Stikatak Limited

Directors' report and financial statements

Registered number 1763122

30 May 2009

Contents

Directors' report

The directors present their directors' report and audited financial statements for the period ended 30 May 2009.

Principal activities

The principal activity of the company is the manufacture and supply of carpet accessories.

Business review

On 4 April 2008 100% of the issued share capital of the company was acquired by Interfloor Limited. On 26 October 2008 the trade, assets and liabilities were hived up to Interfloor Limited. Stikatak Limited ceased trading from that date.

Results and dividends

The profit for the period, after taxation, amounted to £591,580 *(2007: £899,929)*. A dividend of £1,260,000 was paid in the period *(2007: £nil)*.

Directors

The directors who held office during the period were as follows:

Mr John C Whiting	(resigned 4 April 2008)
Mr John S L Stock	(resigned 4 April 2008)
Mrs Anjana Thakrar	(resigned 4 April 2008)
Mr David Hume	(resigned 4 April 2008)
Mr Paul Smith	(resigned 4 April 2008)
Mr Stephen Downey	(appointed 4 April 2008, resigned 16 October 2008)
Mr Philip Reeder	(appointed 4 April 2008)
Mr Martyn Taylor	(appointed 4 April 2008)

Political and charitable donations

The company made no political or charitable donations during the period *(2007: £nil)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

KPMG LLP were appointed auditors on 4 April 2008. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

M Taylor
Director
23 September 2009

Broadway
Haslingden
Rossendale
Lancashire
BB4 4LS

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Stikatak Limited

We have audited the financial statements of Stikatak Limited for the period ended 30 May 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Reconciliation of Movements in Shareholders Funds 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 members, 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 members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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.

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.

Independent auditor's report to the members of Stikatak Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 May 2009 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP   23/09/09

KPMG LLP
Chartered Accountants
Registered Auditor

Profit and Loss Account

for the period ended 30 May 2009

	Note	Period ended 30 May 2009 £	Year ended 31 December 2007 £
Turnover	2	10,006,180	14,503,339
Cost of sales		(6,616,347)	(8,514,293)
Gross profit		3,389,833	5,989,046
Distribution costs		(2,140,679)	(3,154,454)
Administrative expenses		(808,796)	(1,569,304)
Operating profit	3,4	440,358	1,265,288
Profit on disposal of fixed assets		327,435	-
Other interest receivable and similar income	7	28,910	65,063
Interest payable and similar charges	8	-	(46,055)
Profit on ordinary activities before taxation		796,703	1,284,296
Tax on profit on ordinary activities	9	(205,123)	(384,367)
Profit on ordinary activities after taxation and retained for the financial period	18	591,580	899,929

Statement of total recognised gains and losses

for the period ended 30 May 2009

There were no other gains and losses in the current or preceding period other than those passing through the profit and loss account.

Balance Sheet
at 30 May 2009

	Note	30 May 2009 £	30 May 2009 £	31 December 2007 £	31 December 2007 £
Fixed assets					
Tangible assets	*10*	-			941,172
Current assets					
Stocks	*11*	-		1,553,629	
Debtors	*12*	3,346,681		2,857,993	
Cash at bank and in hand		-		1,176,692	
		3,346,681		5,588,314	
Creditors: amounts falling due within one year	*13*	-		(2,489,381)	
Net current assets			3,346,681		3,098,933
Total assets less current liabilities			3,346,681		4,040,105
Provisions for liabilities and charges					
Deferred taxation	*14*		-		(25,004)
Net assets			3,346,681		4,015,101
Capital and reserves					
Called up share capital	*17*		6,000		6,000
Profit and loss account	*18*		3,340,681		4,009,101
Equity shareholders' funds			3,346,681		4,015,101

These financial statements were approved by the board of directors on 23 September 2009 and were signed on its behalf by:

M Taylor
Director

Reconciliation of Movements in Shareholders' Funds
for the period ended 30 May 2009

	Period ended 30 May 2009 £	Year ended 31 December 2007 £
Profit for the financial year	591,580	899,929
Dividends on shares classified in shareholders' funds	(1,260,000)	-
Retained (loss)/profit	(668,420)	899,929
Net (reduction in)/addition to shareholders' funds	(668,420)	899,929
Opening shareholders' funds	4,015,101	3,115,172
Closing shareholders' funds	3,346,681	4,015,101

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been drawn up for the 17 month period ended 30 May 2009 and all references to year refer to this period. The comparative financial information presented represents the 12 month period ended 31 December 2007.

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Interfloor Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of the ultimate parent undertaking Interfloor Group Limited, within which this Company is included, can be obtained from the address given in note 20.

