Registration number 00716921

AMENDED
Allows Accounts

Home Hardware Southwest Limited

Annual report and financial statements

for the year ended 30 June 2007



Home Hardware Southwest Limited

Directors, officers and advisors

Directors	J R Fewings	Executive chairman
	P F Slee	
	D C Adams	Deputy chairman
	G R Kingdon	Company secretary
	M B Elliott	Managing director
	S L Davey	Finance director
	N G Pedlar	
	C M Blanchard	
	I Follett	
	E G Bunce	
Secretary	G R Kingdon	
Company Number	00716921	
Registered Office	Upcott Avenue Pottington Business Park Barnstaple Devon EX31 1NZ	
Auditors	Davison Bedworth Limited Chartered Accountants 96 High Street Ilfracombe Devon EX34 9NH	
Business Address	Upcott Avenue Pottington Business Park Barnstaple Devon EX31 1NZ	
Bankers	National Westminster Bank plc 41 High Street Barnstaple Devon EX31 1DA	

Home Hardware Southwest Limited

Annual Report for the year ended 30 June 2007

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Home Hardware Southwest Limited

Directors' Report
for the year ended 30 June 2007

The directors present their annual report, together with the consolidated financial statements for the year ended 30 June 2007

Principal Activity and Review of the Business

The principal activities of the group are the provision of an extensive range of wholesale services to independent hardware retailers as a dealer owned organisation, and the distribution of home hardware and horticultural goods

During the year Home Hardware Southwest Ltd's number of active delivery addresses remained static at 344 as a number of new accounts were closed as not viable or chose not to join as full trading members at the end of the free membership period In the year an additional six retailers became full shareholding members Membership enquiries remain positive and the group continues to successfully expand its delivery area

Home Hardware Distribution Ltd continued to expand its operation successfully in a challenging retail trading environment, the sales growth achieved can be largely attributed to sales to new customers and increased purchases by developing accounts Gross profit rates have been maintained in a competitive wholesale market Control of the wages to sales ratio and transport costs to sales ratio has resulted in the sales and gross profit improvement being reflected in the net result

Mallett & Son Ltd's customer transactions decreased by an average of 4 1% (2006 - 4 4%), however this was offset by a small increase in the average items per sale and average sale value such that the sales for the year decreased by 2 7%

The directors consider the profit on ordinary activities before taxation for the year to be satisfactory given the difficult retail trading conditions during the year The directors consider the state of affairs of the group to be satisfactory at the year end

Results and dividends

The results for the year are set out on page 7 - 8

Particulars of dividends paid and proposed are detailed in the notes to the financial statements

Future developments

The directors are satisfied with the overall trading prospects and look to continue to develop the business over the coming year

Home Hardware Southwest Limited

Directors' Report
for the year ended 30 June 2007

Financial risk managment objectives and policies

The Directors consider the principal risks of the business and the necessary steps to mitigate them as follows

1 Information Technology

The group's trade and in particular sales and purchase ledger processing is heavily dependent upon its computer systems These systems are supported by a combination of in house staff familiar with operational issues and external IT specialists under formal support contracts This is supported by off site data backup routines which would enable systems to be up and running within an acceptable time scale if required

Mallett & Son Ltd's Electronic Point of Sale system makes it heavily dependent upon its computer systems These systems are supported by a combination of in-house staff familiar with the operational issues and external IT specialists under formal support contracts This is supported by off site data backup routines which would enable systems to be up and running within an acceptable time scale if required

2 Credit Risk

The group has ongoing formal systems to manage its exposure to credit risk from members Amounts not received within normal trading terms are carefully monitored by the relevant staff and officers and are regularly reviewed in detail by the board of directors In preparing the accounts full provision is made for debts considered irrecoverable

