

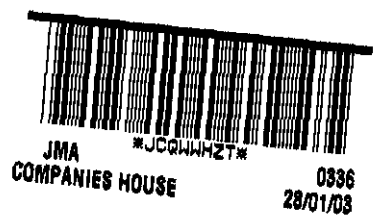
33221

PILKINGTON'S TILES LIMITED

Report and Accounts

31 March 2002

 ERNST & YOUNG



Pilkington's Tiles Limited

Registered No. 33221

DIRECTORS

M L Hughes

D J Booth (resigned 3 September 2001)

M I Mayer

L A K Blamire

G E Ashcroft

S J Bell

M J Hesketh (appointed 3 September 2001)

S J Clark (appointed 3 September 2001)

SECRETARY

M J Hesketh

AUDITORS

Ernst & Young LLP

100 Barbirolli Square

Manchester

M2 3EY

REGISTERED OFFICE

P O Box 4

Rake Lane

Clifton Junction

Manchester

M27 8LP

Pilkington's Tiles Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 2002

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £97,000 (2001: loss of £1,006,000).

The directors do not recommend the payment of a dividend (2001: £Nil).

REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the manufacture and sale of ceramic tiles and associated adhesive products. On 31 July 2001 the trade and assets of the fellow subsidiary companies, Woolliscroft Tiles Limited and Quiligotti Terazzo Limited, were transferred into Pilkington's Tiles Limited. Therefore, at the year end, the financial statements include the trade and assets of these companies. The development of the company has been satisfactory and is expected to continue to be so.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are listed on page 1.

No director had any interest in the shares of the company.

M L Hughes and M J Hesketh were also directors of Pilkington's Tiles Group plc, the ultimate parent company at 31 March 2002. Their interests in the shares of group undertakings are disclosed in the ultimate parent company's accounts. The other directors who held office at 31 March 2002 had interests (including options) in the shares of the ultimate parent company Pilkington's Tiles Group plc as follows:

	Ordinary shares of 5p each		Share Options		Exercise Price
	31 March 2002	31 March 2001	31 March 2002	31 March 2001	
M I Mayer	3,440,508	3,440,508	1,021,185	1,021,185	21.54p
L A K Blamire	-	-	271,185	271,185	14.75p
S J Clark	12,650	12,650	135,592	135,592	14.75p

The directors do not have any other interests which are required to be disclosed under the Companies Act 1985.

RESEARCH AND DEVELOPMENT

The company carries out research and development in support of its activities.

SUPPLIER PAYMENT POLICY

The company does not impose standard payment terms on its suppliers but agrees specific terms with each. It is the company's policy to pay its suppliers in accordance with the terms which have been agreed.

At 31 March 2002 the company had an average of 54 days purchases outstanding in trade creditors (2001: 84 days).

CHARITABLE DONATIONS

During the period the company made charitable donations of £235 (2001: £790).

DIRECTORS' REPORT

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEES

The Board places considerable value on the involvement of its employees and has improved its practice of keeping them informed on matters affecting them as employees and on various matters affecting the performance of the company. Health and Safety Committees are in place at the company's factories.

By order of the Board

M J Hesketh
Company secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PILKINGTON'S TILES LIMITED**

We have audited the company's financial statements for the year 31 March 2002 which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds, Note of Historical Cost Profits and Losses, Balance Sheet and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 financial statements in accordance with applicable United Kingdom law and accounting standards.

This report has been prepared for the members of the company pursuant to Section 235 of the Companies Act 1985 (the "Act") and for no other purpose.

No person is entitled to rely on this report unless such person:

- i) is a person who is entitled to rely on this report by virtue of and for the purposes of the Act; or
- ii) has been expressly authorised to do so by our prior written consent

Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Our responsibility is to audit the 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 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

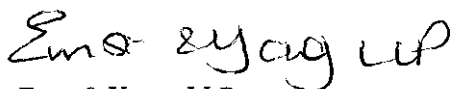
Basis of audit opinion

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 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 affairs of the company as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Manchester

26/1/03

Pilkington's Tiles Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2002

	Notes	2002 £000	2001 <i>as restated</i> £000
TURNOVER	2	24,766	21,510
Operating costs	3	(24,172)	(22,737)
OPERATING PROFIT/(LOSS)		594	(1,227)
Interest payable and similar charges	6	(389)	(284)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		205	(1,511)
Tax on profit/(loss) on ordinary activities	7	(108)	505
PROFIT/(LOSS) FOR THE YEAR	17	97	(1,006)

