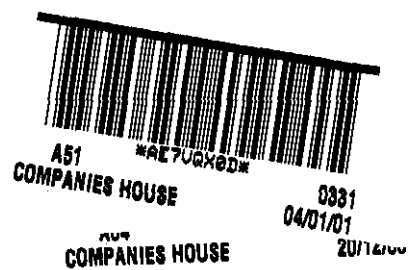


Home Hardware Southwest Limited

Abbreviated Annual Report

Year Ended 30 June 2000

Company Registration Number 716921



Home Hardware Southwest Limited

Financial Statements

Year ended 30 June 2000

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Home Hardware Southwest Limited

Officers and Professional Advisers

Year ended 30 June 2000

Directors:	JR Fewings	(Executive Chairman)
	PF Slee	(Vice Chairman)
	GR Kingdon	
	MB Elliott	(Managing Director)
	SL Davey	(Finance Director)
	NG Pedlar	
	CM Blanchard	
	DC Adams	
	I Follett	
	EG Bunce	

Secretary: GR Kingdon

Registered Office: Upcott Avenue
Pottington Business Park
Barnstaple
Devon
EX31 1NZ

Bankers: National Westminster Bank Plc
High Street
Barnstaple
Devon
EX31 1DA

Solicitors: Bevan Ashford
Curzon House
Southernhay West
Exeter
Devon
EX4 3LY

Auditors: Francis Clark
Southernhay House
36 Southernhay East
Exeter
Devon
EX1 1NX

Home Hardware Southwest Limited

Directors' Report

Year ended 30 June 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2000.

Principal Activities and Business Review

The principal activity of the company during the year was the wholesale distribution of hardware and horticultural goods.

The directors are satisfied with the performance of the company during the year and with its position at the year end.

Results and Dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The Directors and their Interests in Shares of the Company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	At 30 June 2000		At 1 July 1999
	Ordinary A	Ordinary B	Ordinary
J R Fewings	2,250	69,141	23,797
P F Slec	1,500	75,225	25,575
G R Kingdon	1,500	9,522	3,674
M B Elliott	1,500	9,060	3,520
S L Davey	-	-	-
N G Pedlar	1,500	50,748	17,416
C M Blanchard	1,500	19,005	1,140
D C Adams	1,500	9,555	300
I Follett	1,500	-	500
E G Bunce	-	-	-

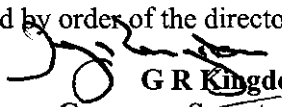
Purchase of Own Shares

During the year the company purchased 7,212 shares of £7,212 nominal value for a total consideration of £18,030. The shares purchased represented 3.54% of the company's called up share capital at the date of purchase. The shares were purchased for bona fide commercial reasons.

Auditors

A resolution to re-appoint Francis Clark as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors


G R Kingdon
Company Secretary

Home Hardware Southwest Limited

Statement of Directors' Responsibilities

Year ended 30 June 2000

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on page 12, 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; and

- 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. The directors 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.

Home Hardware Southwest Limited

Auditors' Report to the Company

Pursuant to Section 247b of the Companies Act 1985

We have examined the abbreviated accounts on pages 5 to 16, together with the financial statements of the company for the year ended 30 June 2000 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of the Directors and the Auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 16 are properly prepared in accordance with those provisions.

Francis Clark
Chartered Accountants
36 Southernhay East
Exeter
Devon
EX1 1NX

25 October 2000



Francis Clark
Registered Auditors

Home Hardware Southwest Limited

Abbreviated Profit and Loss Account

Year Ended 30 June 2000

	Note	2000 £	1999 £
Gross Profit		1,284,872	1,114,647
Distribution Costs		(247,678)	(209,266)
Administrative expenses		(937,207)	(855,319)
Other operating income		118,224	102,999
Operating Profit	3	218,211	153,061
Interest receivable and similar income		9,364	6,415
Interest payable and similar charges	6	(81,433)	(82,510)
Profit on Ordinary Activities Before Taxation		146,142	76,966
Tax on profit on ordinary activities	7	(32,762)	(18,300)
Profit on Ordinary Activities After Taxation		113,380	58,666
Dividends	8	-	(11,790)
Retained Profit for the Financial Year		113,380	46,876

