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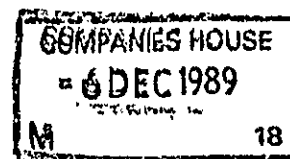
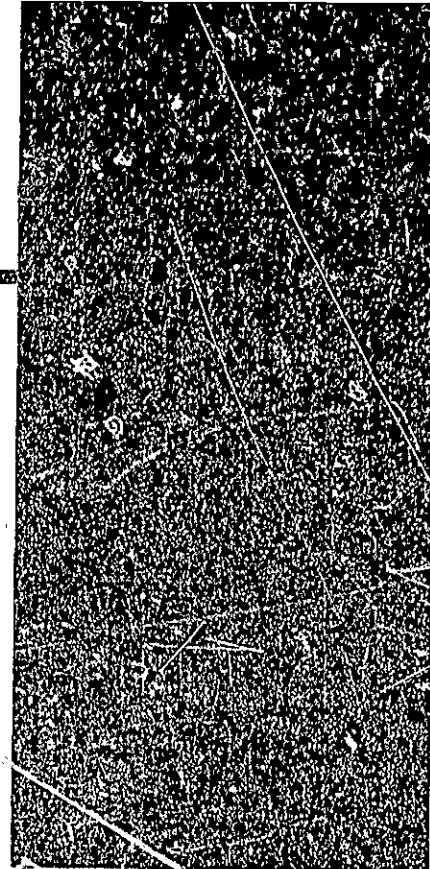
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No. 496454



CONTENTS

	<i>Page</i>
OFFICERS AND PROFESSIONAL ADVISERS	2
CHAIRMAN'S STATEMENT	3
DIRECTORS' REPORT	4-6
AUDITORS' REPORT	7
CONSOLIDATED PROFIT AND LOSS ACCOUNT	8
BALANCE SHEETS	9
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS	10
NOTES TO THE FINANCIAL STATEMENTS	11-17
FIVE YEAR RECORD	18
NOTICE OF MEETING	19-20

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Lionel David Mendoza
Stanley Houghton
Kenneth Finch
Alfred Michael Galler A.C.A.
Victor Joseph Mendoza F.R.I.C.S.
Sir Leslie Porter Kt. C.B.I.M. F.I.G.D.

Chairman and Joint Managing Director
Joint Managing Director

SECRETARY AND REGISTERED OFFICE

Yvonne Knight
George House
Perivale Industrial Park
Perivale
Middlesex UB6 7RL

STOCKBROKERS

ANZ McCaughan Securities UK Limited
65 Holborn Viaduct
London EC1A 2EU

AUDITORS

Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

BANKERS

Midland Bank plc
1 Sydney Place
Onslow Square
London SW7 3NW

REGISTRARS AND TRANSFER OFFICE

Barclays Bank PLC
P.O. Box No. 34
Octagon House
Gadbrook Park
Northwich
Cheshire CW9 7RD

CHAIRMAN'S STATEMENT

The second six months of our financial year have been most disappointing. The losses incurred as a result of problems on certain major contracts, together with initial difficulties encountered following the acquisition of the assets of Semtex Limited have meant that the profits achieved in the first half have been more than matched by losses in the second half. Consequently a pre-tax full year loss of £478,000 (as against a profit of £214,000 in 1988) has been declared on turnover of £13.0 million (£9.0 million in 1988). Following a tax credit of £129,000 this has resulted in a post-tax loss of £349,000 (compared to £131,000 profit in 1988).

The additional cost of finance in association with our increased turnover and slower payment by some of our customers, aggravated by the high rates of interest, has resulted in an increase in overheads of approximately £300,000, which has contributed to the disappointing result.

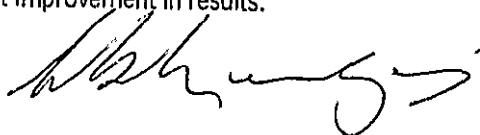
Whilst action has already been taken to stem losses, the Directors are aware that further action is necessary to strengthen the business. To this end the Directors have entered into talks with certain parties which, if successful, would result in an injection of cash.

