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COMPANY REGISTRATION NUMBER 3005145

TAYLOR TILES HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2006



GRIFFITH & MILES LIMITED
CHARTERED ACCOUNTANTS AND
REGISTERED AUDITOR
SWANSEA

TAYLOR TILES HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

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TAYLOR TILES HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

The directors have pleasure in presenting their report and the consolidated financial statements of the group for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was that of supplying and fixing of ceramic tiles and tiling materials.

The directors consider the state of the company's affairs to be satisfactory.

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2006	At 1 April 2005
Mr K S Taylor-Bottomley	10,669	1
Mrs P Taylor	-	-
Mrs L K Taylor-Bottomley	10,669	-
Mr R Price	-	-

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the consolidated financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year.

In preparing those consolidated financial statements, the directors are required to select suitable accounting policies, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the consolidated 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 group and to enable them to ensure that the consolidated financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

A resolution to re-appoint Griffith & Miles Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

TAYLOR TILES HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

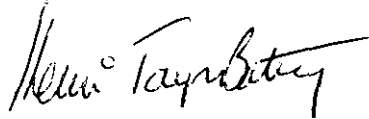
YEAR ENDED 31 MARCH 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Beaufort Road
Plasmarl Industrial Estate
Swansea
SA6 8JG

Signed by order of the directors



MR K S TAYLOR BOTTOMLEY
Company Secretary

Approved by the directors on 18.12.06

TAYLOR TILES HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TAYLOR TILES HOLDINGS LIMITED

YEAR ENDED 31 MARCH 2006

We have audited the group and parent company consolidated financial statements ("the consolidated financial statements") of Taylor Tiles Holdings Limited for the year ended 31 March 2006 on pages 4 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 7 to 8.

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 AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the consolidated financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the consolidated 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 consolidated financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the consolidated financial statements. We also 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 consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the group's and 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 consolidated 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 consolidated financial statements.

OPINION

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the group's and the parent company's affairs as at 31 March 2006 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the consolidated financial statements.

Griffith & Miles Limited

Charter Court,
Phoenix Way,
Enterprise Park,
Swansea
SA7 9FS

18 December 2006

GRIFFITH & MILES LIMITED
Chartered Accountants
& Registered Auditors

TAYLOR TILES HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2006

	Note	2006 £	2005 £
TURNOVER		4,723,839	4,865,539
Other operating income	2	<u>62,907</u>	<u>27,042</u>
		4,786,746	4,892,581
OPERATING COSTS:			
Raw materials and consumables		2,864,162	2,757,294
Other external charges		14,855	17,183
Staff costs		1,153,574	1,160,503
Depreciation written off fixed assets	3	(243,152)	129,367
Other operating charges		<u>528,153</u>	<u>569,167</u>
OPERATING PROFIT	3	469,154	259,067
Interest receivable and similar income		—	1,119
Interest payable and similar charges		(43,769)	(47,522)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>425,385</u>	<u>212,664</u>
Tax on profit on ordinary activities		47,076	36,590
PROFIT FOR THE FINANCIAL YEAR	5	<u>378,309</u>	<u>176,074</u>

The company has taken advantage of section 230 of the Companies Act 1985
not to publish its own Profit and Loss Account.

The notes on pages 7 to 12 form part of these consolidated financial statements.

TAYLOR TILES HOLDINGS LIMITED

GROUP BALANCE SHEET

31 MARCH 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	6	1,277,392	1,405,948
Investments	7	—	102
		<u>1,277,392</u>	<u>1,406,050</u>
CURRENT ASSETS			
Stocks		723,427	707,773
Debtors	8	947,778	755,697
Cash at bank and in hand		5,815	54,136
		<u>1,677,020</u>	<u>1,517,606</u>
CREDITORS: Amounts falling due within one year	9	<u>1,633,692</u>	<u>1,268,552</u>
NET CURRENT ASSETS		<u>43,328</u>	<u>249,054</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,320,720</u>	<u>1,655,104</u>
CREDITORS: Amounts falling due after more than one year	10	<u>207,002</u>	<u>489,747</u>
		<u>1,113,718</u>	<u>1,165,357</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	11	16,600	15,250
		<u>1,097,118</u>	<u>1,150,107</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	21,338	21,338
Revaluation reserve	14	475,734	842,040
Capital redemption reserve	14	34,811	34,811
Profit and loss account	14	565,235	251,918
SHAREHOLDERS' FUNDS		<u>1,097,118</u>	<u>1,150,107</u>

These consolidated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These consolidated financial statements were approved by the directors on the 18.12.06 and are signed on their behalf by:


 MR K S TAYLOR-BOTTOMLEY

The notes on pages 7 to 12 form part of these consolidated financial statements.