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

Home Hardware Southwest Limited

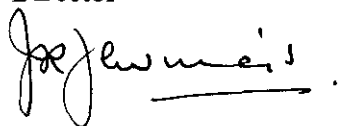
Abbreviated Balance Sheet

30 June 2000

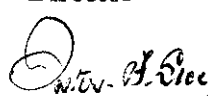
	Note	2000 £	1999 £
Fixed Assets			
Tangible assets	9	938,637	949,739
Investments	10	10,144	10,144
		<u>948,781</u>	<u>959,883</u>
Current Assets			
Stocks	11	1,030,456	989,854
Debtors	12	1,342,049	1,196,221
Cash at bank		248	141
		<u>2,372,753</u>	<u>2,186,216</u>
Creditors: Amounts falling due within one year	13	<u>(1,882,227)</u>	<u>(1,757,721)</u>
Net Current Assets		<u>490,526</u>	<u>428,495</u>
Total Assets Less Current Liabilities		<u>1,439,307</u>	<u>1,388,378</u>
Creditors: Amounts falling due after more than one year	14	<u>(399,107)</u>	<u>(427,730)</u>
		<u>1,040,200</u>	<u>960,648</u>
Provisions for Liabilities and Charges			
Other provisions	15	-	(15,798)
		<u>1,040,200</u>	<u>944,850</u>
Capital and Reserves			
Called-up equity share capital	18	589,908	203,848
Share premium account	19	-	5,800
Revaluation reserve		167,854	167,854
Profit and loss account	20	282,438	567,348
Shareholders' Funds	22	<u>1,040,200</u>	<u>944,850</u>

These financial statements were approved by the directors on 9 October 2000 and were signed on their behalf by:

J R Fewings
Director



P F Slee
Director



These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

Home Hardware Southwest Limited

Cash Flow Statement

Year Ended 30 June 2000

	Note	2000 £	1999 £
Net Cash Inflow/(Outflow) From Operating Activities	23	334,632	(176,987)
Returns on Investments and Servicing of Finance			
Interest received		9,364	6,415
Interest paid		(75,508)	(74,970)
Interest element of finance lease rental payments		(5,925)	(8,200)
Net Cash Outflow From Returns on Investments and Servicing of Finance		(72,069)	(76,755)
Taxation		(16,642)	-
Capital Expenditure			
Payments to acquire tangible fixed assets		(33,433)	(23,240)
Net Cash Outflow From Capital Expenditure		(33,433)	(23,240)
Equity Dividends Paid		(11,790)	-
Cash Inflow/(Outflow) Before Financing		200,698	(276,982)
Financing			
Receipts from members' loans		16,175	78,000
Repayments of members' loans		(2,945)	(1,473)
Receipts from hire purchase (finance lease) loans		7,329	6,413
Repayments of bank loans		(21,474)	(18,194)
Capital element of hire purchase (finance lease) loans		(22,758)	(22,463)
Payments to purchase own shares		(18,030)	-
Net Cash (Outflow)/Inflow From Financing		(41,703)	42,283
Increase/(Decrease) in Cash	24	<u>158,995</u>	<u>(234,699)</u>

Home Hardware Southwest Limited

Notes to the Financial Statements

Year Ended 30 June 2000

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

(b) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

(c) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line
Plant & Machinery	- 10% - 25% straight line

In previous years the company has stated that the useful economic lives of its freehold properties are so long and the residual values so high that any depreciation charge was immaterial. The company agrees with the theory of "consumption" and has charged depreciation against the book value of its properties, other than those earmarked for future use as investment properties, amounting to £6,500. There is no corresponding prior year adjustment since the previous policy was to depreciate properties at nil%.

(d) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(e) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

(f) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Home Hardware Southwest Limited

Notes to the Financial Statements

Year Ended 30 June 2000

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

3. Operating Profit

Operating profit is stated after charging:

	2000 £	1999 £
Depreciation	44,535	33,524
Auditors' remuneration - as auditors	<u>6,000</u>	<u>6,000</u>

4. Particulars of Employees

The average number of staff employed by the company during the financial year amounted to:

	2000 No.	1999 No.
Number of distribution staff	24	23
Number of administrative staff	<u>26</u>	<u>24</u>
	<u>50</u>	<u>47</u>

The aggregate payroll costs of the above were:

	2000 £	1999 £
Wages and salaries	623,424	552,031
Social security costs	52,273	46,672
Other pension costs	<u>18,355</u>	<u>19,296</u>
	<u>694,052</u>	<u>617,999</u>

Home Hardware Southwest Limited

Notes to the Financial Statements

Year Ended 30 June 2000

5. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2000 £	1999 £
Emoluments receivable	136,586	101,234
Value of company pension contributions to money purchase schemes	17,931	19,047
	<u>154,517</u>	<u>120,281</u>

6. Interest Payable and Similar Charges

	2000 £	1999 £
Interest payable on bank borrowing	70,310	74,441
Finance charges	5,925	7,540
Other similar charges payable	5,198	529
	<u>81,433</u>	<u>82,510</u>

7. Tax on Profit on Ordinary Activities

	2000 £	1999 £
In respect of the year:		
Corporation tax based on the results for the year at 20% (1999 20.8%)	33,284	18,300
Adjustment in respect of previous years:		
Corporation tax	(522)	-
	<u>32,762</u>	<u>18,300</u>

8. Dividends

No dividend has been recommended for the year ended 30 June 2000.

