

Registration number 3326979

Axminster Power Tool Centre Limited
Directors' report and financial statements
for the year ended 30 April 2006



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COMPANIES HOUSE 27/10/2006

Axminster Power Tool Centre Limited

Company information

Directors	Mr B G Styles Mr I V Styles Mrs K J Styles Mrs M A Styles Mr S M Berryman Mr I F Huntley Mr A J Parkhouse Mr A N Thomas Mr N F Dicks Mr M P Trimble	(Resigned 31/05/06) (Appointed 26/04/06) (Appointed 14/09/06)
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Secretary	Mr A N Thomas
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Company number	3326979
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Registered office	Millwey Rise Industrial Estate Axminster Devon EX13 5HU
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Auditors	Thompson Jenner 1 Colleton Crescent Exeter Devon EX2 4DG
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Bankers	HSBC Plc 38 High Street Exeter Devon EX4 3LP
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Solicitors	Foot Anstey Sargent 4-6 Barnfield Crescent Exeter Devon EX1 1RF
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Axminster Power Tool Centre Limited

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Axminster Power Tool Centre Limited

Directors' report for the year ended 30 April 2006

The directors present their report and the financial statements for the year ended 30 April 2006.

Principal activity

The company's principal activity continued to be that of selling and hire of power and hand tools and workshop accessories.

Review of the business and future developments

Over the year to the end of April 2006, the company undertook a significant infrastructure expansion program. A purpose-built warehousing and distribution centre was constructed and successfully put into operation ready for the new year period. The directors believe that the company is now fully ready to cope with greatly increased sales and are implementing strategies to achieve growth.

The results for the period reflect the situation throughout the tooling industry with many competitors reporting falling sales and a cooling-off in the British public's desire for DIY products. The company intends to maintain the competitiveness of its prices whilst also continuing to mark itself out as a supplier of top quality brands.

The company is actively exploring a raft of new ventures to offset the contraction in its traditional customer base. Existing trade avenues will be bolstered by the publication of new catalogues on a 6 monthly basis. The company's website continues to attract plaudits and ensures a heavyweight presence in this area. Web-based sales growth to date remains ahead of forecast.

Investment in the skillbase and welfare of employees remains a primary concern - the coming months are scheduled to include a full managerial development program and the opening of a new restaurant/staff meeting area.

The company prides itself in its attention to environmental matters, and is fully compliant with all regulatory requirements.

The company considers gross profit and stock levels to be its key performance indicators.

At 30 April 2006, the company's gross profit was £8,838,774 (2005: £8,741,349) and its gross profit margin was 40% (2005: 37%).

At 30 April 2006, the company held stock amounting to £5,905,586 (2005: £5,835,034) and achieved a stock turnover ratio of 113 days (2005: 106 days).

Results and dividends

The profit for the year, after taxation, amounted to £177,436. Particulars of dividends paid and proposed are detailed in the notes to the financial statements.

The directors do not recommend payment of a final dividend.

Axminster Power Tool Centre Limited

Directors' report for the year ended 30 April 2006

Financial risk management objectives and policies

The company is exposed to market risks arising from its international operations. The company has well defined and consistently applied policies for the management of foreign exchange and interest rate exposures. There has been no change since the year end in the major financial risks faced by the company. The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk.

The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies are regularly reviewed. The company's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources and various items, such as trade debtors and trade creditors that arise directly from its operations. The company also enters into derivative transactions (principally currency call options and forward foreign currency contracts). The purpose of such transactions is to hedge certain interest rate and currency risks arising from the company's operations and its sources of finance.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments or speculative transactions be undertaken.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank and other borrowings. The company borrows in the desired currencies principally at floating rates of interest.

The company reviews deposits and borrowings by currency at Board meetings.

Liquidity risk

The company seeks a balance between certainty of funding and a flexible, cost-effective borrowings structure. The company's policy is to ensure that, as a minimum, all projected net borrowing needs are covered by committed facilities arranged and provided by the Board. The principal source of funds to the company is committed bank debt. A mix of term loans and revolving credit facilities are used to obtain the desired currency and maturity profile.

