

Town & Country Flooring (Norfolk) Limited

**Directors' report and financial
statements**

Registered number 01865509

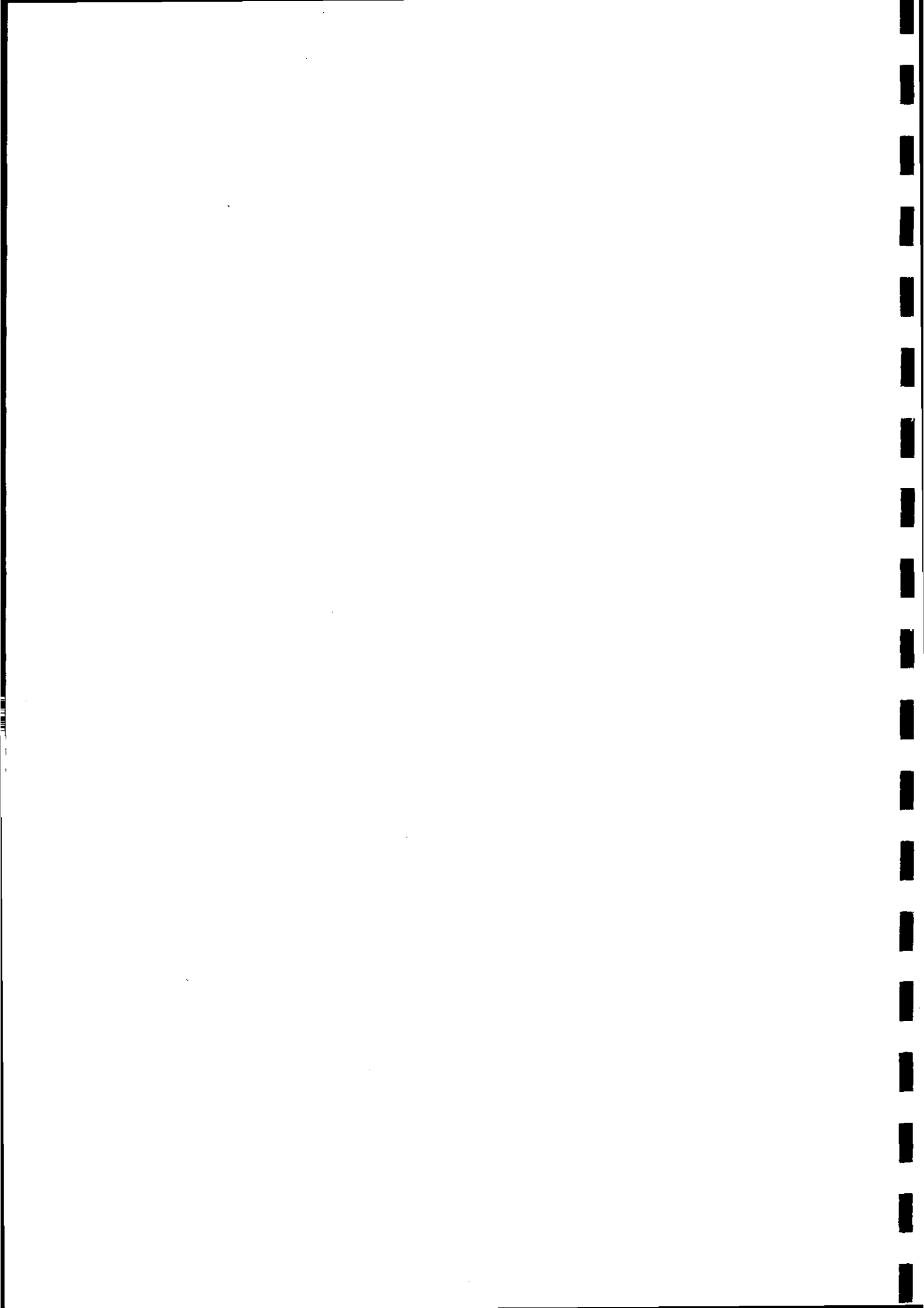
30 September 2005