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below

		Class of share	30/06/07	01/07/06
J R Fewings	Executive chairman	Ordinary "A" shares	2,250	*2,250*
		Ordinary "B" shares	76,119	*76,119*
P F Slee		Ordinary "A" shares	1,500	*1,500*
		Ordinary "B" shares	80,955	*80,955*
D C Adams	Deputy chairman	Ordinary "A" shares	1,500	*1,500*
		Ordinary "B" shares	9,555	*9,555*
G R Kingdon	Company secretary	Ordinary "A" shares	1,500	*1,500*
M B Elliott	Managing director	Ordinary "A" shares	1,500	*1,500*
		Ordinary "B" shares	9,060	*9,060*
S L Davey	Finance director	Ordinary "A" shares	-	-
N G Pedlar		Ordinary "A" shares	1,500	*1,500*
		Ordinary "B" shares	50,748	*50,748*
C M Blanchard		Ordinary "A" shares	1,500	*1,500*
		Ordinary "B" shares	19,005	*19,005*
I Follett		Ordinary "A" shares	1,500	*1,500*
E G Bunce		Ordinary "A" shares	1,500	*1,500*

Home Hardware Southwest Limited

Directors' Report
for the year ended 30 June 2007

Remuneration policy for Executive Directors

There is a duly appointed sub - committee of the Non executive members of the Board, which is responsible for the policy on executive directors pay and remuneration It recommends the actual levels of all elements of the remuneration of all Executive Directors of the Company to the full Board for approval

The committee aims to ensure that the executive directors are rewarded for their contribution to Home Hardware and are motivated to enhance service to members and returns to shareholders The executive remuneration is formally reviewed every two years taking into account factors such as market conditions, affordability, the level of increases awarded to staff generally and the individual's contribution

The Committee intends that the remuneration, both in terms of base salary and total remuneration should be competitive by reference to the individual experience and qualifications of the executive concerned, the role fulfilled, internal relativities and the market in which the company competes This is designed to encourage business success through the retention and motivation of the executives

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 the affairs of the company and of the profit or loss of the company for that year In preparing these the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice

In so far as the directors are aware

-there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

-the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Davison Bedworth Limited be reappointed as auditors of the company will be put to the Annual General Meeting

Home Hardware Southwest Limited

Directors' Report
for the year ended 30 June 2007

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

This report was approved by the Board on 14 September 2007 and signed on its behalf by



G R Kingdon
Company Secretary

Home Hardware Southwest Limited

Independent auditors' report to the shareholders of Home Hardware Southwest Limited

We have audited the financial statements of Home Hardware Southwest Limited for the year ended 30 June 2007 which comprise Group profit and loss account, the Group balance sheet, the company balance sheet, the Group cash flow statement and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and the auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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

Independent auditors' report to the shareholders of Home Hardware Southwest Limited continued

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company and Group's affairs as at 30 June 2007 and of its profit for the year then ended

- the financial statements have been properly prepared in accordance with the Companies Act 1985

- the information given in the Directors' Report is consistent with the financial statements

Davison Bedworth Limited

Davison Bedworth Limited
Chartered Accountants and
Registered Auditors
14 September 2007

96 High Street
Ilfracombe
Devon EX34 9NH

Home Hardware Southwest Limited

Group Profit and Loss Account
for the year ended 30 June 2007

		Continuing operations	
		2007	2006
	Notes	£	£
Turnover	2	21,525,792	*20,025,661*
Cost of sales		(17,144,522)	*(16,029,197)*
Gross profit		4,381,270	*3,996,464*
Distribution costs		(1,430,182)	*(1,288,586)*
Administrative expenses		(2,734,642)	*(2,657,006)*
Other operating income		293,503	*250,107*
Group operating profit	3	509,949	*300,979*
Interest receivable and similar income	4	8,742	*13,300*
Interest payable and similar charges	5	(110,634)	*(108,178)*
Profit on ordinary activities before taxation		408,057	*206,101*
Tax on profit on ordinary activities	8	(118,625)	*(54,454)*
Profit on ordinary activities after taxation		289,432	*151,647*
Minority Interests Equity		(39,212)	*(18,376)*
Profit for the financial year		250,220	*133,271*
Dividends		(36,298)	*(36,298)*
Retained profit for the group		213,922	*96,973*
Retained profit brought forward	23	692,294	*593,047*
Reserve movements		2,279	*2,274*
Retained profit carried forward		908,495	*692,294*

There are no recognised gains or losses other than the profit or loss for the above two financial years

None of the group's activities was acquired or discontinued during the above two financial years

The notes on pages 12 to 32 form an integral part of these financial statements.

