

**CURTIS HOLT (SOUTHAMPTON) LIMITED**

**REPORTS AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR  
ENDED 31 DECEMBER 2000**

CLARKSON HYDE  
Chartered Accountants  
and Registered Auditors



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**Directors**

J R C Twallin  
S C Morris  
A J T Strong  
T J Strong

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**Secretary and registered office**

S C Morris  
Green Street Green Road  
Dartford  
Kent  
DA1 1FN

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**Registered auditors**

Clarkson Hyde  
137-143 High Street  
Sutton  
Surrey  
SM1 1JH

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**Bankers**

HSBC Bank plc  
Corporate Banking Centre  
9 Wellesley Road  
Croydon  
Surrey  
CR9 2AA

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The directors present their annual report together with the audited financial statements for the year ended 31 December 2000.

## **REVIEW OF THE BUSINESS**

The company's principal activity during the year was that of distributor of hand tools and allied products.

Turnover for the year was **£20,541,000** (1999: £19,475,000).

## **RESULTS AND DIVIDENDS**

The trading profit for the year, after taxation and before dividends, amounted to **£784,000** (1999: £836,000). The preference dividend was paid on 30 September 2000. An ordinary dividend of **£0.33** per share was also paid during the year (1999: £0.34).

## **FUTURE DEVELOPMENTS**

It is intended that future developments should continue to be in our existing fields of activity.

## **FIXED ASSETS**

The movement in fixed assets during the year is set out in note 9 to the financial statements.

## **MARKET VALUE OF THE FREEHOLD PROPERTIES**

The directors are of the opinion that the market value of the company's freehold properties is not materially lower than the net book value shown in the financial statements.

## **DIRECTORS AND THEIR INTERESTS**

The directors of the company during the year under review were J R C Twallin, S C Morris, A J T Strong and T J Strong. No director held any beneficial interest in the company.

The interests of J R C Twallin in the share capital of the parent company are disclosed in the financial statements of that company.

## **DIRECTORS' RESPONSIBILITIES**

Company law requires that we prepare financial statements for each financial year which 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.

We are responsible for:

- (a) preparing these financial statements, and in our opinion, we have:
  - (i) selected suitable accounting policies and applied them consistently,
  - (ii) made judgements and estimates which we consider to be reasonable and prudent,
  - (iii) followed applicable accounting standards, subject to any material departures disclosed and explained in the financial statements,
  - (iv) used the going concern basis.

**DIRECTORS' RESPONSIBILITIES (Contd.)**

- (b) keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985.
- (c) safeguarding the assets of the company and for taking reasonable steps for the prevention of fraud and other irregularities.

**AUDITORS**

A resolution to re-appoint Clarkson Hyde as auditors will be presented to the members at the Annual General Meeting in accordance with Section 384(1) of the Companies Act 1985.

**BY ORDER OF THE BOARD**



**S C Morris**  
Secretary  
30 July 2001

**To the members of Curtis Holt (Southampton) Limited:**

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

**Respective responsibilities of directors and auditors**

As described on pages 1 and 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

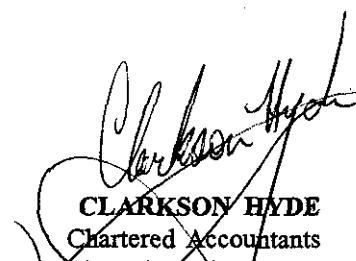
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 mis-statement, 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 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

137 - 143 High Street  
Sutton  
Surrey  
SM1 1JH

  
**CLARKSON HYDE**  
Chartered Accountants  
and Registered Auditors  
30 July 2001

	Note	2000 £'000	1999 £'000
<b>TURNOVER</b>	2	<b>20,541</b>	19,475
Cost of sales		<u>16,269</u>	<u>15,460</u>
Gross profit		4,272	4,015
Net operating expenses	3	<u>3,070</u>	<u>2,709</u>
<b>OPERATING PROFIT</b>	4	<b>1,202</b>	1,306
Interest payable	6	<u>82</u>	<u>71</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<b>1,120</b>	1,235
Taxation on profit on ordinary activities	7	<u>336</u>	<u>399</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	14	<b>784</b>	836
Dividends	8	<u>419</u>	<u>434</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>365</b></u>	<u>402</u>

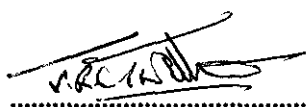
There were no recognised gains or losses for the year other than in the profit and loss account.

