

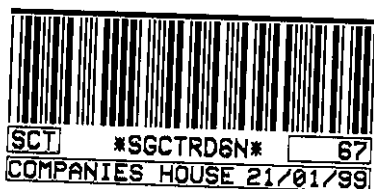
Devar Flooring Limited

**Directors' report and financial statements**

31 July 1998

Registered number 65181

12





## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and audited financial statements for the year ended 31 July 1998.

### **Principal activities**

The principal activity of the company is the business of flooring contractors.

### **Business review**

The directors are satisfied with the company's performance in a very competitive market.

Year 2000 issues are being considered, including issues connected with suppliers and customers and steps are being taken to ensure timely compliance. The estimated costs of compliance are not considered material to the company and will be treated as normal revenue expenditure.

### **Close company**

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

### **Proposed dividend and transfer to reserves**

The profit for the year retained in the company is £107,785 (1997: £8,549).

### **Directors and directors' interests**

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

John P Devine  
Jane H Devine  
Peter H Reilly (resigned 31 August 1998)  
J Alan Devine

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company:

	Ordinary shares of £ each Interest at beginning and end of year
John P Devine	1,320
Jane H Devine	20
Peter H Reilly (resigned 31 August 1998)	660
J Alan Devine	-

After the year end, the company purchased 660 of its ordinary £1 shares for an amount of £250,000 (£378.79 per share).

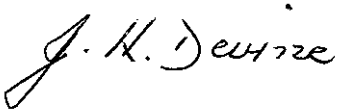


## **Directors' report** *(continued)*

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**JH Devine**  
*Director*

Spiersbridge Industrial Park  
Spiersbridge Avenue  
Thornliebank  
GLASGOW

11<sup>TH</sup> JANUARY 1999





## **Statement of directors' responsibilities**

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 period. 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;
- 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 that the 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.





24 Blythswood Square  
Glasgow  
G2 4QS  
United Kingdom

## **Report of the auditors to the members of Devar Flooring Limited**

We have audited the financial statements on pages 5 to 14.

### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of 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 31 July 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

12 January 1999



**Profit and loss account**  
*for the year ended 31 July 1998*

	<i>Note</i>	1998 £	1997 £
<b>Turnover</b>	2	2,604,977	2,443,725
Cost of sales		(1,871,563)	(1,779,112)
		<hr/>	<hr/>
<b>Gross profit</b>		733,414	664,613
Administrative expenses		(630,290)	(686,129)
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>		103,124	(21,516)
Other interest receivable and similar income	6	43,217	50,208
Interest payable and similar charges	7	(5,713)	(6,897)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	2-5	140,628	21,795
Tax on profit on ordinary activities	8	(32,843)	(13,246)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<u>107,785</u>	<u>8,549</u>

A statement of movements on reserves is given in note 18.

**Statement of recognised gains and losses**

There are no recognised gains or losses other than those reflected in the profit for the year as stated above.




**Balance sheet**  
*at 31 July 1998*

	<i>Note</i>	1998	1997
		£	£
<b>Fixed assets</b>			
Tangible assets	9	410,938	366,841
Investments	10	250,100	250,100
		<u>661,038</u>	<u>616,941</u>
<b>Current assets</b>			
Stocks	11	233,672	287,263
Debtors	12	764,591	451,668
Investments	13	367,734	443,482
Cash at bank and in hand		209,111	273,778
		<u>1,575,108</u>	<u>1,456,191</u>
<b>Creditors: amounts falling due within one year</b>	14	(581,883)	(562,347)
<b>Net current assets</b>		<u>993,225</u>	<u>893,844</u>
<b>Total assets less current liabilities</b>		<u>1,654,263</u>	<u>1,510,785</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(39,383)	(3,208)
<b>Accruals and deferred income</b>	16	(19,304)	(19,786)
<b>Net assets</b>		<u>1,595,576</u>	<u>1,487,791</u>
<b>Capital and reserves</b>			
Called up share capital	17	2,000	2,000
Profit and loss account	18	1,593,576	1,485,791
<b>Shareholders' funds - equity interests</b>	18	<u>1,595,576</u>	<u>1,487,791</u>

These financial statements were approved by the board of directors on ~~11th~~ **JANUARY** 1999 and were signed on its behalf by:

JP Devine  
Director







## Notes

*(forming part of the financial statements)*

### Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives. Motor vehicles are depreciated using the reducing balance method while leasehold property, plant and machinery and fixtures and fittings are written off in equal instalments. The rates applicable are as follows:

Leasehold property	-	2%
Motor vehicles	-	25%
Plant and machinery	-	20%
Fixtures, fittings, tools and equipment	-	15%

#### *Government grants*

Capital based government grants are credited to trading profit over the estimated economic lives of the assets to which they relate. The grants shown in the balance sheet under the "accruals and deferred income" comprise the total grants received and receivable to date less amounts so far credited to profits.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Pension costs*

The company operates a defined contribution pension scheme providing pensions based upon the level of accumulated contributions. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company to the fund and amounted to £30,000 (1997: £12,006). There were no outstanding or prepaid contributions at the balance sheet date.

## Notes (continued)

### Accounting policies (continued)

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, comprising direct materials and direct labour, and estimated net realisable value.

#### *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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover is stated net of value added tax and after adjustments for opening and closing work in progress.

#### *Cash flow statement*

Under Financial Reporting Standard 1, the company is exempt from the requirement of preparing a cash flow statement on the grounds that it qualifies as a small company.

### Analysis of turnover and profit on ordinary activities before taxation

The turnover and pre-tax profit are wholly attributable to the company's main activity.

The turnover arises entirely in the United Kingdom.

### Profit on ordinary activities before taxation

	1998 £	1997 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	5,832	4,031
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned	64,726	46,932
Directors' emoluments (see note 4)	249,496	295,936
Hire of other assets - operating lease	920	987
	<hr/>	<hr/>
<i>after crediting</i>		
Gain on disposal of fixed assets	130	413
Gain on sale of investments	105,359	11,449
Regional Development Grant released	482	482
	<hr/>	<hr/>

## Notes (continued)

### Remuneration of directors

	1998 £	1997 £
Directors' emoluments		
Remuneration as executives	249,496	295,936
	<u>249,496</u>	<u>295,936</u>

The emoluments, excluding pension contributions, of the chairman were £60,846 (1997: £102,029). The emoluments excluding pension contributions of the highest paid director were £86,235.

### Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 1998	1997
Office and management	14	13
Manufacturing	17	11
	<u>31</u>	<u>24</u>

The aggregate payroll costs of these persons were as follows:

	1998 £	1997 £
Wages and salaries	807,918	658,639
Social security costs	81,982	68,841
Other pension costs	30,000	12,006
	<u>919,900</u>	<u>739,486</u>

### Other interest receivable and similar income

	1998 £	1997 £
Income from listed investments	25,340	29,431
Other interest receivable	17,877	20,777
	<u>43,217</u>	<u>50,208</u>

## Notes (continued)

### Interest payable and similar charges

	1998	1997
	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	998	1,246
Finance charges payable in respect of finance leases and hire purchase contracts	4,715	5,651
	<u>5,713</u>	<u>6,897</u>

### Taxation

	1998	1997
	£	£
UK corporation tax at 21% (1997: 23%) on the profit for the year on ordinary activities	28,000	5,600
Tax attributable to franked investment income	5,068	5,886
Adjustment relating to an earlier year	(225)	1,760
	<u>32,843</u>	<u>13,246</u>

### Tangible fixed assets

	Long leasehold property	Plant and machinery	Fixtures, fittings, tools and equipment	Motor vehicles	Total
<i>Cost</i>	£	£	£	£	£
At beginning of year	276,744	36,799	74,642	205,425	593,610
Additions	1,200	85	7,357	113,751	122,393
Disposals	-	-	-	(38,269)	(38,269)
	<u>277,944</u>	<u>36,884</u>	<u>81,999</u>	<u>280,907</u>	<u>677,734</u>
<i>Depreciation</i>					
At beginning of year	39,912	34,328	47,845	104,684	226,769
Charge for year	5,559	1,955	6,981	50,231	64,726
On disposals	-	-	-	(24,699)	(24,699)
	<u>45,471</u>	<u>36,283</u>	<u>54,826</u>	<u>130,216</u>	<u>266,796</u>
<i>Net book value</i>					
At 31 July 1998	<u>232,473</u>	<u>601</u>	<u>27,173</u>	<u>150,691</u>	<u>410,938</u>
At 31 July 1997	<u>236,832</u>	<u>2,471</u>	<u>26,797</u>	<u>100,741</u>	<u>366,841</u>

Included in the net book value of fixed assets is £85,313 (1997: £37,259) in respect of assets held under hire purchases contracts. Depreciation for the year on these assets was £28,438 (1997: £15,351).

