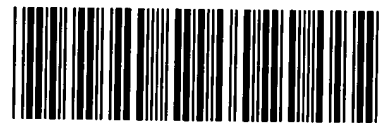


Axminster Tool Centre Limited

**Annual Report and Financial Statements
Year Ended 30 April 2021**

Registration number: 3326979

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COMPANIES HOUSE

Axminster Tool Centre Limited

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Axminster Tool Centre Limited

Company Information

Directors	Mr A V Styles
	Mrs H J Jones
	Mr A J Parkhouse
	Mr M P Trimble
	Mrs J Boulton
	Mr D C McLeod
	Mr P H S Von Der Heyde
Registered office	Unit 10
	Weycroft Avenue
	Axminster
	EX13 5PH
Bankers	HSBC plc
	Level 4, 3 Temple Quay
	Bristol
	BS1 6DZ
Auditors	PKF Francis Clark
	Statutory Auditor
	Centenary House
	Peninsula Park
	Rydon Lane
	Exeter
	EX2 7XE

Axminster Tool Centre Limited

Strategic Report for the Year Ended 30 April 2021

The directors present their strategic report for the year ended 30 April 2021.

Principal activity

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

Fair review of the business

Following the announcement of the UK's first period of lockdown due to the Covid-19 pandemic, the company experienced a significant and sustained growth in turnover. The company was well placed to satisfy the increased demand for its products – primarily from its consumer customer base. The high levels of investment over many years into the website (which has seen it achieve Top 50 status nationally), coupled with a successful relaunch in 2020, placed us in a favourable position to grab a larger share of online sales.

The impact of the pandemic on worldwide supply chains meant that the company experienced inevitable, and ongoing, difficulties in securing stock for all its extensive product range. However, our excellent relationships with suppliers meant that we are a priority for shipment once completed products leave the factories. Some increases in the cost of stock and shipments were experienced during the latter part of the year, so consequently the impact was largely to stock rather than profit.

We did experience issues as a result of the UK's departure of the EU: getting goods across borders due to inconsistent requirements for documentation, and a lack of appetite from EU based consumers to continue purchasing from UK suppliers were the most significant of these.

The increased turnover was achieved without additional investment in resources so has resulted in an unprecedented level of profitability.

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

	Unit	2021	2020
Turnover	£000	54,923	46,190
Turnover growth	%	19	6
Gross profit margin	%	38	37
Profit before tax	£000	4,322	731

Principal risks and uncertainties

The principal business risks and uncertainties facing the company come from the uncertain economic climate and competition generally. 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 on a global basis), 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

Axminster Tool Centre Limited

Strategic Report for the Year Ended 30 April 2021

Principal risks and uncertainties (continued)

Sales to date in 2021/22 are 13% down on the extraordinary sales seen last year during the Covid-19 lockdown period. They are though 4% up on the previous year (2019/20) and this is a more realistic period being used by the business as a comparator. Price increases from our global supply chain and the continued elevated cost of container shipments means that demand is uncertain given the necessary price increases to be passed on to our customers. The company holds in reserve the employment of price promotion activities as a rarely used sales-boosting tactic.

Section 172 statement

In accordance with section 172 of the Companies Act 2006, the directors have a duty to promote the success of the company for the benefit of its members as a whole. The company's key stakeholders and how we engage with them are set out below, including details of the key management decisions taken during the year. In managing the company, the directors are mindful of the interests of all stakeholders in maintaining a sustainable future for the business and securing prosperity for our staff and the communities we support and engage with. We are proud to have achieved accreditation in summer 2021 from The Good Business Charter which encourages responsible business behaviour, and publicly acknowledges those organisations which care for their employees, their customers, and the environment.

Employees

As a 50 year old business the requirement to think long-term is ingrained in the senior management team - the majority of board members and key management personnel have been employees for over 15 years. The decisions taken by the business in response to the Coronavirus pandemic have largely been informed from a staff viewpoint: we have invested in the hardware necessary to enable staff to work from home where possible; our Incident Management Committee has met to consider up-to-the-minute operational issues and reported immediately to all staff affected by their decisions; and our decision to close our stores during the 1st Lockdown was taken to ensure the health of our staff (and customers). During the year as a result of the Coronavirus pandemic it became clear that many roles were potentially redundant - the directors' decision to limit the number of redundancies to a bare minimum was due to our longer-term attitude.

