 2021. In the event of a subdued reopening in April this will enable the company to continue to control its costs until business returns to pre pandemic levels.

The company continues to maximise income and control costs and has in place policies to ensure safe trading for both its staff and customers.

The business remains well placed in the event that there is a need for further closures during 2021.

FINANCIAL RISK MANAGEMENT

The Directors' objective is to minimise financial risk. The key policy used to achieve this objective is to hold substantial positive cash balance and control operating costs.

**Strategic Report
FOR THE YEAR ENDED 31 DECEMBER 2020**

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, other than the indicators shown above, we are of the opinion that further analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

ON BEHALF OF THE BOARD:

J Watson - Director

12 May 2021

**Report of the Directors
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was the operation of home improvement centres in Bristol and Cirencester.

DIVIDENDS

The dividend proposed and paid in respect of the year ended 31 December 2020 is £166,111 (2019: £12,712,460).

DIRECTORS

The directors during the year under review were:

A G P Allen
B C F Allen
S D Butcher
J Watson
S D Whitcombe
K G Bennett

The directors holding office at 31 December 2020 did not hold any beneficial interest in the issued share capital of the company at 1 January 2020 or 31 December 2020.

FIXED ASSETS

The movement in fixed assets in the year is set out in note 10 to the financial statements. The directors consider the market value of land and buildings to be greater than the book value disclosed in these financial statements.

EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Company's policy is to continue to develop its communications with all employees, to inform them on matters of concern to them as employees and to promote awareness of the financial and economic factors affecting the performance of the company and subject to practical and commercial considerations, to consult them on decisions that affect their current jobs or future prospects.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The directors have reviewed and considered relevant information in making their assessment. In particular, in response to the COVID-19 pandemic, the directors have tested their cash flow analysis to take into account the continued impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

DISCLOSURE IN THE STRATEGIC REPORT

The Companies Act 2006 (Strategic Report and Directors' Report) regulations 2013 requires a Strategic Report to be prepared. Where mandatory disclosures in the Directors' Report are considered by the directors to be of strategic importance these have been included within the Strategic Report rather than the Directors' Report in accordance with s.414C (11) Companies Act 2006.

**Report of the Directors
FOR THE YEAR ENDED 31 DECEMBER 2020**

**STATEMENT OF
DIRECTORS'
RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 then apply them consistently;
- make judgements and accounting 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 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. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

J Watson - Director

Opinion

We have audited the financial statements of Gardiner,Sons & Co.,Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. The Covid-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of Covid-19 is disclosed on page 4.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters 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 the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or the Report of the Directors.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances on non-compliance with laws and regularities. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the sector in which it operates. We determined the following laws and regulations of most significance were: Companies Act 2006, UKGAAP and UK corporate taxation laws.
- We obtained an understanding of how the company complies with those legal and regulatory frameworks by making inquiries of management.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

- Identifying and assessing the effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Assessing the extent of compliance with the relevant laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.

Ian Bascombe FCA (Senior Statutory Auditor)
for and on behalf of Haines Watts Partnership (Bristol) Limited
Bath House
6-8 Bath Street
Bristol
BS1 6HL

12 May 2021

Income Statement
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
TURNOVER		5,252,817	7,731,765
Cost of sales		<u>(2,493,005)</u>	<u>(3,716,526)</u>
GROSS PROFIT		2,759,812	4,015,239
Administrative expenses		<u>(2,909,781)</u>	<u>(3,910,467)</u>
		(149,969)	104,772
Other operating income		<u>360,146</u>	-
OPERATING PROFIT	6	210,177	104,772
Interest receivable and similar income		6,192	11,015
Other finance income	17	<u>6,900</u>	<u>13,600</u>
		223,269	129,387
Exceptional item	7	-	15,702,164
PROFIT BEFORE TAXATION		223,269	15,831,551
Tax on profit	8	<u>(42,363)</u>	<u>(2,463,818)</u>
PROFIT FOR THE FINANCIAL YEAR		180,906	13,367,733

All operations are continuing.

There is no difference between the profit before taxation and the profit for the year stated above and their historical cost equivalents.

