

Company Registration No. 02235950 (England and Wales)

STAX TRADE CENTRES LIMITED
GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 26 AUGUST 2023

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STAX TRADE CENTRES LIMITED

COMPANY INFORMATION

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|--------------------------|---|
| Directors | E J Brady D G Hibbert S J Wright N J Wright D R Butler A Gardiner A Hibbert |
| Secretary | D G Hibbert |
| Company number | 02235950 |
| Registered office | Holloway Drive Wardley Industrial Estate Worsley Manchester M28 2LA |
| Auditor | Alexander & Co LLP Centurion House 129 Deansgate Manchester M3 3WR |
| Bankers | HSBC plc 2-4 St Ann's Square Manchester M2 7HD |
| Solicitors | Myerson Solicitors LLP Grosvenor House 20 Barrington Road Altrincham Cheshire WA14 1HB |

STAX TRADE CENTRES LIMITED

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STAX TRADE CENTRES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 26 AUGUST 2023

The directors present the strategic report for the year ended 26 August 2023.

Fair review of the business

The group achieved turnover of £106.6m, (2022: £117.9m) with an operating profit of £2.6m (2022: £4.3m).

We are satisfied with the performance of the business both in terms of sales and profitability which has been impacted by slowing sales demand and high stockholding in our retail customers. Our response has been to control our stock purchases resulting in an improvement in our stock position that we foresee will continue throughout the coming year as sales start to recover and customers return to re-stocking.

Significant investment in our class leading website will result in a re-launch in Q3 2024 with the aim to maintain such leadership and the expectation that c.50% of sales will be generated through the web (currently 46%).

We have ended with a strong cash position and ample cash liquidity.

The Directors utilise various KPIs in order to assess the performance of the business. These include:

Turnover per employee (£'000) 193, (2022: 198)

Capital expenditure as a % of turnover 0.6% (2022: 1.1%)

EBITDA £3.6m (2022 £5.3m)

Principal risks and uncertainties

The principle risk to the business continues to be that we trade in a very challenging market and with an uncertain Economic backdrop. Through proactively strengthening our offer to reflect customer wants and needs, the width of our product offer, and our ability to react swiftly to change we are able to reduce this risk and uncertainty to acceptable levels.

We like all businesses are facing a tougher economic backdrop but have improved our operating efficiency, working capital management and have a strong liquidity position to support us in these uncertain times.

Streamlined Energy and Carbon Reporting (SECR)

Our carbon footprint report is on page 5.

Stakeholder Engagement and Corporate Governance

As a Board we have a legal responsibility under section 172 of the Companies Act 2006 to act in a way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and all its stakeholders.

Reflective of the ownership of the business and the experience of the board the company does not observe any official code of corporate governance. The board consists of a Chairman and Managing Director with extensive knowledge acquired over 40 years plus of the sector in which it operates as well as 3 Functional Directors. The board meet at least monthly to set strategy, review performance, business controls, set targets and weigh the needs of all stakeholders including employees, suppliers and customers. The decisions we take reflect the needs of the business and all its stakeholders.

Employees

Our employees are recognised by the board as being key to deliver our services to our customers and we award bonuses and service awards in recognition of this.

The company annually meets with a union to discuss the pay review, seeks to agree and ratify a proposal on this, as well as posting bulletins and communications on matters directly affecting employees.

Monthly via its branch managers an opportunity exists for employee matters to be raised at board level with local HR teams involved in day to day operations enabling all employees to participate and consult directly with them, who can either locally manage and resolve or report wider matters for resolution to the board.

STAX TRADE CENTRES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

Business relationships

As a wholesaler our supplier relationship and customers' needs are paramount to our success with our employees essential to delivering this. We have a team of people responsible for working with our suppliers to develop our offer, branch managers and sales team managing our critical customer relationships as well as branch management, HR staff and local management teams engaging with our employees on a daily basis. The accreditation of ISO9001:2015 is evidence of our commitment to all stakeholders.

Community & Environmental

The company seeks to minimise its impact on the environment and work with the local community.

We have invested in balers to enable recycling of cardboard waste, in upgrading branch lighting to reduce energy consumption and in new distribution vehicles with improved fuel usage and less emissions.

Each branch supports their own chosen charity, whilst the company is represented at Trustee level on the Rainy Day Trust. This charity has been representative of our sector for over 175 years and Stax has been involved since the late 90's.

Maintaining a reputation for high standards of business conduct

The company conducts business with integrity in all its relationships and complies with laws and regulations.

The need to act fairly between members

We balance the needs of all stakeholders and set ourselves high standards of business conduct in our decision making. Whilst customers are at the heart of our business we believe we best serve these through good employee and supplier relationships and maintaining a positive role in our community and minimising our impact on the environment. We set transparent fair and simple processes.

On behalf of the board

D G Hibbert
Director

29 February 2024

STAX TRADE CENTRES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 26 AUGUST 2023

The directors present their annual report and financial statements for the year ended 26 August 2023.

Principal activities

The principal activity of the company and group continued to be that of DIY and hardware wholesalers.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E J Brady
D G Hibbert
S J Wright
N J Wright
D R Butler
A Gardiner
A Hibbert
W T Boyd

(Resigned 18 October 2023)

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £335,093.

Supplier payment policy

The company attempts to establish continuing relationships with its suppliers by agreeing mutually acceptable purchasing arrangements on an individual basis. Accordingly, the directors consider that the adoption of any external standard or code would prejudice the flexibility that individual arrangements can achieve for the benefit of both parties.

