

CURTIS HOLT LIMITED
REPORTS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1999



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

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

AC09999

The directors present their annual report together with the audited financial statements for the year ended 31 December 1999.

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 **£46,959,000** (1998: £45,192,000).

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation was **£1,771,000** (1998: £2,184,000). Dividends of **£64.71** per ordinary share (1998 £78.53) were paid during the year.

FUTURE DEVELOPMENTS

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

EVENTS SINCE THE END OF THE YEAR

No significant events have occurred since the end of the year.

FIXED ASSETS

The movements in fixed assets during the year are set out in note 9 to 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.

- 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 May 2000

To the members of Curtis Holt Limited:

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7.

Respective responsibilities of directors and auditors

As described on pages 1 to 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

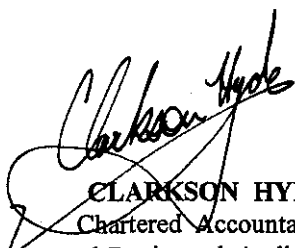
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgements 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 1999 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 May 2000

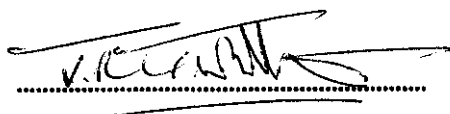
	Note	1999 £'000	1998 £'000
TURNOVER	2	46,959	45,192
Cost of sales		<u>36,920</u>	<u>35,431</u>
Gross profit		10,039	9,761
Net operating expenses	3	<u>7,710</u>	<u>7,287</u>
OPERATING PROFIT	4	2,329	2,474
Dividend receivable		<u>491</u>	<u>905</u>
		2,820	3,379
Interest payable	6	<u>415</u>	<u>551</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,405	2,828
Taxation on profit on ordinary activities	7	<u>634</u>	<u>644</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,771	2,184
Dividends	8	<u>1,100</u>	<u>1,335</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	<u>671</u>	<u>849</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 operations during the current or preceding year. All the turnover was derived from continuing operations.

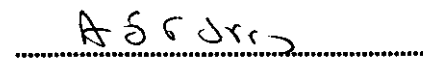
	Note	1999 £'000	1998 £'000
FIXED ASSETS			
Tangible assets	9(a)	1,023	981
Investments	9(b)	<u>571</u>	<u>551</u>
		1,594	1,532
CURRENT ASSETS			
Stocks	10	7,305	7,813
Debtors	11	9,028	9,303
Cash at bank and in hand		<u>4</u>	<u>7</u>
		16,337	17,123
CREDITORS - amounts falling due within one year	12(a)	<u>10,512</u>	<u>11,860</u>
NET CURRENT ASSETS		<u>5,825</u>	<u>5,263</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,419	6,795
CREDITORS - amounts falling due after more than one year	12(b)	<u>114</u>	<u>161</u>
		<u>7,305</u>	<u>6,634</u>
CAPITAL AND RESERVES			
Share capital	13	17	17
Reserves	14	<u>7,288</u>	<u>6,617</u>
		<u>7,305</u>	<u>6,634</u>

Approved by the board on 30 May 2000

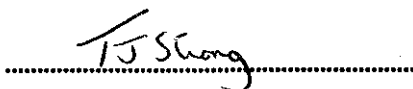
J R C Twallin



A J T Strong



T J Strong



1. ACCOUNTING POLICIES

(a) BASIS OF PREPARATION AND CONSOLIDATION

The financial statements have been prepared under the historical cost convention 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.

The company has taken advantage of the exemptions under FRS1 (revised 1996) as a wholly owned subsidiary in not preparing a cash flow statement.

(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
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.

	1999 £'000	1998 £'000
3. NET OPERATING EXPENSES		
Administrative expenses (incl. distribution)	<u>7,710</u>	<u>7,287</u>
4. OPERATING PROFIT		
Is stated after charging/(crediting):		
Directors' remuneration	-	-
Auditors' remuneration - audit	64	63
- other	5	3
Depreciation	450	454
Profit on disposal of fixed assets	(26)	(9)
Hire of equipment	<u>29</u>	<u>19</u>
5. EMPLOYEE INFORMATION	No's	No's
(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	175	166
Administrative and management	<u>106</u>	<u>107</u>
	<u>281</u>	<u>273</u>
(b) Company employment costs - all employees including executive directors:	£'000	£'000
Aggregate gross wages and salaries	3,889	3,847
Employer's national insurance contributions	340	352
Employer's pension contributions	<u>220</u>	<u>216</u>
Total direct costs of employment	<u>4,449</u>	<u>4,415</u>

	1999 £'000	1998 £'000
6. INTEREST PAYABLE		
Bank overdraft	321	445
Loans wholly repayable within 5 years	49	55
Loans not wholly repayable within 5 years	8	10
Finance leases and hire purchase contracts	<u>37</u>	<u>41</u>
	<u>415</u>	<u>551</u>
7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
UK corporation tax at 30.25% (1998: 31%)	480	385
Subvention payments with regard to group loss relief	<u>154</u>	<u>259</u>
Tax charge for the year	<u>634</u>	<u>644</u>
8. DIVIDENDS		
Dividend paid	<u>1,100</u>	<u>1,335</u>