The accounting policies and notes on pages 16 to 26 form part of these financial statements.

Other Comprehensive Income
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		180,906	13,367,733
OTHER COMPREHENSIVE INCOME			
Actuarial (losses) on defined benefit pension scheme		(558,800)	(125,400)
Movement on deferred tax relating to pension scheme		160,013	39,130
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(398,787)	(86,270)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(217,881)	13,281,463

The notes form part of these financial statements

Balance Sheet
31 DECEMBER 2020

		2020	2019
	Notes	£	£
NON-CURRENT ASSETS			
Tangible assets	10	7,849,632	7,919,189
CURRENT ASSETS			
Stocks	11	1,384,377	1,359,499
Debtors	12	258,564	394,709
Investments	13	38,406	-
Cash at bank		2,556,169	3,293,998
		<u>4,237,516</u>	<u>5,048,206</u>
CREDITORS			
Amounts falling due within one year	14	(1,572,369)	(2,504,879)
NET CURRENT ASSETS		<u>2,665,147</u>	<u>2,543,327</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,514,779	10,462,516
DEFERRED TAXATION	15	-	(115,645)
PENSION (LIABILITY)/ASSET	17	(207,200)	344,700
NET ASSETS		<u>10,307,579</u>	<u>10,691,571</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,262,661	1,262,661
Retained earnings		9,044,918	9,428,910
SHAREHOLDERS' FUNDS		<u>10,307,579</u>	<u>10,691,571</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 12 May 2021 and were signed on its behalf by:

J Watson - Director

Statement of Changes in Equity
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	1,262,661	8,859,907	10,122,568
Changes in equity			
Profit for the year	-	13,367,733	13,367,733
Other comprehensive income	-	(86,270)	(86,270)
Total comprehensive income	-	13,281,463	13,281,463
Dividends	-	(12,712,460)	(12,712,460)
Balance at 31 December 2019	<u>1,262,661</u>	<u>9,428,910</u>	<u>10,691,571</u>
Changes in equity			
Profit for the year	-	180,906	180,906
Other comprehensive income	-	(398,787)	(398,787)
Total comprehensive income	-	(217,881)	(217,881)
Dividends	-	(166,111)	(166,111)
Balance at 31 December 2020	<u>1,262,661</u>	<u>9,044,918</u>	<u>10,307,579</u>

The notes form part of these financial statements

Cash Flow Statement
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	268,066	(71,430)
Finance costs paid		-	15,702,164
Tax paid		(1,210,122)	(1,096,886)
Net cash from operating activities		<u>(942,056)</u>	<u>14,533,848</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(252,993)
Sale of tangible fixed assets		-	2,107,836
Capital contribution towards fixed asset		4,000	-
Interest received		6,192	11,015
Net cash from investing activities		<u>10,192</u>	<u>1,865,858</u>
Cash flows from financing activities			
Equity dividends paid		(166,111)	(12,712,460)
Repayment of deposit to parent company		-	(2,800,000)
Government grants received		360,146	-
Net cash from financing activities		<u>194,035</u>	<u>(15,512,460)</u>
(Decrease)/increase in cash and cash equivalents		<u>(737,829)</u>	<u>887,246</u>
Cash and cash equivalents at beginning of year	2	3,293,998	2,406,752
Cash and cash equivalents at end of year	2	<u>2,556,169</u>	<u>3,293,998</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
FOR THE YEAR ENDED 31 DECEMBER 2020

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2020	2019
	£	£
Profit before taxation	223,269	15,831,551
Depreciation charges	65,556	69,733
Profit on disposal of fixed assets	-	(10,000)
Government grants	(360,146)	-
Finance costs	-	(15,702,164)
Finance income	(13,092)	(24,615)
	<u>(84,413)</u>	<u>164,505</u>
(Increase)/decrease in stocks	(24,878)	4,759
Decrease in trade and other debtors	153,107	39,964
Increase/(decrease) in trade and other creditors	224,250	(280,658)
Cash generated from operations	<u>268,066</u>	<u>(71,430)</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>2,556,169</u>	<u>3,293,998</u>

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>3,293,998</u>	<u>2,406,752</u>