There were no acquisitions or discontinued activities in the current or preceding year. All the turnover was derived from continuing operations.

	Note	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9(a)	1,208	1,183
Investments	9(b)	<u>432</u>	<u>397</u>
		1,640	1,580
<b>CURRENT ASSETS</b>			
Stocks	10	2,676	2,690
Debtors	11	3,390	3,218
Cash at bank and in hand		<u>4</u>	<u>5</u>
		6,070	5,913
<b>CREDITORS - Amounts falling due within one year</b>	12(a)	<u>2,259</u>	<u>2,147</u>
<b>NET CURRENT ASSETS</b>		<u>3,811</u>	<u>3,766</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,451	5,346
<b>CREDITORS - Amounts falling due after more than one year</b>	12(b)	<u>545</u>	<u>805</u>
		<u>4,906</u>	<u>4,541</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	520	520
Reserves	14	4,386	4,021
		<u>4,906</u>	<u>4,541</u>
<b>SHAREHOLDERS' FUNDS</b>			
Attributable to Equity shareholders		4,506	4,141
Attributable to Non-Equity shareholders		<u>400</u>	<u>400</u>
		<u>4,906</u>	<u>4,541</u>

Approved by the board on 30 July 2001

J R C Twallin

  
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**1. ACCOUNTING POLICIES**

**(a) BASIS OF PREPARATION AND CONSOLIDATION**

The financial statements have been prepared under the historical cost convention and using applicable Accounting Standards.

The company is exempt from producing consolidated financial statements under S228(1) of the Companies Act 1985, being a wholly owned subsidiary of a parent company incorporated in Great Britain at the end of the financial year.

**(b) TURNOVER**

Turnover represents sales less credit notes to outside customers and excludes value added tax.

**(c) STOCKS**

Stocks have been valued at the lower of purchase cost or net realisable value on the average cost basis.

**(d) DEPRECIATION**

Depreciation is provided so as to write off the cost of the fixed assets over their estimated useful lives, employing the following rates and methods:-

Category	Rate	Method
Freehold buildings	2%	Straight line
Fittings and equipment	20%- 33.3%	Straight line
Computers - hardware	33.3%	Straight line
- software	50%	Straight line
Motor vehicles - cars	25%	Reducing balance
- vans	33.3%	Straight line

**(e) HIRE PURCHASE INTEREST**

Hire purchase interest has been allocated to the accounting periods using the 'sum of the digits' method.

**(f) LEASED ASSETS**

Where leased assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the net present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation on the relevant assets is charged to the profit and loss account. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the 'sum of the digits' method.

All other leases are operating leases and the annual rentals are charged to the profit and loss account as incurred.

**(g) DEFERRED TAXATION**

Provision is made for deferred taxation at expected rates of tax, for the effect of all material timing differences between profits for taxation purposes and profits as stated in the accounts, to the extent that, in the opinion of the directors, a liability is expected to arise in the foreseeable future.



**1. ACCOUNTING POLICIES (continued)**

**(h) PENSION COSTS**

Contributions to the group pension scheme are charged to the profit and loss account so as to spread the cost of the pension over employees working lives with the Group. Contributions are based on actuarial valuations.

**(i) CASH FLOW STATEMENT**

The company has taken advantage of special exemptions under FRS 1 (Revised 1996) in not preparing a cash flow statement, since its cash flow movements are included in the financial statements of its ultimate parent company, Dormole Ltd.

**2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The turnover and profit on ordinary activities before taxation are both wholly attributable to the company's principal activity as distributors of hand tools and allied products and are wholly derived from the United Kingdom and the Republic of Ireland.

