

3005145
COMPANY REGISTRATION NUMBER 3005145

TAYLOR TILES HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2005

GRIFFITH & MILES LIMITED
CHARTERED ACCOUNTANTS AND
REGISTERED AUDITOR
SWANSEA



TAYLOR TILES HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

CONTENTS	PAGE
The directors' report	1
Independent auditors' report to the shareholders	3
Profit and loss account	4
Group statement of total recognised gains and losses	5
Group balance sheet	6
Balance sheet	7
Notes to the consolidated financial statements	8
The following pages do not form part of the consolidated financial statements	
Detailed profit and loss account	16
Notes to the detailed profit and loss account	17

TAYLOR TILES HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2005

The directors have pleasure in presenting their report and the consolidated financial statements of the group for the year ended 31 March 2005.

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 2005	At 1 April 2004 or later date of appointment
Mr K S Taylor-Bottomley	10,669	1
Mrs P Taylor	—	—
Mrs L K Taylor-Bottomley	10,669	—
Mr R Price	—	—
	<hr/>	<hr/>

On 14 September 2004 the company purchased 29,762 ordinary shares of £1 each from Mr J A B Taylor for a total consideration of £250,000.

Mr R Price was appointed as a director on 14 September 2004.

Mr J A B Taylor resigned as a director on 14 September 2004.

DIRECTORS' RESPONSIBILITIES

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 8 to 9, 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 which 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.

AUDITORS

A resolution to re-appoint Griffith & Miles Limited as auditors 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 2005

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



Company Secretary

Approved by the directors on 28.09.05

TAYLOR TILES HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TAYLOR TILES HOLDINGS LIMITED
YEAR ENDED 31 MARCH 2005

We have audited the consolidated financial statements of Taylor Tiles Holdings Limited for the year ended 31 March 2005 on pages 4 to 14 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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.

Our responsibility is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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. We also report to you if, in our opinion, the Directors' Report is not consistent with the consolidated financial statements, if 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 transactions with the group 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 United Kingdom 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 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 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 of the state of the company's affairs and of the group as at 31 March 2005 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Griffith & Miles Limited

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

GRIFFITH & MILES LIMITED
Chartered Accountants
& Registered Auditors

28 September 2005

TAYLOR TILES HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2005

	Note	2005 £	2004 £
TURNOVER		4,865,539	4,036,576
Other operating income	2	27,042	34,695
		<u>4,892,581</u>	<u>4,071,271</u>
OPERATING COSTS:			
Raw materials and consumables		2,757,294	2,290,828
Other external charges		17,183	18,014
Staff costs		1,160,503	1,005,695
Depreciation written off fixed assets	4	129,367	89,441
Other operating charges		<u>569,167</u>	<u>483,297</u>
OPERATING PROFIT	4	259,067	183,996
Interest receivable and similar income		1,119	262
Interest payable and similar charges		<u>(47,522)</u>	<u>(42,591)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		212,664	141,667
Tax on profit on ordinary activities		36,590	31,194
RETAINED PROFIT FOR THE FINANCIAL YEAR	5	<u>176,074</u>	<u>110,473</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 8 to 14 form part of these consolidated financial statements.

TAYLOR TILES HOLDINGS LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2005

	2005 £	2004 £
Profit for the financial year attributable to the shareholders of the parent company	176,074	110,473
Unrealised profit on revaluation of certain fixed assets	—	296,858
Total gains and losses recognised since the last annual report	<u>176,074</u>	<u>407,331</u>

The notes on pages 8 to 14 form part of these consolidated financial statements.

TAYLOR TILES HOLDINGS LIMITED

GROUP BALANCE SHEET

31 MARCH 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	6	1,405,948	1,398,919
Investments	7	102	102
		<u>1,406,050</u>	<u>1,399,021</u>
CURRENT ASSETS			
Stocks		707,773	567,094
Debtors	8	755,697	730,453
Cash at bank and in hand		54,136	5,850
		<u>1,517,606</u>	<u>1,303,397</u>
CREDITORS: Amounts falling due within one year	9	<u>1,268,553</u>	<u>1,168,442</u>
NET CURRENT ASSETS		<u>249,053</u>	<u>134,955</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,655,103</u>	<u>1,533,976</u>
CREDITORS: Amounts falling due after more than one year	10	<u>489,747</u>	<u>292,194</u>
		<u>1,165,356</u>	<u>1,241,782</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	15,250	17,750
		<u>1,150,106</u>	<u>1,224,032</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	21,338	51,100
Revaluation reserve	14	842,040	842,040
Capital redemption reserve	14	34,811	5,049
Profit and loss account	14	251,917	325,843
SHAREHOLDERS' FUNDS		<u>1,150,106</u>	<u>1,224,032</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 June 2002).