Home Hardware Southwest Limited

Group note of historical cost profits and losses for the year ended 30 June 2007

	2007	2006
	£	£
Profit on ordinary activities before taxation	408,057	*206,101*
Difference between an historic cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	2,279	*2,274*
Historic cost profit on ordinary activities before taxation	410,336	*208,375*
Historic cost profit on ordinary activities after taxation and minority interests and dividends	216,201	*99,247*

The notes on pages 12 to 32 form an integral part of these financial statements.

Home Hardware Southwest Limited

Group Balance Sheet as at 30 June 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed Assets					
Intangible assets	11		116,959		*126,316*
Tangible assets	12		1,187,334		*1,204,473*
Investments	13		19,740		*19,740*
			1,324,033		*1,350,529*
Current Assets					
Stocks	15	2,849,768		*2,667,815*	
Debtors	16	2,796,130		*2,479,117*	
Cash at bank and in hand		7,958		*7,580*	
		5,653,856		*5,154,512*	
Creditors: amounts falling due within one year	17	(4,146,605)		*(3,747,738)*	
Net Current Assets			1,507,251		*1,406,774*
Total Assets Less Current Liabilities			2,831,284		*2,757,303*
Creditors: amounts falling due after more than one year	18		(814,566)		*(997,685)*
Provision for Liabilities and Charges	20				
Deferred taxation			(22,320)		*(22,854)*
Minority interest	21		(208,505)		*(169,293)*
Net Assets			1,785,893		*1,567,471*
Capital and Reserves					
Called up share capital	22		718,011		*713,511*
Revaluation reserve	23		153,990		*156,269*
Other reserves	23		5,397		*5,397*
Profit and loss account	23		908,495		*692,294*
Equity Shareholders' Funds	24		1,785,893		*1,567,471*

The financial statements were approved by the Board on 14 September 2007 and signed on its behalf by

J R Fewings
Director

P F Slee
Director

The notes on pages 12 to 32 form an integral part of these financial statements.

Home Hardware Southwest Limited

Company Balance Sheet
as at 30 June 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed Assets					
Intangible assets	11		116,959		*126,316*
Tangible assets	12		896,614		*907,898*
Investments	14		1,345,572		*1,345,572*
			2,359,145		*2,379,786*
Current Assets					
Stocks	15	7,066		*4,917*	
Debtors	16	2,795,410		*2,578,712*	
Cash at bank and in hand		425		*644*	
		2,802,901		*2,584,273*	
Creditors: amounts falling due within one year	17	(3,141,865)		*(2,832,032)*	
Net Current Assets			(338,964)		*(247,759)*
Total Assets Less Current Liabilities			2,020,181		*2,132,027*
Creditors: amounts falling due after more than one year	18		(616,938)		*(784,907)*
Net Assets			1,403,243		*1,347,120*
Capital and Reserves					
Called up share capital	22		718,011		*713,511*
Revaluation reserve	23		153,990		*156,269*
Other reserves	23		5,397		*5,397*
Profit and loss account	23		525,845		*471,943*
Equity Shareholders' Funds	24		1,403,243		*1,347,120*

The financial statements were approved by the Board on 14 September 2007 and signed on its behalf by

J R Fewings
Director

P F Slee
Director

The notes on pages 12 to 32 form an integral part of these financial statements.