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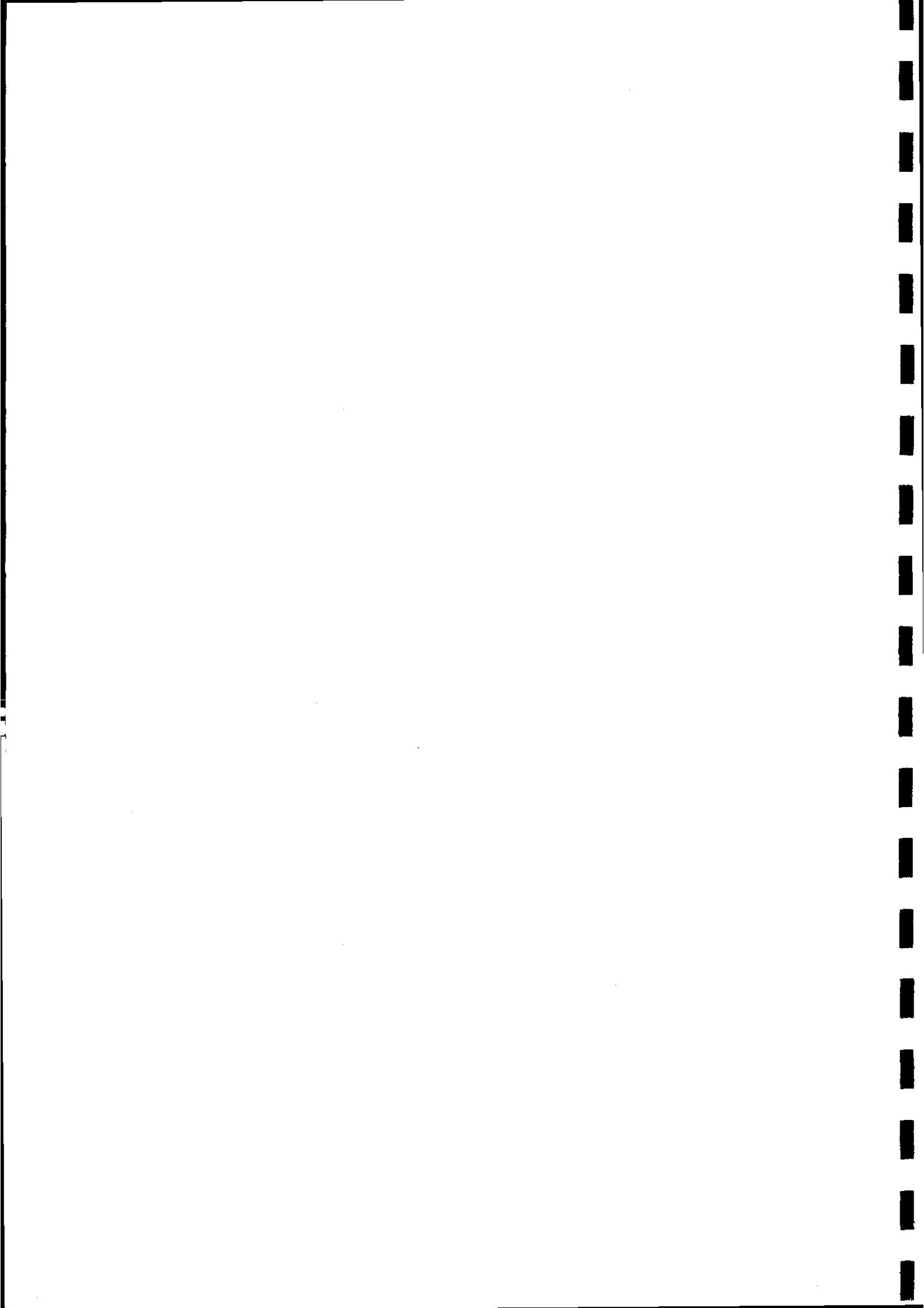
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Company information

