

**Report of the Directors and**  
**Financial Statements**  
**for the Year Ended 31<sup>st</sup> March 2009**  
**for**  
**PILKINGTON'S TILES LIMITED**



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**PILKINGTON'S TILES LIMITED**

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**for the Year Ended 31st March 2009**

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**PILKINGTON'S TILES LIMITED**

**Company Information**  
**for the Year Ended 31st March 2009**

**DIRECTORS:**

S J Clark  
S P Lloyd  
S Whiteley  
R Tarr  
G E Ashcroft  
D S Banton  
K L Turner

**SECRETARY:**

S P Lloyd

**REGISTERED OFFICE:**

PO Box 4  
Rake Lane  
Clifton Junction  
Manchester  
M27 8LP

**REGISTERED NUMBER:**

00033221

**AUDITORS:**

Campbell Woolley LLP  
Chartered Accountants &  
Registered Auditor  
3 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

**BANKERS:**

Bank of Scotland  
40 Spring Gardens  
Manchester  
M2 1FB

## **PILKINGTON'S TILES LIMITED**

### **Report of the Directors** **for the Year Ended 31st March 2009**

The directors present their report with the financial statements of the company for the year ended 31st March 2009.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the manufacture and sale of ceramic and terrazzo tiles and associated adhesive products.

#### **REVIEW OF BUSINESS**

##### **Ceramics division**

Sales in the Ceramics Division in the year to March 2009 fell by 3.8% to £31.1m.

The Ceramics Division suffered in the early part of the financial year from lower than expected demand. In particular the reduction in UK Housebuilder activity had a major affect on the division. Demand that was generated through the major UK Multiples sector has only come to fruition in the first half of the new financial year. Opportunities for profitable sales growth were limited and several large contracts which were undertaken yielded far lower contributions than was expected.

Major efforts to deliver profitable sales growth through every area of the UK market have only begun to be achieved in the new financial year. The effective collapse of the trade credit insurance market in the second half of 2008 had an enormous impact on the Ceramics division in particular due to the sector that the company operates in.

##### **Terrazzo division**

Terrazzo product sales rose by 4.7% to reach £3.8m.

Supermarket turnover continues to constitute the majority of terrazzo sales. Relationships with the supermarket chains have continued to be strengthened over the past twelve months.

Input price inflation has been offset by factory engineering improvements.

The Division's focus remains on maintaining strong links with the supermarket chains whilst endeavouring to diversify the applications on which terrazzo is used.

#### **DIVIDENDS**

The directors recommend that no final dividend be paid.

#### **RESEARCH AND DEVELOPMENT**

The company carries out research and development in support of its activities. Expenditure is written off to the profit and loss account in the period in which it was incurred.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1st April 2008 to the date of this report.

S J Clark  
S P Lloyd  
S Whiteley  
R Tarr  
G E Ashcroft  
D S Banton  
K L Turner

## **PILKINGTON'S TILES LIMITED**

### **Report of the Directors** **for the Year Ended 31st March 2009**

#### **DIRECTORS - continued**

Other changes in directors holding office are as follows:

W A Dow - resigned 11th July 2008

K Whiteley ceased to be a director after 31st March 2009 but prior to the date of this report.

#### **COMPANY'S POLICY ON PAYMENT OF CREDITORS**

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 31st March 2009 the company had an average of 71 days purchases outstanding in trade creditors (2008: 81 days).

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made charitable donations of £3,050 (2008: £2,300).

#### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicants 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 the 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.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 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.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**PILKINGTON'S TILES LIMITED**

**Report of the Directors**  
**for the Year Ended 31st March 2009**

**AUDITORS**

The auditors, Campbell Woolley LLP, will be proposed for re-appointment at the forthcoming Annual General meeting.

**ON BEHALF OF THE BOARD:**



.....  
S P Lloyd - Secretary

Date:

26/1/2010

**Report of the Independent Auditors to the Shareholders of**  
**Pilkington's Tiles Limited**

We have audited the financial statements of Pilkington's Tiles Limited for the year ended 31st March 2009 on pages six to twenty five. These financial statements have been prepared under the accounting policies set out therein.