	2000 £	1999 £
Dividends paid on equity shares	-	11,790

Home Hardware Southwest Limited

Notes to the Financial Statements

Year Ended 30 June 2000

9. Tangible Fixed Assets

	Freehold Property £	Plant & Machinery £	Total £
Cost Or Valuation			
At 1 July 1999	835,000	260,023	1,095,023
Additions	-	33,433	33,433
At 30 June 2000	835,000	293,456	1,128,456
Depreciation			
At 1 July 1999	-	145,284	145,284
Charge for the year	6,500	38,035	44,535
At 30 June 2000	6,500	183,319	189,819
Net Book Value			
At 30 June 2000	828,500	110,137	938,637
At 30 June 1999	835,000	114,739	949,739

Hire purchase agreements

Included within the net book value of £938,637 is £82,182 (1999 - £85,704) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £21,665 (1999 - £20,071).

Capital commitments

	2000 £	1999 £
Contracted but not provided for in the accounts	55,000	-

10. Investments

	Overseas Securities £	Unlisted UK Shares £	Total £
Cost			
At 1 July 1999 and 30 June 2000	5,394	4,750	10,144
Net Book Value			
At 30 June 2000	5,394	4,750	10,144
At 30 June 1999	5,394	4,750	10,144

Investments are stated at historic cost. Investments in overseas securities represent a non-refundable loan of 50,000 French francs to Ironside International, a corporation registered in France, stated at the exchange rate as at the date of the investment. This loan is subject to conversion into shares at the end of a four year qualifying period.

Home Hardware Southwest Limited

Notes to the Financial Statements

Year Ended 30 June 2000

11. Stocks

	2000	1999
	£	£
Consumables	12,953	12,984
Goods for resale	1,017,503	976,870
	<u>1,030,456</u>	<u>989,854</u>

12. Debtors

	2000	1999
	£	£
Trade debtors	1,274,594	1,112,610
Prepayments and accrued income	67,455	83,611
	<u>1,342,049</u>	<u>1,196,221</u>

13. Creditors: Amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	397,154	562,592
Trade creditors	1,083,274	936,660
Other creditors including taxation and social security:		
Corporation tax	34,420	18,300
PAYE and social security	17,716	13,651
VAT	69,923	32,452
Hire purchase agreements	23,900	22,400
Dividends payable	-	11,790
Members short term loans	40,000	30,000
	<u>1,666,387</u>	<u>1,627,845</u>
Accruals and deferred income	215,840	129,876
	<u>1,882,227</u>	<u>1,757,721</u>

14. Creditors: Amounts falling due after more than one year

	2000	1999
	£	£
Bank loans and overdrafts	255,780	270,704
Other creditors:		
Hire purchase agreements	34,191	51,120
Members short term loans	109,136	105,906
	<u>399,107</u>	<u>427,730</u>

The bank loans and overdrafts are secured by a charge on the company's freehold property and a floating charge over the assets of the company.

Obligations under finance leases and hire purchase agreements are secured by a charge over the items to which they relate.

All creditors except the bank loans fall due within five years.

Home Hardware Southwest Limited

Notes to the Financial Statements

Year Ended 30 June 2000

15. Other Provisions

	2000 £
Provision for building maintenance	
Balance brought forward	13,054
Movement in year	(13,054)
	<u>-</u>
Provision for computer replacement	
Balance brought forward	2,744
Movement in year	(2,744)
	<u>-</u>
Total provisions	<u>-</u>

16. Commitments under Operating Leases

At 30 June 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	2000 £	Assets Other Than Land & Buildings 1999 £
Operating leases which expire:		
Within 1 year	-	23,766
Within 2 to 5 years	67,241	67,241
After more than 5 years	2,326	2,236
	<u>69,567</u>	<u>93,243</u>

17. Related Party Transactions

A number of directors have an interest in the businesses which are customers of the company. Sales to these businesses, all of which were on normal commercial terms, totalled £1,210,711 (1999: £989,796) for the year. The balance due to the company from such businesses, all of which were within normal credit terms, totalled £130,590 (1999: £138,202).

Home Hardware Southwest Limited

Notes to the Financial Statements

Year Ended 30 June 2000

18. Share Capital

Authorised share capital:

	2000 £	1999 £
Equity shares		
500,000 Ordinary shares of £1 each	-	500,000
500,000 Ordinary A shares of £1 each	500,000	-
750,000 Ordinary B shares of £1 each	750,000	-
	<u>1,250,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2000		1999	
	No.	£	No.	£
Equity shares				
Ordinary shares	-	-	203,848	203,848
Ordinary A shares	130,032	130,032	-	-
Ordinary B shares	459,876	459,876	-	-
	<u>589,908</u>	<u>589,908</u>	<u>203,848</u>	<u>203,848</u>

On 15 June 2000 the company adopted new Articles of Association, which re-designated the existing ordinary shares into A and B shares. The first 500 shares of each member's holding was converted into 500 A shares with any balance of their holding being converted into B shares. A two for one bonus issue of A and B shares was also made at this date by capitalising the share premium account of £5,800, the capital redemption reserve of £7,212 and £380,260 standing to the credit of the profit and loss account.

