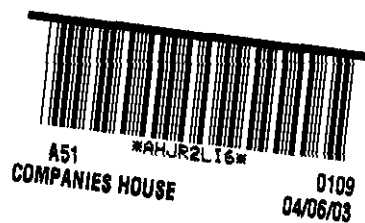


Registered

Company Registration No. 889328 (England and Wales)

**CARPET CUTS LIMITED**  
**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2002**



# CARPET CUTS LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 OCTOBER 2002

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The director presents his report and financial statements for the year ended 31 October 2002.

### Principal activities

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

### Director

The following director has continued to hold office during the year:

A F Lawler

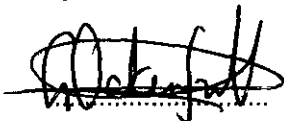
### Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	31 October 2002	1 November 2001
A F Lawler	15	15

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



G Oakenfull

Secretary

7/5/03

# CARPET CUTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2002

	Notes	2002 £	2001 £
Turnover		383,913	439,187
Cost of sales		200,014	236,512
<b>Gross profit</b>		<u>183,899</u>	<u>202,675</u>
Administrative expenses		178,054	212,393
<b>Operating profit/(loss)</b>	<b>2</b>	5,845	(9,718)
Other interest receivable and similar income		108	248
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>5,953</u>	<u>(9,470)</u>
Tax on profit/(loss) on ordinary activities	<b>3</b>	57	969
<b>Profit/(loss) on ordinary activities after taxation</b>	<b>10</b>	<u><u>5,896</u></u>	<u><u>(8,501)</u></u>

# CARPET CUTS LIMITED

## BALANCE SHEET AS AT 31 OCTOBER 2002

	Notes	2002 £	£	2001 £	£
<b>Fixed assets</b>					
Tangible assets	4		10,236		15,844
<b>Current assets</b>					
Stocks		30,134		30,037	
Debtors	5	14,869		6,390	
Cash at bank and in hand		2,813		5,587	
		<u>47,816</u>		<u>42,014</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>45,330</u>		<u>50,432</u>	
<b>Net current assets/(liabilities)</b>			<u>2,486</u>		<u>(8,418)</u>
<b>Total assets less current liabilities</b>			<u>12,722</u>		<u>7,426</u>
<b>Provisions for liabilities and charges</b>	7		<u>400</u>		<u>1,000</u>
			<u>12,322</u>		<u>6,426</u>
<b>Capital and reserves</b>					
Called up share capital	9		100		100
Profit and loss account	10		12,222		6,326
<b>Shareholders' funds</b>			<u>12,322</u>		<u>6,426</u>

# **CARPET CUTS LIMITED**

## **BALANCE SHEET (CONTINUED) AS AT 31 OCTOBER 2002**

In preparing these financial statements:

- (a) The director is of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The director acknowledges his responsibilities for:
  - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
  - (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to financial statements, so far as applicable to the company.

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 7-5-2003



A F Lawler  
Director

# CARPET CUTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2002

### 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 (effective June 2002).

#### 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 director, 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 FRS 17.

<b>2 Operating profit/(loss)</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	5,828	6,007
Director's emoluments	27,602	24,614
	<u>          </u>	<u>          </u>
<b>3 Taxation</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>U.K. current year taxation</b>		
U.K. corporation tax at 10% / 0% (2001 - 10%)	657	(612)
Deferred taxation	(600)	-
	<u>          </u>	<u>          </u>
	57	(612)
<b>Prior years</b>		
U.K. corporation tax	-	(357)
	<u>          </u>	<u>          </u>
	57	(969)
	<u>          </u>	<u>          </u>

# CARPET CUTS LIMITED

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

### 4 Tangible fixed assets

	Land and buildings	Other tangible fixed assets	Total
	£	£	£
<b>Cost</b>			
At 1 November 2001	76,496	36,675	113,171
Additions	-	220	220
At 31 October 2002	76,496	36,895	113,391
<b>Depreciation</b>			
At 1 November 2001	67,981	29,346	97,327
Charge for the year	4,714	1,114	5,828
At 31 October 2002	72,695	30,460	103,155
<b>Net book value</b>			
At 31 October 2002	3,801	6,435	10,236
At 31 October 2001	8,515	7,329	15,844

### 5 Debtors

	2002 £	2001 £
Trade debtors	12,890	4,558
Other debtors	1,979	1,832
	14,869	6,390

### 6 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	21,728	26,928
Taxation and social security	4,042	4,153
Other creditors	19,560	19,351
	45,330	50,432

# CARPET CUTS LIMITED

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

### 7 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 November 2001	1,000
Profit and loss account	(600)
	<hr/>
Balance at 31 October 2002	400
	<hr/>

### 8 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 (2001 - £833).

9 Share capital	2002 £	2001 £
<b>Authorised</b>		
100 Ordinary shares of £ 1 each	100	100
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £ 1 each	100	100
	<hr/>	<hr/>

### 10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 November 2001	6,326
Retained profit for the year	5,896
	<hr/>
Balance at 31 October 2002	12,222
	<hr/>

### 11 Control

The ultimate controlling party is Mr E N Watts who holds 80% of the share capital.

### 12 Related party transactions

Rent of £18,000 (2001 - £18,000) was paid to Mr E N Watts, the majority shareholder, in the year.

Vinyl Cuts Limited is a dormant, wholly owned subsidiary of Carpet Cuts Limited. Expenses of £100 were paid on its behalf.