

CURTIS HOLT LIMITED
REPORTS AND
FINANCIAL STATEMENTS
FOR THE YEAR
ENDED 31 DECEMBER 1994



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

Secretary and registered office

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

Registered auditors

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

Bankers

Midland Bank plc
83 Sidcup High Street
Sidcup
Kent
DA14 6DN

The directors present their annual report together with the audited financial statements for the year ended 31 December 1994.

REVIEW OF THE BUSINESS

The company and its subsidiaries principal activities during the year were that of distributors of hand tools and allied products.

Turnover for the year was £21,971,176 (1993: £20,220,198).

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation was £867,767 (1993: £600,121). Dividends of £23.12 per ordinary share (1993: £23.12) were paid on 22 April 1995.

FUTURE DEVELOPMENTS

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

The asset liabilities and trading of two group companies - Curtis Holt (North West) Limited and Curtis Holt Northern Limited were transferred to Curtis Holt Limited on 31 December 1994.

EVENTS SINCE THE END OF THE YEAR

Nothing has occurred since 31 December 1994 which materially affects the company or the financial statements, which should be brought to the shareholders' attention.

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 PROPERTY

The directors are of the opinion that the market value of the group's freehold property is in excess of the net book value shown in the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year under review and their effective control of the equity capital of the company's ultimate parent company, were as follows:

	1994 (%)	1993 (%)
J R C Twallin	68.1	68.1
S C Morris	Nil	Nil
A J T Strong	1.0	1.0
T J Strong	1.0	1.0

The interests of the directors 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.
- 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
25 May 1995

To the members of Curtis Holt Limited:

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 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

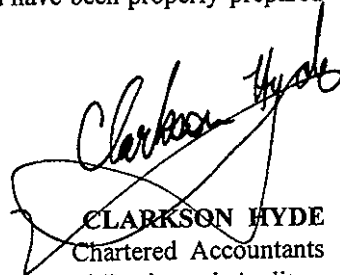
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgements 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 at 31 December 1994 and of its profit and cash flow statement 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
25 May 1995

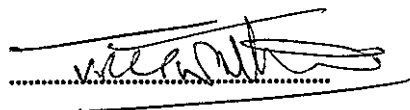
	Note	1994	1993
TURNOVER	2	21,971,176	20,220,198
Cost of sales		<u>17,331,661</u>	<u>15,822,187</u>
Gross profit		4,639,515	4,398,011
Net operating expenses	3	<u>3,244,512</u>	<u>3,239,546</u>
OPERATING PROFIT	4	1,395,003	1,158,465
Dividend receivable		<u>75,000</u>	<u>37,500</u>
		1,470,003	1,195,965
Interest payable	6	<u>181,226</u>	<u>249,231</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,288,777	946,734
Taxation on profit on ordinary activities	7	<u>421,010</u>	<u>346,613</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		867,767	600,121
Dividends	8	<u>400,000</u>	<u>400,000</u>
RETAINED PROFIT TRANSFERRED TO RESERVES	14	<u>£ 467,767</u>	<u>£ 200,121</u>

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

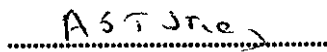
	Note	1994	1993
FIXED ASSETS			
Tangible assets	9(a)	1,532,368	1,439,984
Investments	9(b)	<u>249,954</u>	<u>261,825</u>
		1,782,322	1,701,809
CURRENT ASSETS			
Stocks	10	5,524,521	3,957,151
Debtors	11	7,578,740	4,758,707
Cash at bank and in hand		<u>-</u>	<u>3,040</u>
		13,103,261	8,718,898
CREDITORS - amounts falling due within one year	12(a)	<u>10,156,595</u>	<u>6,120,250</u>
NET CURRENT ASSETS		<u>2,946,666</u>	<u>2,598,648</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,728,988	4,300,457
CREDITORS - amounts falling due after more than one year	12(b)	<u>346,922</u>	<u>386,158</u>
		<u>£4,382,066</u>	<u>£3,914,299</u>
CAPITAL AND RESERVES			
Share capital	13	17,303	17,303
Reserves	14	<u>4,364,763</u>	<u>3,896,996</u>
		<u>£4,382,066</u>	<u>£3,914,299</u>

Approved by the board on 25 May 1995.

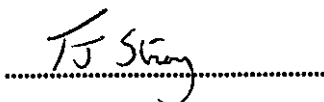
J R C Twallin



A J T Strong



T J Strong



	Note	1994	1993
Net cash (outflow)/inflow from operating activities	20(a)	(38,464)	2,676,776
Returns on investments and servicing of finance			
Interest paid	(168,796)	(232,287)	
Interest element of hire purchase and finance lease payments	(12,470)	(16,944)	
Dividend received	75,000	37,500	
Dividend paid	(400,000)	(400,000)	
Net cash outflow from returns on investments and servicing of finance		(506,266)	(611,731)
Taxation			
Corporation tax paid	(211,693)	(335,342)	
Taxation paid		(211,693)	(335,342)
Investing activities			
Purchase of tangible fixed assets	(124,223)	(128,665)	
Sale of tangible fixed assets	19,872	37,337	
Purchase of investments	(8,129)	(8,131)	
Net cash outflow from investing activities		(112,480)	(99,459)
Net cash (outflow)/inflow before financing		(868,903)	1,630,244
Financing			
Repayment of secured loan	(33,870)	(27,142)	
Capital element of hire purchase and finance lease payments	(225,182)	(159,478)	
Net cash outflow from financing		(259,052)	(186,620)
(Decrease)/increase in cash and cash equivalents	20(b)	£(1,127,955)	£1,443,624