Home Hardware Southwest Limited

Group cash flow statement
for the year ended 30 June 2007

	Notes	2007 £	2006 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		509,949	*300,979*
Depreciation		122,516	*119,540*
(Increase) in stocks		(181,953)	*(232,700)*
(Increase)/decrease in debtors		(317,013)	*15,458*
Increase in creditors		426,659	*141,086*
Net cash inflow from operating activities		560,158	*344,363*
Cash flow statement			
Net cash inflow from operating activities		560,158	*344,363*
Returns on investments and servicing of finance	**30**	(101,892)	*(94,878)*
Taxation	**30**	(49,947)	*(16,312)*
Capital expenditure	**30**	(96,020)	*(132,263)*
		312,299	*100,910*
Equity dividends paid		(36,298)	*(36,298)*
		276,001	*64,612*
Financing	**30**	(96,421)	*(71,661)*
Increase/(decrease) in cash in the year		179,580	*(7,049)*
Reconciliation of net cash flow to movement in net funds (Note 31)			
Increase/(decrease) in cash in the year		179,580	*(7,049)*
Cash inflow from decrease in debts and lease financing		100,921	*101,385*
Change in net funds resulting from cash flows		280,501	*94,336*
Net debt at 1 July 2006		(1,983,578)	*(2,077,914)*
Net funds at 30 June 2007		(1,703,077)	*(1,983,578)*

Home Hardware Southwest Limited

Notes to Financial Statements
for the year ended 30 June 2007

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets

1.2. Basis of Consolidation

The group financial statements consolidate the accounts of Home Hardware Southwest Limited and all its subsidiary undertakings made up to 30 June 2007 each year, the group profit and loss account includes the results of all subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal

Turnover and profits arising on trading between group companies are excluded

1.3. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

1.4. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 15 years

1.5 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows

Land and buildings	-	Straight line over fifty years
Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	10% to 33% straight line
Fixtures, fittings and equipment	-	10% to 33% straight line
Motor vehicles	-	25% reducing balance

No depreciation is provided on freehold land

1.6. 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 so as to produce constant periodic rates of charge on the net obligations outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

continued

1.7. Investments

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

1.8. Stock

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

1.9. Pensions

The group operates a defined contribution pension scheme The pension costs charged in the financial statements represent the contribution payable by the company during the year

1.10. Deferred taxation

Full provision is made for deferred tax liabilities arising from timing differences between the recognition of items in the accounts and their recognition for tax purposes Deferred tax balances are not discounted

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset

1.11 Direct shipment agreements

Sales under negotiated direct shipment agreements are recognised when invoiced by the company

2. Turnover

Turnover represents the net invoiced amount of goods sold and services provided and excludes value added tax and other sales taxes

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK

	2007 £	2006 £
Class of business		
Warehouse sales	10,995,437	*10,031,727*
Direct sales	7,635,923	*7,021,737*
Retail sales	2,894,432	*2,972,197*
	21,525,792	*20,025,661*

continued

3. Operating profit

	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation of intangible assets	9,357	*9,357*
Depreciation of tangible assets	112,341	*110,183*
Loss on disposal of tangible fixed assets	818	-
Loss on foreign currencies	3,175	*2,544*
Operating lease rentals		
- Plant and machinery	175,229	*180,661*
- Land and buildings	169,000	*169,000*
Auditors' remuneration	12,940	*13,200*

4. Interest receivable and similar income

	2007	2006
	£	£
Bank interest	495	*1,783*
Other interest	8,247	*11,517*
	8,742	*13,300*

5. Interest payable and similar charges

	2007	2006
	£	£
On loans and overdrafts	99,136	*96,157*
Lease finance charges and hire purchase interest	1,904	*3,231*
Members deposit and loan interest	9,594	*8,764*
On overdue tax	-	*26*
	110,634	*108,178*

6. Pension costs

The company operates a defined contribution pension scheme in respect of the directors and employees The scheme and its assets are held by independent managers The pension charge represents contributions due from the company and amounted to £51,923 (2006 - £49,770)

continued

7. Employees

Number of employees

The average monthly numbers of employees (including the directors) during the year were

	2007	2006
Directors	3	*3*
Non executive directors	7	*7*
Distribution, sales and administration	131	*131*
	141	*141*

Employment costs

	2007 £	2006 £
Wages and salaries	1,909,970	*1,820,258*
Social security costs	162,886	*154,759*
Other pension costs	51,923	*49,770*
	2,124,779	*2,024,787*