In spite of the disappointing results for the second half of the year, as a sign of the Directors' confidence in the prospects for the Group, they are recommending a final dividend of 1.10 pence per share payable on 4th January 1990 to shareholders on the register on 1st December 1989. Together with the interim dividend, this makes a total for the year of 2.00 pence per share (1988 — 2.00 pence per share). Your Directors have decided to waive their dividend entitlement in respect of their shareholdings of 5,725,820 shares representing 61 per cent of the issued share capital.

The acquisition at the beginning of the year of the assets of Semtex increased still further our geographical coverage, as it brought with it operations in Scotland and Southampton. Although these operations have required initial start-up investment this year to upgrade their service and operations to full divisional status, they are now providing a solid base from which to return your Group to profitability.

I should like to take this opportunity to thank our shareholders for their patience and loyalty in what has been a difficult year. The problems encountered in the second half of the year have been addressed and remedied and your Board is confident that the current year should see a significant improvement in results.

L. D. Mendoza
Chairman



27th October 1989

DIRECTORS' REPORT

The Directors present their Annual Report and the audited Financial Statements for the year ended 30th June 1989.

ACTIVITIES

The principal business of the Group is the supply and fitting of carpets and hard floor coverings to the retail, commercial, residential and public sectors. The Group's activities also include contract carpet cleaning, curtain making and the supply of office furniture.

RESULTS

Turnover increased by 45 per cent to £13.0 million and the loss on ordinary activities before taxation was £478,000 (1988 — £214,000 profit).

A review of the developments of the business is set out in the Chairman's Statement.

PROSPECTS

The level of work in progress is extremely buoyant with a healthy forward order book, especially in the new branches.

It is anticipated that 1989/1990 will produce an increase in turnover with a return to profits.

FIXED ASSETS

The movements in fixed assets are disclosed in note 10 to the Financial Statements.

FIXED ASSETS INVESTMENTS

During 1988 the Company invested £49,800 in Modacc plc, a company incorporated in Great Britain. This represented a subscription for 9.8 per cent of the initial allotted ordinary share capital and £40,000 of unsecured debenture stock which, during the current year, has been converted into preference shares and at 30th June 1989 represented 20 per cent of that class of share. Modacc plc is engaged in the manufacture, distribution and sale of raised-flooring products. Production commenced in late 1988 and the Directors are confident that this trade investment will prove to be beneficial to the Group in the long term.

DIVIDEND

The Directors recommend the payment of a final dividend of 1.10p (net) per share, making a total dividend for the year of 2.00 pence (net) per share (1988 — 2.00 pence (net) per share). After dividends of £126,000 a deficit of £475,000 has been transferred to reserves.

The Directors have decided to waive their final dividend entitlement in respect of their shareholdings of 5,725,820 shares.

DIRECTORS

The present membership of the Board is set out on page 2.

In accordance with the Company's Articles of Association, Mr K. Finch retires by rotation and offers himself for re-election. Mr K. Finch has a service contract which expires in May 1992.

The Directors' interests, all of which are beneficial as defined by the Companies Act 1985, in the shares of the Company at 30th June 1989 and 1st July 1988 were as follows:

	30th June 1989	1st July 1988
	10p Ordinary Shares	10p Ordinary Shares
L. D. Mendoza	2,762,650	2,752,650
S. Houghton	592,290	664,290
T. E. Greig	45,000	45,000
A. M. Galler	235,700	235,700
K. Finch	81,900	66,900
V. J. Mendoza	2,033,280	2,033,280
Sir Leslie Porter	20,000	20,000

	Options in respect of Ordinary Shares	
	30th June 1989	1st July 1988
T. E. Greig	17,640	17,640
A. M. Galler	17,640	17,640
K. Finch	17,640	17,640

Mr T. E. Greig resigned on 30th June 1989 following his retirement.

There has been no change in the Directors' holdings between the year end and 27th October 1989.

SUBSTANTIAL INTERESTS

The Board is not aware of any person, other than a Director, who holds 5 per cent or more of the allotted share capital of the Company.

COMPANY STATUS

So far as the Directors are aware, the Company is a close company for taxation purposes.

HEALTH AND SAFETY

Health and Safety standards are reviewed regularly by the Board of Directors. Full and fair consideration is given to the employment of disabled persons, having regard to their individual aptitudes and abilities.