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 a Report of the Auditors 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' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we 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 Report of the Directors 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



Campbell Woolley LLP  
Chartered Accountants &  
Registered Auditor  
3 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

Date: 28 / 1 / 10

**PILKINGTON'S TILES LIMITED**

**Profit and Loss Account**  
**for the Year Ended 31st March 2009**

	Notes	31.3.09 £	31.3.08 £
<b>TURNOVER</b>	2	34,789,818	35,832,065
Cost of sales		<u>22,608,425</u>	<u>20,235,178</u>
<b>GROSS PROFIT</b>		12,181,393	15,596,887
Administrative expenses		<u>14,647,493</u>	<u>15,217,086</u>
		(2,466,100)	379,801
Other operating income		<u>248,000</u>	<u>428,000</u>
<b>OPERATING (LOSS)/PROFIT</b>	4	(2,218,100)	807,801
Interest receivable and similar income		<u>63</u>	<u>-</u>
		(2,218,037)	807,801
Interest payable and similar charges	5	<u>481,597</u>	<u>492,302</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,699,634)	315,499
Tax on (loss)/profit on ordinary activities	6	<u>(592,623)</u>	<u>152,735</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>(2,107,011)</u>	<u>162,764</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.



**PILKINGTON'S TILES LIMITED**

**Statement of Total Recognised Gains and Losses**  
**for the Year Ended 31st March 2009**

	31.3.09 £	31.3.08 £
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	(2,107,011)	162,764
Actuarial (loss)/gain relating to pension scheme	(760,000)	2,184,342
Related deferred tax movements	-	29,597
Adjustment to reflect non-recognition of pension scheme asset	456,000	(2,283,000)
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>(2,411,011)</u>	93,703
Prior year adjustment		<u>(343,163)</u>
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>		<u>(249,460)</u>


The notes form part of these financial statements

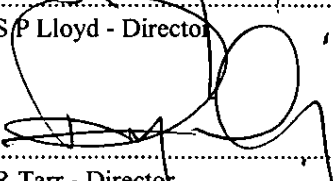
**PILKINGTON'S TILES LIMITED**

**Balance Sheet**  
**31st March 2009**

	Notes	31.3.09	31.3.08
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	7	475,500	528,000
Tangible assets	8	5,740,840	6,804,274
Investments	9	<u>9,000</u>	<u>9,000</u>
		6,225,340	7,341,274
<b>CURRENT ASSETS</b>			
Stocks	10	10,460,200	10,850,736
Debtors	11	9,614,591	8,078,689
Cash at bank and in hand		<u>419,932</u>	<u>146,179</u>
		20,494,723	19,075,604
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>18,404,580</u>	<u>15,140,077</u>
<b>NET CURRENT ASSETS</b>		<u>2,090,143</u>	<u>3,935,527</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,315,483	11,276,801
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(339,974)	(482,883)
<b>PROVISIONS FOR LIABILITIES</b>	17	-	(407,398)
<b>PENSION LIABILITY</b>	20	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u><u>7,975,509</u></u>	<u><u>10,386,520</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	3,334,500	3,334,500
Share premium	19	285,000	285,000
Capital redemption reserve	19	9,673,743	9,673,743
Profit and loss account	19	<u>(5,317,734)</u>	<u>(2,906,723)</u>
<b>SHAREHOLDERS' FUNDS</b>	25	<u><u>7,975,509</u></u>	<u><u>10,386,520</u></u>

The financial statements were approved by the Board of Directors on 26/1/2010 and were signed on its behalf by:

  
.....  
S P Lloyd - Director

  
.....  
R Tarr - Director

The notes form part of these financial statements

**PILKINGTON'S TILES LIMITED**

**Cash Flow Statement**  
**for the Year Ended 31st March 2009**

	Notes	31.3.09		31.3.08	
		£	£	£	£
<b>Net cash outflow from operating activities</b>	1		(1,402,877)		(88,139)
<b>Returns on investments and servicing of finance</b>	2		(481,534)		(492,302)
<b>Taxation</b>			1,061		-
<b>Capital expenditure</b>	2		<u>(451,687)</u>		<u>(967,677)</u>
			(2,335,037)		(1,548,118)
<b>Financing</b>	2		<u>2,379,231</u>		<u>1,753,388</u>
<b>Increase in cash in the period</b>			<u>44,194</u>		<u>205,270</u>