The Company listened to feedback from employees (individually and within groups) that internal communication was irregular, sparse, and ineffective. The decision to introduce 3 Hubs and 8 Committees was made specifically to address this weakness. The Hubs and Committees cover all aspects of the business such as wellbeing, compliance, operations, customer service and environmental. This allows us to gain feedback, ideas and solutions from employees with diverse backgrounds, experiences and from a wide-ranging cross-section of the business. Minutes of Meetings are posted on the intranet with a feedback box giving the opportunity for those employees who may have an interest to support group discussions. The Company also uses a monthly newsletter supported by the intranet allowing staff to remain informed of key company and departmental activity. The Company operates an Annual Survey, along with pulse surveys through the year, so that feedback from staff can be continually reviewed to encourage engagement, improve leadership, communication, and training as well as assessing reward. The Company is currently rolling out its vision and values to staff via a roadshow. Management have undertaken group exercises on the importance of Values & Behaviours and this is now being cascaded down to departments by their Line Manager. The Values and Behaviours have been incorporated into Job Descriptions, are promoted during the Recruitment process as well as in the Annual Performance Reviews, and the staff Time to Talk initiative.

Axminster Tool Centre Limited

Strategic Report for the Year Ended 30 April 2021

Section 172 statement (continued)

Shareholders

We took the decision to add monthly shareholders' meetings to the business calendar in order to increase engagement with the 3 now retired directors. Shareholders receive the monthly Management Information pack at the same time as the directors ahead of the Board meeting. The decision to appoint Paul von der Heyde as Chairman was taken in part with a view to similarly enhance the relationship between the company and its shareholders. Paul has gained considerable experience from several other businesses in managing such relationships. Shareholders' meetings are chaired by the company's Chairman with the company also being represented by the Commercial Director (a non-shareholder). Such a regime affords each shareholder the opportunity to request address for any unfairness.

Customers

Customer relationships are building upon feedback from Sales Reviews, surveys and customer forums. We enjoy frequent and open engagement with all sectors of our customer base - we use this to establish customer requirements and to prioritise initiatives.

Suppliers

We continue to build upon our strong relationships with key long term suppliers, sourcing and developing products in partnership with them. A survey has been developed for completion by agents and suppliers to ascertain their stance on key issues such as environmental concerns, anti-slavery regulations, welfare of staff, and the origin of raw materials.

Communities

We continue to support charities and organisations within our sector. We also support a local mental health charity ARC with fundraising and offer Mental Health support to all our employees. An internal committee manages these relationships and seeks to promote our commitment to this area. This committee and our sales/training teams are focusing on using our network to educate the wider populace and promote the industry - the skills it requires, the sustainable source of its materials (wood), and the wellbeing aspect of the activities undertaken by our customers with our products.

As a business, our impact on the environment is important to us and we strive to protect our local area as well as reduce our contribution to global warming. We operate as a certified ISO14001 business. This environmental management system ensures we have the correct procedures to provide value for the environment, for ourselves and our interested parties, such as our surrounding communities. Alongside this, we have an in-house environmental committee which meets monthly to monitor, review and continually improve upon our environmental aspects and awareness, as well as report directly to the board regarding issues & projects (including LED lighting conversion for our entire site, maximising recycling opportunities and solar panels installation).

The company encourages staff through its Green Travel Scheme to use public transport, cycle, walk/run and car share through a reward scheme. This improves upon local congestion at our HQ and the carbon footprint of our staff members upon their daily commute. For our waste, we partner with Devon Contract Waste, a 'Zero to Landfill' refuse processor. Our internal product teams review our waste packaging and WEEE products to ensure accurate reporting. The teams look to reduce our packaging wherever possible but particularly on imported products thus reducing the nation's net impact on the environment from waste production.

Axminster Tool Centre Limited

Strategic Report for the Year Ended 30 April 2021

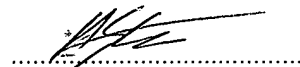
Section 172 statement (continued)

ESOS and SECR regulations are a part of our ongoing environmental reporting, to further enhance this we have embarked upon a new project to become an ISO50001 certified business, which will further reduce our impact on the environment, through the utilisation of a recognised energy management system. We work in accordance with the EU regulation, REACH. This focuses on hazardous substances which can play a role in our environment at home and with our suppliers.

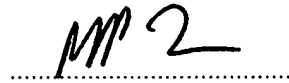
Government and regulators

One committee helps to co-ordinate the company's compliance-related efforts. Responsibilities for Compliance are shared and delegated throughout the organisation but this committee retains oversight to ensure a gold-standard approach - the significance attached to this area by the company is indicated by its membership consisting of 3 directors, and 1 specialist staff member.