Foreign currency risk

The company sources a significant proportion of its products from overseas and makes payment for those purchases primarily in US dollars and Euros. The company does not have significant transactional foreign currency cash flow exposure. However, those that do arise are generally hedged with either forward contracts or currency options. The company is targeting foreign operations as an area for significant growth with an eye to offsetting purchase currency requirements.

Commodity risk

The company's operating performance is affected by price fluctuations in stainless steel, nickel alloy, copper, aluminium, plastic, timber and other commodities. The company seeks to minimise the effects of changing prices through economies of purchasing and inventory management, resulting in cost reductions and productivity improvements as well as price increases to maintain reasonable profit margins.

Axminster Power Tool Centre Limited

Directors' report for the year ended 30 April 2006

Market price risk

The company regularly monitors its interest rate and currency risk by reviewing the effect on profit before tax over various periods of a range of possible changes in interest rates and exchange rates.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary £1 shares	
		30/04/06	01/05/05 or date of appointment
Mr B G Styles		-	-
Mr I V Styles		-	-
Mrs K J Styles		-	-
Mrs M A Styles		-	-
Mr S M Berryman		-	-
Mr I F Huntley	(Resigned 31/05/06)	-	-
Mr A J Parkhouse		-	-
Mr A N Thomas		-	-
Mr N F Dicks	(Appointed 26/04/06)	-	-
Mr M P Trimble	(Appointed 14/09/06)	-	-

Mr B G Styles, Mr I V Styles, Mrs K J Styles and Mrs M A Styles are also directors of the company's ultimate holding company, Styles & Brown Limited. Their interest in the shares of the holding company are disclosed in the financial statements of that company. None of the directors had a beneficial interest in Axminster Power Tool Centre Limited at the year end.

Charitable and political contributions

During the year the group contributed £1,717 to charities.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Axminster Power Tool Centre Limited

**Directors' report
for the year ended 30 April 2006**

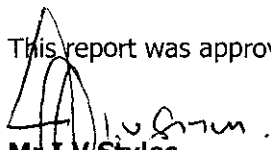
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the Board on 4th October 2006 and signed on its behalf by


Mr I V Styles

Axminster Power Tool Centre Limited

Independent auditors' report to the shareholders of Axminster Power Tool Centre Limited

We have audited the financial statements of Axminster Power Tool Centre Limited for the year ended 30 April 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of audit opinion

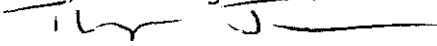
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


Thompson Jenner
Chartered Accountants and
Registered Auditors

1 Colleton Crescent
Exeter
Devon

20.10.2006

Axminster Power Tool Centre Limited

**Profit and loss account
for the year ended 30 April 2006**

		Continuing operations	
		2006	2005
	Notes	£	£
Turnover	2	22,344,218	23,801,024
Cost of sales		(13,505,444)	(15,059,675)
Gross profit		8,838,774	8,741,349
Distribution costs		(867,285)	(985,696)
Administrative expenses		(7,347,615)	(7,286,187)
Other operating income		83,533	66,600
Operating profit	3	707,407	536,066
Interest payable and similar charges	4	(444,111)	(363,220)
Profit on ordinary activities before taxation		263,296	172,846
Tax on profit on ordinary activities	7	(85,860)	(87,343)
Profit on ordinary activities after taxation		177,436	85,503
Retained profit for the year		177,436	85,503
Retained profit brought forward		2,004,223	1,918,720
Retained profit carried forward		2,181,659	2,004,223

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 9 to 20 form an integral part of these financial statements.