At the year end, the company had an average of 49 days of purchases outstanding in trade creditors (2022 - 45 days).

Acquisition of own shares

During the year, the company purchased 100 of their own shares, each at a nominal value of £1, for consideration of £38,000.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company continued to develop its practices in the area of employee involvement. The company is committed to improving its participative and consultative arrangements with all employees.

STAX TRADE CENTRES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

Future developments

We will continue to focus on maintaining our business efficiency, customer acquisition and retention activities, our overseas supply chain and re-acting swiftly to changing consumer trends. Successful collaborations with key suppliers has seen us develop distribution agreements on a solus or semi-exclusive basis.

We will maintain our broad range of product categories focusing on those with growth and continue to develop all our routes to market. Significant investment in our website upgrade will be concluded this financial year with rollout throughout 2024.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report 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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

STAX TRADE CENTRES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

Streamlined Energy and Carbon Reporting

The company has gathered data regarding scope one and two carbon emissions (as defined by the GHG Protocol) for the financial year spanning 1st September 2022 to 31st August 2023 from its UK operations for inclusion in Company Reporting (2022-2023), as defined by the requirements of the Streamlined Energy and Carbon Reporting (SECR) legislation.

| | Year ended 31/08/23 | Year ended 31/08/22 | Change |
|--|---------------------|---------------------|---------|
| Energy consumption used to calculate emissions (kWh) | 5,846,613 | 6,556,578 | -10.83% |
| Emissions from scope one fuels (tCO₂e) | 627 | 709 | -11.44% |
| Emissions from scope two purchased electricity (tCO₂e) | 514 | 593 | -13.25% |
| Total gross tCO₂e | 1,142 | 1,301 | -12.27% |
| Intensity rate tCO₂e / SFA (m³) | 34.43 | 39.24 | -12.27% |
| Methodology | GHG Protocol | GHG Protocol | |

The combined scope one and two carbon emissions for the period were recorded at 1,142 tCO₂e. This is a decrease of 12.27% over the previous period.

The specific carbon consumption (SCC) for the period is calculated at 34.43 kgCO₂e/SFA of sales floor area (SFA) m³, a decrease of 12.27% over the previous period.

On behalf of the board

D G Hibbert
Director

29 February 2024

STAX TRADE CENTRES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STAX TRADE CENTRES LIMITED

Opinion

We have audited the financial statements of Stax Trade Centres Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 26 August 2023 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and 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 FRS 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 group's and the parent company's affairs as at 26 August 2023 and of the group's 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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 group's and parent 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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

STAX TRADE CENTRES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF STAX TRADE CENTRES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors' responsibilities statement, 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 is 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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.

Based on our understanding of the company, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the legal and regulatory framework that the company operates in. We considered the extent to which non-compliance might have a material effect on the financial statements. The key laws and regulations we considered in this context included UK Companies Act 2006, employment law, health and safety and tax legislation.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates.

STAX TRADE CENTRES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF STAX TRADE CENTRES LIMITED

As a result of the above, our audit procedures performed included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud.
- Agreeing financial statements disclosures to underlying supporting documentation and assessing compliance with relevant laws and regulations.
- Testing the appropriateness of journal entries and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- Enquiring with the company's legal advisors of whether they are aware of any non-compliance with laws and regulations.
- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- Reviewing minutes of meetings of those charged with governance.

There are inherent limitations in the audit procedures described above. The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK).

We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors of Stax Trade Centres Limited.

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gary Kramrisch (Senior Statutory Auditor)
For and on behalf of Alexander & Co LLP

29 February 2024

Chartered Accountants
Statutory Auditor

Centurion House
129 Deansgate
Manchester
M3 3WR

STAX TRADE CENTRES LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 26 AUGUST 2023

| | Notes | 2023 £ | 2022 £ |
|--|----------|-------------------|-------------------|
| Turnover | 3 | 106,624,242 | 117,892,997 |
| Cost of sales | | (76,745,375) | (84,236,769) |
| Gross profit | | 29,878,867 | 33,656,228 |
| Administrative expenses | | (27,326,533) | (29,391,287) |
| Other operating income | | 4,905 | 5,130 |
| Operating profit | 4 | 2,557,239 | 4,270,071 |
| Interest receivable and similar income | 8 | 89,890 | 1 |
| Interest payable and similar expenses | 9 | (16,773) | (21,260) |
| Profit before taxation | | 2,630,356 | 4,248,812 |
| Tax on profit | 10 | (640,882) | (902,743) |
| Profit for the financial year | | 1,989,474 | 3,346,069 |

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

STAX TRADE CENTRES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 26 AUGUST 2023

| | 2023 £ | 2022 £ |
|---|------------------|------------------|
| Profit for the year | 1,989,474 | 3,346,069 |
| Other comprehensive income | | |
| Revaluation of tangible fixed assets | 1,767,133 | - |
| Total comprehensive income for the year | <u>3,756,607</u> | <u>3,346,069</u> |

Total comprehensive income for the year is all attributable to the owners of the parent company.