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**Reconciliation of net cash flow to movement in net debt**

	3				
<b>Increase in cash in the period</b>		44,194		205,270	
<b>Cash inflow from increase in debt and lease financing</b>		<u>(1,196,573)</u>		<u>(1,653,388)</u>	
<b>Change in net debt resulting from cash flows</b>			(1,152,379)		(1,448,118)
<b>New finance leases</b>			<u>(182,658)</u>		<u>(149,249)</u>
<b>Movement in net debt in the period</b>			(1,335,037)		(1,597,367)
<b>Net debt at 1st April</b>			<u>(6,859,323)</u>		<u>(5,261,956)</u>
<b>Net debt at 31st March</b>			<u>(8,194,360)</u>		<u>(6,859,323)</u>

The notes form part of these financial statements

**PILKINGTON'S TILES LIMITED**

**Notes to the Cash Flow Statement**  
**for the Year Ended 31st March 2009**

**1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	31.3.09	31.3.08
	£	£
Operating (loss)/profit	(2,218,100)	807,801
Depreciation and amortisation charges	1,569,648	1,518,734
Profit on disposal of fixed assets	(2,027)	(9,926)
Government grants	-	(100,000)
Decrease/(Increase) in stocks	390,536	(1,802,235)
Increase in debtors	(1,351,738)	(450,350)
Increase in creditors	512,804	242,837
Difference between pension charge and cash contributions	<u>(304,000)</u>	<u>(295,000)</u>
<b>Net cash outflow from operating activities</b>	<b><u>(1,402,877)</u></b>	<b><u>(88,139)</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.3.09	31.3.08
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	63	-
Interest paid	(424,707)	(430,642)
Interest element of hire purchase payments	<u>(56,890)</u>	<u>(61,660)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(481,534)</u></b>	<b><u>(492,302)</u></b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(460,187)	(988,677)
Sale of tangible fixed assets	<u>8,500</u>	<u>21,000</u>
<b>Net cash outflow for capital expenditure</b>	<b><u>(451,687)</u></b>	<b><u>(967,677)</u></b>
<b>Financing</b>		
New loans in year	1,534,236	1,768,159
Intra-group loan	1,000,000	-
Capital repayments in year	(155,005)	(114,771)
Government grants received	<u>-</u>	<u>100,000</u>
<b>Net cash inflow from financing</b>	<b><u>2,379,231</u></b>	<b><u>1,753,388</u></b>

**PILKINGTON'S TILES LIMITED**

**Notes to the Cash Flow Statement**  
**for the Year Ended 31st March 2009**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.4.08 £	Cash flow £	Other non-cash changes £	At 31.3.09 £
Net cash:				
Cash at bank and in hand	146,179	273,753		419,932
Bank overdrafts	<u>(117,821)</u>	<u>(229,559)</u>		<u>(347,380)</u>
	<u>28,358</u>	<u>(65,678)</u>		<u>72,552</u>
Debt:				
Hire purchase	(835,586)	337,663	(182,658)	(680,581)
Debts falling due within one year	<u>(6,052,095)</u>	<u>(1,534,236)</u>	-	<u>(7,586,331)</u>
	<u>(6,887,681)</u>	<u>(1,196,573)</u>	<u>(182,658)</u>	<u>(8,266,912)</u>
Total	<u>(6,859,323)</u>	<u>(1,262,251)</u>	<u>(182,658)</u>	<u>(8,194,360)</u>

## **PILKINGTON'S TILES LIMITED**

### **Notes to the Financial Statements** **for the Year Ended 31st March 2009**

#### **1. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

##### **Accounting convention**

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

##### **Exemption from preparing consolidated financial statements**

The financial statements contain information about Pilkington's Tiles Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Pilkington's Tiles Group PLC, a company registered in England and Wales.

