

Axminster Tool Centre Limited

**Annual Report and Financial Statements
Year Ended 30 April 2019**

Registration number: 3326979

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Axminster Tool Centre Limited

Contents

Company Information	1
Strategic Report	2
Directors' Report	3 to 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 8
Profit and Loss Account	9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 to 26
Non-statutory pages	27 to 29

Axminster Tool Centre Limited

Company Information

Directors	Mr B G Styles Mr I V Styles Mrs K J Styles Mr A V Styles Mrs H J Jones Mr A J Parkhouse Mr M J Brown Mr M P Trimble Mrs J Boulton Mr D C McLeod
Registered office	Unit 10 Weycroft Avenue Axminster EX13 5PH
Solicitors	Foot Anstey LLP Senate Court Southernhay Gardens Exeter EX1 1NT
Bankers	HSBC plc Stratus House Emperor Way Exeter Business Park Exeter EX2 5FD
Auditors	PKF Francis Clark Statutory Auditor Centenary House Peninsula Park Rydon Lane Exeter EX2 7XE

Axminster Tool Centre Limited

Strategic Report

Year Ended 30 April 2019

The directors present their strategic report for the year ended 30 April 2019.

Principal activity

The principal activity of the company is that of selling power and hand tools and workshop accessories.

Fair review of the business

In September 2018 the company reintroduced a printed catalogue to broaden the marketing reach of our own-branded and exclusive brands' products. The success of this re-launch was both immediate and sustained, and helped sales climb above the previous year with a corresponding increase in margin. Where suppliers offered support to protect against Brexit-related supply issues these were taken advantage of.

The retirement of key personnel was smoothly transitioned to minimise business interruption.

We believe we have taken adequate action in conjunction with our key European suppliers and international couriers to best avoid the worst impacts of an adverse Brexit withdrawal. Independent auditing of the measures we have put in place confirmed this belief.

The company's key financial and other performance indicators during the year were as follows:

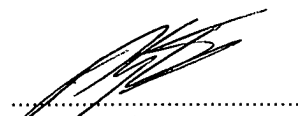
	Unit	2019	2018
Turnover	£000	43,536	42,688
Turnover growth	%	2	(10)
Gross profit margin	%	38	36
Profit before tax	£000	490	337

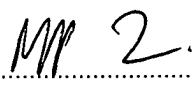
Principal risks and uncertainties

The principal business risks and uncertainties facing the company come from the uncertain economic climate and competition generally. The full impact of Brexit and its effect on the company is still unclear, but the directors anticipate new opportunities alongside potential risks. The company seeks to address these risk areas by building on its strong brand and reputation, which have been developed over many years, and by continuing to invest in its marketing activities. The company has long cultivated a diverse customer base (selling to consumers & businesses from the trade, craft, educational and industrial sectors in all parts of the world), and obtains its products from suppliers around the globe – factors which reduce the risk arising from a negative impact from any one area of trade.

The company generates sales through a variety of media, predominately internet sales and shop sales, to maximise opportunities from its large customer base of both individuals and businesses. Details of financial risks, including the impact of exchange rate fluctuations, are explained in the Directors' Report.

Approved by the Board on 20/12/19 and signed on its behalf by:


.....
Mr A V Styles
Director


.....
Mr M P Trimble
Director

Axminster Tool Centre Limited

Directors' Report

Year Ended 30 April 2019

The directors present their report and the financial statements for the year ended 30 April 2019.

Directors of the company

The directors who held office during the year were as follows:

Mr B G Styles (resigned 21 June 2019)

Mr I V Styles (resigned 21 June 2019)

Mrs K J Styles (resigned 21 June 2019)

Mr A V Styles

Mrs H J Jones

Mr A J Parkhouse

Mr M J Brown (resigned 22 October 2019)

Mr M P Trimble

Mrs J Boulton

Mr D C McLeod

The following director was appointed after the year end:

Mr P H S Von Der Heyde (appointed 16 September 2019)

Financial risk management objectives and policies

Financial risk

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 risk, liquidity risk and foreign currency risk.

The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. The company's financial instruments, comprise borrowings, cash and liquid resources, trade debtors and trade creditors that arise directly from its operations. The company reviews its exposure to foreign currency and considers the use of short term currency hedging contracts when appropriate.

The company occasionally enters into swaps for its cash deposits denominated in foreign currencies for a fixed period of time at known rates of exchange. This minimises interest charges at a minimal level of risk.