TAYLOR TILES HOLDINGS LIMITED

BALANCE SHEET

31 MARCH 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	6	1,270,618	1,385,759
Investments	7	15,337	15,219
		<u>1,285,955</u>	<u>1,400,978</u>
CURRENT ASSETS			
Stocks		712,645	688,518
Debtors	8	848,616	629,204
Cash at bank and in hand		5,688	54,097
		<u>1,566,949</u>	<u>1,371,819</u>
CREDITORS: Amounts falling due within one year	9	<u>1,537,624</u>	<u>1,124,961</u>
NET CURRENT ASSETS		<u>29,325</u>	<u>246,858</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,315,280</u>	<u>1,647,836</u>
CREDITORS: Amounts falling due after more than one year	10	<u>207,002</u>	<u>489,338</u>
		<u>1,108,278</u>	<u>1,158,498</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	11	16,600	15,250
		<u>1,091,678</u>	<u>1,143,248</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	21,338	21,338
Revaluation reserve	14	475,734	842,040
Capital redemption reserve	14	34,811	34,811
Profit and loss account	14	559,795	245,059
SHAREHOLDERS' FUNDS		<u>1,091,678</u>	<u>1,143,248</u>

These consolidated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These consolidated financial statements were approved by the directors on the 18.12.06 and are signed on their behalf by:


 MR K S TAYLOR-BOTTOMLEY

The notes on pages 7 to 12 form part of these consolidated financial statements.

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group consolidated financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- Buildings : 2% per annum; Land - nil
Leasehold property	- over term of lease
Plant & Machinery	- 20% per annum
Fixtures & Fittings	- 10% - 33% per annum
Motor Vehicles	- 15% - 25% per annum

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts.

Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. OTHER OPERATING INCOME

	2006	2005
	£	£
Commission receivable	7,077	(4,647)
Management charges receivable	6,000	9,000
Other operating income	49,830	22,689
	<u>62,907</u>	<u>27,042</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2006	2005
	£	£
Directors' emoluments	178,796	127,083
Amortisation of government grants re fixed assets	(969)	(1,938)
Depreciation of owned fixed assets	104,712	87,989
Depreciation of assets held under hire purchase agreements	46,600	41,766
(Profit)/Loss on disposal of fixed assets	(393,495)	1,550
Auditor's fees	<u>9,000</u>	<u>6,000</u>

4. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £377,736 (2005 - £186,909).

5. DIVIDENDS

Dividends on equity shares

	2006	2005
	£	£
Paid		
Equity dividends on ordinary shares	<u>63,000</u>	<u>-</u>

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

6. TANGIBLE FIXED ASSETS

Group	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 April 2005	1,085,000	85,109	543,403	242,132	1,955,644
Additions	335,910	15,903	163,662	10,595	526,070
Disposals	(470,000)	(14,988)	(284,432)	(66,045)	(835,465)
At 31 March 2006	950,910	86,024	422,633	186,682	1,646,249
DEPRECIATION					
At 1 April 2005	25,944	39,652	381,271	102,830	549,697
Charge for the year	17,913	13,521	72,694	47,184	151,312
On disposals	(11,403)	(14,379)	(269,982)	(36,388)	(332,152)
At 31 March 2006	32,454	38,794	183,983	113,626	368,857
NET BOOK VALUE					
At 31 March 2006	918,456	47,230	238,650	73,056	1,277,392
At 31 March 2005	1,059,056	45,457	162,132	139,302	1,405,947

The freehold and leasehold properties occupied by the company were valued by external valuers, Rowland Jones and Partners, as at 31 March 2004, on the basis of Existing Use value in accordance with the RICS Appraisal and Valuation Standards.

Hire purchase agreements

Included within the net book value of £1,277,392 is £132,957 (2005 - £166,857) relating to assets held under hire purchase agreements. The depreciation charged to the consolidated financial statements in the year in respect of such assets amounted to £46,600 (2005 - £41,766).

Company	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 April 2005	1,085,000	59,086	541,675	181,844	1,867,605
Additions	335,910	15,903	163,225	10,595	525,633
Disposals	(470,000)	(555)	(284,134)	(55,595)	(810,284)
At 31 March 2006	950,910	74,434	420,766	136,844	1,582,954
DEPRECIATION					
At 1 April 2005	25,944	16,803	380,404	58,695	481,846
Charge for the year	17,913	12,235	72,217	37,209	139,574
On disposals	(11,403)	(553)	(269,684)	(27,444)	(309,084)
At 31 March 2006	32,454	28,485	182,937	68,460	312,336
NET BOOK VALUE					
At 31 March 2006	918,456	45,949	237,829	68,384	1,270,618
At 31 March 2005	1,059,056	42,283	161,271	123,149	1,385,759

Hire purchase agreements

Included within the net book value of £1,270,618 is £130,576 (2005 - £163,377) relating to assets held under hire purchase agreements. The depreciation charged to the consolidated financial statements in the year in respect of such assets amounted to £45,501 (2005 - £40,667).