Notes to the Cash Flow Statement
FOR THE YEAR ENDED 31 DECEMBER 2020

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20 £	Cash flow £	At 31.12.20 £
Net cash			
Cash at bank	<u>3,293,998</u>	<u>(737,829)</u>	<u>2,556,169</u>
	<u>3,293,998</u>	<u>(737,829)</u>	<u>2,556,169</u>
Liquid resources			
Current asset investments	<u>-</u>	<u>38,406</u>	<u>38,406</u>
	<u>-</u>	<u>38,406</u>	<u>38,406</u>
Total	<u>3,293,998</u>	<u>(699,423)</u>	<u>2,594,575</u>

The notes form part of these financial statements

**Notes to the Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

Gardiner,Sons & Co.,Limited ('the Company') operates home improvement centres in Bristol and Cirencester in the UK.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is 1 Straight Street, Bristol BS2 0FQ.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The individual financial statements of Gardiner,Sons & Co.,Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The company has not taken advantage of the FRS 102 disclosure exemptions available to qualifying entities.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed and considered relevant information, including the annual budget and future cash flows, in making their assessment. In particular, in response to the COVID-19 pandemic, the directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents sales to third parties and is determined by reference to the selling value of goods delivered and services rendered during the year, net of Value Added Tax. All turnover is derived from continuing operations from one class of business in the United Kingdom.

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant, machinery and vehicles	- 25% on cost and 10% on cost
Fixtures and fittings	- 20% on cost

No depreciation is provided on freehold properties, as the directors consider that the residual value of such properties is considerably in excess of the current carrying amounts. In order to confirm this, an impairment test has been carried out in accordance with section 27 of FRS102.

Government grants

Government grants received are in relation to the Job Retention Scheme set up to help with the ongoing COVID-19 pandemic.

Stocks

Stocks of goods purchased for resale are valued at the lower of cost (net invoice price after all discounts) and net realisable value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised 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, which include trade and other debtors, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities, including trade and other creditors and amounts due to group undertakings are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Deferred tax

Deferred taxation is provided in full on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES - continued

Pension costs

(i) Defined benefit pension plan

The company operates a defined benefit plan for certain employees. On 31 March 2016 accrual of benefits ceased and all active members at that time became deferred members.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The deficit recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the end of the reporting date. The pension scheme surplus (to the extent that it is recoverable through reduced contributions in the future or refunds from the scheme) or deficit is recognised in full.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the profit and loss account as employee costs comprises of the cost of benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

(ii) 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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Cash, cash equivalents and financial instruments

As at 31 December 2020, the company's reported cash holdings consisted of cash in hand and deposits held at call with banks.

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Inventory provisioning

The company is a retailer of home improvement goods. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory; as well as applying assumptions around anticipated saleability of finished goods.

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, asset valuations and the discount rate on corporate bonds.

Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 17 for the disclosures relating to the defined benefit pension scheme.

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	1,419,664	1,692,573
Social security costs	104,510	129,649
Other pension costs	84,606	76,375
	<u>1,608,780</u>	<u>1,898,597</u>

The average number of employees during the year was as follows:

2020	2019
<u>47</u>	<u>59</u>

	2020	2019
	£	£
Directors' remuneration	<u>242,008</u>	<u>227,675</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	<u>92,506</u>	<u>87,082</u>

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

5. EMPLOYEES AND DIRECTORS - continued

An amount of £234,885 (2019: £302,430) is also included in the management charge due from the subsidiary company to the parent company for making available the services of employees as directors of the subsidiary company.