7.1. Directors' emoluments

	2007 £	2006 £
Remuneration and other emoluments	269,604	*231,895*
Pension contributions	37,563	*35,479*
	Number	**Number**
Number of directors to whom retirement benefits are accruing under a money purchase scheme	3	*3*

Highest paid director

	£	£
Amounts included above		
Emoluments and other benefits	102,116	*88,439*
Pension contributions	19,642	*16,357*

continued

8. Tax on profit on ordinary activities

Analysis of charge in period

	2007 £	2006 £
Current tax		
UK corporation tax	116,198	*46,986*
Adjustments in respect of previous periods	2,961	*2,641*
	119,159	*49,627*
Total current tax charge	119,159	*49,627*
Deferred tax		
Timing differences, origination and reversal	(534)	*4,827*
Total deferred tax	(534)	*4,827*
Tax on profit on ordinary activities	118,625	*54,454*

Factors affecting tax charge for period

The tax assessed for the period is than the standard rate of corporation tax in the UK (30 per cent) The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before taxation	408,057	*206,101*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	122,417	*61,830*
Effects of:		
Expenses not deductible for tax purposes	3,746	5,968
Capital allowances for period in excess of depreciation	5,774	3,575
Utilisation of tax losses	-	(3,466)
Different tax rates within the group	(460)	*(28)*
Adjustments to tax charge in respect of previous periods	2,961	*2,641*
Marginal relief	(15,279)	*(20,893)*
Current tax charge for period	119,159	*49,627*

continued

9. Profit for the year attributable to shareholders

As permitted by Section 230 of the Companies Act 1985 the Profit and Loss Account of Home Hardware Southwest Limited has not been presented with the financial statements

The results after taxation of the parent undertaking showed a profit of £87,981 (2006 - £60,522)

10. Dividends

Dividends paid and proposed on equity shares

	2007 £	2006 £
Proposed at the year-end (recognised as a liability)		
Equity dividends on Ordinary "B" shares	36,298	*36,298*
	36,298	*36,298*

continued

11 Intangible fixed assets

	Goodwill	Total
	£	£
Group		
Cost		
At 1 July 2006		
At 30 June 2007	140,351	140,351
Provision for diminution in value		
At 1 July 2006	14,035	14,035
Charge for year	9,357	9,357
At 30 June 2007	23,392	23,392
Net book values		
At 30 June 2007	116,959	116,959
At 30 June 2006	*126,316*	*126,316*
Company		
Cost		
At 1 July 2006		
At 30 June 2007	140,351	140,351
Provision for diminution in value		
At 1 July 2006	14,035	14,035
Charge for year	9,357	9,357
At 30 June 2007	23,392	23,392
Net book values		
At 30 June 2007	116,959	116,959
At 30 June 2006	*126,316*	*126,316*

continued

12. Tangible fixed assets

	Land and buildings freehold	Short leasehold property	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Group						
Cost/revaluation						
At 1 July 2006	920,169	28,750	808,123	342,869	11,000	2,110,911
Additions	3,497	-	63,479	16,990	12,200	96,166
Disposals	-	-	-	-	(11,000)	(11,000)
At 30 June 2007	923,666	28,750	871,602	359,859	12,200	2,196,077
Depreciation						
At 1 July 2006	54,184	3,548	594,031	244,639	10,036	906,438
On disposals	-	-	-	-	(10,036)	(10,036)
Charge for the year	8,500	1,917	90,031	10,876	1,017	112,341
At 30 June 2007	62,684	5,465	684,062	255,515	1,017	1,008,743
Net book values						
At 30 June 2007	860,982	23,285	187,540	104,344	11,183	1,187,334
At 30 June 2006	*865,985*	*25,202*	*214,092*	*98,230*	*964*	*1,204,473*

