

GRANWOOD FLOORING LIMITED
Company Registration No. 00566174 (England and Wales)

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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COMPANIES HOUSE

GRANWOOD FLOORING LIMITED

COMPANY INFORMATION

Directors

Mark Pass
Richard Taylor
Carl Blythe
Stuart Vickers
David Pass (Appointed 19 November 2012)
Simon Pass (Appointed 19 November 2012)

Secretary

Carl Blythe

Company number

00566174

Registered office

Greenhill Lane
Riddings
Derbyshire
DE55 4AT

Auditors

DEKM Limited
5 Trinity Terrace
London Road
Derby
DE1 2QS

GRANWOOD FLOORING LIMITED

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GRANWOOD FLOORING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The principal activity of the company continued to be that of the manufacture and supply of floorcoverings

The commercial environment remains extremely challenging

Given the nature of the business, the company's directors are of the opinion that reporting more detailed analysis using key performance indicators is not necessary for the reader's understanding of the development, performance or position of the business

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of an ordinary dividend

Directors

The following directors have held office since 1 January 2012

Michael Pass	(Deceased 20 June 2012)
Mark Pass	
Richard Taylor	
Carl Blythe	
Stuart Vickers	
David Pass	(Appointed 19 November 2012)
Simon Pass	(Appointed 19 November 2012)

Auditors

In accordance with the company's articles, a resolution proposing that DEKM Limited be reappointed as auditors of the company will be put at a General Meeting

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

GRANWOOD FLOORING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board


Carl Blythe

Director

13 September 2013

GRANWOOD FLOORING LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GRANWOOD FLOORING LIMITED

We have audited the financial statements of Granwood Flooring Limited for the year ended 31 December 2012 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out in the Directors' Report on pages 1 to 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

The company participates in two defined benefit pension schemes, one of which is a multi employer scheme, and the assets and liabilities of these schemes are partly attributable to the company. In our opinion, in accordance with Financial Reporting Standard 17 - Retirement Benefits, the balance sheet should include a pension scheme liability of £792,000 being the deficit in the schemes at 31 December 2012. This would have the effect of increasing the profit for the year by £40,000 and including actuarial losses of £239,000 and a prior year adjustment of £593,000 in the Statement of Total Recognised Gains and Losses.

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

GRANWOOD FLOORING LIMITED

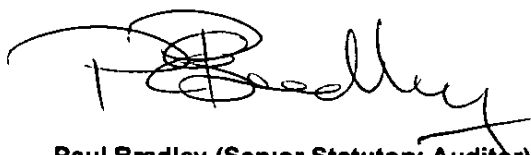
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF GRANWOOD FLOORING LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or



Paul Bradley (Senior Statutory Auditor)
for and on behalf of DEKM Limited
Chartered Accountants
Statutory Auditor
5 Trinity Terrace
London Road
Derby
DE1 2QS

25 September 2013

GRANWOOD FLOORING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	2,603,894	2,152,074
Change in stocks of finished goods and work in progress		(96,180)	(16,030)
		2,507,714	2,136,044
Other operating income		1,057,430	1,188,817
		3,565,144	3,324,861
Raw materials and other consumables		510,842	330,566
Other external charges		7,652	-
		518,494	330,566
		3,046,650	2,994,295
Staff costs		1,709,229	1,994,026
Depreciation and amortisation		99,740	122,868
Other operating charges		672,911	774,114
		2,481,880	2,891,008
Operating profit	3	564,770	103,287
Other interest receivable and similar income	4	-	368
Interest payable and similar charges	5	(931)	-
Profit on ordinary activities before taxation		563,839	103,655
Tax on profit on ordinary activities	6	(154,669)	(49,675)
Profit for the year	15	409,170	53,980