Approved by the Board on 20/12/21 and signed on its behalf by:



Mr A V Styles
Director



Mr M P Trimble
Director

Axminster Tool Centre Limited

Directors' Report for the Year Ended 30 April 2021

The directors present their report and the financial statements for the year ended 30 April 2021.

Directors of the company

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

Mr A V Styles

Mrs H J Jones

Mr A J Parkhouse

Mr M P Trimble

Mrs J Boulton

Mr D C McLeod

Mr P H S Von Der Heyde

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 for the Year Ended 30 April 2021

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.

Streamlined energy and carbon reporting

The following initiatives were in place over the past year to help the business reduce its carbon footprint and minimise energy consumption:

- Employees' Green Travel scheme whereby employees receive rewards for walking, cycling, or sharing lifts to work;
- An electric vehicle pool car available for all staff to use on local business journeys;
- Rolling and ongoing program to replace existing lightbulbs with LED bulbs;
- Transport vehicles employ latest diesel engine technology and are financed on short-term lease deals ensuring the fleet is regularly updated;
- Working from home has been encouraged for all management, administration and sales staff roles where appropriate. Video conferencing has been made available to all those staff working off-site and at home;
- Early work to prepare for energy supplier contract renewal which will seek to obtain the maximum amount of energy from renewable sources;
- Motion sensitive lighting in office and warehouse areas; and
- Timed switches controlling air conditioning units in office units.

Axminster Tool Centre Limited

Directors' Report for the Year Ended 30 April 2021

The company's energy usage results for the year to 30 April 2021 are as follows:

Energy source	kWh	KgCO ₂ e
Electricity	1,104,077	257,405
Natural gas	344,242	36,296
LPG	9,138	1,960
Petrol	1,527	369
Diesel	730,590	185,117
Total	<u>2,189,574</u>	<u>481,147</u>

This equates to an intensity ratio of 0.009kgCO₂e or 0.040kWh per £1 of turnover.

The consumption data has been calculated from the respective electricity and gas meter readings, or from our records of petrol and diesel used by the company's vehicles. The consumption has been converted into CO₂ (kg) using the Carbon Trust Calculator. CO₂ (kg) has been converted to kWh using UK Government GHG Conversion Factors for Company Reporting.

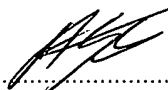
Directors' liabilities

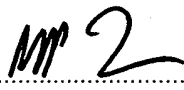
The company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditors

Each director has taken 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 20/12/21 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 2021, 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 2021 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 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 9, 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.

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:

Axminster Tool Centre Limited

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

Based on our understanding of the company and the industry in which it operates, we identified the principal risks of non-compliance with laws and regulations as relating to breaches around health and safety regulations. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as The Companies Act 2006, and relevant tax legislation. We considered the extent to which non-compliance with these laws and regulations may have a material effect on the financial statements.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure or management bias in accounting estimates.

Based on this understanding we designed our audit procedures to identify irregularities. Our procedures involved the following:

- Enquiries to members of senior management regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of material fraud, of which there were none;
- Review of board meeting minutes for the year and post year end;
- Review of any health and safety incidents which have been reported under The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 ("RIDDOR") during the period;
- Review of the latest ISO certification confirming compliance following health and safety, environmental and quality management audit conducted by IMSM;
- Review of any breaches of GDPR which have been reported in the year;
- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Testing, on a sample basis, the recognition of revenue and costs, in particular around the year end date;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- Examining draft tax computations and involving the use of our specialists as required; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to be come aware of instances of non-compliance. 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, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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.



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

Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

Date: 12/01/2022

Axminster Tool Centre Limited

Profit and Loss Account

Year Ended 30 April 2021

	Note	2021 £	2020 £
Turnover	3	54,922,969	46,189,838
Cost of sales		<u>(33,967,863)</u>	<u>(29,238,329)</u>
Gross profit		20,955,106	16,951,509
Distribution costs		(2,670,942)	(2,008,877)
Administrative expenses		(14,316,822)	(14,064,044)
Other operating income	4	<u>412,295</u>	<u>-</u>
Operating profit	5	4,379,637	878,588
Interest payable and similar expenses	9	<u>(57,799)</u>	<u>(147,182)</u>
Profit before tax		4,321,838	731,406
Tax on profit	10	<u>(802,053)</u>	<u>(192,765)</u>
Profit for the financial year		<u><u>3,519,785</u></u>	<u><u>538,641</u></u>