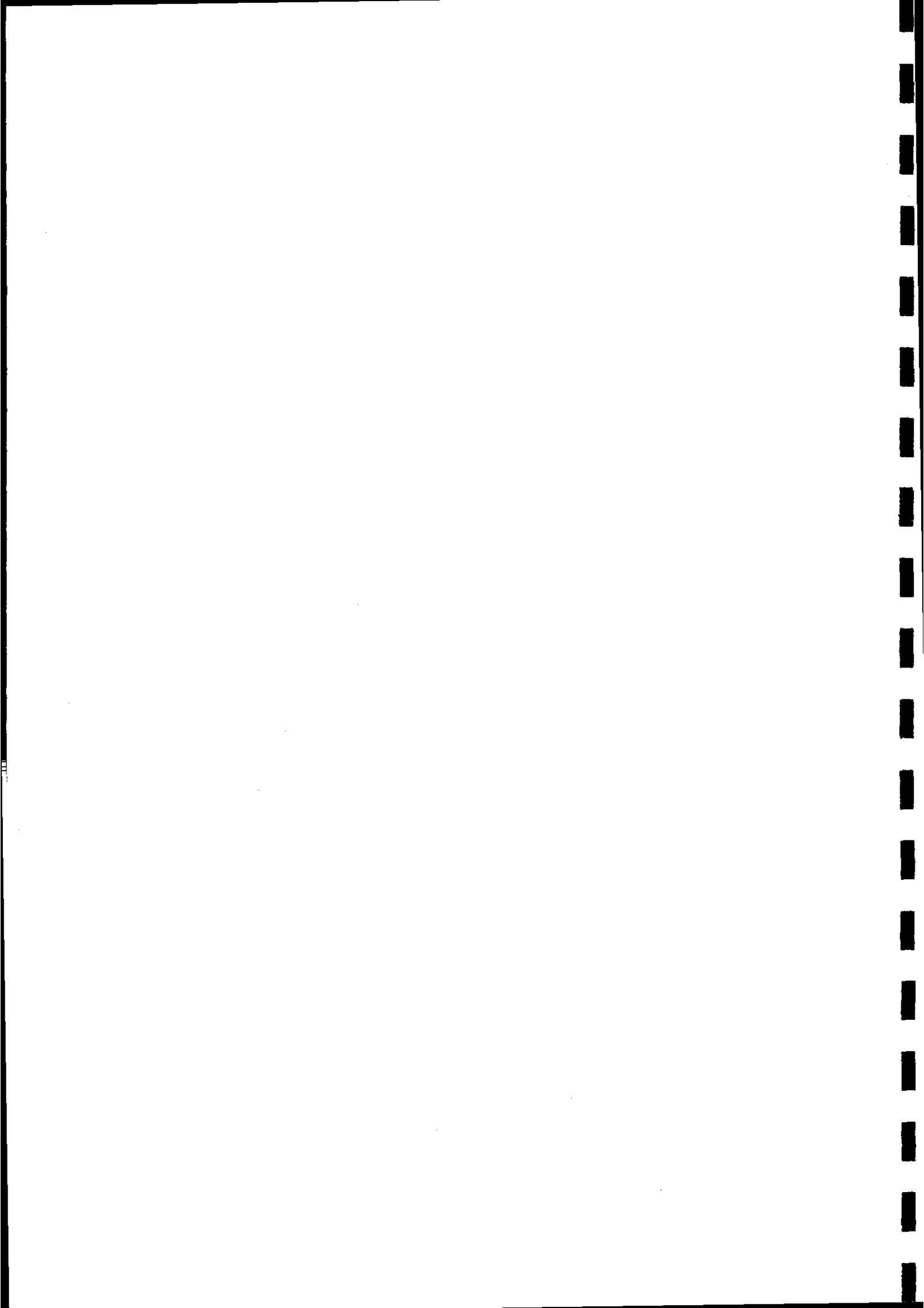
Directors: BA Pestana (Managing)
JA Maidment
RJ Eglen
AC Smith
JL Quentin Hicks (resigned 10 March 2005)

Secretary: AJ O'Brien

Registered office: Birmingham Road
Henley in Arden
West Midlands
B95 5QA

Registered number: 01865509 (England and Wales)

Auditors: KPMG LLP
2 Cornwall Street
Birmingham
West Midlands
B3 2DL



Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2005.

Principal activities

The principal activity of the company during the year under review was that of supply and fitting of floor covering.

Business review

In March 2005, the entire share capital of the company was sold by Town & Country Flooring Limited to Town & Country Group Limited (formerly Ingleby (1644) Limited), which had already acquired 100% ownership of Town & Country Flooring Limited on 16 February 2005.

Despite the change of ownership, the directors are pleased to report a satisfactory year's trading. The directors see good potential to expand the business in other geographical areas with business units based upon the proven model of the operations in Wymondham, Norfolk.

Accordingly, the budgets for the 2005/06 year anticipate significant investment in the growth of the business.

