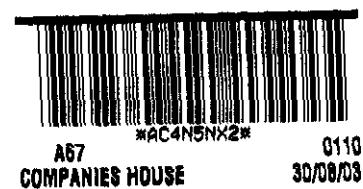


Registration number 3326979

**Axminster Power Tool Centre Limited**  
**Directors' report and financial statements**  
**for the year ended 30 April 2003**



## **Axminster Power Tool Centre Limited**

### **Company information**

|                   |   |
|-------------------|---|
| Directors         | Mr B G Styles<br>Mr I V Styles<br>Mrs K J Styles<br>Mrs M A Styles<br>Mr S M Berryman<br>Mr I F Huntley<br>Mr A J Parkhouse<br>Mr A N Thomas (appointed 9 May 2003) |
| Secretary         | Mr I V Styles   |
| Company number    | 3326979   |
| Registered office | Millwey Rise Industrial Estate<br>Axminster<br>Devon<br>EX13 5HU  |
| Auditors          | Thompson Jenner<br>1 Colleton Crescent<br>Exeter<br>Devon<br>EX2 4DG  |
| Bankers           | HSBC Plc<br>38 High Street<br>Exeter<br>Devon<br>EX4 3LP  |
| Solicitors        | Foot Anstey Sargent<br>4-6 Barnfield Crescent<br>Exeter<br>Devon<br>EX1 1RF   |

## **Axminster Power Tool Centre Limited**

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## **Axminster Power Tool Centre Limited**

### **Directors' report for the year ended 30 April 2003**

The directors present their report and the financial statements for the year ended 30 April 2003.

#### **Principal activity and review of the business**

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

Axminster Power Tool Centre continues to grow its mail order business and this year will see increased activity within the retail sector with the opening of the very first of its purpose-built tool and machinery centres.

The company will be investing considerably into distribution methods, undertaking to deliver all mail order parcels using vehicles fitted with the latest GPS technology with both drivers and vans branded as Axminster Power Tool Centre.

#### **Results and dividends**

The results for the year are set out on page 4.

The directors have paid an interim dividend amounting to £20,000 and they do not recommend payment of a final dividend.

#### **Future developments**

By the spring of 2004, it is envisaged that a new purpose-built distribution centre will go online, dramatically improving efficiency in all aspects of warehouse activity. Careful consideration has been given to the stock profile with further concentration of its own branded products and the introduction of the new Axminster plus range that is intended for industrial usage.

The management team has been significantly strengthened in recent months which will assist the company in achieving its short to medium term objectives.

#### **Directors and their interests**

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

|                                      | <b>Ordinary £1 shares</b> |                 |
|--------------------------------------|---------------------------|-----------------|
|                                      | <b>30/04/03</b>           | <b>01/05/02</b> |
| Mr B G Styles                        | -                         | 25,000          |
| Mr I V Styles                        | -                         | 25,000          |
| Mrs K J Styles                       | -                         | 25,000          |
| Mrs M A Styles                       | -                         | 25,000          |
| Mr S M Berryman                      | -                         | -               |
| Mr I F Huntley                       | -                         | -               |
| Mr A J Parkhouse                     | -                         | -               |
| Mr A N Thomas (appointed 9 May 2003) | -                         | -               |

On 10 January 2003, the company became a subsidiary of Styles & Brown Limited by way of a share for share exchange. Mr B G Styles, Mr I V Styles, Mrs K J Styles and Mrs M A Styles, directors of the company, are also directors of the company's ultimate holding company. Their interest in the shares of the holding company are disclosed in the financial statements of that company. None of the directors had a beneficial interest in Axminster Power Tool Centre Limited at the year end.

**Axminster Power Tool Centre Limited**

**Directors' report  
for the year ended 30 April 2003**


**Directors' responsibilities**

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

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

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

This report was approved by the Board on 12/8/03 and signed on its behalf by

  
I.V.Styles  
**Mr I V Styles**  
**Secretary**

## **Axminster Power Tool Centre Limited**

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

We have audited the financial statements of Axminster Power Tool Centre Limited for the year ended 30 April 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

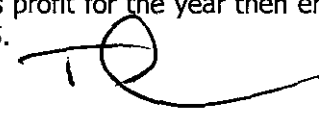
#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