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

GRANWOOD FLOORING LIMITED

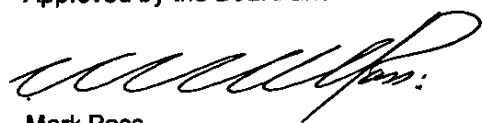
BALANCE SHEET

AS AT 31 DECEMBER 2012

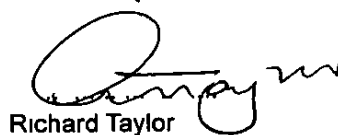
	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	7	1,455,699		1,541,440	
Investments	8		2		2
		<u>1,455,701</u>		<u>1,541,442</u>	
Current assets					
Stocks	9	347,149		453,038	
Debtors	10	3,165,073		3,072,287	
Cash at bank and in hand		1,829,036		997,599	
		<u>5,341,258</u>		<u>4,522,924</u>	
Creditors: amounts falling due within one year	11	<u>(1,760,578)</u>		<u>(1,437,155)</u>	
Net current assets			3,580,680		3,085,769
Total assets less current liabilities			<u>5,036,381</u>		<u>4,627,211</u>
Capital and reserves					
Called up share capital	14		9,360		9,360
Revaluation reserve	15		31,445		33,411
Profit and loss account	15		4,995,576		4,584,440
Shareholders' funds	16		<u>5,036,381</u>		<u>4,627,211</u>

Approved by the Board and authorised for issue on

13 September 2013



Mark Pass
Director



Richard Taylor
Director

Company Registration No 00566174

GRANWOOD FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

The company has taken advantage of the exemption in Financial Reporting Standard 1 - Cash Flow Statements from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Granwood Holdings Limited which produces a consolidated cash flow statement which includes this company

1.2 Compliance with and departure from accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

The financial statements do not comply with the accounting and disclosure requirements of the Financial Reporting Standard 17 - Retirement Benefits

1.3 Turnover

Turnover excludes VAT and trade discounts and is recognised as contract activity progresses so that, for incomplete contracts, it reflects the partial performance of the contractual obligations

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Freehold properties	2½% straight line
Plant and machinery	10% to 33% straight line
Motor vehicles	20% to 25% straight line

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

GRANWOOD FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

(Continued)

1.7 Pensions

Defined contribution

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Defined benefit

The company participates in two defined benefit pension schemes of which one is a multi-employer scheme, which require contributions to be made to separately administered funds. The assets and liabilities of these schemes are partly attributable to the company and, in a departure from Financial Reporting Standard 17 - Retirement Benefits, the contributions are charged to the profit and loss account in the year in which they are payable.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision is made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Granwood Holdings Limited, and is included in the consolidated accounts of that company.

2 Turnover

The turnover and operating profit for the year were derived from the company's principal activity.

Analysis of turnover and operating profit before taxation by class of business and geographical markets have not been disclosed because the directors believe that to do so would seriously prejudice the interests of the company.

3 Operating profit

	2012 £	2011 £
Operating profit is stated after charging		
Depreciation of tangible assets	99,740	122,868
Auditors' remuneration (including expenses and benefits in kind)	12,000	12,000
and after crediting		
Profit on disposal of tangible assets	(610)	(9,221)

4 Investment income

	2012 £	2011 £
Other interest	-	368

GRANWOOD FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

5	Interest payable	2012	2011
		£	£
	On overdue tax	931	-
		<u> </u>	<u> </u>
6	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U K corporation tax	144,900	26,300
	Adjustment for prior years	(38)	15,939
		<u> </u>	<u> </u>
	Total current tax	144,862	42,239
		<u> </u>	<u> </u>
	Deferred tax		
	Deferred tax charge current year	4,936	11,717
	Deferred tax adjustment arising from changes in tax rate	4,454	9,919
	Deferred tax adjustment re previous year	417	(14,200)
		<u> </u>	<u> </u>
		9,807	7,436
		<u> </u>	<u> </u>
		154,669	49,675
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	563,839	103,655
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.50%)	138,141	27,469
		<u> </u>	<u> </u>
	Effects of		
	Non deductible expenses	116	124
	Depreciation add back	24,436	32,560
	Capital allowances	(10,790)	(16,975)
	(Profit) / loss on sale of fixed assets	(149)	(2,444)
	Other timing differences	(6,886)	(14,491)
	Adjustments to previous periods	(38)	15,939
	Other tax adjustments	32	57
		<u> </u>	<u> </u>
		6,721	14,770
		<u> </u>	<u> </u>
	Current tax charge for the year	144,862	42,239
		<u> </u>	<u> </u>

