

Company Registration No. 889328 (England and Wales)

CARPET CUTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1999



CARPET CUTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 1999

The directors present their report and financial statements for the year ended 31 October 1999.

Principal activities

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

Directors

The following directors have continued to hold office during 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 1999	1 November 1998
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.

Directors' responsibilities

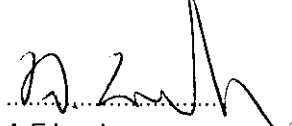
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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.

On behalf of the board



A F Lawler

Secretary

22-8-2000

CARPET CUTS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF CARPET CUTS LIMITED

We have audited the financial statements on pages 3 to 7 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 5.

Respective responsibilities of directors and auditors

As described on page 1 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.

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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Manning & Girling

Chartered Accountants
Registered Auditor

23 August 2000

16a Falcon Street
Ipswich
Suffolk
IP1 1SL

CARPET CUTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1999

	Notes	1999 £	1998 £
Turnover		412,561	449,051
Cost of sales		240,229	270,905
Gross profit		<u>172,332</u>	<u>178,146</u>
Administrative expenses		174,335	162,244
Operating (loss)/profit	2	(2,003)	15,902
Other interest receivable and similar income		702	525
		<u>(1,301)</u>	<u>16,427</u>
Interest payable and similar charges		-	65
(Loss)/profit on ordinary activities before taxation		<u>(1,301)</u>	<u>16,362</u>
Tax on (loss)/profit on ordinary activities	3	749	4,930
(Loss)/profit on ordinary activities after taxation	10	<u><u>(2,050)</u></u>	<u><u>11,432</u></u>

CARPET CUTS LIMITED

BALANCE SHEET AS AT 31 OCTOBER 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	4		28,086		34,591
Current assets					
Stocks		27,976		40,160	
Debtors	5	12,010		24,589	
Cash at bank and in hand		24,331		-	
		<u>64,317</u>		<u>64,749</u>	
Creditors: amounts falling due within one year	6	<u>51,268</u>		<u>56,155</u>	
Net current assets			13,049		8,594
Total assets less current liabilities			41,135		43,185
Provisions for liabilities and charges	7		1,000		1,000
			<u>40,135</u>		<u>42,185</u>
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account	10		40,035		42,085
Shareholders' funds			<u>40,135</u>		<u>42,185</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 (effective March 2000).

The financial statements were approved by the Board on 22-8-2000


A F Lawler
Director

CARPET CUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1999

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 March 2000)*.

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 (loss)/profit	1999 £	1998 £
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	6,505	9,302
	Auditors' remuneration	1,950	2,600
	Directors' emoluments	21,443	21,696
		<u> </u>	<u> </u>
3	Taxation	1999 £	1998 £
	U.K. current year taxation		
	U.K. corporation tax at 20/21% (1998 - 21%)	749	4,930
		<u> </u>	<u> </u>

CARPET CUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 1999

4 Tangible fixed assets

	Land and buildings	Other tangible fixed assets	Total
	£	£	£
Cost			
At 1 November 1998 & at 31 October 1999	76,496	36,675	113,171
Depreciation			
At 1 November 1998	53,839	24,741	78,580
Charge for the year	4,714	1,791	6,505
At 31 October 1999	58,553	26,532	85,085
Net book value			
At 31 October 1999	17,943	10,143	28,086
At 31 October 1998	22,657	11,934	34,591

5 Debtors

	1999	1998
	£	£
Trade debtors	6,753	11,298
Other debtors	5,064	13,098
Directors account	193	193
	12,010	24,589

6 Creditors: amounts falling due within one year

	1999	1998
	£	£
Bank loans and overdrafts	-	179
Trade creditors	26,659	26,161
Taxation and social security	3,807	9,108
Other creditors	20,802	20,707
	51,268	56,155

CARPET CUTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 1999

7 Provisions for liabilities and charges

Deferred
taxation
£

Balance at 1 November 1998 and at 31 October 1999	1,000
---	-------

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 (1998 - £833).

9 Share capital

1999	1998
£	£

Authorised

100 Ordinary shares of £ 1 each	100	100
---------------------------------	-----	-----

Allotted, called up and fully paid

100 Ordinary shares of £ 1 each	100	100
---------------------------------	-----	-----

10 Statement of movements on profit and loss account

Profit and
loss account
£

Balance at 1 November 1998	42,085
Retained loss for the year	(2,050)
Balance at 31 October 1999	40,035

11 Control

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

12 Related party transactions

Rent of £18000 (1998 - £18000) 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 £110 were paid on its behalf.