Pilkington's Tiles Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2002

	2002	2001 <i>as restated</i>
	£000	£000
Profit/(loss) for the financial year	97	(1,006)
Revaluation of freehold property	471	1,110
Total recognised gains and losses relating to the year	568	104
Prior year adjustment (note1)	(772)	
Total recognised gains and losses since last annual report	(204)	

RECONCILIATION OF SHAREHOLDERS' FUNDS for the year ended 31 March 2002

	2002	2001 <i>as restated</i>
	£000	£000
Total recognised gains and losses	568	104
Opening shareholders' funds (originally £1,897,000 before deducting prior year adjustment of £772,000)	1,125	1,021
Closing shareholders' funds	1,693	1,125

NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 31 March 2002

	2002	2001 <i>as restated</i>
	£000	£000
Reported profit/ (loss) on ordinary activities before taxation	205	(1,511)
Historical cost profit/(loss) on ordinary activities before taxation	205	(1,511)
Historical cost profit/(loss) for the year retained after taxation and dividends	97	(1,006)

Pilkington's Tiles Limited

BALANCE SHEET

At 31 March 2002

	Notes	2002 £000	2001 as restated £000
FIXED ASSETS			
Intangible assets	8	836	-
Investments	9	9	-
Tangible assets	10	16,309	14,226
		<u>17,154</u>	<u>14,226</u>
CURRENT ASSETS			
Stocks	11	4,953	4,241
Debtors	12	19,094	3,174
Cash at bank and in hand		1	1
		<u>24,048</u>	<u>7,416</u>
CREDITORS: amounts falling due within one year	13	(36,209)	(18,941)
NET CURRENT LIABILITIES		<u>(12,161)</u>	<u>(11,525)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,993</u>	<u>2,701</u>
CREDITORS: amounts falling due after more than one year	14	(2,176)	(604)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(1,124)	(972)
		<u>1,693</u>	<u>1,125</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,435	1,435
Share premium account	17	285	285
Revaluation reserve	17	1,581	1,110
Profit and loss account	17	(1,608)	(1,705)
EQUITY SHAREHOLDERS' FUNDS		<u>1,693</u>	<u>1,125</u>

M J Hesketh
Director

19/12/01

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS at 31 March 2002

1. ACCOUNTING POLICIES

Accounting convention and prior year adjustment

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, including FRS 19 'Deferred Taxation' which applies for the first time this year.

The prior year comparatives have been restated to comply with FRS 19. The effect is to increase losses after tax for the year ended 31 March 2001 by £23,000 to a loss of £1,006,000 and to reduce opening net assets at 1 April 2000 by £749,000 from £1,770,000 to £1,021,000. The current year tax charge has been increased by £152,000 as a result of the adoption of FRS 19.

Cash flow statement

The company is a wholly owned subsidiary undertaking of Pilkington's Tiles Group plc. As a consequence it is exempt under Financial Reporting Standard 1 (Revised) from the requirement to publish a cash flow statement.

Intangible fixed assets

Goodwill arising on the acquisition of businesses is capitalised and amortised over its estimated economic life to a maximum of 20 years. Other intangible fixed assets are initially valued at cost and are also amortised after their economic life. Goodwill is reviewed for impairment at the end of the first full year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a business is subsequently sold or closed, any goodwill that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Depreciation of tangible assets

Tangible fixed assets are depreciated over their estimated useful lives at the following annual rates applied to original cost:

Freehold land used as a quarry	4%
Plant and machinery	7.5%
Motor vehicles	20%
Computer equipment and software	20% to 33.3%
Furniture, fittings and office equipment	20%

No depreciation is provided on land.

The carrying value of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Leased assets

Assets held under finance leases are capitalised and depreciated over the useful economic life of the asset. Related liabilities are shown in creditors. Repayments are apportioned between interest and capital to produce a constant rate of charge on the outstanding balance over the period of the lease.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes transport and handling costs; in the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation and, where appropriate, the cost of converting from their existing state to a finished condition. Provision is made for obsolete and slow moving items.

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS at 31 March 2002

1. ACCOUNTING POLICIES (continued)

Pension costs

Principally the company operates a defined pension scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining lives of members of the scheme.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the period end. Exchange differences arising from the retranslation of foreign currency denominated assets and liabilities together with other exchange differences arising in the period are included in the profit and loss account.