##### **Turnover**

Turnover represents the invoiced value of goods and services supplied and work completed on contracts after trade discounts. A prudent assessment of claims and variations considered recoverable is recognised in the financial statements. Any differences between the final settlements on contracts and the turnover previously recognised is included in turnover as it becomes known.

Turnover excludes value added tax.

##### **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, being patents and acquired development expenditure, are initially valued at cost and are also amortised over their expected economic life of 20 years.

All intangible fixed assets are 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 closed or sold, 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.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 4% on cost
Plant and machinery	- 3 - 13% on cost
Fixtures and fittings	- 33% on cost and 20% on cost
Motor vehicles	- 20% on cost

##### **Stocks**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Cost is determined on a first-in first-out basis and includes transport and handling costs. 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. Provision is made for obsolete, slow-moving and defective stocks. Contract costs are recognised in the profit and loss account as incurred.

## **PILKINGTON'S TILES LIMITED**

### **Notes to the Financial Statements - continued** **for the Year Ended 31st March 2009**

#### **1. ACCOUNTING POLICIES - continued**

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the exception of deferred tax assets.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### **Research and development**

Expenditure on research and development is written off in the year in which it is incurred. Acquired development costs are capitalised and amortised over its estimated economic life.

##### **Pension costs and other post-retirement benefits**

The company operates a defined benefit pension scheme. For this scheme, the amounts charged to the operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have been vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected method basis and discounted at a rate equivalent to the current rate of return on a corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other net assets on the face of the balance sheet.

The assets of the scheme consist of investment units. In the prior year the mid price was used to produce a fair value of quoted securities. In accordance with the revision to FRS 17, the bid price has been used this year. The comparatives have not been restated for disclosure purposes.

The company also operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

##### **Leased assets**

Assets held under hire purchase contracts and 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.

##### **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.

##### **Grant income**

Grant income is recognised in profit and loss account over the specific period to which the grant relates.

**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**2. TURNOVER**

The turnover and loss (2008 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.3.09	31.3.08
	£	£
United Kingdom	33,810,124	35,127,427
Rest of the world	<u>979,694</u>	<u>704,638</u>
	<u>34,789,818</u>	<u>35,832,065</u>

**3. STAFF COSTS**

	31.3.09	31.3.08
	£	£
Wages and salaries	8,170,907	8,159,635
Social security costs	820,529	836,837
Other pension costs	<u>310,033</u>	<u>528,944</u>
	<u>9,301,469</u>	<u>9,525,416</u>

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

	31.3.09	31.3.08
Production	213	208
Sales and administration	<u>147</u>	<u>157</u>
	<u>360</u>	<u>365</u>



**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**4. OPERATING (LOSS)/PROFIT**

The operating loss (2008 - operating profit) is stated after charging/(crediting):

	31.3.09	31.3.08
	£	£
Hire of plant and machinery	356,510	286,074
Depreciation - owned assets	1,259,080	1,250,471
Depreciation - assets on hire purchase contracts	258,068	215,763
Profit on disposal of fixed assets	(2,027)	(9,926)
Goodwill amortisation	30,000	30,000
Patents and licences amortisation	5,000	5,000
Development costs amortisation	17,500	17,500
Auditors' remuneration	28,262	20,529
Auditors' remuneration in respect of tax services	3,150	3,150
Auditors' remuneration in respect of other services	-	12,500
Foreign exchange losses	<u>91,891</u>	<u>32,739</u>

Directors' emoluments	1,082,860	999,510
Directors' pension contributions to money purchase schemes	<u>23,710</u>	<u>24,952</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	8	8
Defined benefit schemes	<u>3</u>	<u>3</u>

Information regarding the highest paid director is as follows:

	31.3.09	31.3.08
	£	£
Emoluments etc	250,234	200,832
Pension contributions to money purchase schemes	<u>3,570</u>	<u>3,300</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.3.09	31.3.08
	£	£
Bank interest	424,707	430,485
Loan interest	-	157
Hire purchase interest	<u>56,890</u>	<u>61,660</u>
	<u>481,597</u>	<u>492,302</u>

**6. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	31.3.09	31.3.08
	£	£
Current tax:		
Overprovision in prior period	(1,061)	-
Deferred tax	<u>(591,562)</u>	<u>152,735</u>
Tax on (loss)/profit on ordinary activities	<u>(592,623)</u>	<u>152,735</u>

**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**6. TAXATION - continued**

**Factors affecting the tax (credit)/charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.09 £	31.3.08 £
(Loss)/profit on ordinary activities before tax	<u>(2,699,634)</u>	<u>315,499</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%)	(755,898)	94,650
Effects of:		
Expenses not deductible for tax purposes	69,798	56,164
Capital allowances for period in excess of disallowed depreciation	143,824	18,787
Exclusion of effect of pension scheme adjustments	(85,120)	(88,500)
Tax losses utilised/group relieved	308	(81,101)
Unutilised losses carried forward	627,088	-
Prior year over provision	<u>(1,061)</u>	<u>-</u>
Current tax (credit)/charge	<u>(1,061)</u>	<u>-</u>

**Factors that may affect future tax charges**

The company has unutilised corporation tax losses available to carry forward for use against future trading profits, subject to HM Revenue & Customs approval, of £2,779,711 (2008: £542,116). These losses have been reflected in the deferred tax liability in note 17.

**7. INTANGIBLE FIXED ASSETS**

	Goodwill £	Patents and licences £	Development costs £	Totals £
<b>COST</b>				
At 1st April 2008 and 31st March 2009	<u>540,168</u>	<u>100,000</u>	<u>350,000</u>	<u>990,168</u>
<b>AMORTISATION</b>				
At 1st April 2008	250,168	45,000	167,000	462,168
Amortisation for year	<u>30,000</u>	<u>5,000</u>	<u>17,500</u>	<u>52,500</u>
At 31st March 2009	<u>280,168</u>	<u>50,000</u>	<u>184,500</u>	<u>514,668</u>
<b>NET BOOK VALUE</b>				
At 31st March 2009	<u>260,000</u>	<u>50,000</u>	<u>165,500</u>	<u>475,500</u>
At 31st March 2008	<u>290,000</u>	<u>55,000</u>	<u>183,000</u>	<u>528,000</u>

Goodwill relates to the acquisition of the trade and assets of Woolliscroft Tiles and is being amortised over the directors' estimate of useful economic life of 20 years.

**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**8. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1st April 2008	75,000	32,649,192	1,627,629	679,291	35,031,112
Additions	-	291,580	126,607	42,000	460,187
Disposals	-	-	-	(55,669)	(55,669)
At 31st March 2009	<u>75,000</u>	<u>32,940,772</u>	<u>1,754,236</u>	<u>665,622</u>	<u>35,435,630</u>
<b>DEPRECIATION</b>					
At 1st April 2008	74,030	26,747,126	1,126,609	279,073	28,226,838
Charge for year	970	1,168,152	214,092	133,934	1,517,148
Eliminated on disposal	-	-	-	(49,196)	(49,196)
At 31st March 2009	<u>75,000</u>	<u>27,915,278</u>	<u>1,340,701</u>	<u>363,811</u>	<u>29,694,790</u>
<b>NET BOOK VALUE</b>					
At 31st March 2009	<u>-</u>	<u>5,025,494</u>	<u>413,535</u>	<u>301,811</u>	<u>5,740,840</u>
At 31st March 2008	<u>970</u>	<u>5,902,066</u>	<u>501,020</u>	<u>400,218</u>	<u>6,804,274</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1st April 2008	821,230	351,631	560,679	1,733,540
Additions	140,658	-	42,000	182,658
Disposals	-	-	(21,180)	(21,180)
Transfer to ownership	-	-	(217,758)	(217,758)
At 31st March 2009	<u>961,888</u>	<u>351,631</u>	<u>363,741</u>	<u>1,677,260</u>
<b>DEPRECIATION</b>				
At 1st April 2008	108,009	130,134	232,748	470,891
Charge for year	73,644	62,263	122,161	258,068
Eliminated on disposal	-	-	(14,707)	(14,707)
Transfer to ownership	-	-	(191,308)	(191,308)
At 31st March 2009	<u>181,653</u>	<u>192,397</u>	<u>148,894</u>	<u>522,944</u>
<b>NET BOOK VALUE</b>				
At 31st March 2009	<u>780,235</u>	<u>159,234</u>	<u>214,847</u>	<u>1,154,316</u>
At 31st March 2008	<u>713,221</u>	<u>221,497</u>	<u>327,931</u>	<u>1,262,649</u>