STAX TRADE CENTRES LIMITED

GROUP BALANCE SHEET

AS AT 26 AUGUST 2023

| | | 26 August 2023 | 27 August 2022 |
|--|-------|---------------------|---------------------|
| | Notes | £ | £ |
| Fixed assets | | | |
| Goodwill | 12 | 1,466,944 | 1,588,100 |
| Tangible assets | 13 | 11,486,981 | 10,015,867 |
| Investments | 14 | 15,000 | 15,000 |
| | | <u>12,968,925</u> | <u>11,618,967</u> |
| Current assets | | | |
| Stocks | 16 | 25,139,539 | 27,303,765 |
| Debtors | 17 | 9,012,542 | 9,674,545 |
| Cash at bank and in hand | | 6,652,981 | 5,594,657 |
| | | <u>40,805,062</u> | <u>42,572,967</u> |
| Creditors: amounts falling due within one year | 18 | <u>(16,593,673)</u> | <u>(20,100,682)</u> |
| Net current assets | | <u>24,211,389</u> | <u>22,472,285</u> |
| Total assets less current liabilities | | <u>37,180,314</u> | <u>34,091,252</u> |
| Creditors: amounts falling due after more than one year | 19 | (679,507) | (1,011,048) |
| Provisions for liabilities | | | |
| Deferred tax liability | 23 | 504,806 | 467,717 |
| | | <u>(504,806)</u> | <u>(467,717)</u> |
| Net assets | | <u>35,996,001</u> | <u>32,612,487</u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 105,076 | 105,176 |
| Share premium account | | 732,655 | 732,655 |
| Revaluation reserve | | 3,341,097 | 1,573,964 |
| Capital redemption reserve | | 10,961 | 10,861 |
| Profit and loss reserves | | 31,806,212 | 30,189,831 |
| Total equity | | <u>35,996,001</u> | <u>32,612,487</u> |

The financial statements were approved by the board of directors and authorised for issue on 29 February 2024 and are signed on its behalf by:

D G Hibbert
Director

Company registration number 02235950 (England and Wales)

STAX TRADE CENTRES LIMITED

COMPANY BALANCE SHEET

AS AT 26 AUGUST 2023

| | | 26 August 2023 | 27 August 2022 |
|--|-------|---------------------|---------------------|
| | Notes | £ | £ |
| Fixed assets | | | |
| Goodwill | 12 | 442,981 | 500,139 |
| Tangible assets | 13 | 11,141,811 | 9,768,066 |
| Investments | 14 | 5,617,932 | 8,591,681 |
| | | <u>17,202,724</u> | <u>18,859,886</u> |
| Current assets | | | |
| Stocks | 16 | 22,488,360 | 24,157,063 |
| Debtors | 17 | 8,098,574 | 8,816,684 |
| Cash at bank and in hand | | 6,422,544 | 5,100,551 |
| | | <u>37,009,478</u> | <u>38,074,298</u> |
| Creditors: amounts falling due within one year | 18 | <u>(17,424,534)</u> | <u>(24,742,576)</u> |
| Net current assets | | <u>19,584,944</u> | <u>13,331,722</u> |
| Total assets less current liabilities | | <u>36,787,668</u> | <u>32,191,608</u> |
| Creditors: amounts falling due after more than one year | 19 | (656,459) | (1,011,048) |
| Provisions for liabilities | | | |
| Deferred tax liability | 23 | 425,473 | 425,473 |
| | | <u>(425,473)</u> | <u>(425,473)</u> |
| Net assets | | <u>35,705,736</u> | <u>30,755,087</u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 105,076 | 105,176 |
| Share premium account | | 732,655 | 732,655 |
| Revaluation reserve | | 3,316,097 | 1,548,964 |
| Capital redemption reserve | | 10,961 | 10,861 |
| Profit and loss reserves | | 31,540,947 | 28,357,431 |
| Total equity | | <u>35,705,736</u> | <u>30,755,087</u> |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,556,609 (2022 - £2,676,623).

The financial statements were approved by the board of directors and authorised for issue on 29 February 2024 and are signed on its behalf by:

D G Hibbert
Director

Company registration number 02235950 (England and Wales)

STAX TRADE CENTRES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 26 AUGUST 2023

| | Notes | Share capital £ | Share premium account £ | Revaluation reserve £ | Capital redemption reserve £ | Profit and loss reserves £ | Total £ |
|---------------------------------------|-------|--------------------|-------------------------------|-----------------------------|------------------------------------|----------------------------------|------------|
| Balance at 29 August 2021 | | 105,176 | 732,655 | 1,573,964 | 10,861 | 27,377,262 | 29,799,918 |
| Year ended 27 August 2022: | | | | | | | |
| Profit and total comprehensive income | | - | - | - | - | 3,346,069 | 3,346,069 |
| Dividends | 11 | - | - | - | - | (533,500) | (533,500) |
| Balance at 27 August 2022 | | 105,176 | 732,655 | 1,573,964 | 10,861 | 30,189,831 | 32,612,487 |
| Year ended 26 August 2023: | | | | | | | |
| Profit for the year | | - | - | - | - | 1,989,474 | 1,989,474 |
| Other comprehensive income: | | | | | | | |
| Revaluation of tangible fixed assets | | - | - | 1,767,133 | - | - | 1,767,133 |
| Total comprehensive income | | - | - | 1,767,133 | - | 1,989,474 | 3,756,607 |
| Dividends | 11 | - | - | - | - | (335,093) | (335,093) |
| Own shares acquired | | - | - | - | - | (38,000) | (38,000) |
| Purchase of shares | 25 | (100) | - | - | 100 | - | - |
| Balance at 26 August 2023 | | 105,076 | 732,655 | 3,341,097 | 10,961 | 31,806,212 | 35,996,001 |