	Land and buildings freehold	Short leasehold property	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Company						
Cost/revaluation						
At 1 July 2006	920,169	-	305,672	-	-	1,225,841
Additions	3,497	-	13,877	-	-	17,374
At 30 June 2007	923,666	-	319,549	-	-	1,243,215
Depreciation						
At 1 July 2006	54,184	-	263,759	-	-	317,943
Charge for the year	8,500	-	20,158	-	-	28,658
At 30 June 2007	62,684	-	283,917	-	-	346,601
Net book values						
At 30 June 2007	860,982	-	35,632	-	-	896,614
At 30 June 2006	*865,985*	-	*41,913*	-	-	*907,898*

continued

The company's freehold property at Pottington Business Park, Barnstaple was valued by N Facey, Chartered Surveyor, at open market value on 8th March 1996 at £625,000

The company's freehold property at Vellator, Braunton was valued by B N Miles, FCIArb, FPCS, on an existing use basis on 16th August 1995 at £210,000

The balance of freehold land and buildings comprises £88,666 of subsequent additions at cost

The company is following the transitional provisions of FRS 15 ("Tangible Fixed Assets") and has therefore not revalued the properties following their initial revaluation

Land and Buildings includes freehold land valued at approximately £510,000

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

	2007		2006	
Asset description	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Group				
Plant and machinery	31,678	14,348	*46,026*	*14,348*
Equipment	6,176	8,235	*14,411*	*10,294*
	37,854	22,583	*60,437*	*24,642*

Company

The company no holds no assets (2006 - none) on finance leases or under hire purchase agreements

Group and company

Tangible fixed assets included at a valuation would have been included on a historical cost basis at

	2007 £	2006 £
Cost	755,812	*752,315*
Depreciation	(48,820)	*(42,599)*
Net book value	706,992	*709,716*

continued

13. Fixed Asset Investments

Group

	Other Unlisted Investments	Total
	£	£
Cost		
At 1 July 2006		
At 30 June 2007	19,740	19,740
Net book values		
At 30 June 2007	19,740	19,740
At 30 June 2006	*19,740*	*19,740*

Other unlisted investments include a share in Ironside International, a corporation registered in France The cost of this investment was £14,990, being the exchange rate from Euros to Sterling as at the date of the purchase of the investment

continued

14. Fixed Asset Investments

Company

	2007	2006
	£	£
Subsidiary undertakings	1,325,832	*1,325,832*
Other unlisted investments	19,740	*19,740*
	1,345,572	*1,345,572*

Holdings of 20% or more

The group or the company holds 20% or more of the nominal value of the share capital of the following companies

Company	Country of incorporation or operation	Nature of business	Holding	Proportion Held
Subsidiary undertaking				
Home Hardware Distribution Limited	England and Wales	Wholesale distribution	Ordinary	80%
Home Hardware Distribution Limited	England and Wales	Wholesale distribution	Loan stock	80% - £472,204 of £590,225
Mallett and Son Limited	England and Wales	Retail of hardware goods	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	Profit/(Loss) for the year
	£	£
Home Hardware Distribution Limited	1,042,523	196,062
Mallett and Son Limited	402,261	5,450

The principal business activities of all the above companies are the wholesale and retail distribution of hardware and horticultural goods

continued

15 Stocks

	2007	2006
	£	£
Group		
Goods for resale	2,836,576	*2,658,901*
Consumables	13,192	*8,914*
	2,849,768	*2,667,815*
Company		
Consumables	7,066	*4,917*

16. Debtors

	2007	2006
	£	£
Group		
Trade debtors	2,464,849	*2,187,483*
Other debtors	1,103	*895*
Prepayments and accrued income	330,178	*290,739*
	2,796,130	*2,479,117*
Company		
Trade debtors	2,298,515	*2,059,482*
Amounts owed by group undertakings	416,345	*431,348*
Prepayments and accrued income	80,550	*87,882*
	2,795,410	*2,578,712*

continued

17. Creditors: amounts falling due within one year	2007 £	2006 £
Group		
Bank overdraft	780,066	*892,268*
Bank loan	101,253	*84,919*
Net obligations under finance leases and hire purchase contracts	15,150	*16,286*
Trade creditors	1,996,753	*1,810,754*
Corporation tax	116,198	*46,986*
Other taxes and social security costs	287,054	*268,930*
Other creditors	306,643	*190,606*
Accruals and deferred income	543,488	*436,989*
	4,146,605	*3,747,738*