These consolidated financial statements were approved by the directors on the 28.03.05 and are signed on their behalf by:


MR K S TAYLOR-BOTTOMLEY

The notes on pages 8 to 14 form part of these consolidated financial statements.

TAYLOR TILES HOLDINGS LIMITED

BALANCE SHEET

31 MARCH 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	6	1,385,759	1,360,700
Investments	7	15,219	15,219
		<u>1,400,978</u>	<u>1,375,919</u>
CURRENT ASSETS			
Stocks		688,518	534,738
Debtors	8	629,204	667,122
Cash at bank and in hand		54,097	5,809
		<u>1,371,819</u>	<u>1,207,669</u>
CREDITORS: Amounts falling due within one year	9	<u>1,124,961</u>	<u>1,070,347</u>
NET CURRENT ASSETS		<u>246,858</u>	<u>137,322</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,647,836</u>	<u>1,513,241</u>
CREDITORS: Amounts falling due after more than one year	10	<u>489,338</u>	<u>290,152</u>
		<u>1,158,498</u>	<u>1,223,089</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	15,250	16,750
		<u>1,143,248</u>	<u>1,206,339</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	21,338	51,100
Revaluation reserve	14	842,040	842,040
Capital redemption reserve	14	34,811	5,049
Profit and loss account	14	245,059	308,150
SHAREHOLDERS' FUNDS		<u>1,143,248</u>	<u>1,206,339</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 June 2002).

These consolidated financial statements were approved by the directors on the 28:09:05 and are signed on their behalf by:


MR K S TAYLOR-BOTTOMLEY

The notes on pages 8 to 14 form part of these consolidated financial statements.

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

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 June 2002).

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.

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

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 2005

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.

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

	2005	2004
	£	£
Commission receivable	(4,647)	(6,000)
Management charges receivable	9,000	26,699
Other operating income	22,689	13,996
	<u>27,042</u>	<u>34,695</u>

3. PARTICULARS OF EMPLOYEES

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	1,058,545	927,280
Social security costs	77,576	68,941
Other pension costs	24,382	9,474
	<u>1,160,503</u>	<u>1,005,695</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2005	2004
	£	£
Directors' emoluments	127,083	105,005
Amortisation of government grants re fixed assets	(1,938)	—
Depreciation of owned fixed assets	87,989	59,709
Depreciation of assets held under hire purchase agreements	41,766	29,730
Loss on disposal of fixed assets	1,550	2
Auditors' fees	6,000	5,250

5. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £186,909 (2004 - £240,519).

TAYLOR TILES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

6. TANGIBLE FIXED ASSETS

Group	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 April 2004	1,085,000	83,086	485,385	184,746	1,838,217
Additions	—	3,023	59,585	79,109	141,717
Disposals	—	(1,000)	(1,567)	(21,723)	(24,290)
At 31 March 2005	1,085,000	85,109	543,403	242,132	1,955,644
DEPRECIATION					
At 1 April 2004	12,972	26,577	326,856	72,894	439,299
Charge for the year	12,972	13,694	55,198	47,891	129,755
On disposals	—	(619)	(783)	(17,956)	(19,358)
At 31 March 2005	25,944	39,652	381,271	102,829	549,696
NET BOOK VALUE					
At 31 March 2005	1,059,056	45,457	162,132	139,303	1,405,948
At 31 March 2004	1,072,028	56,509	158,529	111,852	1,398,918

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 £1,405,948 is £166,857 (2004 - £143,740) 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 £41,766 (2004 - £29,730).

Company	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 April 2004	1,085,000	56,498	484,482	113,391	1,739,371
Additions	—	2,588	58,760	77,109	138,457
Disposals	—	—	(1,567)	(8,656)	(10,223)
At 31 March 2005	1,085,000	59,086	541,675	181,844	1,867,605
DEPRECIATION					
At 1 April 2004	12,972	5,252	326,241	34,206	378,671
Charge for the year	12,972	11,551	54,946	31,978	111,447
On disposals	—	—	(783)	(7,489)	(8,272)
At 31 March 2005	25,944	16,803	380,404	58,695	481,846
NET BOOK VALUE					
At 31 March 2005	1,059,056	42,283	161,271	123,149	1,385,759
At 31 March 2004	1,072,028	51,246	158,241	79,185	1,360,700

Hire purchase agreements

Included within the net book value of £1,385,759 is £163,377 (2004 - £125,728) 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 £40,667 (2004 - £23,072).

