

Company Number: 1763122

COMPANIES REGISTRY COPY

Stikatak Limited

Financial Statements

for the year ended 31st December 1999



Stikatak Limited

Company Information

Company No: 1763122

Chairman

Mr John C. Whiting

Registered Office

Unit J
Braintree Road Industrial Estate
Braintree Road
Ruislip
Middlesex
HA4 OEG

Directors

Mr John C. Whiting
Mr John S.L. Stock
Mrs Anjana Thakrar

Secretary

Mr John C. Whiting

Auditors

Landau Morley
Lanmor House
370-386 High Road
Wembley
Middlesex
HA9 6AX

Bankers

Barclays Bank Plc
28 Hampstead High Street
London
NW3 1QB

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Stikatak Limited

Directors' Report

for the year ended 31st December 1999

The directors submit their report together with the audited financial statements for the year ended 31st December 1999.

Directors' Statement

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 for that year. 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;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 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.

Results and Dividends

The profit on the ordinary activities of the company before taxation amounted to £250,768. After deducting taxation, the profit of £199,647 has been transferred to reserves.

The directors do not recommend a dividend.

Principal Activity and Business Review

The principal activity of the company continued to be that of the manufacture and supply of carpet accessories.

A summary of the results for the year under review is given on page 4 of the financial statements.

Future Developments of the Business

In the years immediately ahead the directors believe that there is considerable scope for the further development of the existing activities of the Company.

Directors and their Interests

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	1999 No.	1998 No.
Mr John C. Whiting	4,500	4,500
Mr John S.L. Stock	1,500	1,500
Mrs Anjana Thakrar	-	-

Stikatak Limited

Directors' Report

for the year ended 31st December 1999

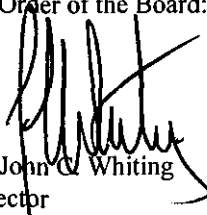
Year 2000

The directors have assessed the impact of Year 2000 on the company's business. Since 1st January 2000, there have been no issues arising that could be material to the company's operations or financial position.

Auditors

The Auditors, Landau Morley Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:



Mr John G. Whiting
Director

27th June 2000

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 31st December 1999

We have audited the financial statements on pages 4 to 12, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 31st December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Landau Morley
Chartered Accountants
and Registered Auditors

28th June 2000

Lanmor House
370-386 High Road
Wembley
Middlesex
HA9 6AX

Stikatak Limited

Profit and Loss Account

for the year ended 31st December 1999

	Notes	1999 £	1998 £
Turnover	2	8,086,075	6,357,549
Cost of sales		(5,240,015)	(4,354,215)
Gross profit		2,846,060	2,003,334
Distribution costs		(1,619,608)	(1,123,742)
Administrative expenses		(959,639)	(701,348)
Operating profit	3	266,813	178,244
Interest receivable		9,866	26,809
Interest payable	4	(25,911)	(30,451)
Profit on ordinary activities before Taxation		250,768	174,602
Tax on profit on ordinary activities	6	(51,121)	(37,105)
Profit on ordinary activities after Taxation		199,647	137,497
Dividends	7	-	(40,000)
Retained profit transferred to reserves		199,647	97,497
Retained profit brought forward		858,908	761,411
Retained profit carried forward		1,058,555	858,908

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.

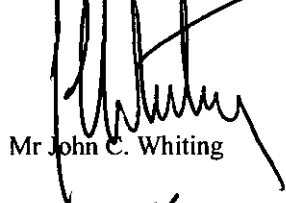
Stikatak Limited

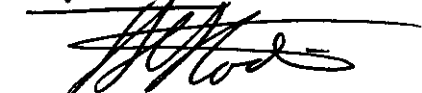
Balance Sheet

as at 31st December 1999

	Notes	1999 £	1999 £	1998 £	1998 £
Fixed Assets					
Tangible fixed assets	8		255,688		189,053
Current Assets					
Stocks	9	789,616		629,247	
Debtors	10	1,787,824		1,154,276	
Cash at bank		222,660		502,801	
		<u>2,800,100</u>		<u>2,286,324</u>	
Creditors:					
Amounts falling due within one year	11	<u>(1,986,005)</u>		<u>(1,609,030)</u>	
Net Current Assets			814,095		677,294
Total Assets Less Current Liabilities			<u>1,069,783</u>		<u>866,347</u>
Provision for Liabilities and Charges					
Deferred taxation	12		<u>(5,228)</u>		<u>(1,439)</u>
			<u>1,064,555</u>		<u>864,908</u>
Capital and Reserves					
Share capital	13		6,000		6,000
Profit and loss account			1,058,555		858,908
Equity Shareholders' Funds	14		<u>1,064,555</u>		<u>864,908</u>