STAX TRADE CENTRES LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 26 AUGUST 2023

| | Notes | Share capital £ | Share premium account £ | Revaluation reserve £ | Capital redemption reserve £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|-------------------------------|-----------------------------|------------------------------------|----------------------------------|------------|
| Balance at 29 August 2021 | | 105,176 | 732,655 | 1,548,964 | 10,861 | 26,214,308 | 28,611,964 |
| Year ended 27 August 2022: | | | | | | | |
| Profit and total comprehensive income for the year | 11 | - | - | - | - | 2,676,623 | 2,676,623 |
| Dividends | | - | - | - | - | (533,500) | (533,500) |
| Balance at 27 August 2022 | | 105,176 | 732,655 | 1,548,964 | 10,861 | 28,357,431 | 30,755,087 |
| Year ended 26 August 2023: | | | | | | | |
| Profit for the year | | - | - | - | - | 3,556,609 | 3,556,609 |
| Other comprehensive income: | | | | | | | |
| Revaluation of tangible fixed assets | | - | - | 1,767,133 | - | - | 1,767,133 |
| Total comprehensive income | | - | - | 1,767,133 | - | 3,556,609 | 5,323,742 |
| Dividends | 11 | - | - | - | - | (335,093) | (335,093) |
| Own shares acquired | | - | - | - | - | (38,000) | (38,000) |
| Purchase of shares | 25 | (100) | - | - | 100 | - | - |
| Balance at 26 August 2023 | | 105,076 | 732,655 | 3,316,097 | 10,961 | 31,540,947 | 35,705,736 |

STAX TRADE CENTRES LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 26 AUGUST 2023

| | Notes | 2023 £ | £ | 2022 £ | £ |
|---|-------|------------------|---|--------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from/(absorbed by) operations | 30 | | | | |
| | | 2,871,859 | | (6,066,542) | |
| Interest paid | | (16,773) | | (21,260) | |
| Income taxes paid | | (611,839) | | (1,175,616) | |
| | | | | | |
| Net cash inflow/(outflow) from operating activities | | 2,243,247 | | (7,263,418) | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (663,792) | | (1,285,765) | |
| Proceeds on disposal of tangible fixed assets | | 56,000 | | 2,501 | |
| Deferred consideration paid | | | | (976,779) | |
| Interest received | | 89,890 | | 1 | |
| | | | | | |
| Net cash used in investing activities | | (517,902) | | (2,260,042) | |
| Financing activities | | | | | |
| Purchase of shares | | (38,000) | | - | |
| Repayment of finance leases | | (62,920) | | - | |
| Proceeds of finance leases | | - | | 589,998 | |
| Repayment of bank loans | | (231,008) | | (214,549) | |
| Dividends paid to equity shareholders | | (335,093) | | (533,500) | |
| | | | | | |
| Net cash used in financing activities | | (667,021) | | (158,051) | |
| | | | | | |
| Net increase/(decrease) in cash and cash equivalents | | 1,058,324 | | (9,681,511) | |
| Cash and cash equivalents at beginning of year | | 5,594,657 | | 15,276,168 | |
| | | | | | |
| Cash and cash equivalents at end of year | | 6,652,981 | | 5,594,657 | |

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 26 AUGUST 2023

1 Accounting policies

Company information

Stax Trade Centres Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Holloway Drive, Wardley Industrial Estate, Worsley, Manchester, M28 2LA

The group consists of Stax Trade Centres Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Stax Trade Centres Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 26 August 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover represents the amount derived from the provision of DIY products which fall within the company's ordinary activities. Sales are recognised at the date of in-store purchase or at the time of delivery to customers.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill of M.P. Smith & Co. Limited is being amortised in equal instalments over its estimated useful life which the directors consider to be 20 years.

The remaining goodwill represents Stax Trade Centres Limited's investment in its former subsidiary undertaking. It is being amortised in equal instalments over its estimated useful economic life which the directors consider to be 20 years.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------------|-------------------------|
| Freehold land and buildings | 2% straight line |
| Leasehold land and buildings | 10% straight line |
| Leasehold improvements | 15% on reducing balance |
| Plant and equipment | 20% on reducing balance |
| Fixtures and fittings | 15-25% straight line |
| Computers | 50% on reducing balance |
| Motor vehicles | 20-25% straight line |

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

1 Accounting policies

(Continued)

1.10 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and 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.

1.11 Financial instruments

The group 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 in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group 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.

Classification of 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 group after deducting all of its liabilities.

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price.

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

1 Accounting policies

(Continued)

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.18 Rebates

Rebates received from suppliers mainly comprise volume related rebates on the purchase of stock. Rebates are recognised on an accrued basis based on actual purchases made in the period based on individual agreements made with suppliers.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Intangible fixed assets

Intangible fixed assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.

Impairment of stock

Determining whether stock balances are valued correctly, requires, and is based on, up to date trading information. The Board use their knowledge of the business, the trading environment and future projections to assess whether provision is necessary in these areas.

Property valuation

The directors use available market-based information to determine whether the properties are valued accurately.

3 Turnover and other revenue

| | 2023 | 2022 |
|---|--------------------|--------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Derived from principal activity | 106,624,242 | 117,892,997 |
| | <u>106,624,242</u> | <u>117,892,997</u> |
| | 2023 | 2022 |
| | £ | £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 104,813,712 | 113,121,988 |
| Europe | 1,562,010 | 4,557,645 |
| Rest of World | 248,520 | 213,364 |
| | <u>106,624,242</u> | <u>117,892,997</u> |

4 Operating profit

| | 2023 | 2022 |
|---|------------------|------------------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Depreciation of owned tangible fixed assets | 817,758 | 888,705 |
| Depreciation of tangible fixed assets held under finance leases | 102,747 | 29,903 |
| Profit on disposal of tangible fixed assets | (16,694) | (998) |
| Amortisation of intangible assets | 121,156 | 121,156 |
| Operating lease charges | 2,255,835 | 2,243,573 |
| | <u>2,255,835</u> | <u>2,243,573</u> |