Axminster Tool Centre Limited

Statement of Comprehensive Income

Year Ended 30 April 2021

	2021 £	2020 £
Profit for the year	<u>3,519,785</u>	<u>538,641</u>
Cash flow hedges		
Gain/(loss) arising during the period	(489,158)	72,355
Reclassified to profit and loss	<u>(72,355)</u>	<u>(27,964)</u>
	<u>(561,513)</u>	<u>44,391</u>
Total comprehensive income for the year	<u><u>2,958,272</u></u>	<u><u>583,032</u></u>


Axminster Tool Centre Limited


Balance Sheet

30 April 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	3,333,026	3,520,336
Current assets			
Stocks	12	8,728,743	10,867,277
Debtors	13	6,416,161	3,729,910
Cash at bank and in hand		<u>175</u>	<u>152,369</u>
		15,145,079	14,749,556
Creditors: Amounts falling due within one year	14	<u>(9,983,073)</u>	<u>(12,912,303)</u>
Net current assets		<u>5,162,006</u>	<u>1,837,253</u>
Total assets less current liabilities		8,495,032	5,357,589
Creditors: Amounts falling due after more than one year	14	(296,326)	(266,401)
Provisions for liabilities	17	<u>(340,000)</u>	<u>(310,000)</u>
Net assets		<u>7,858,706</u>	<u>4,781,188</u>
Capital and reserves			
Called up share capital		100,000	100,000
Cash flow hedge reserve		(489,158)	72,355
Profit and loss account		8,028,618	4,608,833
Share option reserve		<u>219,246</u>	<u>-</u>
Shareholders' funds		<u>7,858,706</u>	<u>4,781,188</u>

Approved and authorised by the Board on 20/12/21 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 2021

	Share capital £	Share option reserve £	Cash flow hedge reserve £	Profit and loss account £	Total £
At 1 May 2020	100,000	-	72,355	4,608,833	4,781,188
Profit for the year	-	-	-	3,519,785	3,519,785
Other comprehensive income	-	-	(561,513)	-	(561,513)
Total comprehensive income	-	-	(561,513)	3,519,785	2,958,272
Dividends	-	-	-	(100,000)	(100,000)
Share options (note 19)	-	219,246	-	-	219,246
At 30 April 2021	<u>100,000</u>	<u>219,246</u>	<u>(489,158)</u>	<u>8,028,618</u>	<u>7,858,706</u>

	Share capital £	Share option reserve £	Cash flow hedge reserve £	Profit and loss account £	Total £
At 1 May 2019	100,000	-	27,964	4,351,028	4,478,992
Profit for the year	-	-	-	538,641	538,641
Other comprehensive income	-	-	44,391	-	44,391
Total comprehensive income	-	-	44,391	538,641	583,032
Dividends	-	-	-	(280,836)	(280,836)
At 30 April 2020	<u>100,000</u>	<u>-</u>	<u>72,355</u>	<u>4,608,833</u>	<u>4,781,188</u>

The notes on pages 18 to 31 form an integral part of these financial statements.
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Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

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 except that, as disclosed in the accounting policies below, foreign currency contracts are shown at fair value.

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, as its results are consolidated into the financial statements of its parent entity, Styles & Brown Limited. It 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 the presentation of a cash flow statement and related notes, and certain disclosure requirements in relation to financial instruments.

Going concern

The directors have prepared cash flow forecasts, which show the company can continue to trade within available facilities for a period of at least twelve months from the date of approval of these financial statements. The forecast is based on an increase on 2019/20 sales which is considered a better benchmark than the exceptional 2020/21 year. The challenge for the company is forecasting cashflow given the well reported disruptions to supply and freight chains leading to uncertainty over delivery times and related payment timetables. However, the directors have a number of options available to manage this uncertainty including working capital management, promotional activities and cost reduction.

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 2021

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 rate on the date when the fair value is re-measured.

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.

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

2 Accounting policies (continued)

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:

Asset class	Depreciation method and rate
Motor Vehicles	20% straight line
Fixtures, fittings and equipment	15% & 25% straight line
Leasehold improvements	over appropriate lease term
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 2021

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 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 22 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:

	2021 £	2020 £
UK	46,674,496	39,643,343
Europe	6,508,200	4,485,582
Rest of world	1,740,273	2,060,913
	<u>54,922,969</u>	<u>46,189,838</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £
Government grants	410,495
Sub lease rental income	<u>1,800</u>
	<u><u>412,295</u></u>
Government Grants	

During the year the company recognised CJRS income from the Government designed to mitigate the impact of COVID-19. The amounts received are disclosed above, there was no amount outstanding at the year end.