The bank overdrafts and loans are secured by a first fixed charge on the group's freehold land and buildings Cross guarantees also utilise the rest of the group's assets as security

Finance leases and hire purchase contracts are secured on the assets to which they relate

Company		
Bank overdraft	660,495	*640,252*
Bank loan	101,253	*84,919*
Trade creditors	814,494	*746,148*
Amounts owed to group undertaking	880,504	*889,318*
Corporation tax	35,084	*18,937*
Other taxes and social security costs	54,253	*50,788*
Other creditors	275,807	*158,732*
Accruals and deferred income	319,975	*242,938*
	3,141,865	*2,832,032*

The bank overdrafts and loans are secured by a first fixed charge on the group's freehold land and buildings Cross guarantees also utilise the rest of the group's assets as security

continued

18. Creditors: amounts falling due after more than one year	2007 £	2006 £
Group		
Bank loan	580,677	*681,646*
Members' loans and loan stock	154,312	*221,312*
Other loans from shareholders	79,500	*79,500*
Net obligations under finance leases and hire purchase contracts	77	*15,227*
	814,566	*997,685*
Loans		
Repayable in one year or less, or on demand (Note 17)	101,253	*84,919*
Repayable between one and two years	101,253	*84,919*
Repayable between two and five years	303,759	*334,257*
Repayable in five years or more	409,477	*563,282*
	915,742	*1,067,377*
Repayable in five years or more		
Bank loan	175,665	*341,970*
Members' loans and loan stock	233,812	*221,312*
	409,477	*563,282*
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	15,150	*16,286*
Repayable between one and five years	77	*15,227*
	15,227	*31,513*

The loan is secured by a first fixed charge on the group's freehold land and buildings Hire purchase liabilities are secured on the assets to which they relate

Company		
Bank loan	580,677	*681,646*
Members' loans and loan stock	36,261	*103,261*
	616,938	*784,907*

continued

Loans		
Repayable in one year or less, or on demand (Note 17)	101,253	*84,919*
Repayable between one and two years	101,253	*84,919*
Repayable between two and five years	303,759	*254,757*
Repayable in five years or more	278,926	*445,231*
	785,191	*869,826*

Repayable in five years or more		
Bank loan	175,665	*341,970*
Members' loans and loan stock	36,261	*103,261*
	211,926	*445,231*

The loan is secured by a first fixed charge on the group's freehold land and buildings

19 Provisions for liabilities

Group	Deferred taxation (Note 20) £	Total £
At 1 July 2006	22,854	22,854
Movements in the year	(534)	(534)
At 30 June 2007	22,320	22,320

Company
The company holds no provision for deferred taxation

continued

20 Provision for deferred taxation

Group	2007 £	2006 £
Accelerated capital allowances	22,320	*22,854*

Provision at 1 July 2006	22,854
Deferred tax charge in profit and loss account	(534)
Provision at 30 June 2007	22,320

21. Minority Interest

	2007 £	2006 £
Equity	208,505	*169,293*

The minority interest represents 20% of the share capital and reserves of Home Hardware Distribution Limited

22. Share capital

	2007 £	2006 £
Authorised equity		
500,000 Ordinary "A" shares of £1 each	500,000	*500,000*
750,000 Ordinary "B" shares of £1 each	750,000	*750,000*
	1,250,000	*1,250,000*
Allotted, called up and fully paid equity		
263,532 Ordinary "A" shares of £1 each	263,532	*259,032*
454,479 Ordinary "B" shares of £1 each	454,479	*454,479*
	718,011	*713,511*

During the year the company issued 4,500 (2006 - £10,500) £1 ordinary "A" shares at par value

continued

23. Equity Reserves

	Revaluation reserve	Profit and loss account	Capital redemption reserve	Total
	£	£	£	£
Group				
At 1 July 2006	156,269	692,294	5,397	853,960
Transfer of realised profit	(2,279)	2,279		-
Retained profit for the year		250,220		250,220
Equity dividends	-	(36,298)	-	(36,298)
At 30 June 2007	153,990	908,495	5,397	1,067,882
Company				
At 1 July 2006	156,269	471,943	5,397	633,609
Transfer of realised profit	(2,279)	2,279		-
Retained profit for the year		87,981		87,981
Equity dividends	-	(36,358)	-	(36,358)
At 30 June 2007	153,990	525,845	5,397	685,232