Deferred taxation

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date, calculated at the rate which it is anticipated the timing differences will reverse. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

Research and development

Expenditure on research and development is charged to the profit and loss account as incurred.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. An analysis of turnover for the company by geographical market is set out below:

	2002 £000	2001 £000
United Kingdom and Europe	24,255	20,751
Other	511	759
	<u>24,766</u>	<u>21,510</u>

Turnover and profit on ordinary activities before taxation are principally attributable to the company's main class of business of the manufacture and sale of ceramic tiles and associated adhesive products and arises from goods produced in the United Kingdom.

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS at 31 March 2002

3. OPERATING COSTS LESS OTHER OPERATING INCOME

	2002 £000	2001 £000
Change in stocks of finished goods and work in progress	548	1,201
Raw materials and consumables	5,954	3,799
Other external charges	8,315	8,831
Staff costs (note 5)	7,409	7,477
Depreciation of tangible fixed assets	1,946	1,429
	<u>24,172</u>	<u>22,737</u>

Operating costs are stated after charging:

	2002 £000	2001 £000
Auditors' remuneration	16	23
Operating lease rentals - plant and machinery	201	232
Depreciation of tangible fixed assets – owned assets	1,773	1,256
- assets under finance leases	173	173
Amortisation of intangible fixed assets	31	-
Research and development expenditure	-	15
Exceptional costs:		
Stock provisions	-	987
Write off of fixed assets	-	130
Redundancy costs	110	125
	<u>110</u>	<u>125</u>

The exceptional stock provisions related to a fundamental review of the ongoing business of the Company. Write off of fixed assets related to a review of production facilities following installation of new production capacity.

4. DIRECTORS' REMUNERATION

	2002 £000	2001 £000
Directors' emoluments	565	592
Company contributions to money purchase pension schemes	<u>7</u>	<u>5</u>

The amounts in respect of the highest paid director are:

	2002 £000	2001 £000
Emoluments	143	147
Company contributions to money purchase pension schemes	<u>5</u>	<u>5</u>
Accumulated total accrued pension under defined benefit scheme at 31 March	<u>7</u>	<u>4</u>

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS

at 31 March 2002

4. DIRECTORS' REMUNERATION (continued)

No director exercised share options in the year (2001 - Nil) and no shares were received or receivable under long term incentive schemes by the directors (2001 - Nil).

The number of directors who were members of pension schemes was as follows:

	2002 No.	2001 No.
Defined benefit schemes	5	6
Defined contribution schemes	1	1

5. STAFF COSTS

	2002 £000	2001 £000
Wages and salaries	6,403	6,409
Social security costs	514	519
Other pension costs	492	549
	<u>7,409</u>	<u>7,477</u>

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

	2002 No.	2001 No.
Production	304	344
Marketing	40	42
Administration	46	44
	<u>390</u>	<u>430</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £000	2001 £000
Interest payable on overdraft	389	284

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS at 31 March 2002

7. TAXATION

(a) Analysis of charge/(credit) in the year

	2002	2001
		<i>as restated</i>
	£000	£000
Current tax:		
UK corporation tax on profits/(losses) of the year	140	(500)
Adjustments in respect of previous years	(184)	(28)
Total current tax	(44)	(528)
Deferred tax:		
Origination and reversal of timing differences	152	23
Taxation on profit/(loss) on ordinary activities	108	(505)

(b) Factors affecting the tax charge for the year

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

	2002	2001
	£000	£000
Profit/(loss) on ordinary activities before tax	205	(1,382)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 30%	62	(415)
Effects of:		
Expenses not deductible for tax purposes	164	22
Group relief received for nil payment	(14)	-
Capital allowances for the year in excess of depreciation	(64)	(100)
Adjustments to tax charge in respect of previous years	(184)	(28)
Deferred Tax not provided	-	(8)
Other differences	(8)	1
Current tax credit for the year	(44)	(528)

(c) Factors that may affect future tax charges

Based on current capital investment plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years.

No provision has been made for deferred tax on revaluation gains on land and buildings due to the existence of capital losses which are available for offset against such gains.