These accounts were approved by the board on 27th June 2000


Mr John C. Whiting


Mr John S.L. Stock
Directors

Stikatak Limited**Cash Flow Statement****for the year ended 31st December 1999**

	Notes	1999 £	1998 £
Cash flow from operating activities	18	(40,378)	(140,457)
Returns on investments and servicing of finance	19	(16,045)	(3,642)
Taxation		(38,702)	(34,129)
Capital expenditure and financial investment	19	(145,016)	(54,728)
Equity dividends paid		(40,000)	-
Decrease in cash in the year	20	<u>(280,141)</u>	<u>(232,956)</u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the year		(280,141)	(232,956)
Net funds at 1st January 1999		502,801	735,757
Net funds at 31st December 1999	20	<u>222,660</u>	<u>502,801</u>

Notes to the Financial Statements

for the year ended 31st December 1999

1 Principal Accounting Policies

Accounting Convention

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Plant and machinery	20% reducing balance
Motor vehicles	25% on cost
Fixtures and fittings	25% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value (after making due allowance for slow moving or obsolete items.)

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Foreign Currencies

Assets and Liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

Contribution to Pension Funds

Pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight-line basis over the lease term.

2 Turnover

The turnover and operating profit for the year were derived from the company's principal activity.

Notes to the Financial Statements

for the year ended 31st December 1999

3 Operating Profit

The operating profit is stated after charging or crediting:

	1999 £	1998 £
Profit on foreign exchange	(30,455)	(19,214)
Other operating lease rentals	68,300	68,300
Amounts payable to the auditors in respect of audit services	7,935	8,202
Depreciation - owned assets	72,717	65,264
Loss/(Profit) on disposal of fixed assets	5,664	(2,122)

4 Interest Payable

	1999 £	1998 £
Directors' loan accounts	25,911	30,451

5 Directors and Employees

Staff costs during the year were as follows:

	1999 £	1998 £
Wages and salaries	1,354,521	861,727
Social security costs	116,176	81,992
Other pension costs	34,758	33,084
	1,505,455	976,803

The average monthly number of employees, including directors, during the year was as follows:

	1999 Number	1998 Number
Administration	9	7
Production	39	29
Selling and distribution	25	15
	73	51

Remuneration in respect of directors was as follows:

	1999 £	1998 £
Aggregate amount of emoluments paid in respect of qualifying services	320,230	102,900

Other directors disclosures in respect of qualifying services:

	1999 Number	1998 Number
The number of directors to whom retirement benefits are accruing under money purchase pension schemes	2	2

The highest paid director's emoluments in respect of qualifying services amounted to £185,000 (1998 - £35,000)

Stikatak Limited

Notes to the Financial Statements

for the year ended 31st December 1999

6	Tax on Profit on Ordinary Activities	1999	1998		
		£	£		
	<i>Based on the profit for the year:</i>				
	U.K. Corporation tax at 20% (1998: 21%)	47,332	38,705		
	Deferred tax charge	3,789	(1,600)		
		<u>51,121</u>	<u>37,105</u>		
7	Dividends	1999	1998		
		£	£		
	Equity				
	Ordinary shares - final proposed of £nil per share (1998 £6.67)	-	40,000		
8	Tangible Fixed Assets				
		Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	Cost	£	£	£	£
	At 1st January 1999	216,123	139,947	98,247	454,317
	Additions	73,638	91,797	18,395	183,830
	Disposals	-	(91,470)	(5,550)	(97,020)
	At 31st December 1999	<u>289,761</u>	<u>140,274</u>	<u>111,092</u>	<u>541,127</u>
	Depreciation				
	At 1st January 1999	152,333	60,366	52,565	265,264
	Charged for the year	27,485	30,600	14,632	72,717
	Eliminated on disposal	-	(49,185)	(3,357)	(52,542)
	At 31st December 1999	<u>179,818</u>	<u>41,781</u>	<u>63,840</u>	<u>285,439</u>
	Net Book Value				
	At 31st December 1999	<u>109,943</u>	<u>98,493</u>	<u>47,252</u>	<u>255,688</u>
	At 31st December 1998	<u>63,790</u>	<u>79,581</u>	<u>45,682</u>	<u>189,053</u>
9	Stocks	1999	1998		
		£	£		
	Raw materials	483,951	351,675		
	Goods for re-sale	305,665	277,572		
		<u>789,616</u>	<u>629,247</u>		
10	Debtors	1999	1998		
		£	£		
	Trade debtors	1,554,517	1,028,345		
	Other debtors	32,338	16,303		
	Prepayments and accrued income	200,969	109,628		
		<u>1,787,824</u>	<u>1,154,276</u>		