The A and B shares carry equal voting rights, but differ in the following main respects:-

* B shares entitle holders to an 8% cumulative dividend ranking in priority to any other dividends. A shares carry no fixed right to dividend.

* On a winding up, B shares rank in preference to A shares in the participation of realised assets. However, the participation of the B shares is limited to capital, any arrears or accruals of dividend and any amount standing to the credit of the B Reserve. (See note 20.)

* From 1 July 2000 an annual appropriation will be made from the profit and loss account to the B Reserve. The appropriation will be a percentage of the nominal value of the B shares in issue at the end of the year. The percentages to be applied are 8% in year one, 10% in year two, 12% in year three and thereafter.

* On the sale of the company's Vellator property a proportion of any net profit will be appropriated to the B reserve.

During the year the company purchased 7,212 of its own shares of £7,212 nominal value for a total consideration of £18,030. The shares purchased represented 3.54% of the company's called up share capital at the date of purchase.

Home Hardware Southwest Limited

Notes to the Financial Statements

Year Ended 30 June 2000

19. Share Premium Account

	2000 £	1999 £
Balance brought forward	5,800	5,800
Capitalisation on bonus issue	(5,800)	-
	<u>-</u>	<u>5,800</u>

20. Profit and Loss Account

	2000 £	1999 £
Balance brought forward	567,348	520,472
Retained profit for the financial year	113,380	46,876
Purchase of own shares	(18,030)	-
Capitalisation of reserves	(380,260)	-
Balance carried forward	<u>282,438</u>	<u>567,348</u>

Of the balance of £282,438 showing to the credit of the profit and loss account, £220,181 relates to the B reserve.

21. Capital Redemption Reserve

	2000 £	1999 £
Purchase of own shares	7,212	-
Capitalisation on bonus issue	(7,212)	-
	<u>-</u>	<u>-</u>

22. Reconciliation of Movements in Shareholders' Funds

	2000 £	1999 £
Profit for the financial year	113,380	58,666
Dividends	-	(11,790)
	<u>113,380</u>	<u>46,876</u>
Purchase of own shares	(18,030)	-
Net addition to funds	95,350	46,876
Opening shareholders' equity funds	944,850	897,974
Closing shareholders' equity funds	<u>1,040,200</u>	<u>944,850</u>

Home Hardware Southwest Limited

Notes to the Financial Statements

Year Ended 30 June 2000

23. Reconciliation of Operating Profit to Net Cash Inflow/(Outflow) From Operating Activities

	2000 £	1999 £
Operating profit	218,211	153,721
Depreciation	44,535	33,524
Increase in stocks	(40,602)	(7,988)
Increase in debtors	(145,828)	(244,449)
Increase/(decrease) in creditors	274,114	(112,669)
(Decrease)/increase in provisions	(15,798)	874
Net cash inflow/(outflow) from operating activities	<u>334,632</u>	<u>(176,987)</u>

24. Reconciliation of Net Cash Flow to Movement in Net Debt

	2000 £	1999 £
Increase/(Decrease) in cash in the period	158,995	(234,699)
Cash inflow/(outflow) from increase in loan and finance lease/hire purchase financing	<u>23,673</u>	<u>(42,283)</u>
Change in net debt	<u>182,668</u>	<u>(276,982)</u>
Net debt at 1 July 1999	(1,042,581)	(765,599)
Net debt at 30 June 2000	<u>(859,913)</u>	<u>(1,042,581)</u>

25. Analysis of Changes in Net Debt

	At 1 Jul 1999 £	Cash flows £	At 30 Jun 2000 £
Net cash:			
Cash in hand and at bank	141	107	248
Overdrafts	<u>(427,905)</u>	<u>158,888</u>	<u>(269,017)</u>
	<u>(427,764)</u>	<u>158,995</u>	<u>(268,769)</u>
Debt:			
Debt due within 1 year	(134,687)	6,550	(128,137)
Debt due after 1 year	<u>(406,610)</u>	<u>1,694</u>	<u>(404,916)</u>
Finance leases	<u>(73,520)</u>	<u>15,429</u>	<u>(58,091)</u>
	<u>(614,817)</u>	<u>23,673</u>	<u>(591,144)</u>
Net debt	<u>(1,042,581)</u>	<u>182,668</u>	<u>(859,913)</u>