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS at 31 March 2002

8. INTANGIBLE FIXED ASSETS

	<i>Know-how</i> £000	<i>Patents</i> £000	<i>Goodwill</i> £000	<i>Total</i> £000
Cost:				
At 1 April 2001	-	-	-	-
Transfer from group undertakings	350	100	540	990
At 31 March 2002	350	100	540	990
Amortisation:				
At 1 April 2001	-	-	-	-
Transfer from group undertakings	46	13	64	123
Charge for the period	12	3	16	31
At 31 March 2002	58	16	80	154
Net book value:				
At 31 March 2002	292	84	460	836
At 31 March 2001	-	-	-	-

9. FIXED ASSET INVESTMENTS

	£000
Cost:	
At 1 April 2001	-
Transfer from fellow subsidiary undertakings.	9
At 31 March 2002	9

The company has investments in the following subsidiary undertakings:

<i>Name of company</i>	<i>Country of Registration and of operation</i>	<i>Principal activity</i>	<i>Description and proportion of shares held by the company</i>
Historic City Investments Limited	England and Wales	Dormant	Ordinary shares of £1 each (100%)
Quiligotti Home Products Limited (In Administrative Receivership)	England and Wales	Dormant	Ordinary shares of £1 each (100%)
Southampton Flooring and Paving Company Limited	England and Wales	Dormant	Ordinary shares of £1 each (100%)
Cristofoli (UK) Limited	England and Wales	Dormant	Ordinary shares of £1 each (100%)
Quiligotti Industrial Flooring Limited	England and Wales	Dormant	Ordinary shares of £1 each (100%)

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS at 31 March 2002

10. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost or valuation:					
At 1 April 2001	3,801	23,722	1,655	200	29,378
Additions	35	578	81	94	788
Revaluation	471	-	-	-	471
Transfer from other group undertakings	93	6,411	302	40	6,846
Disposals	(50)	-	-	(71)	(121)
At 31 March 2002	4,350	30,711	2,038	263	37,362
Depreciation:					
At 1 April 2001	281	13,436	1,352	83	15,152
Charge for the period	67	1,683	150	46	1,946
Transfer from other group undertakings	5	3,715	293	20	4,033
Disposals	(38)	-	-	(40)	(78)
At 31 March 2002	315	18,834	1,795	109	21,053
Net book value:					
At 31 March 2002	4,035	11,877	243	154	16,309
At 31 March 2001	3,520	10,286	303	117	14,226

Included within the cost of plant and machinery is capitalised interest of £245,867 (2001: £245,867).

The net book value of land, which is not depreciated, is £2,728,000 (2000: £2,257,000).

The net book value of freehold land and buildings comprises:

	<i>2002 £000</i>	<i>2001 £000</i>
At valuation	4,035	3,520
At cost	-	-
	4,035	3,520

The freehold land and buildings were valued by Edward Symmons & Partners as at March 2002, on the basis of existing use value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The historical cost of freehold land and buildings at 31 March 2002 is £2,769,000 (2001: £2,691,000) and the net book value on the historical cost basis at 31 March 2002 is £2,454,000 (2001: £2,410,000).

The net book value of plant and machinery above includes an amount of £1,208,000 (2000: £1,381,000) in respect of assets held under finance leases and hire purchase contracts.

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS at 31 March 2002

11. STOCKS

	2002	2001
	£000	£000
Raw materials and consumables	1,309	1,131
Work in progress	519	541
Finished goods	3,125	2,569
	<u>4,953</u>	<u>4,241</u>

12. DEBTORS

	2002	2001
	£000	£000
Trade debtors	3,125	2,282
Prepayments and accrued income	420	892
Amounts due from parent and fellow subsidiary undertakings	15,549	-
	<u>19,094</u>	<u>3,174</u>

13. CREDITORS: amounts falling due within one year

	2002	2001
	£000	£000
Bank loans	1,000	-
Bank overdraft	-	5,142
Obligations under finance leases and hire purchase contracts	422	361
Trade creditors	4,770	4,625
Amounts due to parent and fellow subsidiary undertakings	27,485	6,181
Corporation tax	235	349
Other taxes and social security costs	1,045	1,016
Other creditors	1,252	1,267
	<u>36,209</u>	<u>18,941</u>

14. CREDITORS: amounts falling due after more than one year

	2002	2001
	£000	£000
Bank loans	2,000	-
Obligations under finance leases and hire purchase contracts	176	604
	<u>2,176</u>	<u>604</u>