**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**9. FIXED ASSET INVESTMENTS**

	Investments £
<b>COST</b>	
At 1st April 2008 and 31st March 2009	<u>136,500</u>
<b>PROVISIONS</b>	
At 1st April 2008 and 31st March 2009	<u>127,500</u>
<b>NET BOOK VALUE</b>	
At 31st March 2009	<u>9,000</u>
At 31st March 2008	<u>9,000</u>

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

**Quiligotti Contracts Limited (prev. Historic City investments Limited)**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary £1	100.00

**Southampton Flooring and Paving company Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary £1	100.00

**Cristofoli (UK) Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary £1	100.00

**Quiligotti Terazzo Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary £1	100.00

**Quiligotti Industrial Flooring Limited**

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary £1	100.00

**10. STOCKS**

	31.3.09 £	31.3.08 £
Raw materials	466,161	465,124
Work-in-progress	284,736	349,742
Finished goods	<u>9,709,303</u>	<u>10,035,870</u>
	<u>10,460,200</u>	<u>10,850,736</u>

**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**11. DEBTORS**

	31.3.09	31.3.08
	£	£
Amounts falling due within one year:		
Trade debtors	6,788,584	6,445,409
Amounts owed by group undertakings	171,481	440,388
Other debtors	198,648	-
Deferred tax asset	184,164	-
Prepayments and accrued income	<u>1,267,453</u>	<u>1,192,892</u>
	<u>8,610,330</u>	<u>8,078,689</u>
 Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>1,004,261</u>	<u>-</u>
 Aggregate amounts	<u>9,614,591</u>	<u>8,078,689</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.09	31.3.08
	£	£
Bank loans and overdrafts (see note 14)	347,380	117,821
Other loans (see note 14)	7,586,331	6,052,095
Hire purchase contracts (see note 15)	340,607	352,703
Trade creditors	4,263,331	4,917,959
Amounts owed to group undertakings	2,260,625	903,304
Social security and other taxes	2,257,799	890,005
Other creditors	154,724	158,707
Accrued expenses	<u>1,193,783</u>	<u>1,747,483</u>
	<u>18,404,580</u>	<u>15,140,077</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.3.09	31.3.08
	£	£
Hire purchase contracts (see note 15)	<u>339,974</u>	<u>482,883</u>

**14. LOANS**

An analysis of the maturity of loans is given below:

	31.3.09	31.3.08
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	347,380	117,821
Other loans	<u>7,586,331</u>	<u>6,052,095</u>
	<u>7,933,711</u>	<u>6,169,916</u>

**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	<b>Hire purchase contracts</b>	
	<b>31.3.09</b>	<b>31.3.08</b>
	<b>£</b>	<b>£</b>
Net obligations repayable:		
Within one year	340,607	352,703
Between one and five years	<u>339,974</u>	<u>482,883</u>
	<u><b>680,581</b></u>	<u><b>835,586</b></u>

The following operating lease payments are committed to be paid within one year:

	<b>Land and buildings</b>		<b>Other operating leases</b>	
	<b>31.3.09</b>	<b>31.3.08</b>	<b>31.3.09</b>	<b>31.3.08</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiring:				
Within one year	-	-	4,437	36,587
Between one and five years	638,337	285,000	87,438	155,445
In more than five years	<u>-</u>	<u>255,000</u>	<u>-</u>	<u>-</u>
	<u><b>638,337</b></u>	<u><b>540,000</b></u>	<u><b>91,875</b></u>	<u><b>192,032</b></u>