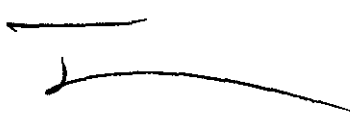
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Thompson Jenner**  
**Chartered Accountants and**  
**Registered Auditors**  
**19 August 2003**



**1 Colleton Crescent**  
**Exeter**  
**Devon**

**EX2 4DG**

**Axminster Power Tool Centre Limited**

**Profit and loss account  
for the year ended 30 April 2003**

|  |              | <b>Continuing operations</b> |              |
|--|--------------|------------------------------|--------------|
|  |              | <b>2003</b>                  | <b>2002</b>  |
|  | <b>Notes</b> | <b>£</b>                     | <b>£</b>     |
| <b>Turnover</b>                                      | <b>2</b>     | 20,667,670                   | 18,522,606   |
| Cost of sales  |              | (13,349,866)                 | (12,476,770) |
| <b>Gross profit</b>                                  |              | 7,317,804                    | 6,045,836    |
| Distribution costs                                   |              | (891,216)                    | (784,547)    |
| Administrative expenses                              |              | (5,673,701)                  | (4,763,082)  |
| <b>Operating profit</b>                              | <b>3</b>     | 752,887                      | 498,207      |
| Other interest receivable and similar income         | <b>4</b>     | -                            | 55           |
| Interest payable and similar charges                 | <b>5</b>     | (228,233)                    | (212,148)    |
| <b>Profit on ordinary activities before taxation</b> |              | 524,654                      | 286,114      |
| Tax on profit on ordinary activities                 | <b>8</b>     | (133,392)                    | (89,072)     |
| <b>Profit on ordinary activities after taxation</b>  |              | 391,262                      | 197,042      |
| Dividends  | <b>9</b>     | (20,000)                     | (33,428)     |
| <b>Retained profit for the year</b>                  |              | 371,262                      | 163,614      |
| Retained profit brought forward                      |              | 1,174,080                    | 1,010,466    |
| <b>Retained profit carried forward</b>               |              | 1,545,342                    | 1,174,080    |

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

The notes on pages 7 to 17 form an integral part of these financial statements.

**Axminster Power Tool Centre Limited**

**Balance sheet  
as at 30 April 2003**

|  | Notes     | 2003               |                  | 2002               |                  |
|--|-----------|--------------------|------------------|--------------------|------------------|
|  |           | £                  | £                | £                  | £                |
| <b>Fixed assets</b>  |           |                    |                  |                    |                  |
| Tangible assets  | <b>10</b> |                    | 1,655,310        |                    | 1,645,647        |
| <b>Current assets</b>  |           |                    |                  |                    |                  |
| Stocks   | <b>11</b> | 5,398,140          |                  | 3,917,648          |                  |
| Debtors  | <b>12</b> | 754,314            |                  | 491,859            |                  |
| Cash at bank and in hand                                       |           | 749,925            |                  | 163,675            |                  |
|  |           | <u>6,902,379</u>   |                  | <u>4,573,182</u>   |                  |
| <b>Creditors: amounts falling due within one year</b>          | <b>13</b> | <u>(6,119,833)</u> |                  | <u>(4,170,354)</u> |                  |
| <b>Net current assets</b>                                      |           |                    | <u>782,546</u>   |                    | <u>402,828</u>   |
| <b>Total assets less current liabilities</b>                   |           |                    | 2,437,856        |                    | 2,048,475        |
| <b>Creditors: amounts falling due after more than one year</b> | <b>14</b> |                    | (761,928)        |                    | (734,000)        |
| <b>Provisions for liabilities and charges</b>                  | <b>16</b> |                    | <u>(30,586)</u>  |                    | <u>(40,395)</u>  |
| <b>Net assets</b>  |           |                    | <u>1,645,342</u> |                    | <u>1,274,080</u> |
| <b>Capital and reserves</b>                                    |           |                    |                  |                    |                  |
| Called up share capital  | <b>17</b> |                    | 100,000          |                    | 100,000          |
| Profit and loss account  |           |                    | <u>1,545,342</u> |                    | <u>1,174,080</u> |
| <b>Equity shareholders' funds</b>                              | <b>18</b> |                    | <u>1,645,342</u> |                    | <u>1,274,080</u> |

The financial statements were approved by the Board on 30/7/03 and signed on its behalf by

  
Mr B G Styles  
Director

The notes on pages 7 to 17 form an integral part of these financial statements.