AUDITORS

A resolution to re-appoint Touche Ross & Co. as Auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board
Y. Knight
Secretary



27th October 1989

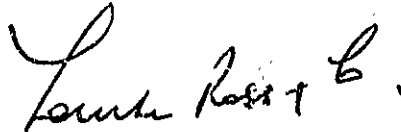
AUDITORS' REPORT TO THE MEMBERS OF GC FLOORING & FURNISHINGS PLC

We have audited the financial statements on pages 8 to 17 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and of the Group at 30th June 1989 and of the loss and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

TOUCHE ROSS & CO.

Chartered Accountants
London.



27th October 1989

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30th June 1989

	Notes	1989 £000	1988 £000
Turnover	2	13,029	8,956
Cost of sales		12,277	7,973
Gross profit		752	983
Administrative expenses		859	692
Operating (loss)/profit	4	(107)	291
Interest receivable		—	1
Interest payable and similar charges	5	(371)	(78)
(Loss)/profit on ordinary activities before taxation		(478)	214
Tax on (loss)/profit on ordinary activities	6	(129)	83
(Loss)/profit on ordinary activities after taxation	7	(349)	131
Dividends paid and proposed	8	126	188
Deficit transferred to reserves	19	(475)	(57)
(Loss)/earnings per share	9	(3.70)p	1.39p

BALANCE SHEETS

At 30th June 1989

	Notes	The Group		The Company	
		1989 £000	1988 £000	1989 £000	1988 £000
Fixed assets					
Tangible assets					
Investments	10	1,005	669	1,005	651
	11	54	50	54	50
		<u>1,059</u>	<u>719</u>	<u>1,059</u>	<u>701</u>
Current assets					
Stocks					
Debtors	12	1,357	1,261	1,357	1,261
Cash at bank and in hand	13	4,402	2,847	4,438	2,886
		27	17	24	15
		<u>5,786</u>	<u>4,125</u>	<u>5,819</u>	<u>4,162</u>
Creditors: Amounts falling due within one year					
	14	5,157	2,709	5,157	2,695
Net current assets		<u>629</u>	<u>1,416</u>	<u>662</u>	<u>1,467</u>
Total assets less current liabilities		<u>1,688</u>	<u>2,135</u>	<u>1,721</u>	<u>2,168</u>
Creditors: Amounts falling due after more than one year					
Provisions for liabilities and charges	14	176	84	176	84
	17	—	14	33	47
Net assets		<u>1,512</u>	<u>2,037</u>	<u>1,512</u>	<u>2,037</u>
Capital and reserves					
Called up share capital	18	945	945	945	945
Other reserves	19	—	512	—	512
Profit and loss account	19	567	580	567	580
		<u>1,512</u>	<u>2,037</u>	<u>1,512</u>	<u>2,037</u>

The financial statements were approved by the Board of Directors on 27th October 1989

L. D. Mendoza
S. Houghton Directors



CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 30th June 1989

	1989 £000	1988 £000
FUNDS (ABSORBED BY)/GENERATED FROM OPERATIONS		
(Loss)/profit on ordinary activities before taxation	(478)	214
Adjustment for items not involving the movement of funds:		
Depreciation	247	172
Profit on sale of fixed assets	(26)	(11)
Total (absorbed by)/generated from operations	(257)	375
SOURCE OF FUNDS		
Proceeds of sale of tangible fixed assets	57	37
Increase in creditors	1,083	—
Proceeds of issue of shares net of costs	—	13
	<u>883</u>	<u>425</u>
APPLICATION OF FUNDS		
Purchases of tangible fixed assets	614	239
Purchase of investments	4	50
Purchase of goodwill	50	76
Dividends paid	199	186
Flotation expenses paid	—	20
Tax paid	329	182
Increase in debtors	1,417	409
Increase in stocks	96	413
Decrease in creditors	—	104
	<u>2,709</u>	<u>1,679</u>
DECREASE IN NET LIQUID FUNDS	<u>(1,826)</u>	<u>(1,254)</u>

Net liquid funds comprise cash at bank and in hand less bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 1989

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention.

Comparative figures have been restated to reflect certain changes in presentation.

