

**SCREWFIX DIRECT LIMITED**

**ANNUAL REPORT**

**YEAR ENDED 31 JANUARY 1999**

**PANNELL KERR FORSTER**

Chartered Accountants



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# **SCREWFIX DIRECT LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	J I Goddard-Watts J C Goddard-Watts J Goddard-Watts M Goddard-Watts
<b>Secretary</b>	J C Goddard-Watts
<b>Company Number</b>	03006378
<b>Registered Office</b>	Mead Avenue Houndstone Business Park Yeovil Somerset BA22 8RT
<b>Auditors</b>	Pannell Kerr Forster Chartered Accountants 2 Barnfield Crescent Exeter EX1 1QT

# SCREWFIX DIRECT LIMITED

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*The following pages do not form part of the statutory accounts:*

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

**SCREWFIX DIRECT LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 JANUARY 1999**

The directors submit their report and the financial statements for the year ended 31 January 1999.

**Results and dividends**

The profit for the year, after taxation, amounted to **£1,820,490** (1998 - £888,239 ).

The directors have paid dividends of £1,280,000 leaving a balance of £540,490 which has been retained.

**Principal activity and review of business**

The principal activity of the company during the year continued to be the sale by mail order of building and DIY products.

The company continued its growth during the year, the results of which are set out on page 4. The company expects to continue its development in the future.

**Directors**

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

	Ordinary £1 shares	
	1999	1998
J I Goddard-Watts	12,500	12,500
J C Goddard-Watts	12,500	12,500
J Goddard-Watts	12,500	12,500
M Goddard-Watts	12,500	12,500

**Year 2000**

The company has reviewed the impact of the year 2000 on its business. The review has considered all internal systems and, as far as possible, the effect of supplier and customer systems. The directors have put in place programmes of action to ensure that systems under the control and inspection domain of Screwfix Direct Limited are year 2000 compliant, and have taken all appropriate action to minimise any unforeseen adverse effects from systems outside the control and inspection domain of Screwfix Direct Limited.

There have been no exceptional costs in connection with this work and the directors do not expect any significant costs in the future.

**Auditors**

The auditors, Pannell Kerr Forster, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

*By order of the board*  
*J C Goddard-Watts*  
**J C Goddard-Watts**  
Director  
5 April 1999

**SCREWFIX DIRECT LIMITED**  
**STATEMENT OF 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 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
SCREWFIX DIRECT LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

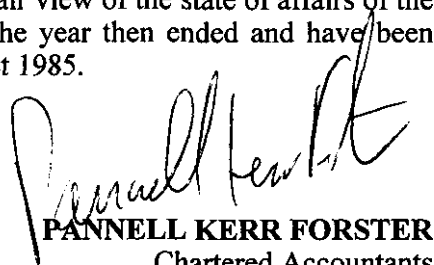
We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 January 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

28 April 1999  
Exeter

  
**PANNELL KERR FORSTER**  
Chartered Accountants  
Registered Auditors

**SCREWFIX DIRECT LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 JANUARY 1999**

	Notes	1999 £	1998 £
<b>TURNOVER</b>	2	28,159,740	15,074,138
Cost of sales		(17,990,320)	(9,615,932)
<b>GROSS PROFIT</b>		<u>10,169,420</u>	<u>5,458,206</u>
Administrative expenses		(7,603,265)	(4,312,063)
Other operating income		48,092	39,000
<b>OPERATING PROFIT</b>	3	<u>2,614,247</u>	<u>1,185,143</u>
Interest receivable and similar items		27,096	15,062
Interest payable and similar items	6	(45,853)	(24,966)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>2,595,490</u>	<u>1,175,239</u>
<b>TAXATION</b>	7	(775,000)	(287,000)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,820,490</u>	<u>888,239</u>
<b>DIVIDENDS (including non-equity)</b>	8	(1,280,000)	(610,490)
		<u>540,490</u>	<u>277,749</u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

# SCREWFIX DIRECT LIMITED

## BALANCE SHEET

31 JANUARY 1999

	Notes	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible	9	1,889,887	1,614,407
<b>CURRENT ASSETS</b>			
Stocks	10	4,270,610	1,929,760
Debtors	11	925,362	300,774
Cash at bank and in hand		406,102	14,575
		<u>5,602,074</u>	<u>2,245,109</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(5,827,989)	(3,083,047)
<b>NET CURRENT LIABILITIES</b>		<u>(225,915)</u>	<u>(837,938)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,663,972	776,469
<b>CREDITORS: amounts falling due after more than one year</b>	13	(557,762)	(210,749)
<b>NET ASSETS</b>		<u>1,106,210</u>	<u>565,720</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	50,000	50,000
Capital redemption reserve		144,263	144,263
Profit and loss account	17	911,947	371,457
<b>SHAREHOLDERS' FUNDS</b>	18	<u>1,106,210</u>	<u>565,720</u>

