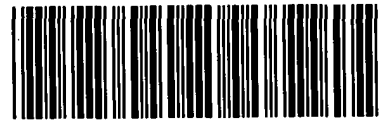


Axminster Tool Centre Limited

**Annual Report and Financial Statements
Year Ended 30 April 2023**

Registration number: 3326979

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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 2023

The directors present their strategic report for the year ended 30 April 2023.

Principal activity

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

Fair review of the business

The 12 months of FY 2022/23 saw a significant deterioration in sales and profit. Our UK based customers reacted to the inflationary situation within the country by reducing demand to pre-pandemic levels. The ongoing problems experienced by EU based consumers when purchasing from the UK further reduced sales to those customers. In response to these pressures, the company took immediate steps to review its resources and grasped the opportunity to restructure the business for the mid to longer term. The most significant adjustments were: a reduction in headcount by way of an offer of voluntary redundancy accepted by 25 of our colleagues; the move of our Axminster store to an already leased but now vacant unit at the Weycroft Avenue site; the successful negotiation to close our Nuneaton store; the decision not to renew the lease at our Basingstoke store; ongoing negotiations to secure and rework leases at a further 2 stores; and the postponement of capital asset upgrades. Further savings were made via the non-replacement of resigning or retiring staff – which, together with the job losses at the closing retail stores, lead to the FTE falling from 254 at the end of the previous year to 224 at the end of this one, and to 200 by November 2023. These restructuring costs, where relevant to 2022/23, have been disclosed as Exceptional within the Profit and Loss Account.

The upheaval seen within global supply chains since the onset of the pandemic finally began to settle as the year progressed and lines in the main stayed positively stocked throughout the period. The falling demand meant inevitable overstocks given the extended lead times demanded by our suppliers, particularly those in the Far East. Towards the end of the period these lead times started to fall from their pandemic levels as global demand fell back sharply. Also consequentially of demand, we started to see reductions in stock purchase prices, more settled delivery dates and further drops in container shipping rates.

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

Financial KPIs	Unit	2023	2022
Turnover	£000	44,192	48,170
Turnover growth	%	(8)	(12)
Gross profit margin	%	38	40
(Loss) / Profit before tax	£000	(2,028)	1,964
(Loss) / Profit before tax excluding exceptional costs	£000	(815)	1,964

The company's net current assets fell from £5.44m to £2.84m, as well as net assets falling from £8.34m to £5.26m, arising mainly from the loss for the year.

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.

Axminster Tool Centre Limited

Strategic Report for the Year Ended 30 April 2023

Principal risks and uncertainties (continued)

The company generates sales through a range of methods, predominately via the internet and in-store. Becoming a true 'omni-channel' business remains a key opportunity recognised by the business. Details of financial risks, including the impact of exchange rate fluctuations, are explained in the Directors' Report.

Sales to date in 2023/24 have stabilised and are comparable to 2022/23 - demand appears to have steadied despite the numerous interest rate increases over the period and the ever-present raised levels of UK inflation levels. We do not anticipate much of a recovery throughout our current forecast period extending to January 2025. 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.

Employees

The majority of the Senior Management Team remain long term employees with most of them employed for more than 16 years - this longevity instils a long-term 'stewardship' aspect to the performance of their roles. Employee welfare is the prime example of how this attitude plays out in practice.

We celebrated the success of accreditation to the Good Business Charter in September 2023 and met the new real living wage (November 2023) by increasing pay for a quarter of our workforce. We have been a Living Wage Employer since 2014.

Our Employee Value Proposition is constantly evolving to ensure that we remain a quality employer. We introduced a new employee assistance programme in October 2023 which included support on Mental Health, Legal assistance, Financial Wellbeing, Relationship advice, 24/7 counselling, and mini health checks. We continue to engage with staff on the culture of the Company and have recently engaged with all staff to revise our stated company Values so that they better reflect our employees' own personal values in the workplace. We have introduced Champions in the areas of digital, ED&I and mental health - all of whom reached their set objective of ensuring an inclusive culture where employees have a voice capable of expression via alternative communication/collaboration channels.

The Company has focused on learning and development with the introduction of several initiatives to fill strategic skill gaps. The use of the apprenticeship levy has continued to be a priority with employees attaining level 3 and 5 in Leadership and Management. We have also made use of government funded Skills Bootcamps to focus on development in writing, data and new technology. We encourage employees to collaborate through Outside Insights and learn from others as well as giving staff the opportunity for development through allowing 5% of their working week to learn.

We have developed our onboarding system to ensure new employees have a smooth transition into the Company.