Directors and directors' interests

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

SJ Borrett	(resigned 16 February 2005)
JD Broderick	(resigned 16 February 2005)
JE Bufton	(resigned 16 February 2005)
RJ Eglen	(appointed 16 February 2005)
JL Quentin Hicks	(appointed 16 February 2005; resigned 10 March 2006)
JA Maidment	(appointed 1 April 2005)
BA Pestana (Managing)	(appointed 17 February 2005)
AC Smith	(appointed 23 September 2005)
DL Wingrove	(resigned 16 February 2005)

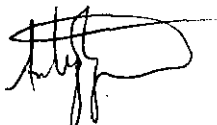
The directors holding office at 30 September 2005 did not hold any beneficial share interest in the issued share capital of the company at 30 September 2005. Some of the directors hold beneficial share interest in the shares of Town & Country Group Limited, which is disclosed in the accounts of that company.

Auditors

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

By order of the board

AJ O'Brien
Secretary



Birmingham Road
Henley in Arden
West Midlands
B95 5QA

14 August 2006

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;
- 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 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.



KPMG LLP

2 Cornwall Street
Birmingham
B3 2DL
United Kingdom

Independent auditors' report to the members of Town & Country Flooring (Norfolk) Limited

We have audited the financial statements on pages 5 to 12 which have been prepared in accordance with the Financial Reporting Standards for Smaller Entities.

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 auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the 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 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 company is not disclosed.

Basis of audit 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 30th September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditors

14 August 2006

Profit and loss account
for the year ended 30 September 2005

	<i>Note</i>	2005 £	2004 £
Turnover	<i>1</i>	3,562,011	2,924,757
Cost of sales		(2,461,314)	(1,789,008)
Gross profit		1,100,697	1,135,749
Administrative expenses		(822,248)	(760,729)
Operating profit	<i>2</i>	278,449	375,020
Interest receivable and similar income	<i>4</i>	15,549	1,206
Interest payable and similar charges	<i>5</i>	(3,682)	(6,119)
Profit on ordinary activities before taxation		290,316	370,107
Tax on profit on ordinary activities	<i>6</i>	(72,666)	(105,160)
Retained profit for the financial year		217,650	264,947

All income for the year was generated from continuing operations.

The company has no recognised gains or losses other than those included in the profit and loss account.