6. OPERATING PROFIT

	2020	2019
£		
Wages and salaries	1,419,664	1,692,573
Social security costs	104,510	129,649
Other pension costs	84,606	76,375
Stock recognised as an expense	2,473,005	3,716,527
Depreciation	65,556	69,733
Auditor's remuneration	20,000	23,700
Interest receivable on bank deposits	(6,192)	(11,015)
Profit on sale of tangible fixed asset	-	(15,712,164)
Management charge payable to parent undertaking	508,889	687,540

7. EXCEPTIONAL ITEM

	2020	2019
£	£	£
Profit on sale of land and buildings	-	(15,702,164)

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
£	£	£
Current tax:		
UK corporation tax	53,363	2,470,818
Deferred tax	(11,000)	(7,000)
Tax on profit	<u>42,363</u>	<u>2,463,818</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit before tax	223,269	15,831,551
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	42,421	3,007,995
Effects of:		
Expenses not deductible for tax purposes	2,160	-
Depreciation in excess of capital allowances	10,093	-
Prior year loss relief	-	(96,267)
Employee benefit profit and loss account adjustments	(1,311)	4,891
Rate change adjustment	(11,000)	(7,000)
Cost indexation and offset of capital losses on sale of land and buildings	-	(445,801)
Total tax charge	42,363	2,463,818

Tax effects relating to effects of other comprehensive income

	2020 Gross £	Tax £	Net £
Actuarial (losses) on defined benefit pension scheme	(558,800)	-	(558,800)
Movement on deferred tax relating to pension scheme	<u>160,013</u>	<u>-</u>	<u>160,013</u>
	<u>(398,787)</u>	<u>-</u>	<u>(398,787)</u>
		2019	
	Gross £	Tax £	Net £
Actuarial losses on defined benefit pension scheme	(125,400)	-	(125,400)
Movement on deferred tax relating to pension scheme	<u>39,130</u>	<u>-</u>	<u>39,130</u>
	<u>(86,270)</u>	<u>-</u>	<u>(86,270)</u>

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

9. **DIVIDENDS**

	2020 £	2019 £
Ordinary shares of 0.25 each		
Final	<u>166,111</u>	<u>12,712,460</u>

10. **TANGIBLE FIXED ASSETS**

	Freehold property £	Plant, machinery and vehicles £	Fixtures and fittings £	Totals £
COST				
At 1 January 2020	7,873,588	344,021	683,751	8,901,360
Transfer to ownership	-	(4,000)	-	(4,000)
At 31 December 2020	<u>7,873,588</u>	<u>340,021</u>	<u>683,751</u>	<u>8,897,360</u>
DEPRECIATION				
At 1 January 2020	60,131	238,289	683,751	982,171
Charge for year	-	65,557	-	65,557
At 31 December 2020	<u>60,131</u>	<u>303,846</u>	<u>683,751</u>	<u>1,047,728</u>
NET BOOK VALUE				
At 31 December 2020	<u>7,813,457</u>	<u>36,175</u>	<u>-</u>	<u>7,849,632</u>
At 31 December 2019	<u>7,813,457</u>	<u>105,732</u>	<u>-</u>	<u>7,919,189</u>

11. **STOCKS**

	2020 £	2019 £
Finished goods	<u>1,384,377</u>	<u>1,359,499</u>

Stocks comprise goods for resale. The directors estimate that the replacement cost of stocks is not materially different from that stated in the balance sheet.

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Trade debtors	84,950	255,349
Other debtors	72,326	67,987
Deferred tax asset	55,368	-
Prepayments and accrued income	<u>45,920</u>	<u>71,373</u>
	<u>258,564</u>	<u>394,709</u>

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Deferred tax asset	2020
	£
Accelerated capital allowances	16,000
Pension deficit	39,368
	<u>55,368</u>

13. **CURRENT ASSET INVESTMENTS**

The investment represents the company's membership in Combined Independent (Holdings) Limited which is a buying group for electrical purchases. The company purchased shares in Combined Independent (Holdings) Limited, which is a prerequisite of membership, and pay a contribution to reserves annually. These payments will be repaid on termination of membership.

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade creditors	693,451	642,371
Tax	52,172	1,208,932
Social security and other taxes	453,658	179,519
Other creditors	137,503	109,143
Accruals and deferred income	235,585	364,914
	<u>1,572,369</u>	<u>2,504,879</u>

15. **DEFERRED TAXATION**

	2019
	£
Deferred tax	
Accelerated capital allowances	(5,000)
Pension surplus	120,645
	<u>115,645</u>
	Deferred tax
	£
Balance at 1 January 2020	115,645
Credit to Income Statement during year	(11,000)
(Credited) to other comprehensive income	<u>(160,013)</u>
Balance at 31 December 2020	<u>(55,368)</u>

The main rate of Corporation Tax is 19%. In the prior year it was anticipated that tax would be recovered on the pension surplus at 35% and so deferred tax was provided at that rate.