5 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	718,677	742,891
Foreign exchange losses	39,474	66,256
Operating leases expense	<u>1,322,055</u>	<u>1,265,530</u>

6 Staff costs

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

	2021 £	2020 £
Wages and salaries	7,233,801	6,908,229
Social security costs	635,360	589,444
Pension costs, defined contribution scheme	<u>209,308</u>	<u>215,381</u>
	<u><u>8,078,469</u></u>	<u><u>7,713,054</u></u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

6 Staff costs (continued)

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

	2021	2020
	No.	No.
Sales	112	115
Distribution	96	96
Other departments	66	70
	<u>274</u>	<u>281</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	647,432	662,510
Contributions paid to money purchase schemes	14,200	26,170
	<u>661,632</u>	<u>688,680</u>

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

	2021	2020
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	6	7
Accruing benefits under money purchase pension scheme	<u>6</u>	<u>7</u>

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	127,337	122,557
Company contributions to money purchase pension schemes	<u>1,200</u>	<u>1,550</u>

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

8 Auditor's remuneration

	2021	2020
	£	£
Audit of the financial statements	<u>24,500</u>	<u>24,500</u>
Other fees to auditors		
Taxation compliance services	3,000	3,000
All other assurance services	<u>2,500</u>	<u>2,500</u>
	<u>5,500</u>	<u>5,500</u>

9 Interest payable and similar expenses

	2021	2020
	£	£
Net bank interest	14,745	105,063
Interest on obligations under finance leases	20,153	23,160
Interest expense on other finance liabilities	<u>22,901</u>	<u>18,959</u>
	<u>57,799</u>	<u>147,182</u>

10 Taxation

Tax charged/(credited) in the income statement

	2021	2020
	£	£
Current taxation		
UK corporation tax	772,000	92,000
UK corporation tax adjustment to prior periods	<u>53</u>	<u>(235)</u>
	772,053	91,765
Deferred taxation		
Arising from origination and reversal of timing differences	<u>30,000</u>	<u>101,000</u>
Tax expense in the income statement	<u>802,053</u>	<u>192,765</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

10 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>4,321,838</u>	<u>731,406</u>
Corporation tax at standard rate	821,149	138,967
Effect of expense not deductible in determining taxable profit (tax loss)	35,036	45,601
Deferred tax expense relating to changes in tax rates or laws	-	24,564
Increase in UK and foreign current tax from adjustment for prior periods	58	297
Tax decrease arising from group relief	(41,840)	(15,552)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(12,350)</u>	<u>(1,112)</u>
Total tax charge	<u>802,053</u>	<u>192,765</u>

Deferred tax

Deferred tax assets and liabilities

2021

Liability
£

Excess of taxation allowances over depreciation on fixed assets

340,000

2020

Liability
£

Excess of taxation allowances over depreciation on fixed assets

310,000

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

11 Tangible assets

	Leasehold improvements £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 May 2020	3,094,905	6,840,982	162,110	2,308,076	12,406,073
Additions	7,461	336,355	-	188,451	532,267
Disposals	-	(1,228)	-	(3,191)	(4,419)
At 30 April 2021	<u>3,102,366</u>	<u>7,176,109</u>	<u>162,110</u>	<u>2,493,336</u>	<u>12,933,921</u>
Depreciation					
At 1 May 2020	1,278,720	6,200,972	113,824	1,292,221	8,885,737
Charge for the year	173,233	297,726	25,049	222,669	718,677
Eliminated on disposal	-	(328)	-	(3,191)	(3,519)
At 30 April 2021	<u>1,451,953</u>	<u>6,498,370</u>	<u>138,873</u>	<u>1,511,699</u>	<u>9,600,895</u>
Carrying amount					
At 30 April 2021	<u>1,650,413</u>	<u>677,739</u>	<u>23,237</u>	<u>981,637</u>	<u>3,333,026</u>
At 30 April 2020	<u>1,816,185</u>	<u>640,010</u>	<u>48,286</u>	<u>1,015,855</u>	<u>3,520,336</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:

	2021 £	2020 £
Plant and machinery	<u>713,303</u>	<u>622,809</u>

12 Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>8,728,743</u>	<u>10,867,277</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

13 Debtors

	2021 £	2020 £
Trade debtors	1,866,347	1,146,781
Amounts owed by group undertakings	999,111	640,100
Other debtors	113,662	275,881
Prepayments	3,437,041	1,594,793
Derivatives used for hedging	-	72,355
	<u>6,416,161</u>	<u>3,729,910</u>