The directors regularly review deposits and borrowings by currency at Board meetings.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank and other borrowings. The company borrows at floating rates of interest and therefore is fully participating in the current low interest rates.

Axminster Tool Centre Limited

Directors' Report

Year Ended 30 April 2019

Liquidity risk

The company seeks a balance between certainty of funding and a flexible, cost-effective borrowing 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 short term 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 payments for those purchases primarily in US dollars and Euros. The company endeavours to hedge risks with forward contracts and therefore adopts cash flow hedge accounting. The company is also targeting foreign operations as an area of growth, which will reduce the need for forward contracts.

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, where possible, negotiating fixed prices with suppliers over the catalogue products and setting selling prices to maintain reasonable gross profit margins.

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the role can be adequately fulfilled by a disabled person. In the event of a staff member becoming disabled, every effort is made to ensure their employment with the company continues and the appropriate training is arranged.

Employee involvement

Regular meetings are held between local management and employees in order to inform and consult with employees on matters of importance to them.

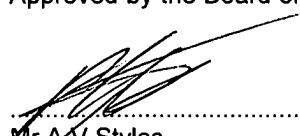
Directors' liabilities


The company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditors

Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 20/12/19 and signed on its behalf by:


Mr A V Styles
Director


Mr M P Trimble
Director

Axminster Tool Centre Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Axminster Tool Centre Limited

Independent Auditor's Report to the Members of Axminster Tool Centre Limited

Opinion

We have audited the financial statements of Axminster Tool Centre Limited (the 'company') for the year ended 30 April 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Axminster Tool Centre Limited

Independent Auditor's Report to the Members of Axminster Tool Centre Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Axminster Tool Centre Limited

Independent Auditor's Report to the Members of Axminster Tool Centre 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.

PKF Francis Clark

Glenn Nicol (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

Date: 6 January 2020

Axminster Tool Centre Limited

Profit and Loss Account

Year Ended 30 April 2019

	Note	2019 £	2018 £
Turnover	3	43,535,622	42,688,332
Cost of sales		<u>(27,098,548)</u>	<u>(27,330,229)</u>
Gross profit		16,437,074	15,358,103
Distribution costs		(2,002,882)	(1,922,660)
Administrative expenses		<u>(13,777,195)</u>	<u>(13,076,986)</u>
Operating profit	4	656,997	358,457
Interest payable and similar charges	8	<u>(166,862)</u>	<u>(21,264)</u>
Profit before tax		490,135	337,193
Taxation	9	<u>(101,981)</u>	<u>(104,208)</u>
Profit for the financial year		<u><u>388,154</u></u>	<u><u>232,985</u></u>

Axminster Tool Centre Limited

Statement of Comprehensive Income

Year Ended 30 April 2019

	2019	2018
	£	£
Profit for the year	<u>388,154</u>	<u>232,985</u>
Cash flow hedges		
Gain/(loss) arising during the period	27,964	28,135
Reclassified to profit and loss	<u>(28,135)</u>	<u>137,132</u>
	<u>(171)</u>	<u>165,267</u>
Total comprehensive income for the year	<u><u>387,983</u></u>	<u><u>398,252</u></u>

The notes on pages 13 to 26 form an integral part of these financial statements.


Axminster Tool Centre Limited


Balance Sheet

30 April 2019

	Note	2019 £	(As restated) 2018 £
Fixed assets			
Tangible assets	10	3,491,933	3,082,990
Current assets			
Stocks	11	12,465,700	10,554,946
Debtors	12	5,041,605	4,804,655
Cash at bank and in hand		419	485
		<u>17,507,724</u>	<u>15,360,086</u>
Creditors: Amounts falling due within one year	13	<u>(15,948,683)</u>	<u>(13,418,405)</u>
Net current assets		<u>1,559,041</u>	<u>1,941,681</u>
Total assets less current liabilities		5,050,974	5,024,671
Creditors: Amounts falling due after more than one year	13	(362,982)	(640,657)
Provisions for liabilities	16	<u>(209,000)</u>	<u>(163,000)</u>
Net assets		<u>4,478,992</u>	<u>4,221,014</u>
Capital and reserves			
Called up share capital	19	100,000	100,000
Cash flow hedge reserve		27,964	28,135
Profit and loss account		<u>4,351,028</u>	<u>4,092,879</u>
Total equity		<u>4,478,992</u>	<u>4,221,014</u>

Approved and authorised by the Board on 20/12/19 and signed on its behalf by:


.....
Mr A V Styles
Director


.....
Mr M P Trimble
Director

Company Registration Number: 3326979

Axminster Tool Centre Limited

Statement of Changes in Equity

Year Ended 30 April 2019

	Share capital £	Cash flow hedge reserve £	Profit and loss account £	Total £
At 1 May 2018	100,000	28,135	4,385,207	4,513,342
Prior period adjustment (see note 18)	-	-	(292,328)	(292,328)
At 1 May 2018	100,000	28,135	4,092,879	4,221,014
Profit for the year	-	-	388,154	388,154
Other comprehensive income	-	(171)	-	(171)
Total comprehensive income	-	(171)	388,154	387,983
Dividends	-	-	(130,005)	(130,005)
At 30 April 2019	100,000	27,964	4,351,028	4,478,992

	Share capital £	Cash flow hedge reserve £	Profit and loss account £	Total £
At 1 May 2017	100,000	(137,132)	4,212,222	4,175,090
Prior period adjustment (see note 18)	-	-	(292,328)	(292,328)
At 1 May 2017	100,000	(137,132)	3,919,894	3,882,762
Profit for the year	-	-	232,985	232,985
Other comprehensive income	-	165,267	-	165,267
Total comprehensive income	-	165,267	232,985	398,252
Dividends	-	-	(60,000)	(60,000)
At 30 April 2018	100,000	28,135	4,092,879	4,221,014

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Unit 10

Weycroft Avenue

Axminster

EX13 5PH

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. There are no material departures.

These financial statements have been prepared using the historical cost convention.

The functional currency of Axminster Tool Centre Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Summary of disclosure exemptions

Axminster Tool Centre Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its individual financial statements. Exemptions have been taken in relation to financial instruments, remuneration of key management personnel and presentation of a cash flow statement and related notes.

Going concern

The directors have reviewed cash flow forecasts, which indicate the company can trade using its facilities for a period of twelve months from the date of approval of these financial statements. These forecasts contain assumptions about the level of sales revenue generated in that twelve month period, which are currently supported by trading post year end. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

2 Accounting policies (continued)

Key sources of estimation uncertainty

On consideration of the judgements and estimation uncertainties included in these financial statements and the accounting policies applied it is the view of management that these do not have a significant effect on the amounts recognised in the financial statements or lead to a risk of causing a material misstatement of the carrying amounts of assets and liabilities within the next financial year. 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 if the revision affects that period only, or in the period of revision and future periods if the revision affects both current and future periods.

Revenue recognition

Turnover represents the fair value of consideration receivable, excluding Value Added Tax, in the ordinary course of business for goods and services provided. Income is recognised on the despatch of goods to the customer.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less in the future have occurred at the balance sheet date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

2 Accounting policies (continued)

Asset class	Depreciation method and rate
Leasehold improvements	over appropriate lease term
Fixtures, fittings and equipment	15% & 25% straight line
Motor Vehicles	20% straight line
Other property, plant and equipment	15% & 25% straight line

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

2 Accounting policies (continued)

Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

The company holds the following financial instruments, all of which meet the conditions to be classified as basic instruments:

- Short term trade and other debtors and creditors;
- Short term intra group debtors and creditors;
- Short and long term bank borrowings

Short term trade, other and intra group balances are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Long term bank borrowings and are measured at amortised cost.

Derivative financial instruments and hedging

The company uses derivative financial instruments in the form of forward foreign currency contracts to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit and loss depends on the nature of the hedge relationship.

The company applies cash flow hedge accounting, note 12 sets out details of the fair values of the derivative instruments used for hedging purposes.

3 Revenue

The analysis of the company's turnover for the year by market is as follows:

	2019 £	2018 £
UK	37,522,474	37,105,462
Europe	4,980,877	4,825,506
Rest of world	1,032,271	757,364
	<u>43,535,622</u>	<u>42,688,332</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

4 Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	634,164	788,474
Amortisation expense	-	2,975
Foreign exchange losses/(gains)	27,770	(73,280)
Profit on disposal of property, plant and equipment	<u>(13,766)</u>	<u>(994)</u>

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	7,233,055	6,982,915
Social security costs	622,303	627,395
Pension costs, defined contribution scheme	<u>197,547</u>	<u>173,460</u>
	<u>8,052,905</u>	<u>7,783,770</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Sales	125	124
Distribution	87	93
Other departments	<u>70</u>	<u>68</u>
	<u>282</u>	<u>285</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019	2018
	£	£
Remuneration	918,956	891,951
Contributions paid to money purchase schemes	<u>24,590</u>	<u>30,915</u>
	<u>943,546</u>	<u>922,866</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