GRANWOOD FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

7 Tangible fixed assets

	Freehold properties £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2012	1,905,261	942,781	199,802	3,047,844
Additions	(14,759)	-	45,098	30,339
Disposals	-	-	(51,289)	(51,289)
At 31 December 2012	1,890,502	942,781	193,611	3,026,894
Depreciation				
At 1 January 2012	561,601	869,556	75,247	1,506,404
On disposals	-	-	(34,949)	(34,949)
Charge for the year	48,552	9,671	41,517	99,740
At 31 December 2012	610,153	879,227	81,815	1,571,195
Net book value				
At 31 December 2012	1,280,349	63,554	111,796	1,455,699
At 31 December 2011	1,343,660	73,225	124,555	1,541,440

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 January 2012	1,848,811
Additions	(14,759)
At 31 December 2012	1,834,052
Depreciation based on cost	
At 1 January 2012	546,319
Charge for the year	45,851
At 31 December 2012	592,170
Net book value	
At 31 December 2012	1,241,882
At 31 December 2011	1,302,492

GRANWOOD FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

7 Tangible fixed assets

(Continued)

The freehold land and buildings were revalued in 1988 on an open market for existing use basis

A policy of revaluation has not been adopted. However, the carrying amount reflects previous revaluations and these amounts are retained as the company has adopted the transitional provisions of Financial Reporting Standard for Smaller Entities (effective April 2008). The valuations concerned have not been updated.

Cost or valuation at 31 December 2012 is represented by the valuation in 1988 of £500,000 and items at cost of £1,390,502

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 January 2012 & at 31 December 2012	2
Net book value	
At 31 December 2012	2
At 31 December 2011	2

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Granwax Products Limited	England and Wales	Ordinary	100.00

9 Stocks and work in progress

	2012 £	2011 £
Raw materials and consumables	176,738	186,447
Work in progress	4,170	63,968
Finished goods and goods for resale	166,241	202,623
	<u>347,149</u>	<u>453,038</u>

GRANWOOD FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

10 Debtors	2012	2011
	£	£
Trade debtors	798,001	396,455
Amounts owed by parent and fellow subsidiary undertakings	2,125,304	2,202,899
Other debtors	73,500	278,233
Prepayments and accrued income	70,763	87,388
Deferred tax asset (see note 12)	97,505	107,312
	<u>3,165,073</u>	<u>3,072,287</u>

Amounts falling due after more than one year and included in the debtors above are

	2012	2011
	£	£
Deferred tax asset	<u>97,505</u>	<u>107,312</u>

11 Creditors, amounts falling due within one year	2012	2011
	£	£
Trade creditors	258,693	130,077
Amounts owed to parent and fellow subsidiary undertakings	385,831	392,461
Corporation tax	134,899	24,039
Other taxes and social security costs	104,485	86,520
Other creditors	74,141	252,875
Accruals and deferred income	802,529	551,183
	<u>1,760,578</u>	<u>1,437,155</u>

GRANWOOD FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

12 Provisions for liabilities

The deferred tax asset (included in debtors, note 10) is made up as follows.