**Axminster Power Tool Centre Limited**

**Cash flow statement  
for the year ended 30 April 2003**

|   | Notes | 2003<br>£          | 2002<br>£          |
|---|-------|--------------------|--------------------|
| <b>Reconciliation of operating profit to net cash outflow from operating activities</b> |       |                    |                    |
| Operating profit  |       | 752,887            | 498,207            |
| Depreciation  |       | 271,996            | 229,774            |
| (Increase) in stocks  |       | (1,480,492)        | 60,856             |
| (Increase) in debtors   |       | (262,455)          | (135,401)          |
| Increase in creditors   |       | 475,175            | 179,259            |
| Profit on sale of fixed assets  |       | (2,883)            | (12,765)           |
| <b>Net cash outflow from operating activities</b>                                       |       | <u>(245,772)</u>   | <u>819,930</u>     |
| <b>Cash flow statement</b>  |       |                    |                    |
| Net cash outflow from operating activities  |       | (245,772)          | 819,930            |
| Returns on investments and servicing of finance   | 23    | (228,233)          | (212,093)          |
| Taxation  | 23    | (43,426)           | (59,540)           |
| Capital expenditure   | 23    | (205,301)          | (1,208,357)        |
|   |       | (722,732)          | (660,060)          |
| Equity dividends paid   |       | -                  | (13,428)           |
|   |       | (722,732)          | (673,488)          |
| Financing   | 23    | (144,494)          | 956,880            |
| <b>Decrease in cash in the year</b>   |       | <u>(867,226)</u>   | <u>283,392</u>     |
| <b>Reconciliation of net cash flow to movement in net debt (Note 24)</b>                |       |                    |                    |
| <b>Decrease in cash in the year</b>   |       | (867,226)          | 283,392            |
| Cash outflow from increase in debts and lease financing                                 |       | 144,494            | (956,880)          |
| Change in net debt resulting from cash flows  |       | (722,732)          | (673,488)          |
| New finance leases and hire purchase contracts  |       | (73,475)           | -                  |
| Other changes   |       | (40,000)           | (40,000)           |
| <b>Movement in net debt in the year</b>   |       | (836,207)          | (713,488)          |
| <b>Net debt at 1 May 2002</b>   |       | (3,124,579)        | (2,411,091)        |
| <b>Net debt at 30 April 2003</b>  |       | <u>(3,960,786)</u> | <u>(3,124,579)</u> |

## **Axminster Power Tool Centre Limited**

### **Notes to the financial statements for the year ended 30 April 2003**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

##### **1.2. Turnover**

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

##### **1.3. Tangible fixed assets and depreciation**

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

|                       |   |                                |
|-----------------------|---|--------------------------------|
| Freehold property     | - | Straight line over fifty years |
| Computer equipment    | - | 20% straight line              |
| Plant and machinery   | - | 15% straight line              |
| Fixtures and fittings |   | 15% straight line              |
| Motor vehicles        | - | 20% straight line              |
| Hire equipment        | - | 25% straight line              |

##### **1.4. Leasing and hire purchase commitments**

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

##### **1.5. Stock**

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

##### **1.6. Pensions**

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

##### **1.7. Deferred taxation**

Following the adoption of FRS 19, Deferred Tax, deferred tax is recognised in respect of timing differences that have originated but not reversed by the balance sheet date.

Deferred tax balances are not discounted.

##### **1.8. Foreign currencies**

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

# Axminster Power Tool Centre Limited

## Notes to the financial statements for the year ended 30 April 2003

..... continued

### 2. Turnover

|                            | 2003<br>£         | 2002<br>£         |
|----------------------------|-------------------|-------------------|
| <b>Geographical market</b> |                   |                   |
| UK                         | 19,952,668        | 18,160,106        |
| Europe                     | 500,814           | 250,000           |
| Rest of the World          | 214,188           | 112,500           |
|                            | <u>20,667,670</u> | <u>18,522,606</u> |