6 Directors' remuneration (continued)

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Received or were entitled to receive shares under long term incentive schemes	7	7
Accruing benefits under money purchase pension scheme	7	7

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	234,311	212,952

7 Auditor's remuneration

	2019 £	2018 £
Audit of the financial statements	24,500	22,500
Other fees to auditors		
Taxation compliance services	3,000	3,000
All other assurance services	2,500	2,500
	5,500	5,500

8 Interest payable and similar expenses

	2019 £	2018 £
Net bank interest	114,345	(12,503)
Interest on obligations under finance leases	23,095	18,224
Interest expense on other finance liabilities	29,422	15,543
	166,862	21,264

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

9 Taxation

Tax charged/(credited) in the profit and loss account

	2019 £	2018 £
Current taxation		
UK corporation tax	68,000	135,000
UK corporation tax adjustment to prior periods	(12,019)	(1,792)
	<u>55,981</u>	<u>133,208</u>
Deferred taxation		
Arising from origination and reversal of timing differences	46,000	(28,000)
Arising from changes in tax rates and laws	-	(1,000)
	<u>46,000</u>	<u>(29,000)</u>
Total deferred taxation	<u>46,000</u>	<u>(29,000)</u>
Tax expense in the income statement	<u>101,981</u>	<u>104,208</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

9 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>490,135</u>	<u>337,193</u>
Corporation tax at standard rate	93,126	64,067
Effect of expense not deductible in determining taxable profit (tax loss)	20,181	39,243
Deferred tax expense (credit) relating to changes in tax rates or laws	(4,517)	(1,000)
Increase (decrease) in UK from adjustment for prior periods	(4,185)	3,308
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(2,624)</u>	<u>(1,410)</u>
Total tax charge	<u>101,981</u>	<u>104,208</u>

Deferred tax

Deferred tax assets and liabilities

2019	Liability £
Excess of taxation allowances over depreciation on fixed assets	<u>209,000</u>
2018	Liability £
Excess of taxation allowances over depreciation on fixed assets	<u>163,000</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

10 Tangible assets

	Leasehold improvements £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 May 2018	2,829,376	6,317,745	84,826	1,449,725	10,681,672
Additions	265,529	202,954	64,929	509,695	1,043,107
Disposals	-	-	-	(90,000)	(90,000)
At 30 April 2019	<u>3,094,905</u>	<u>6,520,699</u>	<u>149,755</u>	<u>1,869,420</u>	<u>11,634,779</u>
Depreciation					
At 1 May 2018	917,313	5,566,801	54,939	1,059,629	7,598,682
Charge for the year	135,078	320,708	35,891	142,487	634,164
Eliminated on disposal	-	-	-	(90,000)	(90,000)
At 30 April 2019	<u>1,052,391</u>	<u>5,887,509</u>	<u>90,830</u>	<u>1,112,116</u>	<u>8,142,846</u>
Carrying amount					
At 30 April 2019	<u>2,042,514</u>	<u>633,190</u>	<u>58,925</u>	<u>757,304</u>	<u>3,491,933</u>
At 30 April 2018	<u>1,912,063</u>	<u>750,944</u>	<u>29,887</u>	<u>390,096</u>	<u>3,082,990</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Plant and machinery	<u>665,815</u>	<u>410,009</u>

11 Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>12,465,700</u>	<u>10,554,946</u>

The cost of stocks recognised as an expense in the year amounted to £28,060,905 (2018 - £24,248,361).

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

12 Debtors

	2019 £	2018 £
Trade debtors	1,255,104	1,263,706
Amounts owed by group undertakings	1,464,617	1,437,730
Other debtors	191,129	209,031
Prepayments	2,102,791	1,866,053
Derivatives used for hedging	27,964	28,135
	<u>5,041,605</u>	<u>4,804,655</u>

The company has entered into derivatives, being forward foreign currency contracts, to mitigate the exchange rate risk arising from fluctuations principally in USD and Euro rates. In 2019 and 2018 the company designated these contracts as cash flow hedges of foreign exchange risk in highly probable forecast transactions. The hedged cash flows are expected to occur and to affect profit or loss within the next financial year.