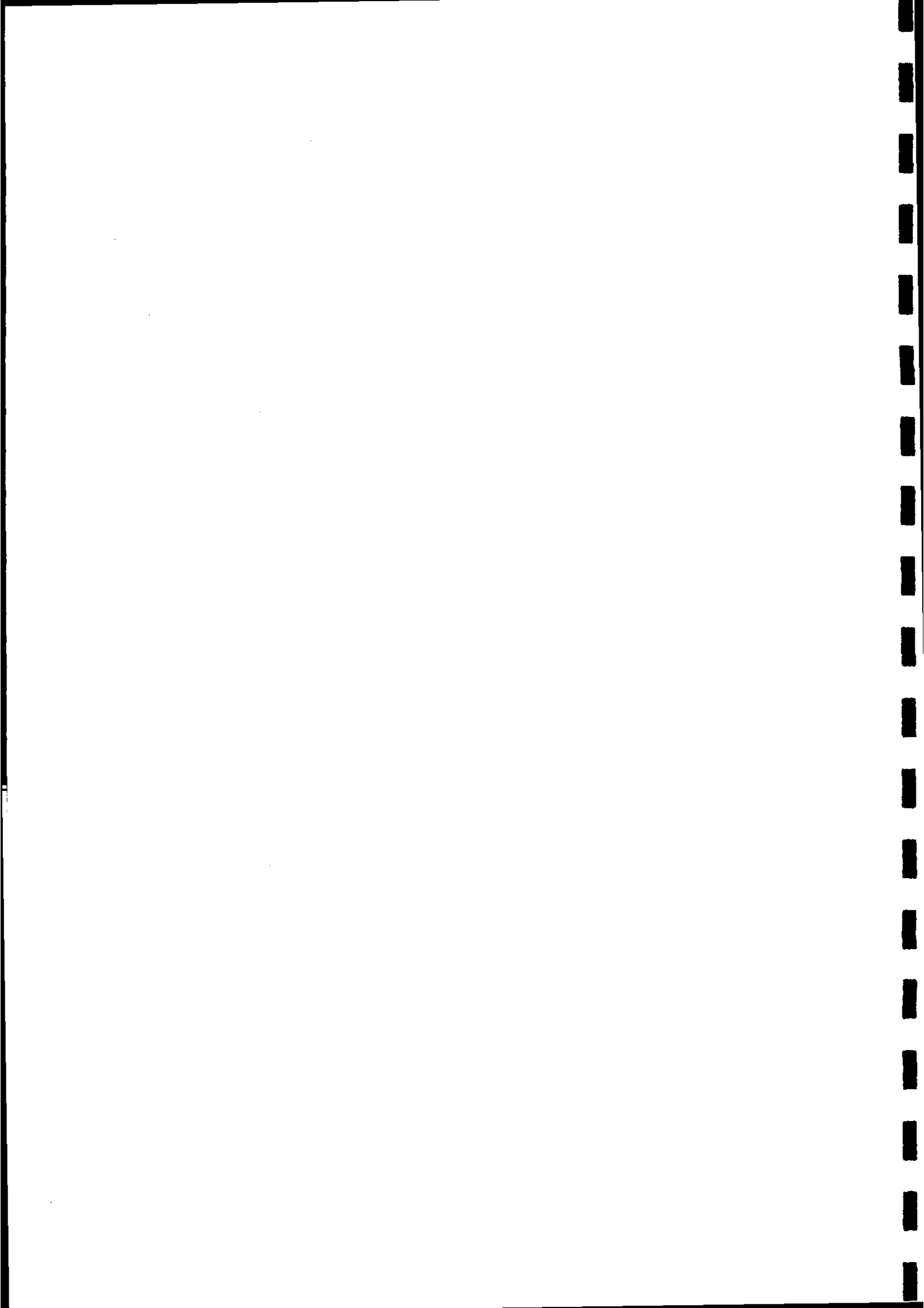
Balance sheet
at 30 September 2005

	Note	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	7		31,080		230,320
Investments	8		51		50
			<u>31,131</u>		<u>230,370</u>
Current assets					
Stocks		257,272		144,853	
Debtors	9	1,380,043		872,342	
Cash at bank and in hand		174,003		201,687	
		<u>1,811,318</u>		<u>1,218,882</u>	
Creditors: amounts falling due within one year	10	<u>(729,668)</u>		<u>(558,392)</u>	
Net current assets			<u>1,081,650</u>		<u>660,490</u>
Total assets less current liabilities			<u>1,112,781</u>		<u>890,860</u>
Provisions for liabilities and charges	11		<u>(4,271)</u>		<u>-</u>
			<u>1,108,510</u>		<u>890,860</u>
Capital and reserves					
Called up share capital	12		10,000		10,000
Profit and loss account	13		1,098,510		880,860
Equity shareholders' funds			<u>1,108,510</u>		<u>890,860</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Small Entities (effective June 2002). Approved by the board of directors on 14 August 2006 and signed on its behalf by:



BA Pestana
 Director



Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

As the company is a wholly owned subsidiary of Town & Country Group Limited, the company has taken advantage of the exemption contained in FRS8 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 Town & Country Group Limited, within which this company is included, can be obtained from the company's registered office.

Turnover

Turnover represents net invoiced sale of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Showroom leasehold improvements	- over the primary lease period
Tools and equipment	- 15% on reducing balance
Office equipment	- 15% - 33% on cost (previously 15% on reducing balance)
Motor vehicles	- 25% on reducing balance

Additional depreciation amounting to £3,244 was charged on remaining motor vehicles, after most of the vehicles were sold to a contract hire company and losses on sale were realised. The directors decided that additional depreciation was required to reflect a fair value of these assets.

Stock

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

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Pensions

The company operated a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Notes (continued)

2 Operating profit

	2005 £	2004 £
<i>Operating profit is stated after charging:</i>		
Depreciation – owned assets	65,653	58,979
Loss on disposal of fixed assets	10,372	11,702
Auditors remuneration	8,945	6,265
Pension costs	5,380	4,900

3 Staff costs

	2005 £	2004 £
Wages and salaries	1,002,353	879,773
Social security costs	113,483	97,532
Staff pension costs	5,380	4,900
	<u>1,121,216</u>	<u>982,205</u>

The average number of employees during the year was as follows:

	Number of employees	
Administration and management	11	9
Staff	25	22
	<u>36</u>	<u>31</u>

The remuneration of directors was as follows:

	2005 £	2004 £
Directors emoluments	180,773	182,814
Company contributions to defined contribution pension scheme	873	-
	<u>181,646</u>	<u>182,814</u>

Retirement benefits are accruing to 2 (2004: none) directors under money purchase schemes.