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

5 Auditor's remuneration

| | 2023 | 2022 |
|--|--------|--------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 38,325 | 36,500 |
| For other services | | |
| Other taxation services | 2,625 | 3,450 |

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

| | Group 2023 Number | 2022 Number | Company 2023 Number | 2022 Number |
|--------------------------------|-------------------------|----------------|---------------------------|----------------|
| Management | 57 | 48 | 45 | 46 |
| Administration and supervisors | 68 | 62 | 60 | 54 |
| Selling and distribution | 396 | 456 | 376 | 435 |
| Production | 29 | 30 | - | - |
| Total | 550 | 596 | 481 | 535 |

Their aggregate remuneration comprised:

| | Group 2023 £ | 2022 £ | Company 2023 £ | 2022 £ |
|-----------------------|--------------------|------------|----------------------|------------|
| Wages and salaries | 15,138,944 | 15,824,032 | 13,795,160 | 14,469,948 |
| Social security costs | 1,434,302 | 1,533,947 | 1,349,611 | 1,446,588 |
| Pension costs | 401,813 | 419,356 | 325,834 | 345,859 |
| | 16,975,059 | 17,777,335 | 15,470,605 | 16,262,395 |

7 Directors' remuneration

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Remuneration for qualifying services | 2,310,975 | 2,758,871 |
| Company pension contributions to defined contribution schemes | 8,923 | 8,407 |
| | 2,319,898 | 2,767,278 |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

7 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

| | 2023 £ | 2022 £ |
|--------------------------------------|-----------|-----------|
| Remuneration for qualifying services | 570,483 | 910,929 |

8 Interest receivable and similar income

| | 2023 £ | 2022 £ |
|---------------------------|-----------|-----------|
| Interest income | | |
| Interest on bank deposits | 89,890 | 1 |

9 Interest payable and similar expenses

| | 2023 £ | 2022 £ |
|--|-----------|-----------|
| Interest on bank overdrafts and loans | - | 15,610 |
| Interest on finance leases and hire purchase contracts | 16,773 | 5,650 |
| Total finance costs | 16,773 | 21,260 |

10 Taxation

| | 2023 £ | 2022 £ |
|--|-----------|-----------|
| Current tax | | |
| UK corporation tax on profits for the current period | 603,793 | 662,789 |
| Deferred tax | | |
| Origination and reversal of timing differences | 37,089 | 239,954 |
| Total tax charge | 640,882 | 902,743 |

The corporation tax rate increased from 19% to 25% in the year. As the current accounting year includes periods of corporation tax rate at both 19% and 25%, a marginal rate has been used.

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2023 £ | 2022 £ |
|--|-----------|-----------|
| Profit before taxation | 2,630,356 | 4,248,812 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 21.52% (2022: 19.00%) | 565,923 | 807,274 |
| Tax effect of expenses that are not deductible in determining taxable profit | 29,276 | 23,460 |
| Adjustments in respect of prior years | - | 2,181 |
| Effect of change in corporation tax rate | 8,368 | 102,114 |
| Depreciation on assets not qualifying for tax allowances | 67,853 | 35,612 |
| Other timing differences | (30,538) | (67,898) |
| Taxation charge | 640,882 | 902,743 |

11 Dividends

| | 2023 £ | 2022 £ |
|--|-----------|-----------|
| Recognised as distributions to equity holders: | | |
| Final paid | 335,093 | 533,500 |

12 Intangible fixed assets

| Group | Goodwill £ |
|--------------------------------------|---------------|
| Cost | |
| At 28 August 2022 and 26 August 2023 | 3,188,913 |
| Amortisation and impairment | |
| At 28 August 2022 | 1,600,813 |
| Amortisation charged for the year | 121,156 |
| At 26 August 2023 | 1,721,969 |
| Carrying amount | |
| At 26 August 2023 | 1,466,944 |
| At 27 August 2022 | 1,588,100 |

The goodwill relates to the company's investment in its current subsidiary undertakings and former subsidiary undertakings. The goodwill is being amortised over the directors' estimate of its useful life of 20 years. The goodwill relating to current and former subsidiary undertakings have carrying values of £1,023,963 (2022: £1,087,961) and £442,981 (2022: £500,139) respectively. They have a remaining amortisation period of 16 years and 8 years respectively.

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

12 Intangible fixed assets

(Continued)

| Company | Goodwill £ |
|--------------------------------------|---------------|
| Cost | |
| At 28 August 2022 and 26 August 2023 | 1,906,328 |
| Amortisation and Impairment | |
| At 28 August 2022 | 1,406,189 |
| Amortisation charged for the year | 57,158 |
| At 26 August 2023 | 1,463,347 |
| Carrying amount | |
| At 26 August 2023 | 442,981 |
| At 27 August 2022 | 500,139 |

The goodwill relates to the company's investment in its former subsidiary undertaking and is being amortised over the directors' estimate of its useful economic life of 20 years. The goodwill has a carrying value of £442,981 (2022: £500,139) and has a remaining amortisation period of 8 years.