	2000 £'000	1999 £'000
<b>3. NET OPERATING EXPENSES</b>		
Administrative expenses (incl. distribution)	<u>3,070</u>	<u>2,709</u>
<b>4. OPERATING PROFIT</b>		
Is stated after charging/(crediting):		
Directors' remuneration	-	-
Auditors' remuneration- audit	24	24
- other	4	5
Depreciation	164	160
Profit on disposal of fixed assets	(2)	(5)
Hire of equipment	<u>31</u>	<u>15</u>

**5. EMPLOYEE INFORMATION**

<b>(a)</b>	The average number of persons employed by the company during the year, excluding directors, is analysed by type of work below:	No.	No.
	Distribution and service	75	68
	Administration and management	<u>49</u>	<u>47</u>
		<u>124</u>	<u>115</u>
<b>(b)</b>	Company employment costs - all employees including executive directors:	£'000	£'000
	Aggregate gross wages and salaries	1,753	1,506
	Employer's national insurance contributions	160	144
	Employer's pension contributions	<u>116</u>	<u>101</u>
	Total direct costs of employment	<u>2,029</u>	<u>1,751</u>

	2000 £'000	1999 £'000			
6. <b>INTEREST PAYABLE</b>					
Bank overdraft	3	(7)			
Loans interest	66	64			
Finance leases and hire purchase contracts	<u>13</u>	<u>14</u>			
	<u>82</u>	<u>71</u>			
7. <b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>					
UK corporation tax at 30% (1999: 30.25%)	344	399			
Over provision in prior year	<u>(8)</u>	<u>-</u>			
	<u>336</u>	<u>399</u>			
8. <b>DIVIDENDS</b>					
Ordinary dividend	395	410			
Preference dividend	<u>24</u>	<u>24</u>			
	<u>419</u>	<u>434</u>			
9. <b>FIXED ASSETS</b>					
(a) Tangible assets					
	Freehold Land & Buildings	Fittings & Equipment	Computers	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>COST</b>					
At 01.01.00	1,001	133	58	617	1,809
Additions	-	13	3	199	215
Group transfer	-	-	-	(14)	(14)
Disposals	<u>-</u>	<u>-</u>	<u>(19)</u>	<u>(100)</u>	<u>(119)</u>
At 31.12.00	<u>1,001</u>	<u>146</u>	<u>42</u>	<u>702</u>	<u>1,891</u>
<b>DEPRECIATION</b>					
At 01.01.00	162	70	54	340	626
Charge for the year	15	27	3	119	164
Group transfer	-	-	-	(9)	(9)
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(19)</u>	<u>(79)</u>	<u>(98)</u>
At 31.12.00	<u>177</u>	<u>97</u>	<u>38</u>	<u>371</u>	<u>683</u>
<b>NET BOOK VALUE</b>					
At 31.12.00	<u>824</u>	<u>49</u>	<u>4</u>	<u>331</u>	<u>1,208</u>
At 31.12.99	<u>839</u>	<u>63</u>	<u>4</u>	<u>277</u>	<u>1,183</u>
At 31.12.00 assets held under finance leases included above were as follows:	Cost	15		382	
	Accum depreciation	5		133	
	Net Book Value	<u>10</u>		<u>249</u>	

	2000 £'000	1999 £'000
9. <b>FIXED ASSETS (continued)</b>		
(b) Investments		
Endowment policies	425	390
Unquoted shares in subsidiary at cost	<u>7</u>	<u>7</u>
	<u>432</u>	<u>397</u>

The endowment policies have a surrender value in excess of cost as at the year end.

The following was a subsidiary company at the end of the year:-

	Country of Registration	Class of Shares	Effective proportion held by company %
Zebra Tool Company Ltd	England	Ordinary	100

	2000 £'000	1999 £'000
10. <b>STOCKS</b>		
Goods for re-sale	<u>2,676</u>	<u>2,690</u>
11. <b>DEBTORS</b>		
Trade debtors	3,030	2,947
Amounts owed by group companies	252	144
Other debtors	4	32
Prepayments and accrued income	<u>104</u>	<u>95</u>
	<u>3,390</u>	<u>3,218</u>
12. <b>CREDITORS</b>		
(a) Amounts falling due within one year:		
Bank loans and overdrafts (i)	319	107
Trade creditors	945	1,258
Hire purchase	97	107
Mortgage (ii)	265	-
Corporation tax	344	407
Other creditors including taxation and social security	189	197
Accruals and deferred income	<u>100</u>	<u>71</u>
	<u>2,259</u>	<u>2,147</u>