4 Interest receivable and similar income

	2005 £	2004 £
Bank interest receivable	2,128	1,206
Loan interest receivable from fellow group undertakings	13,421	-
	<u>15,549</u>	<u>1,206</u>

Notes (continued)

5 Interest payable and similar charges

	2005 £	2004 £
Loan interest payable to fellow group undertakings	3,014	-
Bank interest	668	6,119
	<u>3,682</u>	<u>6,119</u>

6 Taxation

(a) Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents:

	2005 £	2004 £
UK corporation tax		
Current tax	68,395	105,160
Deferred tax (see note 11)	4,271	-
	<u>72,666</u>	<u>105,160</u>
Tax on profit on ordinary activities		

(b) Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2004: lower) than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	290,316	370,107
Tax thereon at standard rate of 30% (2004: 30%)	87,094	111,032
Effects of:		
Expenses not deductible for tax purposes	600	74
Capital allowances less than depreciation	15,536	4,117
Marginal relief	(6,852)	(10,063)
Group relief	(27,983)	-
Adjustments in respect of prior periods	-	-
	<u>68,395</u>	<u>105,160</u>
Current tax charge for the year		

Notes (continued)

7 Tangible fixed assets

	Showroom £	Tools & equipment £	Office equipment £	Motor vehicles £	Total £
Cost					
At beginning of year	30,575	15,635	9,281	325,426	380,917
Additions	1,000	160	12,574	3,000	16,734
Disposals	-	-	-	(266,995)	(266,995)
At end of year	31,575	15,795	21,855	61,431	130,656
Depreciation					
At beginning of year	-	13,271	6,735	130,591	150,597
Charge for year	30,575	366	2,171	32,541	65,653
On disposals	-	-	-	(116,674)	(116,674)
At end of year	30,575	13,637	8,906	46,458	99,576
Net book value					
At 30 September 2005	1,000	2,158	12,949	14,973	31,080
At 30 September 2004	30,575	2,364	2,546	194,835	230,320