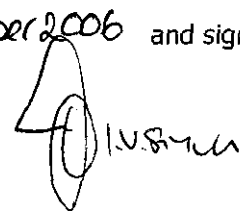
Axminster Power Tool Centre Limited

**Balance sheet
as at 30 April 2006**

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		4,381,300		4,030,932
Current assets					
Stocks	9	5,905,586		5,835,034	
Debtors	10	836,052		1,256,600	
Cash at bank and in hand		276,347		1,531,058	
		<u>7,017,985</u>		<u>8,622,692</u>	
Creditors: amounts falling due within one year	11	<u>(5,752,630)</u>		<u>(8,056,870)</u>	
Net current assets			<u>1,265,355</u>		<u>565,822</u>
Total assets less current liabilities			5,646,655		4,596,754
Creditors: amounts falling due after more than one year	12		(3,257,877)		(2,443,898)
Provisions for liabilities	14		<u>(107,119)</u>		<u>(48,633)</u>
Net assets			<u>2,281,659</u>		<u>2,104,223</u>
Capital and reserves					
Called up share capital	15		100,000		100,000
Profit and loss account			<u>2,181,659</u>		<u>2,004,223</u>
Equity shareholders' funds	16		<u>2,281,659</u>		<u>2,104,223</u>

The financial statements were approved by the Board on 4th October 2006 and signed on its behalf by

Mr B G Styles
Director

The notes on pages 9 to 20 form an integral part of these financial statements.

Axminster Power Tool Centre Limited

**Cash flow statement
for the year ended 30 April 2006**

	Notes	2006 £	2005 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		707,407	536,066
Depreciation		491,678	418,825
(Increase) in stocks		(70,552)	651,642
Decrease in debtors		420,548	(257,463)
(Decrease) in creditors		(469,513)	(2,998)
Profit on sale of fixed assets		(3,782)	(13,843)
Net cash inflow from operating activities		<u>1,075,786</u>	<u>1,332,229</u>
Cash flow statement			
Net cash inflow from operating activities		1,075,786	1,332,229
Returns on investments and servicing of finance	22	(444,111)	(363,220)
Taxation	22	(70,895)	(133,489)
Capital expenditure	22	(388,265)	(960,965)
		<u>172,515</u>	<u>(125,445)</u>
Financing	22	(207,366)	1,551,880
Decrease in cash in the year		<u>(34,851)</u>	<u>1,426,435</u>
Reconciliation of net cash flow to movement in net funds (Note 23)			
Decrease in cash in the year		(34,851)	1,426,435
Cash inflow from increase in debts and lease financing		207,366	(1,551,880)
Change in net debt resulting from cash flows		172,515	(125,445)
New finance leases and hire purchase contracts		(450,000)	(30,447)
Other changes		-	-
Movement in net funds in the year		<u>(277,485)</u>	<u>(155,892)</u>
Net debt at 1 May 2005		<u>(6,567,809)</u>	<u>(6,411,917)</u>
Net debt at 30 April 2006		<u>(6,845,294)</u>	<u>(6,567,809)</u>

Axminster Power Tool Centre Limited

Notes to the financial statements for the year ended 30 April 2006

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over fifty years
Leasehold property improvements-		Straight line over the lease term
Plant and machinery	-	15% straight line
Fixtures & fittings	-	15% straight line
Motor vehicles	-	20% straight line
Computer equipment	-	25% straight line
Hire equipment	-	25% straight line

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

1.6. Pensions

The company operates two defined contribution pension schemes, one for directors and the other for employees, under which the pension costs charged against profits represent the amount of contributions payable to the schemes during the year.

1.7. Deferred taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed by the balance sheet date.

Deferred tax balances are not discounted.

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

Axminster Power Tool Centre Limited

**Notes to the financial statements
for the year ended 30 April 2006**

..... continued

2. Turnover

	2006	2005
	£	£
Geographical market		
UK	21,559,845	23,117,056
Europe	685,005	582,820
Rest of the World	99,368	101,148
	<u>22,344,218</u>	<u>23,801,024</u>

3. Operating profit

	2006	2005
	£	£
Operating profit is stated after charging:		
Depreciation on tangible assets		
- owned assets	407,991	389,098
- assets held under finance leases and hire purchase contracts	83,687	29,727
Loss on foreign currencies	76,064	531,348
Operating lease rentals		
- Land and buildings	213,517	180,901
- Office equipment	39,158	13,273
Auditors' remuneration	13,000	11,900
Auditors' remuneration from non-audit work	7,958	6,900
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of tangible fixed assets	<u>(3,782)</u>	<u>(13,843)</u>