**12. CREDITORS (Continued)**

	2000 £'000	1999 £'000
(b) Amounts falling due after more than one year:		
Hire purchase	42	37
Mortgage (ii)	-	265
Mortgage (iii)	<u>503</u>	<u>503</u>
	<u>545</u>	<u>805</u>

- (i) The overdraft is secured by a fixed and floating charge over the company's assets together with composite joint and multilateral cross guarantees with other group companies.
- (ii) This mortgage is repayable when an insurance policy on a former director matures in 2001. It bears interest at a variable rate in accordance with the Sun Alliance commercial loan rate, which at the balance sheet date was 2% above base rate.

The mortgage is secured by a legal charge over the freehold premises at Bittern Road, Sowton Industrial Estate, Exeter, Devon.

- (iii) This mortgage is repayable when an insurance policy on a former director matures in 2003. It bears interest at a rate determined by Lombard North Central plc, which at the balance sheet date was 1.5% above Lombard North Centre plc base rate.

The mortgage is secured by a legal charge over the freehold property, and any buildings or fixtures attached to the property at Nutwood Way, Totton, Hampshire and is guaranteed by Dornmole Limited, the ultimate parent company.

2000 £'000	1999 £'000
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**13. SHARE CAPITAL**

**Authorised**

1,260,000 Ordinary shares of 10p each	126	126
420,000 6% Cumulative voting preference shares of £1 each	<u>420</u>	<u>420</u>
	<u>546</u>	<u>546</u>

**Issued and fully paid**

1,200,000 Ordinary shares of 10p each	120	120
400,000 6% Cumulative voting preference shares of £1 each	<u>400</u>	<u>400</u>
	<u>520</u>	<u>520</u>

Capital reserve £'000	Revenue Reserve £'000	Total £'000
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**14. RESERVES**

At 01.01.00	2	4,019	4,021
Profit for the financial year	-	784	784
Ordinary dividends	-	(395)	(395)
Preference dividends	-	<u>(24)</u>	<u>(24)</u>
At 31.12.00	<u>2</u>	<u>4,384</u>	<u>4,386</u>

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

There were no movements in shareholders' funds other than shown in note 14.

2000	1999
£'000	£'000

**16. CAPITAL EXPENDITURE**

i) Authorised but not contracted	<u>-</u>	<u>16</u>
ii) Contracted but not provided for in the financial statements	<u>15</u>	<u>15</u>

**17. PENSIONS AND COMMITMENTS**

The company together with other group companies operates a funded, defined benefits scheme. The assets of the scheme are held separately from those of the company and are invested by Investment Managers appointed by the Trustees.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation of the group scheme was at 1 February 2000, when the market value of the scheme's assets was shown as £10.6m which was sufficient, in the opinion of the actuary, to cover liabilities accrued at that date.

2000	1999
£'000	£'000

**18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

Total hire purchase payments outstanding	149	153
Less: Finance charges allocated to future periods	<u>(10)</u>	<u>(9)</u>
	<u>139</u>	<u>144</u>

Disclosed in the accounts as follows:

Due within one year	97	107
Due within one to five years	<u>42</u>	<u>37</u>
	<u>139</u>	<u>144</u>

**19. OPERATING LEASES**

	<b>2000</b>	<b>1999</b>
	<b>Equipment</b>	<b>Equipment</b>
	<b>£'000</b>	<b>£'000</b>
<b>NET OBLIGATIONS - operating leases</b>		
Rentals due within one year for agreements terminating:		
- after one year within five years	<u><b>8</b></u>	<u><b>8</b></u>

**20. ULTIMATE PARENT COMPANY**

The company's immediate parent company, is Curtis Holt Limited, which is incorporated in England.  
The company's ultimate parent company is Dormole Limited, a company incorporated in England.