8 Fixed asset investments

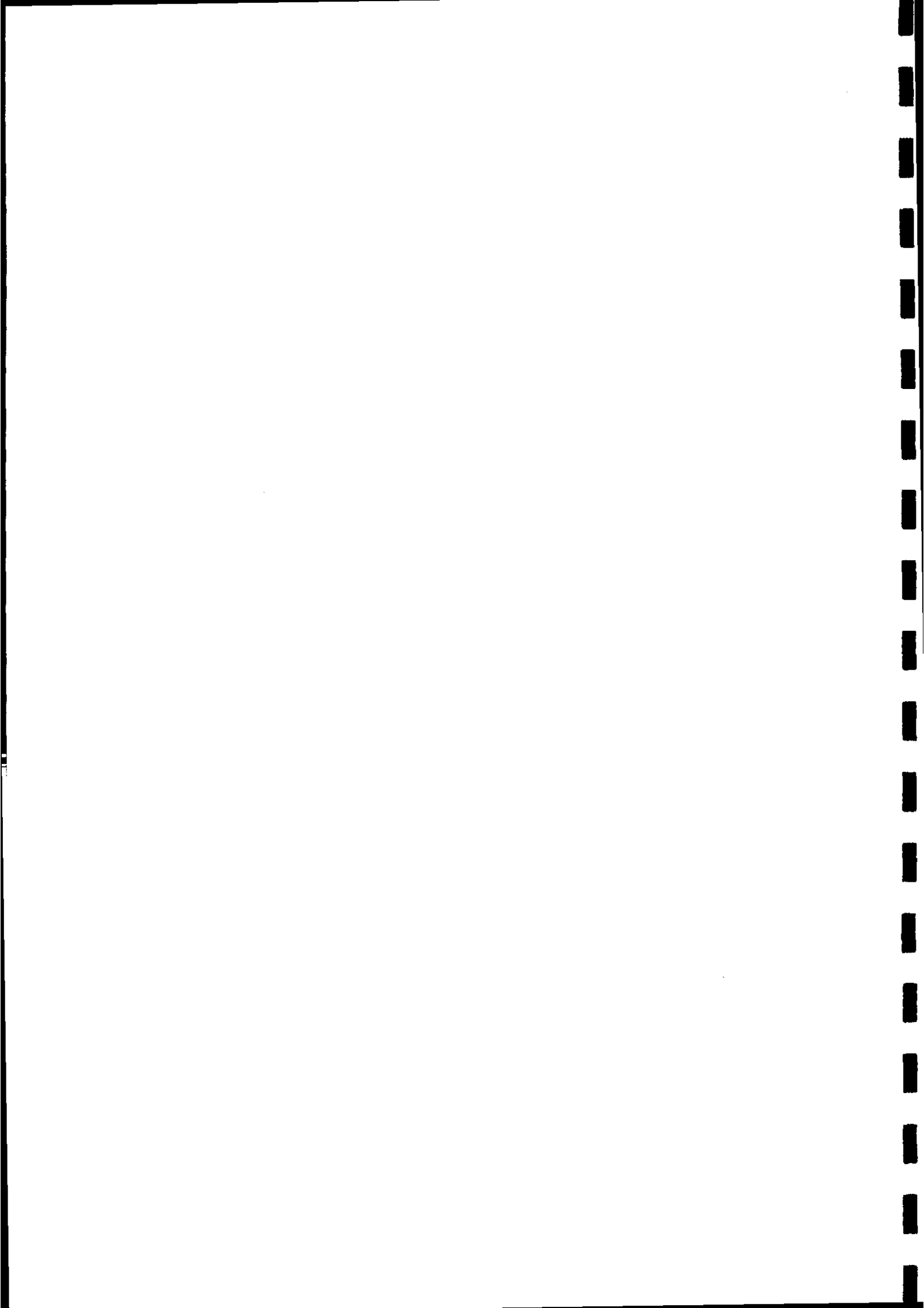
	Unlisted Investment £
Cost and net book value	
At beginning of year	50
Additions	1
At end of year	51

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

ATC Ventures Limited

Nature of business: Supply and fitting of floor coverings.

Class of shares: % holding:
 Ordinary 51% (2004 - 50%)



Notes (continued)

9 Debtors

	2005 £	2004 £
Trade debtors	1,056,096	858,462
Other debtors	121,907	-
Amounts due from fellow group undertakings	180,687	-
Prepayments and accrued income	21,353	13,880
	<u>1,380,043</u>	<u>872,342</u>

10 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	-	77,734
Trade creditors	366,856	152,521
Other creditors	1,647	-
Amounts due to fellow group undertakings	32,091	3,227
Other taxes and social security	120,601	106,091
Corporation tax	68,395	105,160
Accrued expenses	140,078	113,659
	<u>729,668</u>	<u>558,392</u>

11 Provisions for liabilities and charges

Deferred taxation – Accelerated capital allowances

	2005 £
At beginning of year	-
Charge for the year	4,271
At end of year	<u>4,271</u>

12 Called up share capital

	2005 £	2004 £
<i>Authorised, allotted, issued and fully paid:</i>		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Notes (continued)

13 Reserves

	Profit and loss account £
At beginning of year	880,860
Retained loss for the year	217,650
At end of year	<u>1,098,510</u>

14 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	217,650	264,947
Net increase in shareholders' funds	<u>217,650</u>	<u>264,947</u>
Opening shareholders' funds	890,860	625,913
Closing shareholders' funds	<u>1,108,510</u>	<u>890,860</u>

15 Financial commitments

At 30 September 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005		2004	
	Land and buildings £	Plant and vehicles £	Land and buildings £	Plant and vehicles £
<i>Expiry date:</i>				
In one year or less	21,686	73,651	19,176	-
Between one and five years	42,000	87,508	11,186	-
In five years or more	15,750	-	-	-
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	79,436	161,159	30,362	-

16 Ultimate parent company

The immediate and ultimate parent undertaking is Town & Country Group Limited, incorporated in Great Britain and registered in England and Wales, which owns 100% of the issued shares of the company. The previous immediate and ultimate parent undertaking was Town & Country Flooring Limited which sold its shareholding to Town & Country Group Limited during the year.