£525,845 (2006 - £471,943) of the Profit and Loss Reserve is comprised of accumulated appropriations set aside for the "B" shareholders

continued

24. Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Group		
Profit for the year	250,220	*133,271*
Dividends	(36,298)	*(36,298)*
	213,922	*96,973*
Net proceeds of equity share issue	4,500	*10,500*
Net addition to shareholders' funds	218,422	*107,473*
Opening shareholders' funds	1,567,471	*1,459,998*
	1,785,893	*1,567,471*
Company		
Profit for the year	87,981	*60,522*
Dividends	(36,358)	*(36,358)*
	51,623	*24,164*
Net proceeds of equity share issue	4,500	*10,500*
Net addition to shareholders' funds	56,123	*34,664*
Opening shareholders' funds	1,347,120	*1,312,456*
	1,403,243	*1,347,120*

25. Financial commitments

At 30 June 2007 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2007 £	2006 £	2007 £	2006 £
Expiry date.				
Between one and five years	-	-	21,829	*27,530*
In over five years	169,000	*169,000*	-	-
	169,000	*169,000*	21,829	*27,530*

continued

26. Contingent liabilities

At any point in time the company has a contingent liability in respect of orders placed by its members under negotiated Direct Shipment Agreements which have not been invoiced to the company or for which invoices have not been received Any such liability would be offset by a similar uninvoiced amount owed to the company by the member

27. Transactions with directors

A number of the directors have an interest in businesses which are the company's customers Sales to these businesses are all on normal commercial terms on an arms length basis

The aggregate value of these amounted to £1,730,482 (2006 - £1,691,986) for the year The amount due to the company at the balance sheet date had an aggregate value of £179,604 (2006 - £171,010)

28. Related party transactions

Toolbank Specialist Services is a division of Dormole Limited, a 20% shareholder in Home Hardware Distribution Limited

During the year payments were made to Toolbank Specialist Services of £67,104 (2006 - £67,104) in relation to warehousing services, £24,000 (2006 - £24,000) for management services, £39,523 (2006 - £35,681) of service charges, and £7,541 (2006 - £8,257) for recharged expenditure

At the year-end, Dormole Limited held £118,051 (2006 - £118,051) of loan stock in Home Hardware Distribution Limited Included in Other Shareholders Loans was £79,500 (2006 - £79,500) due to Dormole Limited

All related party transactions are on normal commercial terms and are conducted on an arms length basis

31 Controlling interest

The company is under the control of the directors who are also major shareholders in the company and whose names are listed at the front of these financial statements

continued

30. Gross Cash Flows

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	8,742	*13,300*
Interest paid	(108,730)	*(104,947)*
Interest element of finance lease rental payments	(1,904)	*(3,231)*
	(101,892)	*(94,878)*
Taxation		
Corporation tax paid	(49,947)	*(16,312)*
Capital expenditure		
Payments to acquire tangible assets	(96,166)	*(135,263)*
Receipts from sales of tangible assets	146	*3,000*
	(96,020)	*(132,263)*
Financing		
Issue of ordinary share capital	4,500	*10,500*
New bank loan	-	*14,997*
Repayment of bank loan	(84,635)	*(82,049)*
Capital element of finance lease contracts	(16,286)	*(15,109)*
	(96,421)	*(71,661)*

continued

31. Analysis of changes in net debt

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	7,580	378	7,958
Overdrafts	(892,268)	112,202	(780,066)
	(884,688)	112,580	(772,108)
Debt due within one year	(84,919)	(16,334)	(101,253)
Debt due after one year	(982,458)	167,969	(814,489)
Finance leases	(31,513)	16,286	(15,227)
	(1,098,890)	167,921	(930,969)
Net debt	(1,983,578)	280,501	(1,703,077)