### 3. Operating profit

|  | 2003<br>£        | 2002<br>£      |
|--|------------------|----------------|
| Operating profit is stated after charging:                     |                  |                |
| Depreciation of tangible fixed assets                          |                  |                |
| - owned assets   | 249,297          | 166,370        |
| - assets held under finance leases and hire purchase contracts | 22,699           | 63,404         |
| Auditors' remuneration   | 13,400           | 12,150         |
| Auditors' remuneration from non-audit work                     | <u>7,400</u>     | <u>3,526</u>   |
| and after crediting:   |                  |                |
| (Profit) on disposal of tangible fixed assets                  | (2,883)          | (12,765)       |
| Exchange (gains) / losses                                      | <u>(119,015)</u> | <u>116,411</u> |

### 4. Interest receivable and similar income

|                | 2003<br>£ | 2002<br>£ |
|----------------|-----------|-----------|
| Other interest | <u>-</u>  | <u>55</u> |

### 5. Interest payable and similar charges

|                                 | 2003<br>£      | 2002<br>£      |
|---------------------------------|----------------|----------------|
| On bank loans and overdrafts    | 90,364         | 99,686         |
| Interest payable on other loans | 134,816        | 102,938        |
| Hire purchase interest          | 3,053          | 9,524          |
|                                 | <u>228,233</u> | <u>212,148</u> |

# Axminster Power Tool Centre Limited

## Notes to the financial statements for the year ended 30 April 2003

..... continued

### 6. Employees

#### Number of employees

The average monthly numbers of employees  
(including the directors) during the year were:

|                            | 2003       | 2002       |
|----------------------------|------------|------------|
| Warehouse and distribution | 71         | 68         |
| Sales                      | 49         | 41         |
| Management                 | 40         | 42         |
|                            | <u>160</u> | <u>151</u> |

#### Employment costs

|                       | 2003<br>£        | 2002<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 2,664,405        | 2,115,350        |
| Social security costs | 246,658          | 183,846          |
| Other pension costs   | 149,811          | 157,995          |
|                       | <u>3,060,874</u> | <u>2,457,191</u> |

#### 6.1. Directors' emoluments

|                                   | 2003<br>£      | 2002<br>£      |
|-----------------------------------|----------------|----------------|
| Remuneration and other emoluments | 439,221        | 377,070        |
| Pension contributions             | 92,150         | 101,570        |
|                                   | <u>531,371</u> | <u>478,640</u> |

Number of directors to whom retirement benefits  
are accruing under a money purchase scheme

| Number   | Number   |
|----------|----------|
| <u>6</u> | <u>6</u> |

#### Highest paid director

Amounts included above:

Emoluments and other benefits  
Pension contributions

| £              | £              |
|----------------|----------------|
| 118,181        | 116,387        |
| 18,360         | 18,360         |
| <u>136,541</u> | <u>134,747</u> |

### 7. Pension costs

The company operates two defined contribution pension schemes, one for directors and one for employees. The schemes and their assets are held by independent managers. The pension charges represent contributions due from the company and amounted to £149,811 (2002 - £157,995).

# Axminster Power Tool Centre Limited

## Notes to the financial statements for the year ended 30 April 2003

..... continued

### 8. Tax on profit on ordinary activities

| Analysis of charge in period                 | 2003<br>£      | 2002<br>£     |
|--|----------------|---------------|
| <b>Current tax</b>                           |                |               |
| UK corporation tax at 29% (2002 - 20%)       | 148,912        | 49,137        |
| Prior period adjustments                     | (5,711)        | (460)         |
|  | <u>143,201</u> | <u>48,677</u> |
| Total current tax charge                     | 143,201        | 48,677        |
| <b>Deferred tax</b>                          |                |               |
| Timing differences, origination and reversal | (9,809)        | 40,395        |
| Total deferred tax                           | <u>(9,809)</u> | <u>40,395</u> |
| Tax on profit on ordinary activities         | <u>133,392</u> | <u>89,072</u> |

### Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

|   | 2003<br>£      | 2002<br>£      |
|---|----------------|----------------|
| Profit on ordinary activities before taxation   | <u>524,654</u> | <u>286,114</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 April 2002 : 20%) | 157,396        | 57,223         |
| <b>Effects of:</b>  |                |                |
| Expenses not deductible for tax purposes  | 8,876          | 2,979          |
| Capital allowances for period in excess of depreciation   | 17,795         | (11,065)       |
| Adjustments to tax charge in respect of previous periods  | (5,711)        | (460)          |
| Group relief  | (28,810)       | -              |
| Marginal relief   | (6,345)        | -              |
| Current tax charge for period   | <u>143,201</u> | <u>48,677</u>  |