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 26 AUGUST 2023

13 Tangible fixed assets

| Group | Freehold land and buildings | Leasehold land and buildings | Leasehold improvements | Plant and equipment | Fixtures and fittings | Computers | Motor vehicles | Total |
|------------------------------------|-----------------------------|------------------------------|------------------------|---------------------|-----------------------|-----------|----------------|------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | | | | |
| At 28 August 2022 | 7,700,000 | 3,701,794 | 111,581 | 578,220 | 8,593,863 | 161,241 | 951,802 | 21,798,301 |
| Additions | - | - | 16,039 | 145,309 | 299,790 | 706 | 201,948 | 663,792 |
| Disposals | - | - | - | - | (228,975) | - | (106,890) | (335,865) |
| Revaluation | 1,300,000 | - | - | - | - | - | - | 1,300,000 |
| At 26 August 2023 | 9,000,000 | 3,701,794 | 127,620 | 723,529 | 8,664,478 | 161,947 | 1,046,860 | 23,426,228 |
| Depreciation and impairment | | | | | | | | |
| At 28 August 2022 | 431,200 | 2,838,975 | 78,109 | 447,728 | 7,695,742 | 150,962 | 139,718 | 11,782,434 |
| Depreciation charged in the year | 119,933 | 266,781 | 5,490 | 38,919 | 295,030 | 5,279 | 189,073 | 920,505 |
| Eliminated in respect of disposals | - | - | - | - | (225,299) | - | (71,260) | (296,559) |
| Revaluation | (467,133) | - | - | - | - | - | - | (467,133) |
| At 26 August 2023 | 84,000 | 3,105,756 | 83,599 | 486,647 | 7,765,473 | 156,241 | 257,531 | 11,939,247 |
| Carrying amount | | | | | | | | |
| At 26 August 2023 | 8,916,000 | 596,038 | 44,021 | 236,882 | 899,005 | 5,706 | 789,329 | 11,486,981 |
| At 27 August 2022 | 7,268,800 | 862,819 | 33,472 | 130,492 | 897,921 | 10,279 | 812,084 | 10,015,867 |

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

| Company | Freehold land and buildings | Leasehold land and buildings | Fixtures and fittings | Motor vehicles | Total |
|------------------------------------|-----------------------------|------------------------------|-----------------------|----------------|------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 28 August 2022 | 7,700,000 | 3,701,794 | 8,424,405 | 845,239 | 20,671,438 |
| Additions | - | - | 295,192 | 201,948 | 497,140 |
| Disposals | - | - | (228,975) | (106,890) | (335,865) |
| Revaluation | 1,300,000 | - | - | - | 1,300,000 |
| At 26 August 2023 | 9,000,000 | 3,701,794 | 8,490,622 | 940,297 | 22,132,713 |
| Depreciation and impairment | | | | | |
| At 28 August 2022 | 431,200 | 2,838,975 | 7,548,470 | 84,727 | 10,903,372 |
| Depreciation charged in the year | 119,933 | 266,781 | 290,306 | 174,202 | 851,222 |
| Eliminated in respect of disposals | - | - | (225,299) | (71,260) | (296,559) |
| Revaluation | (467,133) | - | - | - | (467,133) |
| At 26 August 2023 | 84,000 | 3,105,756 | 7,613,477 | 187,669 | 10,990,902 |
| Carrying amount | | | | | |
| At 26 August 2023 | 8,916,000 | 596,038 | 877,145 | 752,628 | 11,141,811 |
| At 27 August 2022 | 7,268,800 | 862,819 | 875,935 | 760,512 | 9,768,066 |

The carrying value of land and buildings comprises:

| | Group 2023 £ | 2022 £ | Company 2023 £ | 2022 £ |
|-----------------|--------------------|-----------|----------------------|-----------|
| Freehold | 8,916,000 | 7,268,800 | 8,916,000 | 7,268,800 |
| Short leasehold | 596,038 | 862,819 | 596,038 | 862,819 |
| | 9,512,038 | 8,131,619 | 9,512,038 | 8,131,619 |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

| | Group 2023 £ | 2022 £ | Company 2023 £ | 2022 £ |
|--|--------------------|-----------|----------------------|-----------|
| Motor vehicles | 574,033 | 597,437 | 574,033 | 597,437 |
| Depreciation charge for the year in respect of leased assets | 205,494 | 29,903 | 102,747 | 29,903 |

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

13 Tangible fixed assets

(Continued)

Land and buildings with a carrying amount of £7,700,000 were revalued to £9,000,000 during the year under review. The Directors consider that this valuation represents the fair value of the property and their assessment was based on a review carried out by an appropriately qualified external valuer.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

| | Group 2023 £ | 2022 £ | Company 2023 £ | 2022 £ |
|--------------------------|--------------------|------------------|----------------------|------------------|
| Cost | 10,335,613 | 10,335,613 | 10,335,613 | 10,335,613 |
| Accumulated depreciation | (2,004,014) | (1,860,870) | (2,004,014) | (1,860,870) |
| Carrying value | <u>8,331,599</u> | <u>8,474,743</u> | <u>8,331,599</u> | <u>8,474,743</u> |

14 Fixed asset investments

| | Notes | Group 2023 £ | 2022 £ | Company 2023 £ | 2022 £ |
|-----------------------------|-------|--------------------|---------------|----------------------|------------------|
| Investments in subsidiaries | 15 | - | - | 5,602,932 | 8,576,681 |
| Unlisted investments | | 15,000 | 15,000 | 15,000 | 15,000 |
| | | <u>15,000</u> | <u>15,000</u> | <u>5,617,932</u> | <u>8,591,681</u> |

Movements in fixed asset investments

| Group | Investments £ |
|--------------------------------------|------------------|
| Cost or valuation | |
| At 28 August 2022 and 26 August 2023 | <u>15,000</u> |
| Carrying amount | |
| At 26 August 2023 | <u>15,000</u> |
| At 27 August 2022 | <u>15,000</u> |