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>31.3.09</b>	<b>31.3.08</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	347,380	117,821
Other loans	7,586,331	6,052,095
Hire purchase contracts	680,581	835,586
Intercompany loans	<u>1,000,000</u>	<u>-</u>
	<u><b>9,614,292</b></u>	<u><b>7,005,502</b></u>

Bank loans and overdrafts are secured by way over fixed and floating charges over present and future assets.

Other loans are secured by way of fixed and floating charges over present and future assets and assignment of the trade credit insurance policy.

Amounts due under hire purchase agreements are secured over the asset to which they relate.

The intercompany loan is secured in favour of the original lender by way of debenture and a guarantee provided by Pilkington's Tiles Limited (see note 22).

**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**17. PROVISIONS FOR LIABILITIES**

Deferred taxation	Accelerated capital allowances £	Corporation tax losses £	Total £
Balance at 1st April 2008	515,421	(108,023)	407,398
Movement in year	<u>78,734</u>	<u>(670,296)</u>	<u>(591,562)</u>
Balance at 31st March 2009	<u>594,155</u>	<u>(778,319)</u>	<u>(184,164)</u>

**18. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	31.3.09 £	31.3.08 £
13,338,000	Ordinary	£1	<u>13,338,000</u>	<u>13,338,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.09 £	31.3.08 £
3,334,500	Ordinary	£1	<u>3,334,500</u>	<u>3,334,500</u>

**19. RESERVES**

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1st April 2008	(2,906,723)	285,000	9,673,743	7,052,020
Deficit for the year	(2,107,011)			(2,107,011)
Actuarial loss on pension scheme	(760,000)	-	-	(760,000)
Unrecognised surplus in pension scheme	<u>456,000</u>	<u>-</u>	<u>-</u>	<u>456,000</u>
At 31st March 2009	<u>(5,317,734)</u>	<u>285,000</u>	<u>9,673,743</u>	<u>4,641,009</u>
Profit and loss account excluding pension liability	(5,317,734)			
Pension asset/deficit	<u>-</u>			
Profit and loss account	<u>(5,317,734)</u>			

**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**20. EMPLOYEE BENEFIT OBLIGATIONS**

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.3.09	31.3.08
	£	£
Present value of funded obligations	(20,074,000)	(21,927,000)
Fair value of plan assets	<u>22,732,000</u>	<u>24,735,000</u>
	2,658,000	2,808,000
Present value of unfunded obligations	-	-
Unrecognised surplus	<u>(2,658,000)</u>	<u>(2,808,000)</u>
Surplus/(deficit)	-	-
Net asset/(liability)	<u>-</u>	<u>-</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	31.3.09	31.3.08
	£	£
Current service cost	-	-
Interest cost	1,336,000	1,345,000
Expected return	(1,642,000)	(1,870,000)
Past service cost	-	-
Impact of restriction on surplus in profit & loss	<u>306,000</u>	<u>525,000</u>
	-	-
Actual return on plan assets	<u>(1,546,000)</u>	<u>(181,000)</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.3.09	31.3.08
	£	£
Opening defined benefit obligation	21,927,000	25,489,000
Interest cost	1,336,000	1,345,000
Actuarial gains	(2,428,000)	(4,226,000)
Benefits paid	<u>(761,000)</u>	<u>(681,000)</u>
	<u>20,074,000</u>	<u>21,927,000</u>



**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**20. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.3.09	31.3.08
	£	£
Opening fair value of scheme assets	24,735,000	25,293,000
Contributions by employer	304,000	295,000
Expected return	1,642,000	1,870,000
Actuarial losses	(3,188,000)	(2,042,000)
Benefits paid	<u>(761,000)</u>	<u>(681,000)</u>
	<u>22,732,000</u>	<u>24,735,000</u>