The financial statements were approved by the board on 5 April 1999

Signed on behalf of the board of directors

J I Goddard-Watts

Director



M Goddard-Watts

Director





**SCREWFIX DIRECT LIMITED**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 JANUARY 1999**

	1999 £	1998 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	2,614,247	1,185,143
Depreciation of tangible fixed assets	537,284	320,061
Loss/(profit) on sale of fixed assets	26,935	(3,749)
Increase in debtors	(624,588)	(1,137)
Increase in stocks	(2,340,850)	(1,073,233)
Increase in creditors	2,334,923	659,479
<b>Net cash inflow from operating activities</b>	<u>2,547,951</u>	<u>1,086,564</u>
<b>CASH FLOW STATEMENT (note 19)</b>		
Net cash inflow from operating activities	2,547,951	1,086,564
Returns on investments and servicing of finance	(18,757)	(12,394)
Taxation	(372,120)	(167,906)
Capital expenditure	(254,027)	(633,056)
Equity dividends paid	(770,286)	(131,000)
	<u>1,132,761</u>	<u>142,208</u>
<b>Financing</b>	<u>(394,084)</u>	<u>(402,944)</u>
<b>Increase/decrease in cash</b>	<u>738,677</u>	<u>(260,736)</u>
<b>Reconciliation of net cash flow to movement in net debt (note 20)</b>		
Increase/decrease in cash in the period	738,677	(260,736)
Capital element of finance lease rentals	228,770	108,708
New finance leases	(870,424)	(165,092)
Bank loans repaid	165,314	13,678
<b>Change in net debt</b>	<u>262,337</u>	<u>(303,442)</u>
Net debt at 1 February 1998	(691,909)	(388,467)
<b>Net debt at 31 January 1999</b>	<u>(429,572)</u>	<u>(691,909)</u>

**SCREWFIX DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 1999**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention.

**(b) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

**(c) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	2 % - straight line
Motor vehicles	25 % - reducing balance

Freehold land is not depreciated.

Leasehold improvements are depreciated over the term of the lease or over the estimated useful life, if shorter.

Fixtures, fittings, plant and equipment are written off on a straight line basis from 3 to 25 years or on a 15% reducing balance basis as appropriate.

**(d) Finance and operating leases**

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

**(e) Stocks**

Stocks are stated at the lower of costs and net realisable value, after making due allowance for obsolete and slow moving items.

**(f) Pensions**

The company operates defined contribution pension schemes and the pension charge in the profit and loss account represents the amounts payable by the company to the funds in respect of the year.

**2 TURNOVER**

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

**SCREWFIX DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 1999**

**3 OPERATING PROFIT**

The operating profit is stated after charging:

	1999 £	1998 £
Depreciation of tangible fixed assets:		
- owned by the company	337,199	257,920
- held under finance lease or hire purchase contracts	200,085	62,141
Audit fees	16,350	8,049
Operating lease rentals:		
- plant & machinery	11,530	6,370
- other	270,802	141,693
Pension cost	242,633	225,064
Loss/(Profit) on disposal of fixed assets	26,935	(3,749)
	<u>          </u>	<u>          </u>

**4 DIRECTORS' EMOLUMENTS AND BENEFITS**

	1999 £	1998 £
Directors' emoluments	506,872	415,659
Contributions to money purchase pension schemes	206,000	206,600
	<u>          </u>	<u>          </u>

The numbers of directors who were members of company pension schemes were:

	No	No
Money purchase schemes	4	4
	<u>          </u>	<u>          </u>

The highest paid director received emoluments and benefits as follows:

	1999 £	1998 £
Emoluments and benefits	135,859	122,252
Contributions to money purchase pension schemes	44,000	44,300
	<u>          </u>	<u>          </u>

**SCREWFIX DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 1999**

**5 STAFF COSTS**

Staff costs, including directors' emoluments, were as follows:

	1999 £	1998 £
Wages and salaries	3,762,784	2,124,301
Social security costs	299,335	143,110
Other pension costs	242,633	225,064
	<u>4,304,752</u>	<u>2,492,475</u>

The average monthly number of employees, including executive directors, during the year was:

	No.	No.
Warehouse	136	79
Marketing, Sales & Administration	88	57
	<u>224</u>	<u>136</u>

**6 INTEREST PAYABLE AND SIMILAR ITEMS**

	1999 £	1998 £
Bank loans and overdrafts	18,042	13,148
Finance charges under finance lease and hire purchase contracts	27,811	11,818
	<u>45,853</u>	<u>24,966</u>

**7 TAXATION**

	1999 £	1998 £
<b>Current year taxation</b>		
UK corporation tax at 31% (1998 - 31%)	775,000	287,000