Notes to the Financial Statements

for the year ended 31st December 1999

11	Creditors: Amounts falling due within one year	1999 £	1998 £
	Trade creditors	973,202	940,219
	Corporation tax	47,332	38,702
	Other taxes and social security	160,508	70,971
	Proposed dividends	-	40,000
	Other creditors	152,202	173,211
	Accruals and deferred income	652,761	345,927
		<u>1,986,005</u>	<u>1,609,030</u>

The Company's bankers have a fixed and floating charge over the Company's assets.

12 Deferred Taxation

The amount provided and the total potential liability for deferred taxation was as follows:

	Amount Provided		Amount Unprovided	
	1999 £	1998 £	1999 £	1998 £
Accelerated capital allowances	<u>5,084</u>	<u>1,049</u>	<u>-</u>	<u>-</u>

13 Share Capital

Authorised	Number	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted and fully paid	Number	£
Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>

14 Reconciliation of the Movement in Shareholders' Funds

	1999 £	1998 £
Profit for the financial year	199,647	137,497
Dividends	-	(40,000)
Increase in shareholders' funds	<u>199,647</u>	<u>97,497</u>
Opening shareholders' funds	864,908	767,411
Closing shareholders' funds	<u>1,064,555</u>	<u>864,908</u>

Notes to the Financial Statements

for the year ended 31st December 1999

15 Pensions - Defined Contribution Scheme

The company provides pension benefits to its Directors through insured arrangements which are separate from the Company's finances. The charges for the period have been accounted for in the profit and loss account as stated in the accounting policies.

16 Operating lease commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

	1999 Land and buildings £	1998 Land and buildings £
Expiring: After five years	68,300	68,300

17 Related Party Transactions

The company is controlled by Mr J. C. Whiting who owns 75% of the issued ordinary shares of the company. Details of related party transactions occurring during the year are as follows:

Name of related party	Nature of Relationship	Transaction Details	Amount £	Balance £
Mr. J. C. Whiting	Director and majority shareholder	Loan interest	20,793	(105,208)
		Loan account	-	(122,389)
Mr. J. S. L. Stock	Director and minority shareholder	Loan interest	5,118	(29,925)
		Loan account	-	(28,696)
Stikatak Directors Pension Fund	Pension Fund controlled by directors	Rent payable	68,300	-

Rent and interest payable by the company are on a commercial basis.

18 Reconciliation of Operating Profit to Operating Cash Flows

	1999 £	1998 £
Operating profit	266,813	178,244
Depreciation charges	72,717	65,264
Loss/(Profit) on disposal of fixed assets	5,664	(2,122)
(Increase) in stocks	(160,369)	(52,363)
(Increase) in debtors	(633,548)	(245,452)
Increase/(Decrease) in creditors	408,345	(84,028)
Net Cash (Outflow) from Operating Activities	(40,378)	(140,457)

Notes to the Financial Statements

for the year ended 31st December 1999

19 Analysis of Cash Flows for headings netted in the Cash Flow Statement

Returns on investments and servicing of finance	1999 £	1998 £
Interest received	9,866	26,809
Interest paid	(25,911)	(30,451)
Net cash (outflow) for returns on investments and servicing of finance	(16,045)	(3,642)
 Capital expenditure and financial investment	 1999 £	 1998 £
Purchase of tangible fixed assets	(183,830)	(64,354)
Proceeds from the sale of fixed assets	38,814	9,626
Net cash (outflow) for capital expenditure and financial investment	(145,016)	(54,728)

20 Analysis of changes in net funds

	At 1st January 1999 £	Cashflows £	At 31st December 1999 £
Cash at bank and in hand	502,801	(280,141)	222,660