The amounts recognised in the statement of recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.3.09	31.3.08
	£	£
Actuarial (losses)/gains	(760,000)	2,184,342
Restriction on excess	<u>456,000</u>	<u>(2,283,000)</u>
	<u>(304,000)</u>	<u>(98,658)</u>
Cumulative amount of actuarial gains	<u>4,960,379</u>	<u>5,264,379</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	31.3.09	31.3.08
	£	£
Equities	13,852,000	17,616,000
Bonds	2,734,000	2,664,000
Property	821,000	1,187,000
Government stock	3,366,000	2,664,000
Cash	<u>1,959,000</u>	<u>604,000</u>
	<u>22,732,000</u>	<u>24,735,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.3.09	31.3.08
Discount rate	6.70%	6.20%
Retail price inflation	3.10%	3.30%
Future pension increases	3.10%	3.30%
Proportion of employees opting for early retirement	3.10%	3.30%
Investment return	6.63%	7.45%

# **PILKINGTON'S TILES LIMITED**

## **Notes to the Financial Statements - continued** **for the Year Ended 31st March 2009**

### **20. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Amounts for the current and previous four periods are as follows:

	Year Ended	Year Ended	Year Ended	Year Ended	Period 31.3.04 to
	31.3.09	31.3.08	31.3.07	31.3.06	31.3.05
<b>Defined benefit pension plans</b>					
Defined benefit obligation	(20,074,000)	(21,927,000)	(25,489,032)	(26,072,928)	(24,333,000)
Fair value of scheme assets	22,732,000	24,735,000	25,292,690	24,009,949	19,423,000
Surplus/(deficit)	2,658,000	2,808,000	(196,342)	(2,062,979)	(4,910,000)
Experience adjustments on scheme liabilities	(311,000)	-	240,000	(54,000)	(312,000)
Experience adjustments on scheme assets	(3,188,000)	(2,051,000)	106,000	3,518,000	980,000

Under FRS 17, a surplus should be recognised in the balance sheet to the extent that the surplus can be recovered by the employer by way of reduced employer contributions or through a refund of surplus. As the scheme is closed to further defined benefit accruals there is no reason to believe the surplus is recoverable and therefore the asset has not been recognised in the financial statements.

#### **Defined contribution scheme**

Included within other creditors at the balance sheet date were amounts owed under defined contribution pension schemes of £36,346 (2008: £40,072).

### **21. CONTINGENT LIABILITIES**

There is a cross guarantee and debenture between the company and Quiligotti Access Flooring Limited in favour of HBOS Plc (previously Barclays Bank Plc) and GMAC Commercial Finance. The liabilities outstanding at the year end amounted to £8,027,103 (2008: £6,169,916).

### **22. TRANSACTIONS WITH DIRECTORS**

The director, K Whiteley made a loan to Pilkington's Group Plc of £1 million during the year. Security has been provided by the company by way of legal charge over the assets of Pilkington's Tiles Limited and Quiligotti Access Flooring Limited. At 31st March 2009 the full balance remained outstanding. No interest has been charged on the loan.

### **23. RELATED PARTY DISCLOSURES**

As a 100% subsidiary undertaking of Pilkington's 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 Group Plc.

### **24. ULTIMATE CONTROLLING PARTY**

The company's ultimate parent company and controlling party, Pilkington's Group Plc (formerly Pilkington's Tiles Group Plc) is registered in England and Wales.

The only group of which Pilkington's Tiles Limited is a member and for which group financial statements are drawn up is that headed by Pilkington's Group Plc.

**PILKINGTON'S TILES LIMITED**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31st March 2009**

**25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.3.09	31.3.08
(Loss)/Profit for the financial year	(2,107,011)	162,764
Other recognised gains and losses relating to the year (net)	<u>(304,000)</u>	<u>(69,061)</u>
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(2,411,011)</b>	<b>93,703</b>
Opening shareholders' funds	<u>10,386,520</u>	<u>10,292,817</u>
<b>Closing shareholders' funds</b>	<b><u>7,975,509</u></b>	<b><u>10,386,520</u></b>