1. ACCOUNTING POLICIES

(a) BASIS OF PREPARATION AND CONSOLIDATION

The financial statements have been prepared under the historical cost convention as modified by the revaluation of one of the freehold properties in 1984 and using applicable Accounting Standards.

The company is exempted from producing consolidated financial statements under S.229(2) 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 land	0%	N/A
Freehold buildings	2%	Straight line
Leasehold land and buildings	N/A	The shorter of the term of the lease or 50 years.
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.

(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.

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.

	1994	1993
3. NET OPERATING EXPENSES		
Distribution costs	399,952	394,472
Administrative expenses	<u>2,844,560</u>	<u>2,845,074</u>
	<u>£3,244,512</u>	<u>£3,239,546</u>
4. OPERATING PROFIT		
Is stated after charging:		
Directors' remuneration	-	-
Auditors' remuneration	34,000	34,700
Depreciation	217,474	228,610
Loss on disposal of fixed assets	509	4,873
Hire of equipment	<u>789</u>	<u>1,822</u>
5. EMPLOYEE INFORMATION		
(a) The average number of persons employed by the company during the year, (excluding directors), is analysed by type of work below:		
Distribution and service	76	74
Administrative and management	<u>83</u>	<u>82</u>
	<u>159</u>	<u>156</u>
(b) Company employment costs - all employees including executive directors:		
Aggregate gross wages and salaries	1,878,474	1,784,381
Employer's national insurance contributions	167,203	170,064
Employer's pension contributions	<u>67,118</u>	<u>71,687</u>
Total direct costs of employment	<u>£2,112,795</u>	<u>£2,026,132</u>
6. INTEREST PAYABLE		
Bank overdraft	74,101	140,602
Loans wholly repayable within 5 years	44,958	38,912
Loans not wholly repayable within 5 years	49,697	52,773
Finance leases and hire purchase contracts	<u>12,470</u>	<u>16,944</u>
	<u>£181,226</u>	<u>£249,231</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES						
				1994		1993
UK corporation tax at 33% (1993: 33%)				319,896		234,174
Subvention payments with regard to group loss relief				103,002		115,270
Over provisions in previous years				<u>(1,888)</u>		<u>(2,831)</u>
Tax charge for the year				<u>£421,010</u>		<u>£346,613</u>
8. DIVIDEND						
Dividend paid				<u>£400,000</u>		<u>£400,000</u>
9. FIXED ASSETS						
(a) Tangible assets						
	Land and buildings		Fittings & equipment	Computers	Motor vehicles	Total
	Freehold	Short Leasehold				
COST OR VALUATION						
At 01.01.94	1,073,113	43,705	642,483	323,706	700,218	2,783,225
Intra group transfer	-	14,894	41,788	45,222	279,986	381,890
Additions	-	-	10,121	2,370	111,732	124,223
Disposals	-	<u>(2,507)</u>	<u>(429,231)</u>	<u>(241,564)</u>	<u>(115,644)</u>	<u>(788,946)</u>
At 31.12.94	<u>1,073,113</u>	<u>56,092</u>	<u>265,161</u>	<u>129,734</u>	<u>976,292</u>	<u>2,500,392</u>
DEPRECIATION						
At 01.01.94	110,176	19,970	589,240	283,514	340,342	1,343,242
Intra group transfer	-	3,971	28,395	30,057	113,450	175,873
Charge for the year	17,495	4,308	34,855	19,840	140,976	217,474
Eliminated on disposal	-	<u>(2,507)</u>	<u>(429,231)</u>	<u>(241,504)</u>	<u>(95,263)</u>	<u>(768,565)</u>
At 31.12.94	<u>127,671</u>	<u>25,742</u>	<u>223,259</u>	<u>91,847</u>	<u>499,505</u>	<u>968,024</u>
NET BOOK VALUE						
At 31.12.94	<u>£ 945,442</u>	<u>£30,350</u>	<u>£ 41,902</u>	<u>£ 37,887</u>	<u>£476,787</u>	<u>£1,532,368</u>
At 31.12.93	<u>£ 962,937</u>	<u>£23,735</u>	<u>£ 53,243</u>	<u>£ 40,191</u>	<u>£359,876</u>	<u>£1,439,984</u>
Net book value of assets held under finance leases at 31.12.94 included above	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£446,440</u>	<u>£ 446,440</u>

The freehold property was revalued on the basis of an open market valuation for existing use at 31 December 1984 by members of the Royal Institute of Chartered Surveyors & Quantity Surveyors. On the historical cost basis freehold land and building would have been included at:

	1994	1993
Cost at 31.12.94	867,807	867,807
Aggregate depreciation at 31.12.94	<u>112,718</u>	<u>99,362</u>
Net book value at 31.12.94	<u>£980,525</u>	<u>£768,445</u>

9. **FIXED ASSETS (continued)**

(b)	Investments	1994	1993
	Life assurance premium	73,710	65,581
	Unquoted shares in subsidiaries at cost	<u>176,244</u>	<u>196,244</u>
		<u>£249,954</u>	<u>£261,825</u>

The following were subsidiary companies at the end of the year:-

	Country of registration	Class of shares	Effective proportion held by company %
Curtis Holt (Southampton) Ltd	England	Ordinary	75
Finnie & Company Ltd	Scotland	Ordinary Preference	100 100
Zebra Tool Company Ltd	England	Ordinary	75

The shares in Zebra Tool Company are held through Curtis Holt (Southampton) Limited which holds the whole of the issued share capital in that company.

		1994	1993
10.	STOCKS		
	Goods for re-sale	<u>£5,524,521</u>	<u>£3,957,151</u>
11.	DEBTORS		
	Trade debtors	5,217,488	3,442,628
	Amounts owed by group companies	2,078,052	879,949
	Other debtors	36,495	251,551
	Prepayments and accrued income	<u>246,705</u>	<u>184,579</u>
		<u>£7,578,740</u>	<u>£4,758,707</u>

13. SHARE CAPITAL		1994	1993
Authorised			
20,000 Ordinary shares of £1 each		<u>£20,000</u>	<u>£20,000</u>
Issued and fully paid			
17,303 Ordinary shares of £1 each		<u>£17,303</u>	<u>£17,303</u>
14. RESERVES	Revaluation reserve	Revenue reserve	Total
At 01.01.94	113,268	3,783,728	3,896,996
Retained profit for the year	-	<u>467,767</u>	<u>467,767</u>
At 31.12.94	<u>£113,268</u>	<u>£4,251,495</u>	<u>£4,364,763</u>
15. CAPITAL EXPENDITURE		1994	1993
i) Authorised but not contracted		<u>£ Nil</u>	<u>£ Nil</u>
ii) Contracted for but not provided in the financial statements		<u>£ Nil</u>	<u>£ Nil</u>

16. PENSIONS AND COMMITMENTS

The company 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 was at 1 February 1992, when the market value of the scheme's assets was shown as £2.37m which was sufficient, in the opinion of the actuary, to cover liabilities accrued at that date.

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS		1994	1993
Total hire purchase payments outstanding		234,016	190,985
Less: Finance charges allocated to future periods		<u>(15,434)</u>	<u>(11,025)</u>
		<u>£218,582</u>	<u>£179,960</u>
Disclosed in the accounts as follows:			
Due within one year		165,306	121,318
Due between two and five years		<u>53,276</u>	<u>58,642</u>
		<u>£218,582</u>	<u>£179,960</u>

18. OPERATING LEASES

Lease payments on operating leases are written off in the year in which they are incurred.

	1994		1993	
	Leasehold property	Equipment	Leasehold Property	Equipment
NET OBLIGATIONS - operating leases				
Rentals due within one year for agreements terminating:				
- within one year	-	-	-	-
- after one year within five years	110,870	2,057	110,870	2,057
- after five years	<u>86,280</u>	<u>1,682</u>	<u>86,280</u>	<u>1,652</u>
	<u>£197,159</u>	<u>£3,709</u>	<u>£197,150</u>	<u>£3,709</u>

19. STATUS AND ULTIMATE PARENT COMPANY

Curtis Holt Limited's ultimate parent company is Dormole Limited, a company incorporated in England and which effectively controls 100% of the voting rights of the company's issued share capital.

20. NOTES TO CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING PROFIT TO NET
CASH FLOW FROM OPERATING ACTIVITIES

	1994	1993
Operating profit	1,395,003	1,158,465
Depreciation charge	217,474	228,610
Loss on sale of tangible fixed assets	509	4,873
(Increase)/decrease in stock	(1,567,370)	438,846
(Increase) in debtors	(2,820,033)	(413,028)
Increase in creditors	<u>2,735,953</u>	<u>1,259,010</u>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	<u>£ (38,464)</u>	<u>£2,676,776</u>

(b) ANALYSIS OF CHANGES IN CASH AND CASH
EQUIVALENTS DURING THE YEAR

At 01.01.94	(777,071)	(2,220,695)
Net cash (outflow)/inflow	<u>(1,127,955)</u>	<u>1,443,624</u>
At 31.12.94	<u>£(1,905,026)</u>	<u>£ (777,071)</u>

(c) ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1994	1993	Change in year
Cash at bank and in hand	-	3,040	(3,040)
Bank overdrafts	<u>(1,905,026)</u>	<u>(780,111)</u>	<u>(1,124,915)</u>
	<u>£(1,905,026)</u>	<u>£(777,071)</u>	<u>£(1,127,955)</u>