

CURTIS HOLT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002



CURTIS HOLT LIMITED

COMPANY INFORMATION

Directors	J R C Twallin S C Morris A J T Strong T J Strong
Secretary	S C Morris
Company number	529964
Registered office	Long Reach, Galleon Boulevard Crossways Business Park Dartford Kent DA2 6QE
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

CURTIS HOLT LIMITED

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CURTIS HOLT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and financial statements for the year ended 31 December 2002.

Principal activities and review of the business

The principal activity of the company continued to be that of distributors of hand tools and allied products.

On 1 January 2002, Curtis Holt (Southampton) Limited and HTD Limited transferred all their assets, liabilities and trading to Curtis Holt Limited.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

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

An interim ordinary dividend was paid amounting to £1,450,000. The directors do not recommend payment of a final dividend.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Post balance sheet events

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

Future developments

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

Directors

The following directors have held office since 1 January 2002:

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

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2002	1 January 2002
J R C Twallin	-	-
S C Morris	-	-
A J T Strong	-	-
T J Strong	-	-

The interests of the directors in the share capital of the parent company are disclosed within the financial statements of that company.

CURTIS HOLT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 38 (2001- 52) days' purchases.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Clarkson Hyde be reappointed as auditors of the company will be put to the Annual General Meeting.

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 affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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.

On behalf of the board



S C Morris

Director

20 October 2003

CURTIS HOLT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CURTIS HOLT LIMITED

We have audited the financial statements of Curtis Holt Limited on pages 4 to 14 for the year ended 31 December 2002. 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 members, 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 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.

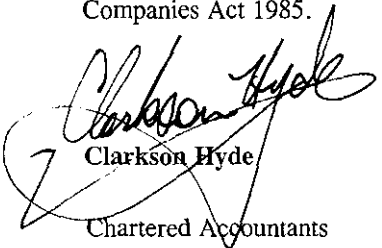
Basis of audit opinion

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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Clarkson Hyde

Chartered Accountants
Registered Auditor

20 October 2003

137-143 High Street
Sutton
Surrey
SM1 1JH


Clarkson Hyde
CHARTERED ACCOUNTANTS

CURTIS HOLT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	2002 £ '000	2001 £ '000
Turnover	2	79,706	53,459
Cost of sales		(62,681)	(42,137)
Gross profit		17,025	11,322
Distribution costs		(1,524)	(1,025)
Administrative expenses		(12,534)	(8,372)
Other operating income		38	11
Operating profit	3	3,005	1,936
Investment income	4	-	678
Interest payable and similar charges	5	(415)	(254)
Profit on ordinary activities before taxation		2,590	2,360
Tax on profit on ordinary activities	6	(777)	(552)
Profit on ordinary activities after taxation		1,813	1,808
Dividends	7	(1,450)	(1,568)
Retained profit for the year	17	363	240

The profit and loss account has been prepared on the basis that all operations are continuing operations.

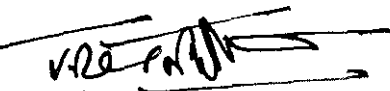
There are no recognised gains and losses other than those passing through the profit and loss account.

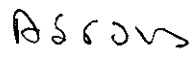
CURTIS HOLT LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2002**

		2002		2001	
	Notes	£ '000	£ '000	£ '000	£ '000
Fixed assets					
Tangible assets	8		1,784		1,401
Investments	9		887		591
			<u>2,671</u>		<u>1,992</u>
Current assets					
Stocks	10	11,261		8,453	
Debtors	11	14,168		10,971	
Cash at bank and in hand		6		4	
		<u>25,435</u>		<u>19,428</u>	
Creditors: amounts falling due within one year	12	(19,170)		(12,818)	
Net current assets			<u>6,265</u>		<u>6,610</u>
Total assets less current liabilities			<u>8,936</u>		<u>8,602</u>
Creditors: amounts falling due after more than one year	13		(172)		(201)
			<u>8,764</u>		<u>8,401</u>
Capital and reserves					
Called up share capital	16		17		17
Profit and loss account	17		8,747		8,384
Shareholders' funds - equity interests	18		<u>8,764</u>		<u>8,401</u>