Turnover

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

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2% on cost
Plant and machinery	-	20% reducing balance or 25% straight line
Fixtures and fittings	-	25% reducing balance
Motor vehicles	-	25% on cost
Racking and shelving	-	50% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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 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.

Notes *(continued)*

1 Accounting policies *(continued)*

Contributions to pension funds

The company provides pension benefits to its directors through insured arrangements which are separate from the company's own finances.

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

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currencies

Assets and liabilities denominated 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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

2 Turnover

Geographical analysis of turnover by target market:

	2009 £000	2007 £000
United Kingdom and Eire	**9,115**	13,206
Continental Europe	**830**	569
Other	**61**	728
	10,006	14,503

3 Operating profit

Operating profit is stated after charging/(crediting):

	2009 £	2007 £
Depreciation of owned fixed assets	**127,034**	123,650
Other operating lease rentals	**280,584**	297,992
Foreign exchange differences	**(24,586)**	(3,285)

Auditors' remuneration:

	2009 £	2007 £
Audit of these financial statements	**9,660**	12,518

Notes *(continued)*

4 Particulars of employees

The average number of staff employed by the company during the financial period amounted to:

	2009 Number	2007 Number
Production staff	**11**	21
Selling and distribution staff	**16**	33
Administration staff	**2**	9
	29	63

The aggregate payroll costs of the above were:

	2009 £	2007 £
Wages and salaries	**1,151,985**	1,735,430
Social security costs	**119,259**	161,439
Other pension costs	**5,815**	6,888
	1,277,059	1,903,757

Notes *(continued)*

5 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2009	2007
	£	£
Emoluments	65,900	392,077
Company contributions paid to pension schemes	4,550	6,888

Emoluments of highest paid director

	2009	2007
	£	£
Emoluments	19,426	124,129
Company contributions paid to pension schemes	-	329

The number of directors who accrued benefits under company pension schemes was as follows:

	2009	2007
Money purchase schemes	3	5

Mr Downey, Mr Reeder and Mr Taylor were Directors of the parent undertaking during the period and have been remunerated by that Company in their capacity as Directors.

6 Profit on disposal of trade and assets

On 26 October 2008 the company sold its trade and assets to Interfloor Limited, a related company, for a profit of £Nil.

7 Other interest receivable and similar income

	2009	2007
	£	£
Bank interest	28,910	65,063

Notes *(continued)*

8 Interest payable and similar charges

	2009 £	2007 £
Interest on directors loan accounts	-	46,055

9 Taxation on ordinary activities

Analysis of charge in the period

	2009 £	2007 £
Current tax		
Corporation tax based on the results for the period at 28% (*2007: 30%*)	**82,498**	382,304
Group relief	**118,323**	-
Adjustments in respect of prior periods		
Corporation Tax	**29,306**	-
Total current tax	**230,127**	382,304
Deferred tax		
Origination and reversal of timing differences	**(25,004)**	2,063
Tax on profit on ordinary activities	**205,123**	384,367

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 28% (*2007: 30%*).

	2009 £	2007 £
Profit on ordinary activities before taxation	**796,703**	1,284,296
Current tax at 28.61% *(2007: 30%)*	**227,910**	385,289
Expenses not deductible/(taxable)	**(80,377)**	2,886
Capital allowances in excess of depreciation	**(2,289)**	(545)
Adjustment in respect of prior periods	**29,306**	-
Chargeable gain	**55,577**	
Effect of marginal relief	-	(5,326)
Total current tax (see above)	**230,127**	382,304

Notes *(continued)*

10 Tangible fixed assets

	Freehold and leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Racking and shelving £	Total £
Cost						
At beginning of period	561,264	1,077,084	215,724	132,512	116,451	2,103,035
Additions	3,015	39,644	553	27,651	-	70,863
Disposals	(490,683)	(33,796)	(54,441)	(55,384)	-	(634,304)
Transfer (Note 6)	(73,596)	(1,082,932)	(161,836)	(104,779)	(116,451)	(1,539,594)
At end of period	-	-	-	-	-	-
Depreciation						
At beginning of period	24,698	797,826	172,514	50,374	116,451	1,161,863
Charge for year	13,008	76,927	8,640	28,459	-	127,034
On disposals	(22,912)	(25,162)	(53,162)	(26,637)	-	(127,873)
Transfer (Note 6)	(14,794)	(849,591)	(127,992)	(52,196)	(116,451)	(1,161,024)
At end of period	-	-	-	-	-	-
Net book value						
At 30 May 2009	-	-	-	-	-	-
At 31 December 2007	536,566	279,258	43,210	82,138	-	941,172