## Notes (continued)

### Fixed asset investments

	Loans to related companies £	Other loans £	Shares in related companies £	Total £
<i>Cost</i>				
At beginning and end of year	100,000	149,900	200	250,100
Movement during the year	-	-	-	-
At 31 July 1998	<u>100,000</u>	<u>149,900</u>	<u>200</u>	<u>250,100</u>
At 31 July 1997	<u>100,000</u>	<u>149,900</u>	<u>200</u>	<u>250,100</u>

The principal company in which the company's interest is more than 10% is as follows:

Related company	Country of registration or incorporation	Principal activity	Class and percentage of shares held	Aggregate share capital and reserves at 31 July 1998 £	Profit for the year ended 31 July 1998 £
Devar Industrial Flooring Systems Limited	Scotland	Flooring contractor	Ordinary 22%	64,995	23,260

### Stocks

	1998 £	1997 £
Raw materials and consumable	8,862	7,388
Work in progress	358,869	324,829
Payments on account	(134,059)	(44,954)
	<u>233,672</u>	<u>287,263</u>

## Notes (continued)

### Debtors

	1998	1997
	£	£
Trade debtors	538,853	428,471
Amounts owed by related undertaking	7,217	-
Other debtors	181,660	9,716
Prepayments and accrued income	36,861	13,481
	<u>764,591</u>	<u>451,668</u>

### Current asset investment

	1998	1997
	£	£
<i>Cost</i>		
Other investments	367,734	443,482
	<u>367,734</u>	<u>443,482</u>

Other investments includes listed investments amounting to £367,734 (1997: £443,482). At 31 July 1998, the market value of these investments was £532,281 (1997: £588,686).

### Creditors: amounts falling due within one year

	1998		1997
	£	£	£
Obligations under finance leases and hire purchase contracts (see note 15)		40,156	11,736
Trade creditors		189,334	266,744
Amounts owed to related undertaking		128,981	66,792
Other creditors including taxation and social security:			
Other creditors	6,900		4,737
Corporation tax	28,000		18,300
Other taxes and social security	73,566		20,429
		<u>108,466</u>	<u>43,466</u>
Accruals and deferred income		114,946	173,609
		<u>581,883</u>	<u>562,347</u>

## Notes (continued)

### 5 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Obligations under finance leases and hire purchase contracts	39,383	3,208
	<u>          </u>	<u>          </u>

The maturity of net obligations under finance leases and hire purchase contracts is as follows:

	1998 £	1997 £
Within one year	40,156	11,736
In the second to fifth years	39,383	3,208
	<u>          </u>	<u>          </u>
	79,539	14,944
	<u>          </u>	<u>          </u>

Amounts due under finance leases and hire purchase contracts are secured on certain items of plant and equipment.

### 6 Accruals and deferred income

	1998 £	1997 £
<i>Regional Development Grant</i>		
At beginning of year	19,786	20,268
Released in year	(482)	(482)
	<u>          </u>	<u>          </u>
At end of year	19,304	19,786
	<u>          </u>	<u>          </u>

### 7 Called up share capital

	1998 £	1997 £
<i>Authorised</i>		
Ordinary shares of £1 each	5,000	5,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2,000	2,000
	<u>          </u>	<u>          </u>

After the year end, the company purchased 660 of its ordinary £1 shares for an amount of £250,000 (£378.79 per share).

## Notes (continued)

### Shareholders' Funds

	Share capital £	Profit and loss account £	Shareholders' Funds £
At beginning of year	2,000	1,485,791	1,487,791
Retained profit for year	-	107,785	107,785
	<hr/>	<hr/>	<hr/>
At end of year	2,000	1,593,576	1,595,576
	<hr/>	<hr/>	<hr/>

### Commitments

At the end of the financial year the company had annual commitments under non-cancellable operating leases as follows:

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	920	-	920
Over five years	1,500	-	1,500	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,500	920	1,500	920
	<hr/>	<hr/>	<hr/>	<hr/>

### Related party transactions

During the year, the company purchased goods with a value of £225,174 and sold goods with a value of £nil to Devar Industrial Flooring Systems Limited, an associated company, under normal trading conditions.

At 31 July 1998, the balance due to Devar Industrial Flooring Systems Limited was £128,981.