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
5,050,644	Ordinary	0.25	<u>1,262,661</u>	<u>1,262,661</u>

17. EMPLOYEE BENEFIT OBLIGATIONS

The group operates a defined benefit pension scheme. With effect from 1 December 1990, the group formed a pension scheme, the Gardiners Pension and Life Assurance Scheme (1990) for members of the previous parent undertaking's pension scheme. The scheme had previously been closed to new entrants. On 31 March 2016, accrual of benefits ceased and all active members at that date become deferred members.

The scheme is a funded, defined benefits scheme where benefits are based on final pensionable pay.

An actuarial valuation as at 31 March 2018 was carried out by a professionally qualified actuary based on assumptions determined by the trustees, the most significant assumptions being:

- An investment return of 3.2% on all investments;
- Increases in payment of pensions that are in respect of services between 6th April 1997 and 31st March 2006 of 3.3%.
- Increases in payment of pensions that are in respect of service from 1st April 2006 of 2.2%.

Based on these assumptions, liabilities were valued at £5,199,000 and assets at £5,841,000, a surplus of £642,000.

In 2020, no employers contributions were paid (2019: none).

The company also operates a Group Personal Pension scheme on behalf of employees. Contributions made by the company are calculated on various bases, and are charged to the profit and loss account as incurred.

The total contributions made by the company in 2020 for the Group Personal Pension scheme were £49,575 (2019: £53,342).

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Present value of funded obligations	(6,369,900)	(5,688,600)
Fair value of plan assets	6,162,700	6,033,300
	(207,200)	344,700
Present value of unfunded obligations	-	-
(Deficit)/Surplus	(207,200)	344,700
Net (liability)/asset	(207,200)	344,700

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the income statement are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	(6,900)	(13,600)
Past service cost	-	-
	<u>(6,900)</u>	<u>(13,600)</u>
Actual return on plan assets	<u>279,800</u>	<u>838,400</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening defined benefit obligation	5,688,600	4,885,200
Interest cost	112,300	144,400
Actuarial losses/(gains)	719,400	805,800
Benefits paid	<u>(150,400)</u>	<u>(146,800)</u>
	<u>6,369,900</u>	<u>5,688,600</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening fair value of scheme assets	6,033,300	5,341,700
Expected return	119,200	158,000
Actuarial gains/(losses)	160,600	680,400
Benefits paid	<u>(150,400)</u>	<u>(146,800)</u>
	<u>6,162,700</u>	<u>6,033,300</u>

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Actuarial gains/(losses)	(558,800)	(125,400)
Movement on deferred tax relating to pension schemes	160,013	39,130
	<u>(398,787)</u>	<u>(86,270)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Multi asset funds	6,162,700	6,033,300
	<u>6,162,700</u>	<u>6,033,300</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	1.30%	2.00%
Retail price inflation	3.20%	3.20%
Consumer price inflation	2.20%	2.20%
Rate of increase in pensions in payment (6/4/97 to 31/3/06)	3.10%	3.10%
Rate of increase of pensions in payment (from 1/4/06)	2.20%	2.20%

18. ULTIMATE PARENT UNDERTAKING

The company's parent undertaking is Gardiner (Holdings) Limited which is registered in Great Britain and is the parent undertaking of the largest and smallest group to consolidate the financial statements of the company. Copies of the group financial statements can be obtained from Companies House.

19. CONTINGENT LIABILITIES

There is a bank cross guarantee to cover banking facilities across all group companies. There is a debenture in favour of the company's bankers.

20. RELATED PARTIES

As the company is a wholly owned subsidiary within a group that prepares consolidated financial statements the company is exempt from disclosing transactions with group entities under section 33 of FRS 102.

Gardiner,Sons & Co.,Limited receives HR advice from Partners in HR LLP (Registration number OC 393598). Mrs. C. Allen (spouse of a Gardiner,Sons & Co.,Limited director) is a partner in this LLP.

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