### 9. Dividends

#### Dividends on equity shares:

|                                     | 2003<br>£     | 2002<br>£     |
|-------------------------------------|---------------|---------------|
| Ordinary £1 shares - interim paid   | 20,000        | 13,428        |
| Ordinary £1 shares - final proposed | -             | 20,000        |
|                                     | <u>20,000</u> | <u>33,428</u> |

**Axminster Power Tool Centre Limited**

**Notes to the financial statements  
for the year ended 30 April 2003**

..... continued

| <b>10. Tangible fixed assets</b> | <b>Hire equipment</b> | <b>Freehold land &amp; property</b> | <b>Plant &amp; machinery</b> | <b>Fixtures &amp; fittings</b> | <b>Motor vehicles</b> | <b>Computer equipment</b> | <b>Total</b>     |
|----------------------------------|-----------------------|-------------------------------------|------------------------------|--------------------------------|-----------------------|---------------------------|------------------|
|                                  | <b>£</b>              | <b>£</b>                            | <b>£</b>                     | <b>£</b>                       | <b>£</b>              | <b>£</b>                  | <b>£</b>         |
| <b>Cost</b>                      |                       |                                     |                              |                                |                       |                           |                  |
| At 1 May 2002                    | 82,337                | 875,838                             | 331,897                      | 493,429                        | 148,102               | 514,609                   | 2,446,212        |
| Additions                        | 66,454                | 7,588                               | 84,446                       | 36,297                         | -                     | 92,240                    | 287,025          |
| Disposals                        | (26,023)              | -                                   | (5,637)                      | (2,120)                        | -                     | -                         | (33,780)         |
| At 30 April 2003                 | <u>122,768</u>        | <u>883,426</u>                      | <u>410,706</u>               | <u>527,606</u>                 | <u>148,102</u>        | <u>606,849</u>            | <u>2,699,457</u> |
| <b>Depreciation</b>              |                       |                                     |                              |                                |                       |                           |                  |
| At 1 May 2002                    | 46,786                | 10,054                              | 199,669                      | 220,555                        | 72,309                | 251,192                   | 800,565          |
| On disposals                     | (26,023)              | -                                   | (1,993)                      | (398)                          | -                     | -                         | (28,414)         |
| Charge for the year              | 19,811                | 16,892                              | 50,504                       | 65,193                         | 29,621                | 89,975                    | 271,996          |
| At 30 April 2003                 | <u>40,574</u>         | <u>26,946</u>                       | <u>248,180</u>               | <u>285,350</u>                 | <u>101,930</u>        | <u>341,167</u>            | <u>1,044,147</u> |
| <b>Net book values</b>           |                       |                                     |                              |                                |                       |                           |                  |
| At 30 April 2003                 | <u>82,194</u>         | <u>856,480</u>                      | <u>162,526</u>               | <u>242,256</u>                 | <u>46,172</u>         | <u>265,682</u>            | <u>1,655,310</u> |
| At 30 April 2002                 | <u>35,551</u>         | <u>865,784</u>                      | <u>132,228</u>               | <u>272,874</u>                 | <u>75,793</u>         | <u>263,417</u>            | <u>1,645,647</u> |

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

| <b>Asset description</b> | <b>2003</b>       |                     | <b>2002</b>       |                     |
|--------------------------|-------------------|---------------------|-------------------|---------------------|
|                          | <b>Net</b>        | <b>Depreciation</b> | <b>Net</b>        | <b>Depreciation</b> |
|                          | <b>book value</b> | <b>charge</b>       | <b>book value</b> | <b>charge</b>       |
|                          | <b>£</b>          | <b>£</b>            | <b>£</b>          | <b>£</b>            |
| Plant and machinery      | 78,613            | 4,138               | 91,360            | 38,222              |
| Motor vehicles           | -                 | -                   | 61,199            | 25,182              |
|                          | <u>78,613</u>     | <u>4,138</u>        | <u>152,559</u>    | <u>63,404</u>       |

**11. Stocks**

|                                     | <b>2003</b>      | <b>2002</b>      |
|-------------------------------------|------------------|------------------|
|                                     | <b>£</b>         | <b>£</b>         |
| Finished goods and goods for resale | <u>5,398,140</u> | <u>3,917,648</u> |