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

14 Fixed asset investments

(Continued)

Movements in fixed asset investments

| Company | Shares in subsidiaries £ | Other investments £ | Total £ |
|--------------------------|-----------------------------|------------------------|-------------|
| Cost or valuation | | | |
| At 28 August 2022 | 8,576,681 | 15,000 | 8,591,681 |
| Impairment | (2,973,749) | - | (2,973,749) |
| At 26 August 2023 | 5,602,932 | 15,000 | 5,617,932 |
| Carrying amount | | | |
| At 26 August 2023 | 5,602,932 | 15,000 | 5,617,932 |
| At 27 August 2022 | 8,576,681 | 15,000 | 8,591,681 |

The impairment in the estimated carrying value of the company's investment in its subsidiary M.P. Smith & Co. Ltd was made following a dividend being paid up to the holding company in the year under review.

15 Subsidiaries

Details of the company's subsidiaries at 26 August 2023 are as follows:

| Name of undertaking | Address | Nature of business | Class of shares held | % Held Direct | Indirect |
|--------------------------|---------|----------------------------|----------------------|------------------|----------|
| PDS Logistics Limited | 1 | Warehouse and distribution | Ordinary | 100.00 | - |
| M.P. Smith & Co. Limited | 1 | Hardware wholesalers | Ordinary | 100.00 | - |

Registered office addresses (all UK unless otherwise indicated):

1 - Holloway Drive, Wardley Industrial Estate, Worsley, Manchester, M28 2LA

The above subsidiaries are included in the consolidated financial statements.

The company has guaranteed the liabilities of PDS Logistics Limited in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ending 26 August 2023.

16 Stocks

| | Group 2023 £ | 2022 £ | Company 2023 £ | 2022 £ |
|-------------------------------------|--------------------|------------|----------------------|------------|
| Finished goods and goods for resale | 25,139,539 | 27,303,765 | 22,488,360 | 24,157,063 |

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

17 Debtors

| | Group 2023 | 2022 | Company 2023 | 2022 |
|---|------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | 7,647,754 | 8,457,860 | 6,945,473 | 7,761,064 |
| Other debtors | 34,051 | - | - | - |
| Prepayments and accrued income | 1,330,737 | 1,210,685 | 1,153,101 | 1,055,620 |
| | <u>9,012,542</u> | <u>9,674,545</u> | <u>8,098,574</u> | <u>8,816,684</u> |

18 Creditors: amounts falling due within one year

| | Notes | Group 2023 | 2022 | Company 2023 | 2022 |
|------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|
| | | £ | £ | £ | £ |
| Bank loans | 20 | 250,589 | 216,628 | 250,589 | 216,628 |
| Obligations under finance leases | 21 | 93,272 | 89,620 | 93,272 | 89,620 |
| Trade creditors | | 10,633,561 | 12,956,479 | 10,809,649 | 13,038,182 |
| Amounts owed to group undertakings | | - | - | 1,190,077 | 5,136,560 |
| Corporation tax payable | | 361,386 | 369,432 | 241,430 | 220,573 |
| Other taxation and social security | | 1,637,625 | 1,557,715 | 1,500,525 | 1,403,888 |
| Other creditors | | 7,580 | 363,250 | - | 355,192 |
| Accruals and deferred income | | 3,609,660 | 4,547,558 | 3,338,992 | 4,281,933 |
| | | <u>16,593,673</u> | <u>20,100,682</u> | <u>17,424,534</u> | <u>24,742,576</u> |

19 Creditors: amounts falling due after more than one year

| | Notes | Group 2023 | 2022 | Company 2023 | 2022 |
|----------------------------------|-------|----------------|------------------|-----------------|------------------|
| | | £ | £ | £ | £ |
| Bank loans and overdrafts | 20 | 245,701 | 510,670 | 245,701 | 510,670 |
| Obligations under finance leases | 21 | 433,806 | 500,378 | 410,758 | 500,378 |
| | | <u>679,507</u> | <u>1,011,048</u> | <u>656,459</u> | <u>1,011,048</u> |

Other creditors totalling £nil (2022 - £355,192) are secured by way of fixed and floating charges over the company's freehold property.

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

20 Loans and overdrafts

| | Group 2023 £ | 2022 £ | Company 2023 £ | 2022 £ |
|-------------------------|--------------------|-----------|----------------------|-----------|
| Bank loans | 496,290 | 727,298 | 496,290 | 727,298 |
| Payable within one year | 250,589 | 216,628 | 250,589 | 216,628 |
| Payable after one year | 245,701 | 510,670 | 245,701 | 510,670 |

The company's borrowings totalling £496,290 (2022 - £727,298) are secured by way of fixed and floating charges over the assets of the company, including fixed charges over the company's freehold property and a debenture giving rise to a fixed charge over freehold and leasehold property and a fixed and floating charge over all other assets of the company, both present and future.

One loan was outstanding at the year end of £196,290 (2022 - £727,298) which is repayable over 10 years from the date of drawdown (June 2015). Interest is charged at 1.5% per annum over the Bank of England Base Rate.

