

**Stikatak Limited**

**Directors' report and financial  
statements**

**Company number 1763122**

**29 May 2010**

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## Contents

Directors' report	1
Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditors' report to the members of Stikatak Limited	3
Profit and Loss Account	5
Balance Sheet	6
Reconciliation of Movements in Shareholders' Funds	7
Notes	8 - 14

## Directors' report

The directors present their report and audited financial statements for the period ended 29 May 2010

### Principal activities and business review

The company has not traded during the period following the hive up of trade, assets and liabilities in the prior period

### Results and dividends

The profit for the period, after taxation, amounted to £nil (2009 £591,580) A dividend of £nil was paid in the period (2009 £1,260,000)

### Directors

The directors who held office during the period were as follows

Mr Philip Reeder  
Mr Martyn Taylor

### Political and charitable donations

The company made no political or charitable donations during the period (2009 £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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Auditors

KPMG LLP resigned as auditors during the year and Grant Thornton UK LLP were appointed to fill the casual vacancy Grant Thornton UK LLP have expressed their willingness to continue in office, and will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notification under Section 488(1) of the Companies Act 2006

By order of the board



M Taylor  
Director

Broadway  
Hashngden  
Rossendale  
Lancashire  
BB4 4LS  
10 September 2010

## **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 2006. 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.

## **Independent auditors' report to the members of Stikatak Limited**

We have audited the financial statements of Stikatak Limited for the year ended 29 May 2010 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 29 May 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Stikatak Limited**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Kevin Engel, Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Registered Auditor  
Chartered Accountants  
Manchester

10 September 2010

**Profit and Loss Account**  
*for the period ended 29 May 2010*

	<i>Note</i>	<b>52 weeks ended 29 May 2010</b>	<b>17 months ended 30 May 2009</b>
		<b>£</b>	<b>£</b>
<b>Continuing operations</b>			
<b>Turnover</b>	2	-	10,006,180
Cost of sales		-	(6,616,347)
		<hr/>	<hr/>
<b>Gross profit</b>		-	3,389,833
Distribution costs		-	(2,140,679)
Administrative expenses		-	(808,796)
		<hr/>	<hr/>
<b>Operating profit</b>	3	-	440,358
Profit on disposal of fixed assets		-	327,435
Other interest receivable and similar income	7	-	28,910
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		-	796,703
Tax on profit on ordinary activities	8	-	(205,123)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation and retained for the financial period</b>	13	-	591,580
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains and losses in either period other than the result in the above profit and loss account and therefore no statement of total recognised gains or losses has been presented

**Balance Sheet**  
*at 29 May 2010*

	<i>Note</i>	<b>2010</b> £	<b>2009</b> £
<b>Current assets</b>			
Debtors	9	3,346,681	3,346,681
<b>Net current assets</b>		<u>3,346,681</u>	<u>3,346,681</u>
<b>Total assets less current liabilities</b>		<u>3,346,681</u>	<u>3,346,681</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	10	-	-
<b>Net assets</b>		<u>3,346,681</u>	<u>3,346,681</u>
<b>Capital and reserves</b>			
Called up share capital	12	6,000	6,000
Profit and loss account	13	<u>3,340,681</u>	<u>3,340,681</u>
<b>Shareholders' funds</b>		<u>3,346,681</u>	<u>3,346,681</u>

These financial statements were approved by the board of directors on 10 September 2010 and were signed on its behalf by



**M Taylor**  
*Director*

**Stikatak Limited**  
**Company no: 1763122**

**Reconciliation of Movements in Shareholders' Funds**  
*for the period ended 29 May 2010*

	52 weeks ended 29 May 2010 £	17 months ended 30 May 2009 £
<b>Profit for the financial year</b>	-	591,580
Dividends on shares classified as equity	-	(1,260,000)
<b>Retained loss</b>	-	(668,420)
<b>Net reduction in shareholders' funds</b>	-	(668,420)
Opening shareholders' funds	3,346,681	4,015,101
<b>Closing shareholders' funds</b>	<b>3,346,681</b>	<b>3,346,681</b>

## 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 period ended 29 May 2010 and all references to year refer to this period. The comparative financial information presented represents the 17 month period ended 30 May 2009

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 15

#### ***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 on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

## Notes (continued)

### 1 Accounting policies (continued)

#### *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

### 2 Turnover

Geographical analysis of turnover by target market

	52 weeks ended 29 May 2010 £000	17 months ended 30 May 2009 £000
United Kingdom and Eire	-	9,115
Continental Europe	-	830
Other	-	61
	<hr/>	<hr/>
	-	10,006
	<hr/>	<hr/>