9. FIXED ASSETS

(a) Tangible assets

	Short Leasehold	Fittings & equipment	Computers	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
COST					
At 01.01.99	116	628	203	1,578	2,525
Additions	2	66	4	514	586
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(408)</u>	<u>(408)</u>
At 31.12.99	<u>118</u>	<u>694</u>	<u>207</u>	<u>1,684</u>	<u>2,703</u>
DEPRECIATION					
At 01.01.99	81	400	188	875	1,544
Charge for the year	13	88	10	339	450
Eliminated on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(314)</u>	<u>(314)</u>
At 31.12.99	<u>94</u>	<u>488</u>	<u>198</u>	<u>900</u>	<u>1,680</u>
NET BOOK VALUE					
At 31.12.99	<u>24</u>	<u>206</u>	<u>9</u>	<u>784</u>	<u>1,023</u>
At 31.12.98	<u>35</u>	<u>228</u>	<u>15</u>	<u>703</u>	<u>981</u>
At 31.12.99 assets held under hire purchase and finance leases included above were as follows:	Cost	23		627	650
	Accumulated depreciation	<u>9</u>		<u>195</u>	<u>204</u>
	Net Book Value	<u>14</u>		<u>432</u>	<u>446</u>

	1999 £'000	1998 £'000
9. FIXED ASSETS (Cont)		
b) Investments		
Unquoted shares in subsidiaries :		
At 01.01.99	551	531
Additions (see below)	<u>20</u>	<u>20</u>
At 31.12.99	<u>571</u>	<u>551</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	100
		6% Voting Cum Preference	95
Finnie & Company Ltd	Scotland	Ordinary	100
Zebra Tool Company Ltd	England	Ordinary	100

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. The company is committed to acquiring from another shareholder the remaining 20,000 £1 6% voting cumulative preference shares in Curtis Holt (Southampton) Limited at par on 30 September 2000, this purchase being conditional upon agreed satisfactory profit levels being achieved.

	1999 £'000	1998 £'000
10. STOCKS		
Goods for re-sale	<u>7,305</u>	<u>7,813</u>
11. DEBTORS		
Trade debtors	7,731	7,644
Amounts owed by group companies	968	1,308
Other debtors	-	45
Prepayments and accrued income	<u>329</u>	<u>306</u>
	<u>9,028</u>	<u>9,303</u>

	1999 £'000	1998 £'000
12. CREDITORS		
(a) Amounts falling due within one year:		
10% unsecured loan stock	-	4
Bank overdraft (i)	4,633	6,671
Other secured loans	60	60
Trade creditors	2,794	2,170
Hire purchase	323	268
Corporation tax	492	367
Other creditors including taxation and social security	1,709	1,695
Accruals and deferred income	<u>501</u>	<u>625</u>
	<u>10,512</u>	<u>11,860</u>

- (i) The bank loans and overdrafts are secured by fixed and floating charges over the company's assets together with joint and several unlimited multilateral cross guarantees between the group companies.

	1999 £'000	1998 £'000
(b) Amounts falling due after more than one year:		
Other secured loans	-	60
Hire purchase	<u>114</u>	<u>101</u>
	<u>114</u>	<u>161</u>

13. SHARE CAPITAL

Authorised

20,000 Ordinary shares of £1 each	<u>20</u>	<u>20</u>
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Issued and fully paid

17,303 Ordinary shares of £1 each	<u>17</u>	<u>17</u>
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1999

£'000

14. RESERVES

At 01.01.99	6,617
Retained profit for the year	<u>671</u>
At 31.12.99	<u>7,288</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

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

	1999 £'000	1998 £'000
16. CAPITAL EXPENDITURE		
i) Authorised but not contracted	<u>55</u>	<u>118</u>
ii) Contracted for but not provided in the financial statements	<u>68</u>	<u>7</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 1997, when the market value of the scheme's assets was shown as £4.9m which was sufficient, in the opinion of the actuary, to cover liabilities accrued at that date.

	1999 £'000	1998 £'000
18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS		
Total hire purchase payments outstanding	461	390
Less: Finance charges allocated to future periods	<u>(24)</u>	<u>(21)</u>
	<u>437</u>	<u>369</u>

Disclosed in the accounts as follows:

Due within one year	323	268
Due between two and five years	<u>114</u>	<u>101</u>
	<u>437</u>	<u>369</u>

19. OPERATING LEASES

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

	1999		1998	
	Leasehold property £'000	Equipment £'000	Leasehold property £'000	Equipment £'000
NET OBLIGATIONS - operating leases				
Rentals due within one year for agreements terminating:				
- after one year within five years	-	9	-	13
- after five years	<u>433</u>	<u>-</u>	<u>437</u>	<u>-</u>
	<u>433</u>	<u>9</u>	<u>437</u>	<u>13</u>

20. ULTIMATE PARENT COMPANY

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