**Axminster Power Tool Centre Limited**

**Notes to the financial statements  
for the year ended 30 April 2003**

..... continued

| <b>12. Debtors</b>                | <b>2003</b>    | <b>2002</b>    |
|-----------------------------------|----------------|----------------|
|                                   | <b>£</b>       | <b>£</b>       |
| Trade debtors                     | 399,746        | 490,356        |
| Amount owed by group undertakings | 347,487        | -              |
| Other debtors                     | 3,800          | 1,503          |
| Prepayments and accrued income    | 3,281          | -              |
|                                   | <u>754,314</u> | <u>491,859</u> |

| <b>13. Creditors: amounts falling due within one year</b>                  | <b>2003</b>      | <b>2002</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Bank overdraft   | 2,723,407        | 1,269,931        |
| Net obligations under finance leases and hire purchase contracts (Note 15) | 37,237           | 18,581           |
| Trade creditors  | 1,085,100        | 878,292          |
| Corporation tax  | 148,912          | 49,137           |
| Other taxes and social security costs                                      | 254,381          | 293,104          |
| Directors' accounts  | 1,188,139        | 1,265,742        |
| Other creditors  | 850              | 37,138           |
| Accruals and deferred income   | 681,807          | 338,429          |
| Proposed dividend  | -                | 20,000           |
|  | <u>6,119,833</u> | <u>4,170,354</u> |

The bank overdrafts are secured on the assets of the group and by a guarantee limited to £400,000 given by the shareholding directors of the group.

The hire purchase contracts are secured on the assets purchased.

| <b>14. Creditors: amounts falling due after more than one year</b> | <b>2003</b>    | <b>2002</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Long term loans  | 734,000        | 734,000        |
| Net obligations under finance leases and hire purchase contracts   | 27,928         | -              |
|  | <u>761,928</u> | <u>734,000</u> |
| <b>Loans</b>   |                |                |
| Repayable between two and five years                               | <u>734,000</u> | <u>734,000</u> |

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

**Axminster Power Tool Centre Limited**

**Notes to the financial statements  
for the year ended 30 April 2003**

..... continued

|  |                             |                             |
|--|-----------------------------|-----------------------------|
| <b>15. Obligations under hire purchase and finance leases</b>                                      | <b>2003</b><br><b>£</b>     | <b>2002</b><br><b>£</b>     |
| Obligations under hire purchase contracts and finance leases are analysed between amounts payable: |                             |                             |
| In the next year   | 37,237                      | 18,581                      |
| In the second to fifth years inclusive   | 27,928                      | -                           |
|  | <u>65,165</u>               | <u>18,581</u>               |
| <br><b>16. Provision for deferred taxation</b>   | <br><b>2003</b><br><b>£</b> | <br><b>2002</b><br><b>£</b> |
| <b>Accelerated capital allowances</b>  |                             |                             |
| Provision at 1 May 2002  | 40,395                      | -                           |
| Deferred tax (credit) / charge in profit and loss account  | (9,809)                     | 40,395                      |
| Provision at 30 April 2003   | <u>30,586</u>               | <u>40,395</u>               |
| <br><b>17. Share capital</b>   | <br><b>2003</b><br><b>£</b> | <br><b>2002</b><br><b>£</b> |
| <b>Authorised equity</b>   |                             |                             |
| 1,000,000 Ordinary £1 shares   | <u>1,000,000</u>            | <u>1,000,000</u>            |
| <br><b>Allotted, called up and fully paid equity</b>   |                             |                             |
| 100,000 Ordinary £1 shares   | <u>100,000</u>              | <u>100,000</u>              |
| <br><b>18. Reconciliation of movements in shareholders' funds</b>                                  | <br><b>2003</b><br><b>£</b> | <br><b>2002</b><br><b>£</b> |
| Profit for the year  | 391,262                     | 197,042                     |
| Dividends  | (20,000)                    | (33,428)                    |
| <b>Net addition to shareholders' funds</b>   | <u>371,262</u>              | <u>163,614</u>              |
| Opening shareholders' funds  | 1,274,080                   | 1,110,466                   |
| Closing shareholders' funds  | <u>1,645,342</u>            | <u>1,274,080</u>            |