**SCREWFIX DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 1999**

**8 DIVIDENDS**

	1999 £	1998 £
<b>Ordinary shares</b>		
Interim paid	480,000	128,000
Final paid	800,000	480,000
<b>Total</b>	<u>1,280,000</u>	<u>608,000</u>
<b>Preference shares</b>		
Final paid	-	2,490
<b>Total dividends</b>	<u>1,280,000</u>	<u>610,490</u>
of which:		
Dividends on equity shares	1,280,000	608,000
Dividends on non-equity shares	-	2,490
	<u>1,280,000</u>	<u>610,490</u>

**9 TANGIBLE FIXED ASSETS**

	Land & buildings £	Motor vehicles £	Fixtures, fittings, plant & equipment £	Total £
<b>Cost</b>				
At 1 February 1998	379,131	213,895	1,532,991	2,126,017
Additions	16,237	301,469	1,011,229	1,328,935
Disposals	(315,562)	(193,960)	(119,935)	(629,457)
<b>At 31 January 1999</b>	<u>79,806</u>	<u>321,404</u>	<u>2,424,285</u>	<u>2,825,495</u>
<b>Depreciation</b>				
At 1 February 1998	13,462	78,482	419,666	511,610
Charge for year	10,791	88,485	438,008	537,284
On disposals	(21,535)	(79,335)	(12,416)	(113,286)
<b>At 31 January 1999</b>	<u>2,718</u>	<u>87,632</u>	<u>845,258</u>	<u>935,608</u>
<b>Net book amount</b>				
At 31 January 1999	<u>77,088</u>	<u>233,772</u>	<u>1,579,027</u>	<u>1,889,887</u>
At 31 January 1998	<u>365,669</u>	<u>135,413</u>	<u>1,113,325</u>	<u>1,614,407</u>

**SCREWFIX DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 1999**

The net book amount of land and buildings comprises:

	1999	1998
	£	£
Freeholds	-	267,584
Short leaseholds	77,088	98,085
	<u>77,088</u>	<u>365,669</u>

The net book amounts of assets held under finance lease or hire purchase contracts included above were:

	1999	1998
	£	£
Fixtures, fittings & equipment	623,423	98,258
Motor vehicles	216,228	128,461
	<u>839,651</u>	<u>226,719</u>

**10 STOCKS**

	1999	1998
	£	£
Goods for resale	4,270,610	1,929,760
	<u>4,270,610</u>	<u>1,929,760</u>

**11 DEBTORS**

	1999	1998
	£	£
<b>Due within one year</b>		
Trade debtors	268,422	185,776
Other debtors	385,147	50,423
Prepayments & accrued income	271,793	64,575
	<u>925,362</u>	<u>300,774</u>

**SCREWFIX DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 1999**

**12 CREDITORS:**

**Amounts falling due within one year**

	1999 £	1998 £
Bank loans and overdrafts	-	421,850
Trade creditors	2,963,680	1,364,803
Corporation tax	665,974	263,094
Other tax and social security	324,738	132,609
Net obligations under finance lease and hire purchase contracts (note 15)	277,912	73,885
Other creditors	1,004,746	478,407
Accruals and deferred income	590,939	348,399
	<u>5,827,989</u>	<u>3,083,047</u>

Included in other creditors is £2,976 (1998 - £NIL) relating to outstanding contributions payable to the pension scheme.

**13 CREDITORS:**

**Amounts falling due after more than one year**

	1999 £	1998 £
Bank loans (note 14)	-	90,614
Net obligations under finance lease and hire purchase contracts (note 15)	557,762	120,135
	<u>557,762</u>	<u>210,749</u>

**SCREWFIX DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 1999**

**14 LOANS**

Loans fall due for payment as follows:

	1999 £	1998 £
<b>Bank loans</b>		
Within one year	-	421,850
Between one and two years	-	8,101
Between two and five years	-	24,303
After more than five years	-	58,210
	<u>-</u>	<u>512,464</u>

**15 FINANCE LEASES**

Net obligations under finance lease and hire purchase agreements fall due as follows:

	1999 £	1998 £
Within one year	277,912	73,885
Between one and five years	557,762	120,135
	<u>835,674</u>	<u>194,020</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

**16 SHARE CAPITAL**

	Authorised £	Allotted, called up and fully paid No.	£
At 1 February 1998 and 31 January 1999			
Ordinary shares of £1 each	100,000	50,000	50,000
	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>

On 8 October 1998, Options were granted to subscribe for 500 Ordinary Shares of £1 in the capital of the company at a subscription price of £60 per share, under an Employee Share Option Scheme.