14 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	15	1,143,963	4,056,397
Trade creditors		4,721,165	5,645,226
Amounts due to group undertakings		211,756	380,858
Corporation tax		333,000	92,000
Social security and other taxes		1,383,142	1,049,114
Outstanding defined contribution pension costs		32,458	32,261
Other creditors		1,120,951	974,181
Derivatives used for hedging		489,158	-
Accrued expenses		<u>547,480</u>	<u>682,266</u>
		<u>9,983,073</u>	<u>12,912,303</u>
Due after one year			
Loans and borrowings	15	<u>296,326</u>	<u>266,401</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

15 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	759,656	3,874,521
Bank overdrafts	209,717	-
Other borrowings	-	6,000
HP and finance lease liabilities	174,590	175,876
	<u>1,143,963</u>	<u>4,056,397</u>
	2021 £	2020 £
Non-current loans and borrowings		
HP and finance lease liabilities	296,326	266,401
	<u>296,326</u>	<u>266,401</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.

16 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	1,366,671	1,322,055
Later than one year and not later than five years	4,020,928	4,544,981
Later than five years	2,674,570	3,329,022
	<u>8,062,169</u>	<u>9,196,058</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,322,055 (2020 - £1,265,530).

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

17 Provisions for liabilities

	Deferred tax £	Total £
At 1 May 2020	310,000	310,000
Increase in existing provisions	30,000	30,000
At 30 April 2021	<u>340,000</u>	<u>340,000</u>

18 Pension and other schemes

Defined contribution pension scheme

The company operates defined contribution pension schemes for its employees, management and directors. The pension cost charge for the year represents contributions payable by the company to the schemes and amounted to £209,308 (2020 - £215,381).

Contributions totalling £(32,458) (2020 - £(32,261)) were payable at the end of the year and are included in creditors.

19 Share-based payments

Styles & Brown Limited Key Management Share Option Scheme

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. During the year, a put and call option, which created an obligation to settle these transactions with a cash payment equivalent to the market value of the shares at the date of exercise, expired. As a result, the obligation for cash settlement on a proportion of these shares is no longer applicable, and the options have been appropriately reclassified as equity settled transactions. The fair value of this liability has been determined using a multiple of EBITDA. As at 30 April 2021 a liability of £73,082 (2020: £292,328) is included in creditors due within one year and a share option reserve of £219,246 (2020: £nil).

20 Share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

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 £nil (2020: £nil).

22 Financial instruments

Financial assets measured at fair value

Forward Foreign Currency Contracts & Options

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of contracts.

Cash flow hedges

The company has entered into forward foreign currency contracts and foreign exchange options to hedge the exchange rate risk arising from anticipated future transactions to buy goods in US Dollars, CA Dollars, JP Yen and Euros. These are designated as cash flow hedges. The hedged cashflow changes are expected to occur and to affect profit or loss within the next financial year.

The fair value of the financial instruments designated as hedging instruments at 30 April 2021 is (£489,158) (2020 - £72,355). The amount of the change in fair value of the hedging instrument that was recognised in other comprehensive income during the period is (£561,513) (2020 - £44,391).

23 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 £326,040 by the company at 30 April 2021 (£133,718 at 30 April 2020). Interest is charged at 4% per annum on these loans which are repayable on demand.

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2021

23 Related party transactions (continued)

Summary of transactions with other related parties

Certain family members of directors and shareholders were owed a total of £270,246 by the company at 30 April 2021 (£440,032 at 30 April 2020). Interest is charged at 4% per annum on these loans which are repayable on demand.

During the year the company was charged £666,109 (2020: £542,250) in rent by The Styles Family Pension Scheme. There was no balance owed to the Styles Family Pension Scheme as at 30 April 2021 (2020: £nil).

During the year the company was charged £80,000 (2020: £80,000) in rent by the Axminster Tools Staff Pension scheme. There was no balance outstanding as at 30 April 2021 (£nil at 30 April 2020).

At the balance sheet date the amount due from a property partnership under the control of certain directors was £143,242 (2020: £104,547), management charges of £28,945 were charged to the partnership during the year.

24 Parent and ultimate parent undertaking

The company's immediate parent is Styles & Brown Limited, incorporated in England and Wales. This is the smallest and largest group preparing consolidated financial statements.

The registered office of Styles & Brown Limited is the same as that of Axminster Tool Centre Limited as disclosed in note 1.