4. Interest payable and similar charges

	2006	2005
	£	£
Interest payable on loans due within one year	157,543	197,597
On loans repayable after more than one year	277,964	158,382
Hire purchase interest	8,604	7,241
	<u>444,111</u>	<u>363,220</u>

Axminster Power Tool Centre Limited

**Notes to the financial statements
for the year ended 30 April 2006**

..... continued

5. Employees

Number of employees	2006	2005
The average monthly numbers of employees (including the directors) during the year were:		
Warehouse and distribution	72	70
Sales	73	75
Management	40	40
	<u>185</u>	<u>185</u>

Employment costs	2006	2005
	£	£
Wages and salaries	3,350,326	3,269,918
Social security costs	331,047	338,191
Pension costs-other operating charge	214,376	307,084
	<u>3,895,749</u>	<u>3,915,193</u>

5.1. Directors' emoluments	2006	2005
	£	£
Remuneration and other emoluments	510,207	481,629
Pension contributions	142,350	243,020
	<u>652,557</u>	<u>724,649</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>7</u>	<u>7</u>

Highest paid director	£	£
Amounts included above:		
Emoluments and other benefits	115,282	112,025
Pension contributions	40,000	86,944
	<u>155,282</u>	<u>198,969</u>

No director received or became entitled to shares under long-term incentive schemes.

Axminster Power Tool Centre Limited

**Notes to the financial statements
for the year ended 30 April 2006**

..... continued

6. Pension costs

The company operates two defined contribution pension schemes, one for directors and one for employees. The schemes and their assets are held by independent managers. The pension charges represent contributions due from the company and amounted to £214,376 (2005 - £307,084). Pension contributions totalling £25,000 were prepaid and are included in current assets at the year end.

Axminster Power Tool Centre Limited

**Notes to the financial statements
for the year ended 30 April 2006**

..... continued

7. Tax on profit on ordinary activities

Analysis of charge in period	2006 £	2005 £
Current tax		
UK corporation tax	25,623	69,144
Adjustments in respect of previous periods	1,751	(16,528)
	<u>27,374</u>	<u>52,616</u>
Total current tax charge	<u>27,374</u>	<u>52,616</u>
Deferred tax		
Timing differences, origination and reversal	58,486	(10,797)
Prior period adjustments	-	45,524
	<u>58,486</u>	<u>34,727</u>
Total deferred tax	<u>58,486</u>	<u>34,727</u>
Tax on profit on ordinary activities	<u>85,860</u>	<u>87,343</u>

Factors affecting tax charge for period

The tax assessed for the period differs from the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>263,296</u>	<u>172,846</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (30 April 2005 : 30%)	50,026	51,854
Effects of:		
Expenses not deductible for tax purposes	2,197	21,185
Capital allowances for period in excess of depreciation	(4,670)	(16,330)
Adjustments to tax charge in respect of previous periods	1,751	(16,528)
Marginal relief	-	(14,691)
Pension accrual	(17,180)	27,126
Pension prepayment	(4,750)	-
Current tax charge for period	<u>27,374</u>	<u>52,616</u>

Axminster Power Tool Centre Limited

**Notes to the financial statements
for the year ended 30 April 2006**

..... continued

	Leasehold	Freehold					
8. Tangible fixed assets	property improvements	land & property	Plant & machinery	Fixtures & fittings	Motor vehicles	Computer equipment	Total
	£	£	£	£	£	£	£
Cost							
At 1 May 2005	370,348	2,435,021	543,135	1,214,118	129,405	770,610	5,462,637
Additions	52,215	-	10,501	707,110	-	78,400	848,226
Disposals	-	-	-	(4,850)	(37,074)	-	(41,924)
At 30 April 2006	422,563	2,435,021	553,636	1,916,378	92,331	849,010	6,268,939
Depreciation							
At 1 May 2005	6,745	95,686	406,421	392,123	63,210	467,520	1,431,705
On disposals	-	-	-	(4,850)	(30,895)	-	(35,745)
Charge for the year	8,452	46,500	45,998	231,811	18,466	140,452	491,679
At 30 April 2006	15,197	142,186	452,419	619,084	50,781	607,972	1,887,639
Net book values							
At 30 April 2006	407,366	2,292,835	101,217	1,297,294	41,550	241,038	4,381,300
At 30 April 2005	363,603	2,339,335	136,714	821,995	66,195	303,090	4,030,932