The exercise of the option must be:

- (i) Made at a time when the Scheme retains Inland Revenue approval
- (ii) Not earlier than 3 or later than 10 years after the option is granted.
- (iii) Not earlier than 3 years following the latest previous exercise by the participant of an Option which enjoyed relief from income tax.



**SCREWFIX DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 1999**

**17 RESERVES**

<b>Profit and loss account</b>	<b>£</b>
At 1 February 1998	371,457
Profit for the year	1,820,490
Dividends	(1,280,000)
	<hr/>
At 31 January 1999	911,947
	<hr/>

**18 SHAREHOLDERS' FUNDS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Shareholders' funds at 1 February 1998	565,720	432,234
Profit for the year	1,820,490	888,239
Dividends	(1,280,000)	(610,490)
Other movements:		
Redemption of preference shares	-	(144,263)
	<hr/>	<hr/>
Shareholders' funds at 31 January 1999	1,106,210	565,720
	<hr/>	<hr/>

**19 GROSS CASH FLOWS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	27,096	15,062
Interest paid	(18,042)	(13,148)
Interest element of finance lease rentals	(27,811)	(11,818)
Preference dividends paid	-	(2,490)
	<hr/>	<hr/>
	(18,757)	(12,394)
	<hr/>	<hr/>
<b>Taxation</b>		
Corporation tax paid	(132,120)	(101,120)
Advance Corporation tax paid	(240,000)	(66,786)
	<hr/>	<hr/>
	(372,120)	(167,906)
	<hr/>	<hr/>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(743,263)	(694,056)
Receipts from sales of tangible fixed assets	489,236	61,000
	<hr/>	<hr/>
	(254,027)	(633,056)
	<hr/>	<hr/>
<b>Financing</b>		
Loans repaid	(165,314)	(149,973)
Redemption of preference shares	-	(144,263)
Capital element of finance lease rentals	(228,770)	(108,708)
	<hr/>	<hr/>
	(394,084)	(402,944)
	<hr/>	<hr/>

**SCREWFIX DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 1999**

**20 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 February 1998 £	Cash flows £	Other changes £	At 31 January 1999 £
Cash at bank and in hand	14,575	391,527	-	406,102
Overdrafts	(347,150)	347,150	-	-
		<u>738,677</u>		
Debt due within 1 year	(74,700)	165,314	(90,614)	-
Debt due after 1 year	(90,614)	-	90,614	-
Finance leases	(194,020)	(641,654)	-	(835,674)
Total	<u>(691,909)</u>	<u>262,337</u>	<u>-</u>	<u>(429,572)</u>

**21 OTHER COMMITMENTS**

At 31 January 1999 the company had annual commitments under operating leases as follows:

	Land and buildings		Other	
	1999 £	1998 £	1999 £	1998 £
<b>Expiry date:</b>				
Within 1 year	17,936	56,186	7,434	-
Between 1 and 5 years	-	-	48,020	29,261
In more than 5 years	482,500	148,000	-	-
	<u>500,436</u>	<u>204,186</u>	<u>55,454</u>	<u>29,261</u>

**SCREWFIX DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JANUARY 1999**

**22 TRANSACTIONS WITH RELATED PARTIES**

PROPERTY

During the year the company leased two properties from The Screwfix Direct Limited Retirement Benefits Pension Scheme and another from Aromatic Duck Limited (a company controlled by the shareholders of Screwfix Direct Limited). The fair market rents paid during the year were **£157,557** (1998 - £68,980) and **£21,999** (1998 - NIL) respectively. The year end balances of **£45,250** (1998 - £37,000) and **£50,000** (1998 - NIL) representing rent deposits paid to each respectively, are included in other debtors.

A property from which the company operates, was sold on 26 January 1999 to the Pension Scheme for **£250,000**, which represented the open market value.

TRADING

The following transactions took place under normal commercial terms:-

Wildbird International Limited - During the year the company traded with Wildbird International Limited, a company owned by the directors of Screwfix Direct Limited. The total value of purchases from Wildbird International Limited for the year was **£3,064,586** (1998 - £1,159,748).

OTHER

During the year there were management charges made to Wildbird International Limited amounting to **£48,000** (1998 - £39,000). The net balance due from Wildbird International Limited at 31 January 1999, which includes payments in advance of shipment was **£288,779** (1998 - £68,980) and is included in other debtors.

During the year the directors purchased motor vehicles from the company amounting to **£53,000**, which in the opinion of the directors, represented their fair market value. Net book value immediately prior to the transfers was **£50,857**. The combined balances on the directors' loan accounts representing undrawn dividends at 31 January 1999 totalled **£986,713** (1998 - £476,999) and are included in other creditors.

**23 PENSION COSTS**

The company operates defined contribution pension schemes, the assets of which are held separately from those of the company in independently administered funds. The pension cost charge for the year is shown in note 5.