13 Creditors

	Note	2019 £	(As restated) 2018 £
Due within one year			
Loans and borrowings	14	3,897,217	4,978,903
Trade creditors		8,787,798	5,365,547
Amounts due to group undertakings		679,302	908,521
Corporation tax		68,000	135,000
Social security and other taxes		654,207	648,539
Outstanding defined contribution pension costs		16,821	27,317
Other creditors		1,054,181	936,839
Accrued expenses		791,157	417,739
		<u>15,948,683</u>	<u>13,418,405</u>
Due after one year			
Loans and borrowings	14	<u>362,982</u>	<u>640,657</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

14 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
Bank borrowings	254,904	81,720
Bank overdrafts	3,449,802	4,791,354
Finance lease liabilities	186,511	99,829
Other borrowings	6,000	6,000
	<u>3,897,217</u>	<u>4,978,903</u>

	2019 £	2018 £
Non-current loans and borrowings		
Bank borrowings	-	434,898
Finance lease liabilities	356,982	193,759
Other borrowings	6,000	12,000
	<u>362,982</u>	<u>640,657</u>

The bank loans and overdrafts are secured by way of a fixed and floating charge over the assets of the company.

Other tax and social security is secured on the assets of the company in the form of a guarantee given by the HSBC plc to HMRC up to a maximum of £60,000.

Finance lease agreements are secured upon the assets to which they relate.

15 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	1,065,530	1,029,503
Later than one year and not later than five years	3,779,082	3,653,396
Later than five years	1,688,206	2,094,912
	<u>6,532,818</u>	<u>6,777,811</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

15 Obligations under leases and hire purchase contracts (continued)

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,029,503 (2018 - £901,976).

16 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 May 2018	163,000	163,000
Increase in existing provisions	<u>46,000</u>	<u>46,000</u>
At 30 April 2019	<u>209,000</u>	<u>209,000</u>

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £197,547 (2018 - £173,460).

Contributions totalling £(16,821) (2018 - £(27,317)) were payable to the scheme at the end of the year and are included in creditors.

18 Share-based payments

Scheme details and movements

The company's parent, Styles & Brown Limited, has a share option scheme in place for certain key management individuals based on the company achieving specified annual performance targets over the period 1 May 2012 to 30 April 2018. The company ultimately has the obligation to settle these transactions with a payment equivalent to the market value of the shares at the date of exercise, which is no later than 30 April 2020. The fair value of this liability has been determined using a multiple of EBITDA. No charge was previously recognised in respect of earlier years and therefore a prior period adjustment of £292,328 has been made to the opening reserves as at 1 May 2017. There was no further charge arising after this date. As at 30 April 2019 a liability of £292,328 (2018: £292,328) is included in creditors due within one year.

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

19 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

20 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2018 - £408,000).

21 Contingent liabilities

On 18 September 2002, an unlimited cross guarantee was given by the company, its parent company and a fellow subsidiary to the group's bankers. The amount guaranteed is £18,722 (2018: £154,320).

22 Related party transactions

Key management personnel

Key management are considered to be the directors and their total compensation is shown in note 6.

Summary of transactions with key management

Certain Directors were owed a total of £378,131 by the company at 30 April 2019 (£442,170 at 30 April 2018). Interest is charged at 3.5% per annum on these loans which are repayable on demand.

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2019

22 Related party transactions (continued)

Summary of transactions with other related parties

Certain family members of directors and shareholders were owed a total of £248,916 by the company at 30 April 2019 (£129,134 at 30 April 2018). Interest is charged at 3.5% per annum on these loans which are repayable on demand.

During the year the company was charged £519,000 (2018: £520,161) in rent by The Styles Family Pension Scheme. During the year the company also paid certain expenses on behalf of the Styles Family Pension Scheme totalling £34,540. The balance owed from the Styles Family Pension Scheme as at 30 April 2019 was £23,020 ((£51,000) at 30 April 2018).

During the year the company was charged £80,000 (2018: £80,000) in rent by the Axminster Tools Staff Pension scheme. There was no balance outstanding as at 30 April 2019 (£nil at 30 April 2018).

During the year, a property partnership between certain directors paid recharges of £nil (2018: £36,186) to the company. At the balance sheet date the amount due from the property partnership was £139,547 (2018: £173,905).

During the year certain expenses totalling £20,674 (2018: £nil) were paid by the company on behalf of a property management company controlled by one of the directors. Property management expenses of £3,400 (2018: nil) were also charged to the company by the property management company. The balance outstanding from the the property management company at 30 April 2019 was £20,728 (£nil at 30 April 2018).

23 Parent and ultimate parent undertaking

The company's immediate and ultimate parent company is Styles & Brown Limited, incorporated in England and Wales. This is the smallest group in which the results of the company are consolidated. The registered office of Styles & brown Limited is Unit 10, Weycroft Avenue, Millwey Rise Industrial Estate, Axminster, EX13 5PH.