Included above are assets held under finance leases or hire purchase contracts as follows:

	2006		2005	
Asset description	Net book value	Depreciation charge	Net book value	Depreciation charge
	£	£	£	£
Plant and machinery	14,275	4,445	17,082	1,638
Equipment	465,734	79,242	83,640	12,761
Motor vehicles	-	-	56,356	15,328
	<u>480,009</u>	<u>83,687</u>	<u>157,078</u>	<u>29,727</u>

9. Stocks	2006	2005
	£	£
Finished goods and goods for resale	<u>5,905,586</u>	<u>5,835,034</u>

Axminster Power Tool Centre Limited

Notes to the financial statements for the year ended 30 April 2006

..... continued

10. Debtors	2006 £	2005 £
Trade debtors	333,508	343,836
Amount owed by connected companies	248,768	856,341
Prepayments and accrued income	253,776	56,423
	<u>836,052</u>	<u>1,256,600</u>
11. Creditors: amounts falling due within one year	2006 £	2005 £
Bank overdraft	2,886,830	4,106,690
Bank loan	200,713	179,394
Net obligations under finance leases and hire purchase contracts	77,212	79,377
Trade creditors	1,392,643	1,576,403
Corporation tax	25,623	69,144
Other taxes and social security costs	240,101	369,880
Directors' accounts	699,009	1,289,508
Other creditors	1,433	1,483
Accruals and deferred income	229,066	294,571
Pension contributions	-	90,420
	<u>5,752,630</u>	<u>8,056,870</u>

The bank loans and overdrafts are secured on the assets of the group and by guarantee limited to £400,000 given by the shareholding directors of the group and various investment properties owned by the shareholding directors.

The hire purchase contracts are secured on the assets purchased.

Axminster Power Tool Centre Limited

**Notes to the financial statements
for the year ended 30 April 2006**

..... continued

12. Creditors: amounts falling due after more than one year	2006 £	2005 £
Long term bank loans	2,810,020	2,430,971
Other long term loans	67,500	-
Net obligations under finance leases and hire purchase contracts	380,357	12,927
	<u>3,257,877</u>	<u>2,443,898</u>
Loans		
Repayable in one year or less, or on demand (Note 11)	200,713	179,394
Repayable between one and two years	250,671	182,970
Repayable between two and five years	1,431,489	1,299,346
Repayable in five years or more	1,195,360	948,655
	<u>3,078,233</u>	<u>2,610,365</u>

The above loans are secured on the assets of the group.

13. Obligations under hire purchase contracts	2006 £	2005 £
Obligations under hire purchase contracts are analysed between amounts payable:		
In the next year	77,212	79,377
In the second to fifth years inclusive	380,357	12,927
	<u>457,569</u>	<u>92,304</u>

Axminster Power Tool Centre Limited

Notes to the financial statements for the year ended 30 April 2006

..... continued

14. Provision for deferred taxation	2006	2005
	£	£
Accelerated capital allowances	107,119	75,759
Accruals for pension costs and other post-retirement benefits that will be deductible for tax purposes only when paid	-	(27,126)
Undiscounted provision for deferred tax	<u>107,119</u>	<u>48,633</u>
Provision at 1 May 2005	48,633	
Deferred tax charge in profit and loss account	58,486	
Provision at 30 April 2006	<u>107,119</u>	
15. Share capital	2006	2005
	£	£
Authorised equity		
1,000,000 shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid equity		
100,000 shares of £1 each	<u>100,000</u>	<u>100,000</u>
16. Reconciliation of movements in shareholders' funds	2006	2005
	£	£
Profit for the year	177,436	85,503
Opening shareholders' funds	<u>2,104,223</u>	<u>2,018,720</u>
Closing shareholders' funds	<u>2,281,659</u>	<u>2,104,223</u>
17. Financial commitments		
At 30 April 2006 the company had annual commitments under non-cancellable operating leases as follows:		
	Land and buildings	
	2006	2005
	£	£
Expiry date:		
In over five years	<u>227,550</u>	<u>186,348</u>

Axminster Power Tool Centre Limited

Notes to the financial statements for the year ended 30 April 2006

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18. Contingent liabilities

The company has entered into a guarantee dated 31 July 1997 for £270,000 in favour of HM Customs and Excise.