The financial statements were approved by the Board on 20 October 2003


J R C Twallin
Director


A J T Strong
Director

CURTIS HOLT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	The shorter of the term of the lease or 50 years
Computer equipment	33.3% Straight line (hardware) & 50% Straight line (software)
Fixtures, fittings & equipment	20% - 33.3% Straight line
Motor vehicles	25% Reducing balance (cars) & 33.3% Straight line (vans)

1.5 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 using the sum of the digits method.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

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

1.8 Pensions

Until 30 September 2001 the company operated a Defined Benefit Scheme, whereby contributions to the group scheme were charged to the profit and loss account so as to spread the cost of the pension over employees' working lives with the Group. Contributions were based on actuarial valuations. With effect from 1 October 2001 the company has operated a Defined Contribution Scheme and the company's share of the contributions to the scheme, with effect from this date, are charged to the profit and loss account.

CURTIS HOLT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

(continued)

1.9 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard requires a prior period adjustment to be made to recognise the asset which existed at the start of the financial year and which was not recognised under the old accounting policy. This has increased the debtors and increased the retained profits by £80,832.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Dormole Limited, a company incorporated in England, and is included in the consolidated accounts of that company.

2 Turnover

Geographical market

	Turnover	
	2002	2001
	£ '000	£ '000
United Kingdom	77,631	51,614
E.C countries	2,075	1,845
	<u>79,706</u>	<u>53,459</u>

3 Operating profit

	2002	2001
	£ '000	£ '000
Operating profit is stated after charging:		
Depreciation of tangible assets	755	532
Loss on disposal of tangible assets	7	11
Auditors' remuneration	101	59
and after crediting:		
Profit on foreign exchange transactions	(25)	-

CURTIS HOLT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

4	Investment income	2002 £ '000	2001 £ '000
	Income from shares in group undertakings	-	678
5	Interest payable	2002 £ '000	2001 £ '000
	On bank loans and overdrafts	340	192
	On other loans wholly repayable within 5 years	19	12
	Hire purchase interest	56	50
		415	254
6	Taxation	2002 £ '000	2001 £ '000
	Domestic current year tax		
	U.K. corporation tax	830	571
	Current tax charge	830	571
	Deferred tax		
	Deferred tax charge/credit current year	(53)	(19)
		777	552
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	2,590	2,360
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2001: 30.00 %)	777	708
	Effects of:		
	Non deductible expenses	40	28
	Depreciation add back	226	160
	Capital allowances	(210)	(156)
	Dividends and distributions received	-	(203)
	Other tax adjustments	(3)	34
		53	(137)
	Current tax charge	830	571

CURTIS HOLT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

7	Dividends	2002	2001
		£ '000	£ '000
	Ordinary interim paid	1,450	1,568

8	Tangible fixed assets					
		Land and buildings Leasehold	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
		£ '000	£ '000	£ '000	£ '000	£ '000
	Cost					
	At 1 January 2002	125	176	1,068	1,894	3,263
	Intra group transfers	-	69	209	787	1,065
	Additions	-	54	92	745	-
	Disposals	-	(49)	(21)	(569)	(639)
	At 31 December 2002	125	250	1,348	2,857	4,580
	Depreciation					
	At 1 January 2002	115	172	575	1,000	1,862
	Intra group transfers	-	58	174	448	680
	On disposals	-	(49)	(21)	(431)	(501)
	Charge for the year	8	20	177	550	755
	At 31 December 2002	123	201	905	1,567	2,796
	Net book value					
	At 31 December 2002	2	49	443	1,290	1,784
	At 31 December 2001	10	4	493	894	1,401

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

	Fixtures, fittings & equipment	Motor vehicles	Total
	£ '000	£ '000	£ '000
Net book values			
At 31 December 2002	155	962	1,117
At 31 December 2001	197	631	828
Depreciation charge for the year			
31 December 2002	47	298	345
31 December 2001	35	210	245

