

Registrar

Company Registration No. 889328 (England and Wales)

CARPET CUTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1998



CARPET CUTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 1998

The directors present their report and financial statements for the year ended 31 October 1998.

Principal activities

The principal activity of the company continued to be that of carpet retailers.

Year 2000

The directors have considered whether the company's operations could be adversely affected by malfunctions in computer or other equipment arising from errors in processing dates in the year 2000 and beyond.

No part of the company's current operations are critically dependent on computer or other equipment which could be affected by year 2000 problems.

Directors

The following directors have held office throughout the year:

A F Lawler
C C Williamson

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 October 1998	1 November 1997
A F Lawler	15	15
C C Williamson	-	-

Auditors

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

CARPET CUTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 1998

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;
- 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



A F Lawler

Secretary

28-6-99

CARPET CUTS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF CARPET CUTS LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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


Inherent uncertainty arising from Year 2000 issue

In forming our opinion, we have considered the adequacy of disclosures in note 13 to the financial statements concerning the inherent risks and uncertainties of the effects of the Year 2000 problem. It is not possible to provide assurance that all risks have been identified nor that there will be no adverse effects on operations.

In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Manning & Girling

Chartered Accountants
Registered Auditor

27 July 1999

16a Falcon Street
Ipswich
Suffolk
IP1 1SL

CARPET CUTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1998

		1998	1997
	Notes	£	£
Turnover		449,051	411,594
Cost of sales		270,905	251,455
Gross profit		<u>178,146</u>	<u>160,139</u>
Administrative expenses		162,244	147,553
Operating profit	2	<u>15,902</u>	<u>12,586</u>
Other interest receivable and similar income	3	525	362
Interest payable and similar charges		(65)	-
Profit on ordinary activities before taxation		<u>16,362</u>	<u>12,948</u>
Tax on profit on ordinary activities	4	4,930	4,151
Profit on ordinary activities after taxation	11	<u><u>11,432</u></u>	<u><u>8,797</u></u>

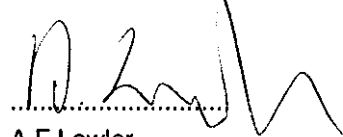
CARPET CUTS LIMITED

BALANCE SHEET AS AT 31 OCTOBER 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	5		34,591		43,269
Current assets					
Stocks		40,160		42,452	
Debtors	6	24,589		8,483	
Cash at bank and in hand		-		709	
		<u>64,749</u>		<u>51,644</u>	
Creditors: amounts falling due within one year	7	<u>56,155</u>		<u>63,160</u>	
Net current assets/(liabilities)			<u>8,594</u>		<u>(11,516)</u>
Total assets less current liabilities			<u>43,185</u>		<u>31,753</u>
Provisions for liabilities and charges	8		<u>1,000</u>		<u>1,000</u>
			<u>42,185</u>		<u>30,753</u>
Capital and reserves					
Called up share capital	10		100		100
Profit and loss account	11		42,085		30,653
Shareholders' funds	12		<u>42,185</u>		<u>30,753</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 28-6-99.....



A F Lawler
Director

CARPET CUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

1.2 Turnover

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

1.3 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:

Lease	10% on cost
Leasehold improvements	Over period of 9 3/4 years
Plant and equipment	15% on written down value
Office furniture, fixtures & fittings	15% on written down value

1.4 Operating leases

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

1.5 Deferred tax

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

2 Operating profit	1998	1997
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	9,302	9,565
Directors' emoluments	21,696	20,716
	<u> </u>	<u> </u>
3 Other interest receivable and similar income	1998	1997
	£	£
Bank interest	525	362
	<u> </u>	<u> </u>
4 Taxation	1998	1997
	£	£
U.K. current year taxation		
U.K. corporation tax at 21% (1997 - 21/24%)	4,930	4,151
	<u> </u>	<u> </u>

CARPET CUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 1998

5 Tangible fixed assets

	Land and buildings	Other tangible fixed assets	Total
	£	£	£
Cost			
At 1 November 1997	76,496	36,051	112,547
Additions	-	624	624
At 31 October 1998	76,496	36,675	113,171
Depreciation			
At 1 November 1997	46,625	22,731	69,356
Charge for the year	7,214	2,010	9,224
At 31 October 1998	53,839	24,741	78,580
Net book value			
At 31 October 1998	22,657	11,934	34,591
At 31 October 1997	29,871	13,398	43,269

6 Debtors

	1998 £	1997 £
Trade debtors	11,298	2,996
Other debtors	13,098	5,294
Directors account	193	193
	24,589	8,483

7 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	179	-
Trade creditors	26,161	29,601
Taxation and social security	9,108	12,914
Other creditors	20,707	20,645
	56,155	63,160

CARPET CUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 1998

8 Provisions for liabilities and charges

Deferred
taxation
£

Balance at 1 November 1997 and at 31 October 1998

1,000

9 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £833 (1997 - £833).

10 Share capital

1998

1997

£

£

Authorised

100 Ordinary shares of £ 1 each

100

100

Allotted, called up and fully paid

100 Ordinary shares of £ 1 each

100

100

11 Statement of movements on profit and loss account

Profit and
loss account
£

Balance at 1 November 1997

30,653

Retained profit for the year

11,432

Balance at 31 October 1998

42,085

12 Reconciliation of movements in shareholders' funds

1998

1997

£

£

Profit for the financial year

11,432

8,797

Opening shareholders' funds

30,753

21,956

Closing shareholders' funds

42,185

30,753

CARPET CUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 OCTOBER 1998**

13 Year 2000

Year 2000 issues have not been considered. Internally the company is not reliant upon any computer systems for its day to day operation.

Externally the company is reliant upon a wide range of suppliers and utilities for the smooth running of its business. No assurances have been sought from these suppliers and hence any disruption to these could have a material, but at present unquantifiable effect on cash flow and costs.

It is not possible to provide assurance that operations will not be adversely affected by this problem.

14 Related party transactions

Rent of £18000 (1997 - £18000) was paid to Mr E N Watts, the majority shareholder, in the year.