# **Axminster Power Tool Centre Limited**

## **Notes to the financial statements for the year ended 30 April 2003**

..... continued

### **19. Financial commitments**

At 30 April 2003 the company had annual commitments under non-cancellable operating leases as follows:

|                     | <b>Land and buildings</b> |                |
|---------------------|---------------------------|----------------|
|                     | <b>2003</b>               | <b>2002</b>    |
|                     | <b>£</b>                  | <b>£</b>       |
| <b>Expiry date:</b> |                           |                |
| In over five years  | <u>89,314</u>             | <u>106,461</u> |

### **20. Contingent liabilities**

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

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

### **21. Ultimate parent undertaking**

The company's ultimate parent company is Styles & Brown Limited. The company's ultimate controlling parties are Mr I V Styles, Mr B G Styles, Mrs K J Styles and Mrs M A Styles, directors of Axminster Power Tool Centre Limited, by virtue of their shareholdings in the ultimate parent company.

## **Axminster Power Tool Centre Limited**

### **Notes to the financial statements for the year ended 30 April 2003**

..... continued

#### **22. Related party transactions**

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

|                | <b>£</b> |
|----------------|----------|
| Mr B G Styles  | 601,166  |
| Mr I V Styles  | 223,606  |
| Mrs K J Styles | 295,680  |
| Mrs M A Styles | 67,687   |

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

During the year, the company rented property, at arms length, from The Property Account, a partnership owned by the four shareholding directors, for £10,000. At the year end, the amount outstanding was £nil.

During the year, the company made a loan of £2,000 to Mr A N Thomas, who was appointed as director of the company on 9 May 2003.

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

# Axminster Power Tool Centre Limited

## Notes to the financial statements for the year ended 30 April 2003

..... continued

### 23. Gross cash flows

|   | 2003<br>£        | 2002<br>£          |
|---|------------------|--------------------|
| <b>Returns on investments and servicing of finance</b>        |                  |                    |
| Interest received   | -                | 55                 |
| Interest paid   | (228,233)        | (212,148)          |
|   | <u>(228,233)</u> | <u>(212,093)</u>   |
| <b>Taxation</b>   |                  |                    |
| Corporation tax paid  | (43,426)         | (59,540)           |
|   | <u>(43,426)</u>  | <u>(59,540)</u>    |
| <b>Capital expenditure</b>                                    |                  |                    |
| Payments to acquire tangible assets                           | (213,550)        | (1,250,847)        |
| Receipts from sales of tangible assets                        | 8,249            | 42,490             |
|   | <u>(205,301)</u> | <u>(1,208,357)</u> |
| <b>Financing</b>  |                  |                    |
| New long term bank loan                                       | -                | 473,000            |
| Other new long term loans                                     | -                | 261,000            |
| Increase / (decrease) in directors' loans due within one year | 117,603          | 292,190            |
| Capital element of finance leases and hire purchase contracts | (26,891)         | (69,310)           |
|   | <u>(144,494)</u> | <u>956,880</u>     |

### Major non-cash transactions

Dividends proposed for the year ended 30 April 2002 of £20,000 were credited to the directors' loan accounts on 30 September 2002. In addition, interim dividends of £20,000 were credited to the directors' loan accounts on 31 October 2002.

# Axminster Power Tool Centre Limited

## Notes to the financial statements for the year ended 30 April 2003

..... continued

### 24. Analysis of changes in net debt

|  | Opening<br>balance | Cash<br>flows    | Other<br>changes | Closing<br>balance |
|--|--------------------|------------------|------------------|--------------------|
|  | £                  | £                | £                | £                  |
| Cash at bank and in hand                   | 163,675            | 586,250          |                  | 749,925            |
| Overdrafts                                 | (1,269,931)        | (1,453,476)      |                  | (2,723,407)        |
|  | (1,106,256)        | (867,226)        |                  | (1,973,482)        |
| Debt due within one year                   | (1,265,742)        | 117,603          | (40,000)         | (1,188,139)        |
| Debt due after one year                    | (734,000)          | -                | -                | (734,000)          |
| Finance leases and hire purchase contracts | (18,581)           | 26,891           | (73,475)         | (65,165)           |
|  | (2,018,323)        | 144,494          | (113,475)        | (1,987,304)        |
| <b>Net debt</b>                            | <b>(3,124,579)</b> | <b>(722,732)</b> | <b>(113,475)</b> | <b>(3,960,786)</b> |

### 25. Other commitments

During the year, the company entered into forward exchange contracts totalling £5,150,000 all of which mature within 12 months.