On 18 September 2002, an unlimited multilateral guarantee was given by Axminster Power Tool Centre Limited, its parent company Styles & Brown Limited and its fellow subsidiary Jet Tools and Machinery Limited.

19. Ultimate parent undertaking

The company's ultimate parent company is Styles & Brown Limited. The company has no ultimate controlling party.

20. Related party transactions

The shareholding directors of the group have made the following loans to the company:

	£
Mr B G Styles	533,586
Mrs M A Styles	138,641
Mr I V Styles	26,782
Mrs K J Styles	-

There are no terms as to the repayment of the loans. Interest is credited on the loans at 3% above bank base rate. The directors have agreed with the group's bankers to postpone repayment of these loans, except by agreement.

Advantage has been taken of the FRS 8 exemption not to disclose inter-group transactions as the company is a 100% subsidiary and is included in publicly available consolidated accounts.

21. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount owing 2006 £	2005 £	Maximum in year £
Mrs K J Styles	-	-	13,560

Axminster Power Tool Centre Limited

**Notes to the financial statements
for the year ended 30 April 2006**

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22. Gross cash flows

	2006	2005
	£	£
Returns on investments and servicing of finance		
Interest paid	(444,111)	(363,220)
Taxation		
Corporation tax paid	(70,895)	(133,489)
Capital expenditure		
Payments to acquire tangible assets	(398,226)	(978,227)
Receipts from sales of tangible assets	9,961	17,262
	<u>(388,265)</u>	<u>(960,965)</u>
Financing		
New long term bank loan	379,049	1,481,969
Other new long term loans	67,500	-
New short term bank loan	21,319	126,072
Increase/(decrease) in directors' loans due within one year	(590,499)	45,145
Capital element of finance leases and hire purchase contracts	(84,735)	(101,306)
	<u>(207,366)</u>	<u>1,551,880</u>

23. Analysis of changes in net debt

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	1,531,058	(1,254,711)	-	276,347
Overdrafts	(4,106,690)	1,219,860	-	(2,886,830)
	<u>(2,575,632)</u>	<u>(34,851)</u>	<u>-</u>	<u>(2,610,483)</u>
Debt due within one year	(1,468,902)	569,180	-	(899,722)
Debt due after one year	(2,430,971)	(446,549)	-	(2,877,520)
Finance leases and hire purchase contracts	(92,304)	84,735	(450,000)	(457,569)
	<u>(3,992,177)</u>	<u>207,366</u>	<u>(450,000)</u>	<u>(4,234,811)</u>
Net debt	<u>(6,567,809)</u>	<u>172,515</u>	<u>(450,000)</u>	<u>(6,845,294)</u>

Axminster Power Tool Centre Limited

**Notes to the financial statements
for the year ended 30 April 2006**

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24. Other commitments

During the year, the company entered into forward exchange contracts totalling £2,806,603 (2005 - £1,675,000).

The company has also entered into forward exchange trigger contracts. If the dollar exchange rate remains in the range \$1.704 to \$1.815, the forward exchange trigger contracts exercise at \$1.815 for \$300,000 each. If the rate falls below \$1.704 at any time, all remaining trigger contracts lapse. If the rate exceeds \$1.815 at maturity, the company has to purchase \$600,000 at \$1.815.

These contracts are for \$300,000 each, with maturity dates of 30 May, 29 June, 28 July and 25 August 2006.

If the exchange rate remains in the range detailed above, the sterling value of the contracts amounts to £661,157 (2005 - £nil).