

COMPANIES REGISTRY COPY

Stikatak Limited

Financial Statements

for the year ended 31st December 2000



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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
Mr David Hume

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 2000

The directors submit their report together with the audited financial statements for the year ended 31st December 2000.

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 £303,239. After deducting taxation, the profit of £242,143 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	
	2000	1999
	No.	No.
Mr John C. Whiting	4,500	4,500
Mr John S. L. Stock	1,500	1,500
Mrs Anjana Thakrar	-	-

On 1st January 2001 Mr David Hume was appointed a director of the company.

Stikatak Limited

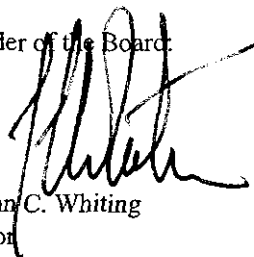
Directors' Report

for the year ended 31st December 2000

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 C. Whiting
Director

6th July 2001

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 31st December 2000

We have audited the financial statements on pages 4 to 13, 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 2000 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

9th July 2001

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

Stikatak Limited**Profit and Loss Account****for the year ended 31st December 2000**

	Notes	2000 £	1999 £
Turnover	2	10,188,519	8,086,075
Cost of sales		(6,525,247)	(5,240,015)
Gross profit		3,663,272	2,846,060
Distribution costs		(2,195,441)	(1,619,608)
Administrative expenses		(1,169,318)	(959,639)
Other operating income		20,176	-
Operating profit	3	318,689	266,813
Interest receivable		15,141	9,866
Interest payable	4	(30,591)	(25,911)
Profit on ordinary activities before Taxation		303,239	250,768
Tax on profit on ordinary activities	6	(61,096)	(51,121)
Profit on ordinary activities after Taxation transferred to reserves		242,143	199,647
Retained profit brought forward		1,058,555	858,908
Retained profit carried forward		1,300,698	1,058,555

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 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Fixed Assets					
Tangible fixed assets	7		946,924		255,688
Current Assets					
Stocks	8	788,478		789,616	
Debtors	9	1,831,812		1,787,824	
Cash at bank		978,880		222,660	
		3,599,170		2,800,100	
Creditors:					
Amounts falling due within one year	10	(3,214,431)		(1,986,005)	
Net Current Assets			384,739		814,095
Total Assets Less Current Liabilities			1,331,663		1,069,783
Provision for Liabilities and Charges					
Deferred taxation	11		(24,965)		(5,228)
			1,306,698		1,064,555
Capital and Reserves					
Share capital	12		6,000		6,000
Profit and loss account			1,300,698		1,058,555
Equity Shareholders' Funds	13		1,306,698		1,064,555

These accounts were approved by the board on 6th July 2001

Mr John C. Whiting

Mr John S. L. Stock
Directors

Stikatak Limited**Cash Flow Statement****for the year ended 31st December 2000**

	Notes	2000 £	1999 £
Cash flow from operating activities	17	1,462,861	(35,838)
Returns on investments and servicing of finance	18	(10,770)	(20,585)
Taxation		(47,332)	(38,702)
Capital expenditure and financial investment	18	(788,539)	(145,016)
Equity dividends paid		-	(40,000)
Cash inflow/(outflow) before use of liquid resources and financing		616,220	(280,141)
Financing	18	140,000	-
Increase/(Decrease) in cash in the year	19	756,220	(280,141)
Reconciliation of net cash flow to movement in net funds			
Increase/(Decrease) in cash in the year and movement in net funds in the period		756,220	(280,141)
Cash inflow from increase in debt and lease financing	19	(140,000)	-
Change in net debt resulting from cashflows		616,220	(280,141)
Net funds at 1st January 2000		222,660	502,801
Net funds at 31st December 2000	19	838,880	222,660

Notes to the Financial Statements

for the year ended 31st December 2000

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, other than freehold land, 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

No depreciation is provided on freehold land and buildings in the year of acquisition. The cost of buildings is written off in subsequent years at a rate of 2% per annum.

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 provided for in full.

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.

Stikatak Limited

Notes to the Financial Statements

for the year ended 31st December 2000

2 Turnover

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

3 Operating Profit

The operating profit is stated after charging or crediting:

	2000	1999
	£	£
Profit on foreign exchange	(76,425)	(30,455)
Other operating lease rentals	96,509	68,300
Amounts payable to the auditors in respect of audit services	8,633	7,935
Depreciation - owned assets	92,947	72,717
Loss on disposal of fixed assets	4,356	5,664
	<u>2000</u>	<u>1999</u>

4 Interest Payable

	£	£
Directors' loan accounts	<u>30,591</u>	<u>25,911</u>

Notes to the Financial Statements

for the year ended 31st December 2000

5 Directors and Employees

Staff costs during the year were as follows:

	2000	1999
	£	£
Wages and salaries	1,579,711	1,354,521
Social security costs	162,969	116,176
Other pension costs	5,211	34,758
	<u>1,747,891</u>	<u>1,505,455</u>

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

	2000	1999
	Number	Number
Administration	8	9
Production	34	39
Selling and distribution	33	25
	<u>75</u>	<u>73</u>

Remuneration in respect of directors was as follows:

	2000	1999
	£	£
Aggregate amount of emoluments paid in respect of qualifying services	<u>405,000</u>	<u>320,230</u>

Other directors disclosures in respect of qualifying services:

	2000	1999
	Number	Number
The number of directors to whom retirement benefits are accruing under money purchase pension schemes	<u>2</u>	<u>2</u>

Highest paid director disclosures in respect of qualifying services:

	2000	1999
	£	£
Aggregate emoluments	237,500	185,000
Aggregate value of company contributions to money purchase pension schemes	<u>-</u>	<u>22,500</u>

6 Tax on Profit on Ordinary Activities

Based on the profit for the year:

	2000	1999
	£	£
U.K. Corporation tax at 20% (1999: 20%)	41,359	47,332
Deferred tax charge	19,737	3,789
	<u>61,096</u>	<u>51,121</u>

Stikatak Limited

Notes to the Financial Statements

for the year ended 31st December 2000

7 Tangible Fixed Assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
Cost	£	£	£	£	£
At 1st January 2000	-	289,761	140,274	111,092	541,127
Additions	455,132	313,487	37,123	5,097	810,839
Disposals	-	-	(48,262)	-	(48,262)
At 31st December 2000	455,132	603,248	129,135	116,189	1,303,704
Depreciation					
At 1st January 2000	-	179,818	41,781	63,840	285,439
Charged for the year	-	46,896	32,964	13,087	92,947
Eliminated on disposal	-	-	(21,606)	-	(21,606)
At 31st December 2000	-	226,714	53,139	76,927	356,780
Net Book Value					
At 31st December 2000	455,132	376,534	75,996	39,262	946,924
At 31st December 1999	-	109,943	98,493	47,252	255,688

8 Stocks

	2000	1999
	£	£
Raw materials	506,253	483,951
Goods for re-sale	282,225	305,665
	788,478	789,616

9 Debtors

	2000	1999
	£	£
Trade debtors	1,738,792	1,554,517
Other debtors	27,754	32,338
Prepayments and accrued income	65,266	200,969
	1,831,812	1,787,824

Notes to the Financial Statements

for the year ended 31st December 2000

10	Creditors: Amounts falling due within one year	2000	1999
		£	£
	Bank loans and overdrafts	140,000	-
	Trade creditors	1,824,961	973,202
	Corporation tax	41,359	47,332
	Other taxes and social security	102,542	160,508
	Other creditors	214,106	152,202
	Accruals and deferred income	891,463	652,761
		<u>3,214,431</u>	<u>1,986,005</u>

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

The bank loan of £140,000 was fully repaid in January 2001 and was secured on the company's freehold land and buildings.

11 Deferred Taxation

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

	Amount Provided		Amount Unprovided	
	2000	1999	2000	1999
	£	£	£	£
Accelerated capital allowances	<u>24,965</u>	<u>5,228</u>	<u>-</u>	<u>-</u>

12 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>

13 Reconciliation of the Movement in Shareholders' Funds

	2000	1999
	£	£
Profit for the financial year and increase in shareholders' funds	242,143	199,647
Opening shareholders' funds	<u>1,064,555</u>	<u>864,908</u>
Closing shareholders' funds	<u>1,306,698</u>	<u>1,064,555</u>

Stikatak Limited

Notes to the Financial Statements

for the year ended 31st December 2000

14 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.

15 Operating lease commitments

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

	2000 Land and buildings £	1999 Land and buildings £
Expiring: After five years	222,170	68,300

16 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 accrued	24,340	(108,754)
		Loan account	-	(186,475)
Mr. J. S. L. Stock	Director and minority shareholder	Loan interest accrued	6,251	(31,057)
		Loan account	-	(25,877)
Stikatak Directors Pension Fund	Pension Fund controlled by directors	Rent payable	96,509	-
		Loan account	-	(1,754)

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

17 Reconciliation of Operating Profit to Operating Cash Flows

	2000 £	1999 £
Operating profit	318,689	266,813
Depreciation charges	92,947	72,717
Loss on disposal of fixed assets	4,356	5,664
Decrease/(Increase) in stocks	1,138	(160,369)
(Increase) in debtors	(43,988)	(633,548)
Increase in creditors	1,089,719	412,885
Net Cash Inflow/(Outflow) from Operating Activities	1,462,861	(35,838)

Notes to the Financial Statements

for the year ended 31st December 2000

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

Returns on investments and servicing of finance	2000 £	1999 £
Interest received	15,141	9,866
Interest paid	(25,911)	(30,451)
Net cash (outflow) for returns on investments and servicing of finance	(10,770)	(20,585)
Capital expenditure and financial investment	2000 £	1999 £
Purchase of tangible fixed assets	(810,839)	(183,830)
Proceeds from the sale of fixed assets	22,300	38,814
Net cash (outflow) for capital expenditure and financial investment	(788,539)	(145,016)
Financing	2000 £	1999 £
Debt due within a year: increase in short-term borrowings	250,000	-
Debt due within a year: repayments made	(110,000)	-
Net cash inflow from financing	140,000	-

19 Analysis of changes in net funds

	At 1st January 2000 £	Cashflows £	At 31st December 2000 £
Cash at bank and in hand	222,660	756,220	978,880
Debt due within 1 year	-	(140,000)	(140,000)
Total	222,660	616,220	838,880