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

7. INVESTMENTS

Company	Group companies £
COST	
At 1 April 2005	15,219
Additions	118
At 31 March 2006	<u>15,337</u>
NET BOOK VALUE	
At 31 March 2006	<u>15,337</u>
At 31 March 2005	<u>15,219</u>

Taylor Tiles Holdings Limited owns 100% of the issued share capital of the following subsidiaries, which were incorporated in Great Britain :

Name	Activity
TT Specialist Fixing Limited	Supplying and fixing of ceramic tiles and tiling materials.
Taylor Tiles (South Wales) Limited	Dormant
Taylor Design and Tools Limited	Dormant
Ceramic Tiles On-Line Limited	Dormant

8. DEBTORS

	Group		Company
	2006	2005	2006
	£	£	£
Trade debtors	452,958	411,433	236,342
Amounts owed by group undertakings	375,459	261,710	492,409
Directors current accounts	16,514	43,260	16,514
Other debtors	102,847	39,294	103,351
	<u>947,778</u>	<u>755,697</u>	<u>848,616</u>
			<u>629,204</u>

9. CREDITORS: Amounts falling due within one year

	Group		Company
	2006	2005	2006
	£	£	£
Bank loans and overdrafts	280,519	271,374	268,784
Trade creditors	1,024,263	661,588	1,020,357
Hire purchase agreements	51,833	58,521	51,424
Other creditors	187,494	203,851	152,583
Accruals and deferred income	89,583	73,218	44,476
	<u>1,633,692</u>	<u>1,268,552</u>	<u>1,537,624</u>
			<u>1,124,961</u>

Barclays Bank Plc holds a fixed and floating charge over the groups assets.

Mr JAB Taylor holds a fixed charge over certain freehold and leasehold properties.

10. CREDITORS: Amounts falling due after more than one year

	Group		Company
	2006	2005	2006
	£	£	£
Bank loans and overdrafts	154,876	401,959	154,876
Hire purchase agreements	52,126	87,788	52,126
	<u>207,002</u>	<u>489,747</u>	<u>207,002</u>
			<u>489,338</u>

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

11. DEFERRED TAXATION

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2006		2005	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	<u>16,600</u>	<u>-</u>	<u>15,250</u>	<u>-</u>

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Company	2006		2005	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	<u>16,600</u>	<u>-</u>	<u>15,250</u>	<u>-</u>

12. RELATED PARTY TRANSACTIONS

Mr K Taylor-Bottomley, a director and shareholder of Taylor Tiles Holdings Limited, also has a 26% interest in Stacks Limited.

The group had the following transactions with Stacks Limited (all on normal trading terms):

Profit and Loss Account

Sales to Stacks Limited	£487,496
Purchases from Stacks Limited	£3,083
Management charge receivable from Stacks Limited	£6,000
Hire charges receivable from Stacks Limited	£1,680

Balance Sheet

Amounts due from Stacks Limited	£375,459
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13. SHARE CAPITAL

Authorised share capital:

	2006 £	2005 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>21,338</u>	<u>21,338</u>	<u>21,338</u>	<u>21,338</u>

TAYLOR TILES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

Group	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total share- holders' funds £
Balance brought forward	21,338	842,040	34,811	249,926	1,148,115
Profit for the year	—	—	—	377,309	377,309
Equity dividends	—	—	—	(62,000)	(62,000)
Other movements - transfer to/from revaluation reserve	—	(366,306)	—	—	(366,306)
Balance carried forward	<u>21,338</u>	<u>475,734</u>	<u>34,811</u>	<u>565,235</u>	<u>1,097,118</u>

Company	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total share- holders' funds £
Balance brought forward	21,338	842,040	34,811	245,059	1,143,248
Profit for the year	—	—	—	377,736	377,736
Equity dividends	—	—	—	(63,000)	(63,000)
Other movements - transfer to/from revaluation reserve	—	(366,306)	—	—	(366,306)
Balance carried forward	<u>21,338</u>	<u>475,734</u>	<u>34,811</u>	<u>559,795</u>	<u>1,091,678</u>