11 Stocks

	2009 £	2007 £
Raw materials	-	521,035
Goods for resale	-	1,032,594
	-	1,553,629

12 Debtors

	2009 £	2007 £
Trade debtors	-	2,760,287
Other debtors	-	7,937
Prepayments and accrued income	-	89,769
Amounts due from group undertakings	**3,346,681**	-
	3,346,681	2,857,993

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2009	2007
	£	£
Bank loans and overdrafts	-	6,408
Trade creditors	-	883,180
Corporation tax	-	382,304
Other taxation and social security	-	150,573
Other creditors	-	193,113
Accruals and deferred income	-	873,803
	-	2,489,381

14 Deferred taxation

The movement in the deferred taxation provision during the period was:

	2009	2007
	£	£
Provision bought forward	**25,004**	22,941
Transfer to profit and loss account	**(25,004)**	2,063
Provision carried forward	-	25,004

The provision for deferred taxation consists of the tax effect of timing difference in respect of:

	2009	2007
	£	£
Excess of taxation allowances over depreciation on fixed assets	-	25,004
	-	25,004

15 Commitments under operating leases

At 30 May 2009 the company had annual commitments under non cancellable operating leases as set out below.

	Land and buildings	
	2009	2007
	£	£
Operating leases which expire:		
Within two to five years	-	153,860
After more than five years	-	145,052
	-	298,912

Notes *(continued)*

16 Related party transactions

As the Company is a wholly owned subsidiary of Interfloor Limited, which is a wholly owned subsidiary of Interfloor Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Interfloor Group Limited, within which this Company is included, can be obtained from the address given in note 20.

Prior to the acquisition by Interfloor Limited on 4 April 2008, the company was under the control of Mr J C Whiting. Mr J C Whiting was a director and owned 75% of the issued share capital of the company.

	2009	2007
	£	£
Details of related party transactions are as follows:		
Stikatak Directors pension Fund – pension fund controlled by the directors		
Rent payable	**74,727**	255,712

At the balance sheet date an amount of £Nil (*2007: £10,913*) was included in accruals payable to Stikatak Directors Pension Fund

	2009	2007
	£	£
Mr J C Whiting – director and majority shareholder		
Rent payable	-	31,710
Loan interest payable	-	42,732
Mr J S L Stock – director and minority shareholder		
Rent payable	-	10,570
Loan interest payable	-	3,323

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

17 Share capital

	2009	2007
	£	£
Authorised share capital		
100,000 ordinary shares of £1 each	**100,000**	100,000
Allotted, called up and fully paid		
6,000 ordinary shares of £1 each	**6,000**	6,000

Notes *(continued)*

18 Reserves

	Profit and loss account £
Balance brought forward	4,009,101
Profit for the period	591,580
Dividends paid	(1,260,000)
Balance carried forward	3,340,681

19 Guarantees and other financial commitments

The Company has a composite guarantee and debenture with other group companies Interfloor Group Limited, Interfloor Operations Limited, Interfloor Industries Limited, Interfloor Holdings Limited, Duralay International Holdings Limited and Interfloor Limited in favour of Kaupthing Bank HF, for all monies due, and Hutton Collins Mezzanine Partners LP, for all monies due under the Mezzanine Loan Note Instrument. Security was provided through a fixed and floating charge over all assets of each company. This financial assistance was in connection with the acquisition of the entire shareholding in Interfloor Industries Limited. At the year end £37,312,000 was outstanding under this agreement *(2007: Nil)*.

20 Ultimate parent undertaking and controlling party

At the balance sheet date the Company's immediate parent undertaking was Interfloor Limited. The ultimate parent company is Interfloor Group Limited.

55.0% of the issued share capital of Interfloor Group Limited is held by EAC (Scotland) GP3 Limited on behalf of investors in EAC Fund 111 Limited Partnership and EAC Fund 111 GmbH & Co. Beteiligungs KG. These funds are managed by Milestone Capital Partners LLP. 22.5% of the issued share capital of Interfloor Group Limited is owned by Hutton Collins Mezzanine Partners LP with the remaining shares owned by Management. The ultimate controlling party is therefore considered to be Milestone Capital Partners LLP.

After the period end 33.1% of the issued share capital was transferred from EAC (Scotland) GP3 Limited to Milestone GP Limited on behalf of investors in Milestone Link Fund LP. These funds are also managed by Milestone Capital Partners LLP who remain the ultimate controlling party.

The Company is included in the group financial statements of Interfloor Group Limited, copies of which are available from its registered office: Broadway, Haslingden, Rossendale, Lancashire, BB4 4LS.