The company continues to operate its Annual Survey and pulse surveys and reports are given to the Board on success and progression.

Axminster Tool Centre Limited

Strategic Report for the Year Ended 30 April 2023

Section 172 statement (continued)

Shareholders

Shareholders receive the monthly Management Information pack at the same time as the directors ahead of the Board meeting and their own subsequent monthly meeting. Paul von der Heyde's appointment as Chairman of the Group was taken in part with a view to enhance the relationship between the company and its shareholders. Paul's experience in managing such relationships, gained from several other businesses, has this year lead to increased engagement between the business & its shareholders through his chairing of the monthly shareholders' meetings. The company is also being represented by the Commercial Director (a non-family member). Such a regime affords each shareholder the opportunity to request address for any unfairness.

Customers

Customer relationships are built 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. 2022/23 saw a significantly increased programme of customer engagement with greater numbers of podcasts and videocasts, and the further enhancement of in-store demonstration areas. Enhancing the customers 'experience' in all contacts with us remains a key goal.

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. Supplier contacts have resumed 'normal' characteristics following the impact of Covid on in-person visits and meetings. A trip to the Far East to visit agents and factories took place in October-November 2023 for the first time since before the pandemic.

Communities

We continue to support charities and organisations within our sector. We offer Mental Health and Financial Wellbeing 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.

We are a Cornerstone Employer, working together with a flagship community of more than 300 businesses across England to support world class careers education. We help bridge the gap between employers and schools and colleges to support young people in finding their next best step out of education and into the world of work.

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 and projects (including LED lighting conversion for our entire site, maximising recycling opportunities and solar panels installation).

Axminster Tool Centre Limited

Strategic Report for the Year Ended 30 April 2023

Section 172 statement (continued)

In June 2022 we achieved certification from Planet Mark recognising our commitment to sustainability. We work with the organisation to strengthen our Environmental, Social & Governance strategy, pursue the United Nations' Sustainable Development Goals and set credible Net Zero Carbon targets. In 2023, year two of our Planet Mark Certification, we made a 21.6% reduction in our annual carbon emissions. We have a Net Zero action plan which continues to be honed to ensure we meet the Science Based Targets Initiative of Net Zero by 2050.

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.


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.

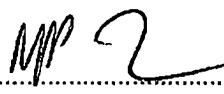
In August 2023 we were awarded the Good Business Charter accreditation for our responsible business behaviour for the third consecutive year. The accreditation measures behaviour over 10 components: real living wage, fairer hours and contracts, employee well-being, employee representation, diversity and inclusion, environmental responsibility, paying fair tax, commitment to customers, ethical sourcing, and prompt payment. An organisation must meet all 10 commitments to receive and maintain accreditation.

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 29/01/24 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 2023

The directors present their report and the financial statements for the year ended 30 April 2023.

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. Since year end the UK has experienced significantly increased rates of inflation. These have been across many different sectors but primarily, as potentially faced by the company, in stock & energy. The company enjoys a hedged situation on its energy costs such that it will remain on a cost base fixed pre-inflation until 2026/2027. Global stock prices have to a large degree been offset by falling costs of shipping containers which has helped margin to be maintained without increasing sales prices.

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.

Axminster Tool Centre Limited

Directors' Report for the Year Ended 30 April 2023

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.

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 2023

The company's energy usage results for the year to 30 April 2023 are as follows:

Energy source	2023		2022	
	kWh	KgCO2e	kWh	KgCO2e
Electricity	1,225,478	236,983	924,652	196,325
Natural gas	317,607	58,757	119,984	21,976
LPG	2,709	581	6,350	1,362
Petrol	1,527	369	-	-
Diesel	385,156	97,031	768,485	194,588
Total	<u>1,932,477</u>	<u>393,721</u>	<u>1,819,471</u>	<u>414,251</u>

This equates to an intensity ratio of 0.009kgCO2e (2022: 0.009kgCO2e) or 0.038kWh (2022: 0.038kWh) 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.

Employee involvement

The company operates a number of initiatives to promote employee engagement as detailed in the Section 172 statement section of the Strategic Report.

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.

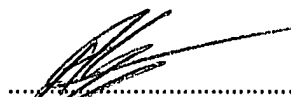
Directors' liabilities

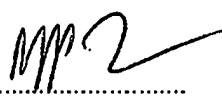
The company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

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 ...29/01/24... 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 United Kingdom 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 2023, 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 2023 and of its loss 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 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 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 results / 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;
- 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; and
- Reviewing draft tax computations and involving the use of our specialists as required.