(a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiaries for all financial periods ended 30th June 1989.

(b) Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The average rates of depreciation are as follows:

Plant and office equipment	— 10% per annum
Furniture and fittings	— 10% per annum
Motor vehicles	— 20% per annum
Short leasehold property	— Equal annual instalments over the period of the lease

(c) Investments

Investments held as fixed assets are stated at cost, less provision for permanent diminution in value.

(d) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads. Provision is made for foreseeable losses arising on uncompleted contracts.

(e) Deferred tax

Deferred tax is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

(f) Foreign exchange

All transactions in foreign currencies have been translated at the rates of exchange ruling at the date of the transaction. All assets and liabilities stated in a foreign currency at the end of the accounting period have been translated at the rates of exchange ruling at that date.

All gains and losses arising from the translation of foreign currencies are taken to profit and loss.

(g) Hire purchase contracts

Assets held under hire purchase contracts and the related hire purchase obligations are recorded in the balance sheet at the fair value of the assets at the inception of the hire purchase agreement. The excess of the hire purchase payments over the recorded obligations are treated as finance charges which are amortised over each hire purchase term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the period of the leases.

(h) Pension costs

The expected cost of pensions in respect of the Group's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 1989

2. TURNOVER

Turnover represents the amount receivable for goods supplied and work done. Sales are recognised when contracts are completed. Turnover relates to sales made in the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1989	1988
	£000	£000
Employee costs during the year:		
Wages and salaries	3,152	1,845
Social security costs	301	180
Other pension costs	111	77
	<u>3,564</u>	<u>2,102</u>

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

	No.	No.
Office and management	73	57
Floor-layers and labourers	150	89
	<u>223</u>	<u>146</u>

Directors' emoluments including pension contributions

	£000	£000
	284	246

Remuneration of the Chairman and highest paid Director

	74	69
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The following number of Directors had remuneration within the range indicated:

	1989	1988
£ 0-£ 5,000	1	2
£ 5,001-£10,000	1	—
£25,001-£30,000	—	1
£30,001-£35,000	1	2
£35,001-£40,000	1	—
£40,001-£45,000	1	—
£55,001-£60,000	—	1
£60,001-£65,000	1	—
£65,001-£70,000	—	1
£70,001-£75,000	1	—

Pension arrangements

The Group operates a pension fund for its employees, the assets of which are held in a separate fund administered by trustees. The fund, known as the GC Flooring & Furnishings PLC Pension and Life Assurance Scheme, is a defined benefit scheme. Pension costs relating to this fund are assessed in accordance with the advice of a qualified actuary using the attained age method.

The last actuarial valuation of the Scheme was at 1st July 1986. At that date, the value of the Scheme's assets was £489,000 which was considered sufficient to meet the accrued liabilities at that date based on members' current pensionable salaries. The principal financial assumptions used were that the rate of investment return would be 9% per annum, the rate of salary increase would be 7.5% per annum, and that the rate of pension increase would be 3% per annum. The next valuation of the fund, as at 1st July 1989, is currently being undertaken.

4. OPERATING (LOSS)/PROFIT	1989 £000	1988 £000
The (loss)/profit for the year is stated after charging/(crediting):		
Auditors' remuneration	20	20
Depreciation and other amounts written off tangible fixed assets:		
Own assets	161	114
Assets held under hire purchase contracts	86	58
Profit on sale of tangible fixed assets	(26)	(11)
Rentals under operating leases	274	267
Rents receivable	(145)	(112)
	<u>1989</u>	<u>1988</u>
5. INTEREST PAYABLE AND SIMILAR CHARGES	£000	£000
Bank overdraft	335	62
Finance charges	36	16
	<u>371</u>	<u>78</u>
6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	1989 £000	1988 £000
UK Corporation tax at 35% (1988 — 35%)	(91)	91
Deferred taxation	(35)	(10)
	<u>(126)</u>	<u>81</u>
Adjustment to prior years' tax provisions	(3)	2
	<u>(129)</u>	<u>83</u>
7. PROFIT OF PARENT COMPANY	As permitted by Section 228(7) of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The consolidated loss for the financial year includes losses of £349,000 (1988 — profit of £55,000) which are dealt with in the financial statements of the parent company.	
8. DIVIDENDS	1989 £000	1988 £000
Interim dividend 0.90p (1988 — 0.80p) per share net	85	74
Proposed final dividend 1.10p (1988 — 1.20p) per share net	41	114
	<u>126</u>	<u>188</u>
	The Directors have decided to waive their final dividend entitlement for the year ended 30th June 1989 in respect of their shareholdings of 5,725,820 shares.	
9. (LOSS)/EARNINGS PER SHARE	The calculation of earnings per share is based on the loss (1988 — profit) on ordinary activities after taxation of £349,000 (1988 — £131,000) and on the Ordinary shares in issue during the year of 9,444,617 (1988 — weighted average of 9,434,800).	