### 3 Operating profit

Operating profit is stated after charging/(crediting)

	52 weeks ended 29 May 2010 £	17 months ended 30 May 2009 £
Depreciation of owned fixed assets	-	127,034
Other operating lease rentals	-	280,584
Foreign exchange differences	-	(24,586)
	<hr/>	<hr/>

## Notes (continued)

### 3 Operating profit (continued)

#### Auditors' remuneration

	52 weeks ended 29 May 2010 £	17 months ended 30 May 2009 £
Audit of these financial statements	-	9,660

Amounts receivable by the company's auditor in respect of these financial statements are £500 (2009 9,660). The cost for the current period has been borne by Interfloor Limited.

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

### 4 Particulars of employees

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

	2010 Number	2009 Number
Production staff	-	11
Selling and distribution staff	-	16
Administration staff	-	2
	-	29

The aggregate payroll costs of the above were

	52 weeks ended 29 May 2010 £	17 months ended 30 May 2009 £
Wages and salaries	-	1,151,985
Social security costs	-	119,259
Other pension costs	-	5,815
	-	1,277,059

## 5 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	52 weeks ended 29 May 2010 £	17 months ended 30 May 2009 £
Emoluments	-	65,900
Company contributions paid to pension schemes	-	4,550
	<u>          </u>	<u>          </u>

### Emoluments of highest paid director

	52 weeks ended 29 May 2010 £	17 months ended 30 May 2009 £
Emoluments	-	19,426
	<u>          </u>	<u>          </u>

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

	2010	2009
Money purchase schemes	-	3
	<u>          </u>	<u>          </u>

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

	52 weeks ended 29 May 2010 £	17 months ended 30 May 2009 £
Bank interest	-	28,910
	<u>          </u>	<u>          </u>

## 8 Taxation on ordinary activities

### Analysis of charge in the period

	52 weeks ended 29 May 2010 £	17 months ended 30 May 2009 £
<i>Current tax</i>		
Corporation tax based on the results for the period at 28% (2009 28%)	-	82,498
Group relief	-	118,323
Adjustments in respect of prior periods		
Corporation Tax	-	29,306
Total current tax	-	230,127
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(25,004)
Tax on profit on ordinary activities	-	205,123

### Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the prior period is lower than the standard rate of corporation tax in the UK of 28% (2009 28%)

	52 weeks ended 29 May 2010 £	17 months ended 30 May 2009 £
Profit on ordinary activities before taxation	-	796,703
Current tax at 28% (2009 28.61%)	-	227,910
Expenses not deductible/(taxable)	-	(80,377)
Capital allowances in excess of depreciation	-	(2,289)
Adjustment in respect of prior periods	-	29,306
Chargeable gain	-	55,577
Total current tax (see above)	-	230,127

## 9 Debtors

	2010 £	2009 £
Amounts due from group undertakings	3,346,681	3,346,681
	<u>3,346,681</u>	<u>3,346,681</u>

## 10 Deferred taxation

The movement in the deferred taxation provision during the period was

	2010 £	2009 £
Provision brought forward	-	25,004
Transfer to profit and loss account	-	(25,004)
	<u>-</u>	<u>-</u>
Provision carried forward	-	-

## 11 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 15

	2010 £	2009 £
Details of related party transactions are as follows		
Stikatak Directors pension Fund – pension fund controlled by the directors		
Rent payable	-	74,727
	<u>-</u>	<u>74,727</u>

## 12 Share capital

	2010 £	2009 £
<i>Authorised share capital</i>		
100,000 ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i>		
6,000 ordinary shares of £1 each	6,000	6,000
	<u>6,000</u>	<u>6,000</u>

### 13 Reserves

**Profit and loss  
account  
£**

At the 30 May 2009 and 29 May 2010

3,340,681

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### 14 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 £34,542,000 was outstanding under this agreement (2009 £37,312,000).

### 15 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.

During the period 33.1% of the issued share capital of Interfloor Group Limited was transferred from EAC (Scotland) GP3 Limited to Milestone GP Limited on behalf of investors in Milestone Link Fund LLP.

21.9% 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. 33.1% of the issued share capital is held by Milestone GP Limited on behalf of investors in Milestone Link Fund LP. All of 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.

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.