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 become 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: 30 January 2024

Axminster Tool Centre Limited

Profit and Loss Account

Year Ended 30 April 2023

	Note	2023 £	2022 £
Turnover	3	44,191,793	48,169,722
Cost of sales		<u>(27,486,448)</u>	<u>(29,123,539)</u>
Gross profit		16,705,345	19,046,183
Distribution costs		(2,261,548)	(2,113,433)
Administrative expenses		(15,188,529)	(14,932,878)
Exceptional expenses	5	(1,213,021)	-
Other operating income	4	<u>35,279</u>	<u>10,453</u>
Operating (loss)/profit	6	(1,922,474)	2,010,325
Interest payable and similar expenses	10	<u>(105,707)</u>	<u>(45,874)</u>
(Loss)/profit before tax		(2,028,181)	1,964,451
Tax on (loss)/profit	11	<u>270,700</u>	<u>(476,165)</u>
(Loss)/profit for the financial year		<u><u>(1,757,481)</u></u>	<u><u>1,488,286</u></u>

Axminster Tool Centre Limited

Statement of Comprehensive Income

Year Ended 30 April 2023

	2023	2022
	£	£
(Loss)/profit for the year	<u>(1,757,481)</u>	<u>1,488,286</u>
Cash flow hedges		
Gain/(loss) arising during the period	(307,908)	279,824
Reclassified to profit and loss	<u>(279,824)</u>	<u>489,158</u>
	<u>(587,732)</u>	<u>768,982</u>
Total comprehensive income for the year	<u><u>(2,345,213)</u></u>	<u><u>2,257,268</u></u>

The notes on pages 18 to 30 form an integral part of these financial statements.


Axminster Tool Centre Limited


Balance Sheet

30 April 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	12	3,332,379	3,530,783
Current assets			
Stocks	13	11,838,548	12,651,321
Debtors	14	5,239,459	6,004,444
Cash at bank and in hand		269	415
		<u>17,078,276</u>	<u>18,656,180</u>
Creditors: Amounts falling due within one year	15	<u>(14,235,947)</u>	<u>(13,212,226)</u>
Net current assets		<u>2,842,329</u>	<u>5,443,954</u>
Total assets less current liabilities		<u>6,174,708</u>	<u>8,974,737</u>
Creditors: Amounts falling due after more than one year	15	(263,625)	(150,763)
Provisions for liabilities	18	<u>(652,200)</u>	<u>(483,000)</u>
Net assets		<u>5,258,883</u>	<u>8,340,974</u>
Capital and reserves			
Called up share capital		100,000	100,000
Cash flow hedge reserve		(307,908)	279,824
Profit and loss account		5,247,545	7,741,904
Share option reserve		<u>219,246</u>	<u>219,246</u>
Shareholders' funds		<u>5,258,883</u>	<u>8,340,974</u>

Approved and authorised by the Board on 24/01/24 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 2023

	Share capital £	Other reserve £	Cash flow hedge reserve £	Profit and loss account £	Total £
At 1 May 2022	100,000	219,246	279,824	7,741,904	8,340,974
Loss for the year	-	-	-	(1,757,481)	(1,757,481)
Other comprehensive income	-	-	(587,732)	-	(587,732)
Total comprehensive income	-	-	(587,732)	(1,757,481)	(2,345,213)
Dividends	-	-	-	(736,878)	(736,878)
At 30 April 2023	100,000	219,246	(307,908)	5,247,545	5,258,883

	Share capital £	Other reserve £	Cash flow hedge reserve £	Profit and loss account £	Total £
At 1 May 2021	100,000	219,246	(489,158)	8,028,618	7,858,706
Profit for the year	-	-	-	1,488,286	1,488,286
Other comprehensive income	-	-	768,982	-	768,982
Total comprehensive income	-	-	768,982	1,488,286	2,257,268
Dividends	-	-	-	(1,775,000)	(1,775,000)
At 30 April 2022	100,000	219,246	279,824	7,741,904	8,340,974

The notes on pages 18 to 30 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 2023

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 continue to adopt the going concern basis of accounting in preparing the financial statements. The directors have prepared cash flow forecasts which reflect a more challenging economic environment. Based on the forecast, assessment of current facilities and options available, which includes shareholder support if needed, the directors are satisfied the company can continue to trade for a period of at least twelve months from the date of approval of these financial statements.

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2023

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 2023

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	25% straight line
Fixtures, fittings and equipment	15% & 25% straight line
Leasehold improvements	over appropriate lease term
Other property, plant and equipment	10%, 15% & 25% straight line
P&M held under Lease agreements	over appropriate lease term

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.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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 2023

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 22 sets out details of the fair values of the derivative instruments used for hedging purposes.