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 1989

10. TANGIBLE FIXED ASSETS

The Group	Plant and Office Equipment	Furniture and Fittings	Motor Vehicles	Short Leasehold Property	Total
COST	£000	£000	£000	£000	£000
At 1st July 1988	287	182	750	55	1,274
Additions	123	23	363	105	614
Disposals	—	—	(103)	—	(103)
At 30th June 1989	<u>410</u>	<u>205</u>	<u>1,010</u>	<u>160</u>	<u>1,785</u>
DEPRECIATION					
At 1st July 1988	128	139	317	21	605
Charge for the year	26	14	194	13	247
Disposals	—	—	(72)	—	(72)
At 30th June 1989	<u>154</u>	<u>153</u>	<u>439</u>	<u>34</u>	<u>780</u>
NET BOOK VALUE at 30th June 1989	<u>256</u>	<u>52</u>	<u>571</u>	<u>126</u>	<u>1,005</u>
NET BOOK VALUE at 30th June 1988	<u>159</u>	<u>43</u>	<u>433</u>	<u>34</u>	<u>669</u>

The Company	Plant and Office Equipment	Furniture and Fittings	Motor Vehicles	Short Leasehold Property	Total
COST	£000	£000	£000	£000	£000
At 1st July 1988	284	175	742	55	1,256
Additions	126	30	371	105	632
Disposals	—	—	(103)	—	(103)
At 30th June 1989	<u>410</u>	<u>205</u>	<u>1,010</u>	<u>160</u>	<u>1,785</u>
DEPRECIATION					
At 1st July 1988	128	139	317	21	605
Charge for the year	26	14	194	13	247
Disposals	—	—	(72)	—	(72)
At 30th June 1989	<u>154</u>	<u>153</u>	<u>439</u>	<u>34</u>	<u>780</u>
NET BOOK VALUE at 30th June 1989	<u>256</u>	<u>52</u>	<u>571</u>	<u>126</u>	<u>1,005</u>
NET BOOK VALUE at 30th June 1988	<u>156</u>	<u>36</u>	<u>425</u>	<u>34</u>	<u>651</u>

The net book value of the fixed assets of the Company and the Group includes £485,000 in respect of assets held under hire purchase contracts.

11. INVESTMENTS
HELD AS FIXED ASSETS

	The Group		The Company	
	1989 £000	1988 £000	1989 £000	1988 £000
Shares in subsidiaries	4	—	45	41
Provisions	—	—	(41)	(41)
	<u>4</u>	<u>—</u>	<u>4</u>	<u>—</u>
Investment in Modacc	10	10	10	10
Preference shares in Modacc (1988 — debenture stock)	40	40	40	40
	<u>54</u>	<u>50</u>	<u>54</u>	<u>50</u>

The subsidiaries of the Company are Pennine Interiors Limited, GCF Exports Limited (non-trading), GC Furnishings Limited (non-trading) and SW116 Limited (non-trading), all of which are incorporated in Great Britain and wholly owned. The movement in the period relates to a 75.1 per cent investment in Nafco Limited, which was incorporated in Great Britain in June 1989. This company had not traded by the year end and has not been consolidated at 30th June 1989 because its inclusion would be of no real value to the members in view of the insignificant amounts involved.