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS at 31 March 2002

14. CREDITORS: amounts falling due after more than one year (continued)

	2002 £000	2001 £000
Obligations under finance leases and hire purchase contracts are repayable as follows:		
Within one year	447	422
Between one and two years	181	422
Between two and five years	-	211
	<u>628</u>	<u>1,055</u>
Less: finance charges allocated to future periods	(30)	(90)
	<u>598</u>	<u>965</u>
Finance leases and hire purchase contracts are analysed as follows:		
Due within one year	422	361
Due after one year	176	604
	<u>598</u>	<u>965</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise:

	2002 £000	2001 as restated £000
Deferred taxation	1,124	972
Deferred taxation has been provided as follows:		
	2002 £000	2001 as restated £000
Excess of tax allowances over book depreciation of fixed assets	1,151	993
Other timing differences	(27)	(21)
	<u>1,124</u>	<u>972</u>

The movement on deferred taxation comprises:

	£000
At 1 April 2001 (as previously stated)	200
Prior year adjustment	772
At 1 April 2001 (as restated)	972
Charged to profit and loss account for the year	152
At 31 March 2002	<u>1,124</u>

The prior year comparatives have been restated as a consequence of adopting Financial Reporting Standard 19 Accounting for deferred tax.

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS at 31 March 2002

16. CALLED UP SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>No</i>	<i>No</i>	<i>£000</i>	<i>£000</i>
5,738,000 Ordinary shares of 25p each	5,738,000	5,738,000	1,435	1,435

17. MOVEMENT ON RESERVES

	<i>Share premium account £000</i>	<i>Revaluation reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 April 2001- as previously stated	285	1,110	(933)	462
Prior year adjustment (note 1)	-	-	(772)	(772)
At 1 April 2001 – as restated	285	1,110	(1,705)	(310)
Profit for the period	-	-	97	97
Surplus on revaluation	-	471	-	471
At 31 March 2002	285	1,581	(1,608)	258

18. CAPITAL COMMITMENTS

As at 31 March 2002 contracted capital commitments were £118,000 (2001 - £172,000).

19. OPERATING LEASE COMMITMENTS

At 31 March 2001 the company had commitments under operating leases to make payments in the forthcoming period under agreements expiring as follows:

	<i>31 March 2002</i>		<i>31 March 2001</i>	
	<i>Land and buildings £000</i>	<i>Other £000</i>	<i>Land and buildings £000</i>	<i>Other £000</i>
Within one year	143	234	150	101
Within two to five years	205	-	278	-

20. CONTINGENT LIABILITIES

In the period the company guaranteed loans of £nil for Dayamber Limited (2001: £13,000,000).

The company has contingent liabilities arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

Pilkington's Tiles Limited

NOTES TO THE ACCOUNTS

at 31 March 2002

21. PENSIONS

The company is a participating employer in the Pilkington's Tiles Group's defined benefit pension scheme, which is funded by the payment of contributions to a separately administered fund. The pension benefits for the company's employees are provided within the group scheme with company contributions being based on pension costs across the group as a whole. As such the company is unable to identify its share of the underlying assets and liabilities.

Contributions are based on pension costs of the group as a whole and are determined with the advice of an independent qualified actuary on the basis of triennial valuations using the projected unit method. The group scheme also includes a section for a defined contribution scheme.

Pension costs are assessed on the advice of independent qualified actuaries. At the last actuarial valuation as at 1 January 2000, the total market value of the assets of the scheme was £19m and covered 119% of the liabilities for benefits in respect of service up to that date, allowing for the effect of expected future increases in earnings. Details of the actuarial valuation of the scheme are contained in the accounts of Pilkington's Tiles Group plc.

The total pension cost for the company during the year was £492,000 (2000: £549,000). No contributions were due to the scheme at the year end (2000: Nil).

In accordance with FRS 17, the following information relates to the Pilkington's Tiles Group's scheme at 31 March 2002:

	£'000
Fair value of scheme assets	19,033
Present value of scheme liabilities	(21,360)
Scheme deficit	<u>(2,327)</u>

22. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent company and controlling party, Pilkington's Tiles Group plc, registered in England and Wales.

The only group of which Pilkington's Tiles Limited is a member and for which group accounts are drawn up is that headed by Pilkington's Tiles Group plc. The consolidated accounts of this group are available to the public and may be obtained from P O Box 4, Rake Lane, Clifton Junction, Manchester, M27 8LP.

As a subsidiary undertaking of Pilkington's Tiles Group plc, the company has taken advantage of the exemption in FRS8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by Pilkington's Tiles Group plc.