CURTIS HOLT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

9 Fixed asset investments

	Unlisted investments £ '000	Shares in group undertakings £ '000	Total £ '000
Cost			
At 1 January 2002	-	591	591
Additions	289	7	296
	<u>289</u>	<u>598</u>	<u>887</u>
At 31 December 2002	289	598	887
	<u>289</u>	<u>598</u>	<u>887</u>
	Directors' valuation £ '000		Directors' valuation £ '000
At 31 December 2002	289		289
	<u>289</u>		<u>289</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Finnie & Company Ltd	Scotland	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2002 £ '000	Profit for the year 2002 £ '000
Finnie & Company Ltd	<u>1,358</u>	<u>50</u>

10 Stocks

	2002 £ '000	2001 £ '000
Finished goods and goods for resale	<u>11,261</u>	<u>8,453</u>

CURTIS HOLT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

11 Debtors	2002	2001
	£ '000	£ '000
Trade debtors	13,242	9,774
Amounts owed by parent and fellow subsidiary undertakings	-	639
Amounts owed by participating interests	118	-
Other debtors	41	29
Prepayments and accrued income	633	448
Deferred tax asset (see note 14)	134	81
	<u>14,168</u>	<u>10,971</u>

12 Creditors: amounts falling due within one year	2002	2001
	£ '000	£ '000
Bank loans and overdrafts	6,401	3,558
Net obligations under hire purchase contracts	533	424
Trade creditors	6,459	5,975
Amounts owed to parent and fellow subsidiary undertakings	2,636	-
Corporation tax	853	591
Other taxes and social security costs	1,352	1,631
Other creditors	145	7
Accruals and deferred income	791	632
	<u>19,170</u>	<u>12,818</u>

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

13 Creditors: amounts falling due after more than one year	2002	2001
	£ '000	£ '000
Net obligations under hire purchase contracts	<u>172</u>	<u>201</u>
Net obligations under hire purchase contracts		
Repayable within one year	560	465
Repayable between one and five years	176	195
	<u>736</u>	<u>660</u>
Finance charges and interest allocated to future accounting periods	(31)	(35)
	<u>705</u>	<u>625</u>
Included in liabilities falling due within one year	(533)	(424)
	<u>172</u>	<u>201</u>

CURTIS HOLT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

14 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 11) is made up as follows:

	2002 £ '000	
Balance at 1 January 2002	(81)	
Profit and loss account	(53)	
	<u>(134)</u>	
Balance at 31 December 2002	<u>(134)</u>	
	2002 £ '000	2001 £ '000
Accelerated capital allowances	<u>(134)</u>	<u>(81)</u>

15 Pension costs

Defined contribution

The company together with other group companies participates in the Toolbank Retirement Benefit Scheme. Full details of this are disclosed in the notes to the accounts of the parent company.

	2002 £ '000	2001 £ '000
Contributions payable by the company for the year	<u>328</u>	<u>239</u>

16 Share capital

	2002 £ '000	2001 £ '000
Authorised		
20,000 Ordinary shares of £1 each	<u>20</u>	<u>20</u>
Allotted, called up and fully paid		
17,303 Ordinary shares of £1 each	<u>17</u>	<u>17</u>

CURTIS HOLT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002**

17 Statement of movements on profit and loss account

	Profit and loss account
	£ '000
Balance at 1 January 2002	8,384
Retained profit for the year	363
Balance at 31 December 2002	8,747

18 Reconciliation of movements in shareholders' funds

	2002 £ '000	2001 £ '000
Profit for the financial year	1,813	1,808
Dividends	(1,450)	(1,568)
Net addition to shareholders' funds	363	240
Opening shareholders' funds	8,401	8,161
Closing shareholders' funds	8,764	8,401

19 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002 £ '000	2001 £ '000
Expiry date:		
Within one year	160	67
Between two and five years	72	93
In over five years	95	95
	327	255

20 Capital commitments

	2002 £ '000	2001 £ '000
At 31 December 2002 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	162	85
Authorised but not contracted for	86	46

CURTIS HOLT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2002 Number	2001 Number
Distribution and service	296	191
Administrative and management	165	109
	<u>461</u>	<u>300</u>

Employment costs

	£ '000	£ '000
Wages and salaries	7,591	4,811
Other pension costs	328	239
	<u>7,919</u>	<u>5,050</u>

22 Control

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