12. STOCKS

	The Group		The Company	
	1989 £000	1988 £000	1989 £000	1988 £000
Materials and consumables	518	429	518	429
Work in progress	<u>1,342</u>	<u>918</u>	<u>1,342</u>	<u>918</u>
	1,860	1,347	1,860	1,347
Payments on account	<u>503</u>	<u>86</u>	<u>503</u>	<u>86</u>
	<u>1,357</u>	<u>1,261</u>	<u>1,357</u>	<u>1,261</u>

13. DEBTORS

	The Group		The Company	
	1989 £000	1988 £000	1989 £000	1988 £000
Trade debtors	3,963	2,563	3,925	2,423
Amounts owed by subsidiaries	—	—	74	179
Other debtors	224	88	224	88
Prepayments and accrued income	<u>215</u>	<u>196</u>	<u>215</u>	<u>196</u>
	<u>4,402</u>	<u>2,847</u>	<u>4,438</u>	<u>2,886</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 1989

14. CREDITORS

	The Group		The Company	
	1989	1988	1989	1988
	£000	£000	£000	£000
Amounts falling due within one year:				
Bank overdraft	2,867	1,031	2,867	1,031
Obligations under hire purchase contracts	148	97	148	97
Trade creditors	1,603	1,006	1,603	994
Corporation tax	40	295	40	295
Other creditors including taxation and social security	311	111	311	109
Proposed dividends	40	114	40	114
Accruals	148	55	148	55
	<u>5,157</u>	<u>2,709</u>	<u>5,157</u>	<u>2,695</u>
Amounts falling due after more than one year:				
Obligations under hire purchase contracts	176	60	176	60
Corporation tax	—	24	—	24
	<u>176</u>	<u>84</u>	<u>176</u>	<u>84</u>

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	The Group		The Company	
	1989	1988	1989	1988
	£000	£000	£000	£000
Minimum lease payments payable:				
Within one year	154	99	154	99
Within two to five years	176	60	176	60
	<u>330</u>	<u>159</u>	<u>330</u>	<u>159</u>
Finance charges allocated to future periods	6	2	6	2
	<u>324</u>	<u>157</u>	<u>324</u>	<u>157</u>

16. FINANCIAL COMMITMENTS

At 30th June 1989 the Group was committed to pay £266,000 during the next year in respect of leases over land and buildings which expire after five years. The Group has no capital commitments at 30th June 1989.

17. PROVISIONS FOR
LIABILITIES AND CHARGES

	The Group		The Company	
	1989 £000	1988 £000	1989 £000	1988 £000
Amount of deferred taxation fully provided:				
Capital allowances in excess of depreciation	59	52	59	52
Losses	(58)	—	(58)	—
Less: ACT recoverable	(1)	(38)	(1)	(38)
	<u>—</u>	<u>14</u>	<u>—</u>	<u>14</u>
Provisions for losses incurred by subsidiaries	<u>—</u>	<u>—</u>	<u>33</u>	<u>33</u>
	<u>—</u>	<u>14</u>	<u>33</u>	<u>47</u>

18. SHARE CAPITAL

	1989 £000	1988 £000
Authorised:		
12,500,000 Ordinary Shares of 10p each	<u>1,250</u>	<u>1,250</u>
Allotted and Fully Paid:		
9,444,617 Ordinary Shares of 10p each	<u>945</u>	<u>945</u>

19. RESERVES

The Group		Other Reserves £000	Profit and Loss Account £000
At 1st July 1988		512	580
Retained deficit		—	(475)
Goodwill on purchase of business		—	(50)
Transfer to profit and loss account		(512)	512
At 30th June 1989		<u>—</u>	<u>567</u>
The Company			
At 1st July 1988		512	580
Retained deficit		—	(475)
Goodwill on purchase of business		—	(50)
Transfer to profit and loss account		(512)	512
At 30th June 1989		<u>—</u>	<u>567</u>

20. SHARE OPTION SCHEME

On 1st May 1987 the Company introduced a share option scheme, under the terms of which options were granted for a total of 264,600 Ordinary Shares of 10p each. The options are exercisable between 1st May 1990 and 1st May 1997 at a price of 44p per Ordinary Share.