3 Turnover

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

	2023	2022
	£	£
UK	38,750,628	41,903,911
Europe	3,885,091	4,727,913
Rest of world	1,556,074	1,537,898
	<u>44,191,793</u>	<u>48,169,722</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2023

4 Other operating income

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

	2023 £	2022 £
Sub lease rental income	<u>35,279</u>	<u>10,453</u>

5 Exceptional expenses

Exceptional expenses of £1,213,021 relate to restructuring costs (totalling £1,029,121), which include the early surrender of a lease, the associated costs of exiting the building and the cost of staff redundancies made during the year, and also the provision against a non-trade related party debtor balance (£183,900).

6 Operating (loss)/profit

Arrived at after charging/(crediting)

	2023 £	2022 £
Depreciation expense	779,009	662,632
Foreign exchange gains	-	(20,798)
Profit on disposal of property, plant and equipment	(7,762)	(3,535)
Operating leases expense	<u>1,420,356</u>	<u>1,366,671</u>

7 Staff costs

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

	2023 £	2022 £
Wages and salaries	7,340,627	7,261,367
Social security costs	733,589	624,100
Pension costs, defined contribution scheme	<u>257,403</u>	<u>219,937</u>
	<u>8,331,619</u>	<u>8,105,404</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2023

7 Staff costs (continued)

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

	2023 No.	2022 No.
Sales	127	126
Distribution	80	91
Other departments	48	54
	<u>255</u>	<u>271</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 £	2022 £
Remuneration	698,158	743,411
Contributions paid to money purchase schemes	21,731	15,095
	<u>719,889</u>	<u>758,506</u>

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

	2023 No.	2022 No.
Received or were entitled to receive shares under long term incentive schemes	-	6
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>6</u>

In respect of the highest paid director:

	2023 £	2022 £
Remuneration	143,798	135,604
Company contributions to money purchase pension schemes	<u>8,706</u>	<u>1,208</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2023

9 Auditor's remuneration

	2023 £	2022 £
Audit of the financial statements	<u>31,000</u>	<u>26,750</u>
Other fees to auditors		
Taxation compliance services	3,500	3,250
All other assurance services	<u>10,500</u>	<u>11,000</u>
	<u>14,000</u>	<u>14,250</u>

10 Interest payable and similar expenses

	2023 £	2022 £
Net bank interest	89,482	140
Interest on obligations under finance leases	16,225	12,975
Interest expense on other finance liabilities	-	32,759
	<u>105,707</u>	<u>45,874</u>

11 Taxation

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

	2023 £	2022 £
Current taxation		
UK corporation tax	-	326,000
UK corporation tax adjustment to prior periods	<u>(283,700)</u>	<u>7,165</u>
	(283,700)	333,165
Deferred taxation		
Arising from origination and reversal of timing differences	<u>13,000</u>	<u>143,000</u>
Tax (receipt)/expense in the income statement	<u>(270,700)</u>	<u>476,165</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2023

11 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 19.49% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
(Loss)/profit before tax	<u>(2,028,181)</u>	<u>1,964,451</u>
Corporation tax at standard rate	(395,292)	373,246
Effect of expense not deductible in determining taxable profit (tax loss)	112,275	607
Effect of tax losses	285,668	-
Deferred tax expense relating to changes in tax rates or laws	10,115	116,422
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(283,700)	12,335
Tax decrease from effect of capital allowances and depreciation	(12,147)	(24,282)
Tax increase arising from group relief	12,539	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(158)</u>	<u>(2,163)</u>
Total tax (credit)/charge	<u>(270,700)</u>	<u>476,165</u>

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2023		
Excess of taxation allowances over depreciation of fixed assets	<u>-</u>	<u>496,000</u>
	<u>-</u>	<u>496,000</u>

	Asset £	Liability £
2022		
Excess of taxation allowances over depreciation of fixed assets	<u>-</u>	<u>483,000</u>
	<u>-</u>	<u>483,000</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2023

12 Tangible assets

	Leasehold improvements £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 May 2022	3,179,257	7,687,239	165,154	2,584,387	13,616,037
Additions	3,074	257,066	-	322,837	582,977
Disposals	-	(6,911)	(20,531)	(8,250)	(35,692)
At 30 April 2023	<u>3,182,331</u>	<u>7,937,394</u>	<u>144,623</u>	<u>2,898,974</u>	<u>14,163,322</u>
Depreciation					
At 1 May 2022	1,543,319	6,669,192	157,992	1,714,751	10,085,254
Charge for the year	312,803	342,465	7,162	116,579	779,009
Eliminated on disposal	-	(6,911)	(20,531)	(5,878)	(33,320)
At 30 April 2023	<u>1,856,122</u>	<u>7,004,746</u>	<u>144,623</u>	<u>1,825,452</u>	<u>10,830,943</u>
Carrying amount					
At 30 April 2023	<u>1,326,209</u>	<u>932,648</u>	<u>-</u>	<u>1,073,522</u>	<u>3,332,379</u>
At 30 April 2022	<u>1,635,938</u>	<u>1,018,047</u>	<u>7,162</u>	<u>869,636</u>	<u>3,530,783</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:

	2023 £	2022 £
Plant and machinery	<u>856,544</u>	<u>520,316</u>

13 Stocks

	2023 £	2022 £
Finished goods and goods for resale	<u>11,838,548</u>	<u>12,651,321</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2023

14 Debtors

	2023 £	2022 £
Trade debtors	1,334,236	1,428,805
Amounts owed by group undertakings	378,159	935,331
Other debtors	4,426	32,618
Prepayments	3,240,850	3,327,866
Corporation tax repayable	281,788	-
Derivatives used for hedging	-	279,824
	<u>5,239,459</u>	<u>6,004,444</u>

15 Creditors

	Note	2023 £	2022 £
Due within one year			
Loans and borrowings	16	5,073,573	4,798,914
Trade creditors		6,531,392	5,134,987
Amounts due to group undertakings		211,756	211,756
Corporation tax		-	121,000
Social security and other taxes		809,674	895,649
Outstanding defined contribution pension costs		22,542	36,138
Other creditors		1,176,779	1,718,028
Derivatives used for hedging		307,908	-
Accrued expenses		<u>102,323</u>	<u>295,754</u>
		<u>14,235,947</u>	<u>13,212,226</u>
Due after one year			
Loans and borrowings	16	<u>263,625</u>	<u>150,763</u>

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2023

16 Loans and borrowings

	2023 £	2022 £
Current loans and borrowings		
Bank borrowings	3,760,441	3,667,696
Bank overdrafts	1,125,404	985,059
HP and finance lease liabilities	187,728	146,159
	<u>5,073,573</u>	<u>4,798,914</u>
	2023 £	2022 £
Non-current loans and borrowings		
HP and finance lease liabilities	263,625	150,763
	<u>263,625</u>	<u>150,763</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.

HP and finance lease agreements are secured upon the assets to which they relate.

17 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	1,100,317	1,420,356
Later than one year and not later than five years	2,563,926	3,528,615
Later than five years	1,492,667	2,390,832
	<u>5,156,910</u>	<u>7,339,803</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,420,356 (2022 - £1,366,671).

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2023

18 Provisions for liabilities

	Deferred tax £	Other provisions £	Total £
At 1 May 2022	483,000	-	483,000
Additional provisions	-	156,200	156,200
Increase in existing provisions	13,000	-	13,000
At 30 April 2023	<u>496,000</u>	<u>156,200</u>	<u>652,200</u>

19 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 £257,403 (2022 - £219,937).

Contributions totalling £(22,542) (2022 - £(36,138)) were payable at the end of the year and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	No.	2023 £	No.	2022 £
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

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 that is not included in these financial statements is £nil (2022: £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.

Axminster Tool Centre Limited

Notes to the Financial Statements

Year Ended 30 April 2023

22 Financial instruments (continued)

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 2023 is £(307,908) (2022 - £279,824). The amount of the change in fair value of the hedging instrument that was recognised in other comprehensive income during the period is £(587,732) (2022 - £768,982).

23 Related party transactions

Key management personnel

Key management are considered to be the directors and their total compensation is shown in note 8.

Summary of transactions with key management

Certain directors were owed a total of £163,692 by the company at 30 April 2023 (£662,515 at 30 April 2022). Interest is charged at 4% over Bank of England base rate per annum on these loans which are repayable on demand.

Summary of transactions with other related parties

Certain family members of directors and shareholders were owed a total of £497,919 by the company at 30 April 2023 (£527,480 at 30 April 2022). Interest is charged at 4% over Bank of England base rate per annum on these loans which are repayable on demand.

During the year the company was charged £539,959 (2022: £547,754) in rent by The Styles Family Pension Scheme. There was no balance owed to the Styles Family Pension Scheme as at 30 April 2023 (2022: £nil).

During the year the company was charged £76,661 (2022: £80,242) in rent by the Axminster Tools Staff Pension scheme. There was no balance outstanding as at 30 April 2023 (£nil at 30 April 2022).

At the balance sheet date the amount due from a property partnership under the control of certain directors was £nil (2022: £113,026), management charges of £25,000 (2022: £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.