	2012 £	
Balance at 1 January 2012	(107,312)	
Profit and loss account	9,807	
Balance at 31 December 2012	<u>(97,505)</u>	
	2012 £	2011 £
Decelerated capital allowances	(7,468)	(6,615)
Other timing differences	<u>(90,037)</u>	<u>(100,697)</u>
	<u>(97,505)</u>	<u>(107,312)</u>

The associated deferred tax on the revaluation surplus of £31,445 (2011 - £33,411) for the company has not been quantified

13 Pension and other post-retirement benefit commitments

Defined benefit

The company participates in two defined benefit pension schemes for the benefit of eligible employees. These schemes are administered by trustees, are independent of the company's finances and funded from the participating employers and their employees. The contributions are assessed with the benefit of triennial valuations and reports prepared by professionally qualified actuaries. Both schemes have now been closed to new entrants and with effect from 31 May 2009 one of the schemes has become fully paid up.

The pension charge amounted to £287,581 (2011 - £256,948)

The financial statements do not incorporate the accounting and disclosure requirements of Financial Reporting Standard 17 - Retirement Benefits

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2012 £	2011 £
Contributions payable by the company for the year	<u>20,140</u>	<u>25,796</u>

GRANWOOD FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

14	Share capital	2012 £	2011 £
	Allotted, called up and fully paid 9,360 Ordinary shares of £1 each	9,360	9,360

15	Statement of movements on reserves	Revaluation reserve £	Profit and loss account £
	Balance at 1 January 2012	33,411	4,584,440
	Profit for the year	-	409,170
	Transfer from revaluation reserve to profit and loss account	(1,966)	1,966
	Balance at 31 December 2012	31,445	4,995,576

16	Reconciliation of movements in shareholders' funds	2012 £	2011 £
	Profit for the financial year	409,170	53,980
	Opening shareholders' funds	4,627,211	4,573,231
	Closing shareholders' funds	5,036,381	4,627,211

17 Contingent liabilities

There is a contingent liability to the company's bankers for unlimited guarantees given in respect of fellow group companies' loans and overdrafts

GRANWOOD FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

18 Directors' remuneration	2012 £	2011 £
Remuneration for qualifying services	601,987	589,781
Company pension contributions to defined contribution schemes	8,318	8,859
	<u>610,305</u>	<u>598,640</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2011 - 2)

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 4 (2011 - 4)

Remuneration disclosed above include the following amounts paid to the highest paid director

Remuneration for qualifying services	271,283	245,274
Accrued pension at the end of the year	50,570	45,540
Accrued lump sum at the end of the year	241,924	195,171
	<u>271,283</u>	<u>245,274</u>

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Selling and distribution	6	10
Management and administration	11	11
Production	15	26
	<u>32</u>	<u>47</u>

Employment costs

	2012 £	2011 £
Wages and salaries	1,257,344	1,548,869
Social security costs	144,164	162,413
Other pension costs	307,721	282,744
	<u>1,709,229</u>	<u>1,994,026</u>

GRANWOOD FLOORING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

20 Control

The immediate parent undertaking is Granwood Flooring Group Limited, and the ultimate parent undertaking is Granwood Holdings Limited, which prepares group financial statements in which this subsidiary is included

The company is now under the ultimate joint control of Mark Pass, David Pass and Simon Pass. Prior to his death on 20 June 2012 the company was under the ultimate control of Michael Pass who was the chairman and majority shareholder of the ultimate parent undertaking

21 Related party relationships and transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 - Related Party Disclosures from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by Granwood Holdings Limited

During the year the following aggregate charges were receivable from Granfix Products Limited, a related undertaking under the control of Mark Pass, David Pass and Simon Pass, and National Floorcoverings Limited, a related undertaking under the control of Mark Pass, David Pass, Simon Pass and Neil Brown, trustees of the Michael Pass trust will

	2012	2011
	£	£
Management charges receivable	698,628	754,700
Rents receivable	180,000	231,100
	<u> </u>	<u> </u>

The balances at 31 December 2012 with these related undertakings were as follows

	2012	2011
	£	£
Amounts due from related undertakings	72,460	197,449
Amounts due to related undertakings	71,176	241,168
	<u> </u>	<u> </u>