FIVE YEAR RECORD

	Years ended 30th June				
	1985	1986	1987	1988	1989
	£000	£000	£000	£000	£000
Turnover	5,922	6,811	9,564	8,956	13,029
Operating profit/(loss) before interest	235	395	770	291	(107)
Interest	(62)	(87)	(65)	(77)	(371)
Profit/(loss) on ordinary activities before taxation	173	308	705	214	(478)
Tax on profit/(loss) on ordinary activities	(57)	(139)	(253)	(83)	129
Profit/(loss) on ordinary activities after taxation	116	169	452	131	(349)
Extraordinary items	—	(16)	—	—	—
Dividends	—	—	(112)	(188)	(126)
Profit/(deficit) retained and transferred to reserves	116	153	340	(57)	(475)
Earnings/(loss) per share	1.42p	2.07p	5.41p	1.39p	(3.70)p

The results for 1985 and 1986 are those as adjusted in the Accountants' Report to the prospectus dated 13th May 1987.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of GC FLOORING & FURNISHINGS PLC will be held at the Company's registered office at George House, Perivale Industrial Park, Perivale, Middlesex on 13th December 1989 at 10.00 a.m. for the following purposes:

- (1) To receive and adopt the financial statements for the year ended 30th June 1989 and to receive the Report of the Directors and the Auditors.
- (2) To declare a final ordinary dividend of 1.10p (net) in respect of the year ended 30th June 1989.
- (3) To re-elect Mr K. Finch as a Director of the Company.
- (4) To re-appoint Touche Ross & Co. as the Company's Auditors and to authorise the Directors to fix their remuneration.
- (5) To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

THAT for the purposes of Section 80 of the Companies Act 1985 (the "Act") (and so that expressions used in this resolution shall bear the same meanings as in the said Section 80);

- (i) the Directors be and are hereby generally and unconditionally authorised to allot relevant securities up to a maximum nominal amount of £305,383 to such persons and at such times and on such terms as they think proper during the period expiring on 13th December 1994;
 - (ii) the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution and;
 - (iii) the authority hereby conferred shall be in substitution for all previous authorities of the Directors by virtue of any resolution passed by the members of the Company prior to the date of adoption of this resolution.
- (6) To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

THAT subject to the passing of the ordinary resolution immediately preceding this resolution the Directors be and are hereby generally and unconditionally authorised and empowered pursuant to Section 95 of the Act to allot any equity securities (which in this resolution shall have the meaning given to such term in Section 94 of the Act) of the Company pursuant to the authority conferred by such preceding resolution as if Section 89(1) of the Act did not apply to such allotment; provided that the power conferred by this resolution shall be for a period expiring on 12th March 1991 unless previously renewed, varied or revoked by the Company in General Meeting and provided also that the authority and power contained in this resolution shall be in substitution for the authority conferred on the Directors by virtue of any resolution passed by the members of the Company prior to the date of adoption of this resolution and shall be limited to the following:

- (i) to the allotment of equity securities in connection with a rights issue where it is, in the opinion of the Directors, necessary or expedient to allot equity securities otherwise than in accordance with Section 89 of the Act by reason of the rights attaching to any shares or securities of the Company or fractional entitlements or the rules or regulations of any jurisdiction, stock exchange or other regulatory body whatsoever; and
- (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value not exceeding £47,223 of the issued Ordinary share capital;
and provided further that this power shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

By order of the Board
Y. Knight
Secretary
27th October 1989



Registered Office
George House
Perivale Industrial Park
Perivale
Middlesex UB6 7RL

NOTES

- (1) A member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote, on a poll, instead of himself. A proxy need not be a member of the Company. The instrument appointing a proxy must be lodged at the Company's transfer office, Barclays Bank PLC, PO Box 34, Octagon House, Gadbrook Park, Northwich, Cheshire CW9 7RD, not less than 48 hours before the time fixed for the meeting.
- (2) Warrants in respect of the proposed final dividend will be posted on 4th January 1990 to shareholders on the register on 1st December 1989.
- (3) There will be available for inspection at the registered office of the Company on any weekday (except Saturdays and Public Holidays) during normal business hours from 20th November 1989 until the date of the Meeting copies of all contracts of service between the Company and its directors. Such documents and the register of Directors' interests in securities of the Company required to be kept in accordance with the Companies Act 1985 will be made available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the Meeting.