TAYLOR TILES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

7. INVESTMENTS

Group	Associated undertakings
	£
COST	
At 1 April 2004 and 31 March 2005	<u>102</u>
NET BOOK VALUE	
At 31 March 2005	<u>102</u>
At 31 March 2004	<u>102</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 Fixings Limited Limited	Supplying and fixing of ceramic tiles and tiling materials
Taylor Tiles (South Wales) Limited	Dormant

Taylor Tiles Holdings Limited also owns 10% of Taylor Design & Tools Limited which is a dormant company.

Company	Group companies
	£
COST	
At 1 April 2004 and 31 March 2005	<u>15,219</u>
NET BOOK VALUE	
At 31 March 2005	<u>15,219</u>
At 31 March 2004	<u>15,219</u>

8. DEBTORS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	411,433	349,062	56,707	98,785
Amounts owed by group undertakings	261,710	319,420	372,829	313,482
Directors current accounts	43,260	9,390	43,260	8,836
Other debtors	39,294	52,581	156,408	246,019
	<u>755,697</u>	<u>730,453</u>	<u>629,204</u>	<u>667,122</u>

TAYLOR TILES HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

9. CREDITORS: Amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	271,374	384,990	218,918	385,472
Trade creditors	661,589	527,278	657,505	512,571
Amounts owed to group undertakings and undertakings in which the company has a participating interest	—	3,842	—	8,894
Hire purchase agreements	58,521	55,682	56,888	50,776
Other creditors	203,851	125,743	161,042	96,432
Accruals and deferred income	73,218	70,907	30,608	16,202
	<u>1,268,553</u>	<u>1,168,442</u>	<u>1,124,961</u>	<u>1,070,347</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	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	401,959	227,925	401,959	227,925
Hire purchase agreements	87,788	64,269	87,379	62,227
	<u>489,747</u>	<u>292,194</u>	<u>489,338</u>	<u>290,152</u>

11. DEFERRED TAXATION

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>15,250</u>	<u>17,750</u>	<u>15,250</u>	<u>16,750</u>

TAYLOR TILES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

12. RELATED PARTY TRANSACTIONS

Mr K Taylor-Bottomley, a director and shareholder of Taylor Tiles Holdings Limited, also has an interest in the following companies:

Stacks Limited	25%
Sports Design Partnership Limited	2%
Taylor Design & Tools Limited	90%

The group had the following transactions with the above named companies (all on normal commercial terms):

Profit and Loss Account

Sales to Stacks Limited	£348,210
Purchases from Stacks Limited	£819
Management charge receivable from Stacks Limited	£9,000
Vehicle hire charges receivable from Stacks Limited	£1,800

Balance Sheet

Amounts due from Stacks Limited	£259,738
Amounts due from Taylor Design and Tools Limited	£1,972

Additionally, the following arms length transactions took place during the year:

A vehicle was sold to Mr Kevin Taylor-Bottomley for £100. A vehicle was purchased from Mr Kevin Taylor-Bottomley for £13,295.

13. SHARE CAPITAL

Authorised share capital:

	2005 £	2004 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2005 No	£	2004 No	£
Ordinary shares of £1 each	<u>21,338</u>	<u>21,338</u>	<u>51,100</u>	<u>51,100</u>

On 14 September 2004 the company repurchased 29,762 ordinary shares for a total consideration of £250,000.

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	51,100	842,040	5,049	325,843	1,224,032
Retained profit for the year	—	—	—	176,074	176,074
Other movements					
Purchase of own shares	(29,762)	—	29,762	(250,000)	(250,000)
Balance carried forward	<u>21,338</u>	<u>842,040</u>	<u>34,811</u>	<u>251,917</u>	<u>1,150,106</u>

TAYLOR TILES HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES *(continued)*

Company	Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss account	Total share- holders' funds
	£	£	£	£	£
Balance brought forward	51,100	842,040	5,049	308,150	1,206,339
Retained profit for the year	—	—	—	186,909	186,909
Other movements					
Purchase of own shares	(29,762)	—	29,762	(250,000)	(250,000)
Balance carried forward	<u>21,338</u>	<u>842,040</u>	<u>34,811</u>	<u>245,059</u>	<u>1,143,248</u>