21 Finance lease obligations

| | Group 2023 £ | 2022 £ | Company 2023 £ | 2022 £ |
|---|--------------------|-----------|----------------------|-----------|
| Future minimum lease payments due under finance leases: | | | | |
| Within one year | 93,272 | 89,620 | 89,620 | 89,620 |
| In two to five years | 377,876 | 358,480 | 358,480 | 358,480 |
| In over five years | 55,930 | 141,898 | 55,930 | 141,898 |
| | 527,078 | 589,998 | 504,030 | 589,998 |

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 7 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

| | Notes | Group 2023 £ | 2022 £ | Company 2023 £ | 2022 £ |
|--------------------------|-------|--------------------|-----------|----------------------|-----------|
| Deferred tax liabilities | 23 | 504,806 | 467,717 | 425,473 | 425,473 |

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

| | Liabilities 2023 £ | Liabilities 2022 £ |
|--------------------------------|--------------------------|--------------------------|
| Group | | |
| Accelerated capital allowances | 522,570 | 485,481 |
| Retirement benefit obligations | (17,764) | (17,764) |
| | <u>504,806</u> | <u>467,717</u> |
| | | |
| | Liabilities 2023 £ | Liabilities 2022 £ |
| Company | | |
| Accelerated capital allowances | 443,237 | 443,237 |
| Retirement benefit obligations | (17,764) | (17,764) |
| | <u>425,473</u> | <u>425,473</u> |
| | | |
| | Group 2023 £ | Company 2023 £ |
| Movements in the year: | | |
| Liability at 28 August 2022 | 467,717 | 425,473 |
| Charge to profit or loss | 37,089 | - |
| | <u>504,806</u> | <u>425,473</u> |

The deferred tax liability set out above in relation to accelerated capital allowances is expected to reverse within 60 months.

The deferred tax asset set out above relating to retirement benefit obligations is expected to reverse within 12 months.

24 Retirement benefit schemes

| | 2023 £ | 2022 £ |
|---|----------------|----------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>401,813</u> | <u>419,356</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

25 Share capital

| Group and company | 2023 | 2022 | 2023 | 2022 |
|--|----------------|----------------|----------------|----------------|
| Ordinary share capital | Number | Number | £ | £ |
| Issued and fully paid | | | | |
| Ordinary "A" shares of £1 each | 52,538 | 52,588 | 52,538 | 52,588 |
| Ordinary "B convertible" shares of £1 each | 52,538 | 52,588 | 52,538 | 52,588 |
| | <u>105,076</u> | <u>105,176</u> | <u>105,076</u> | <u>105,176</u> |

The 'B' convertible ordinary shares rank pari passu with the 'A' ordinary shares except as set out below:-

- i) Each 'A' share shall confer on the holder one vote at any general meeting of the company.
- ii) The 'B' shares do not carry any voting rights.
- iii) The profits of the company available for distribution shall be applied in paying income to the holders of 'A' and 'B' shares pari passu as if the same constituted one class of share.

During the year, the company purchased 100 of their own shares split between 50 A shares and 50 B shares.

26 Financial commitments, guarantees and contingent liabilities

The company's subsidiary, PDS Logistics Limited, has taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit. As a condition of the exemption, the company has guaranteed the year-end liabilities of the subsidiary until they are settled in full.

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Group | | Company | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Within one year | 3,706,676 | 1,988,219 | 1,704,703 | 1,690,076 |
| Between two and five years | 5,492,242 | 5,984,318 | 5,452,242 | 5,844,318 |
| In over five years | 4,583,816 | 5,682,466 | 4,583,816 | 5,682,466 |
| | <u>13,782,734</u> | <u>13,655,003</u> | <u>11,740,761</u> | <u>13,216,860</u> |

STAX TRADE CENTRES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 AUGUST 2023

28 Related party transactions

Transactions with related parties

During the year Stax Trade Centres Limited made payments of £1,035,700 to W E Merris Pension Scheme in respect of property rentals (2022: £1,076,400). M.P. Smith & Co. Limited also made payments during the year of £120,000 in respect of property rentals (2022: £120,000). The scheme is a small self-administered pension fund of which E J Brady, D G Hibbert, N J Wright and S J Wright are members.

During the year the company purchased goods to the value of £6,363,545 (2022: £13,989,112) from Munro Importers Limited, a company in which E J Brady & S J Wright have a beneficial interest. At the balance sheet date an amount of £432,769 (2022: £129,292) was due to the company.

The company has taken advantage of the exemption available whereby it has not disclosed transactions with other companies that are wholly owned within the group.

29 Controlling party

In the opinion of the directors, there is no overall controlling party of the company.

30 Cash generated from/(absorbed by) group operations

| | 2023 £ | 2022 £ |
|--|------------------|--------------------|
| Profit for the year after tax | 1,989,474 | 3,346,069 |
| Adjustments for: | | |
| Taxation charged | 640,882 | 902,743 |
| Finance costs | 16,773 | 21,260 |
| Investment income | (89,890) | (1) |
| Gain on disposal of tangible fixed assets | (16,694) | (998) |
| Amortisation and impairment of intangible assets | 121,156 | 121,156 |
| Depreciation and impairment of tangible fixed assets | 920,505 | 918,608 |
| Movements in working capital: | | |
| Decrease/(increase) in stocks | 2,164,226 | (8,227,951) |
| Decrease in debtors | 662,003 | 23,608 |
| Decrease in creditors | (3,536,576) | (3,171,036) |
| Cash generated from/(absorbed by) operations | 2,871,859 | (6,066,542) |

31 Analysis of changes in net funds - group

| | 28 August 2022 £ | Cash flows 26 August 2023 £ | |
|----------------------------------|---------------------|--------------------------------|------------------|
| Cash at bank and in hand | 5,594,657 | 1,058,324 | 6,652,981 |
| Borrowings excluding overdrafts | (727,298) | 231,008 | (496,290) |
| Obligations under finance leases | (589,998) | 62,920 | (527,078) |
| | 4,277,361 | 1,352,252 | 5,629,613 |