

Registration no 2486205

GEOfabrics Limited

Directors' Report and Abbreviated Financial Statements
for the Year Ended 31 December 2007



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GEOfabrics Limited

Contents Page

Officers and advisers	1
Directors' report	2 to 3
Independent auditors' report	4
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Cash flow statement	7
Notes to the abbreviated accounts	8 to 18

GEOfabrics Limited
Officers and Advisers

Directors	R G Warwick M Boothroyd M A Pass
Secretary	M Boothroyd
Registered office	Stubben Edge Hall Ashover Chesterfield Derbyshire S45 0EU
Bankers	National Westminster Bank plc 5 Market Place Chesterfield Derbyshire S40 1TJ
Auditors	Hawsons Chartered Accountants and Registered Auditors Pegasus House 463a Glossop Road Sheffield S10 2QD

GEOfabrics Limited

Directors' Report for the Year Ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP)

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on a 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 enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Principal activity and business review

The principal activity of the company continued to be that of the manufacture and supply of geotextiles and geocomposites.

The company's subsidiary undertakings were dormant throughout the current and previous periods.

The external commercial environment is expected to remain competitive in the foreseeable future. However, we remain confident that we will maintain our current level of performance in the future.

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to be fluctuating oil prices, changing energy costs, the impact of government legislation particularly on waste management, and the state of the wider economic climate.

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

The results for the company are set out in the financial statements.

Charitable and political donations

During the year the company made charitable donations of £498. Individual donations in excess of £200 were

Yorkshire Cancer Centre

2007
£

380

GEOfabrics Limited
Directors' Report for the Year Ended 31 December 2007

continued

Directors

The directors who held office during the year were as follows

- R G Warwick
- M Boothroyd
- D A Gordon (resigned 31 January 2008)
- M A Pass
- D A Pass (resigned 31 January 2008)
- S A Pass (resigned 31 January 2008)

Statement of disclosure of information to auditors

The directors of the company who held office at the date of approval of this Annual Report as set out above each confirm that

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Post balance sheet events

On 31 January 2008, the entire share capital of the company's controlling party, GEOfabrics Holdings Limited was purchased by National Floorcoverings Group Limited

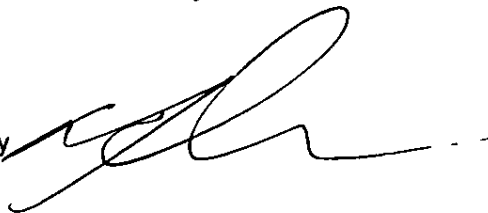
On 31 March 2008, the company paid a dividend on the ordinary shares amounting to £500,000

Auditors

The auditors, Hawsons, have signified their willingness to remain in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006

Approved by the Board on 19/8/2008 and signed on its behalf by

M Boothroyd
Company Secretary



**Independent Auditors' Report to
GEOfabrics Limited
Under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts of GEOfabrics Limited, set out on pages 5 to 18, together with the financial statements of the company for the year ended 31 December 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 18 are properly prepared in accordance with those provisions.


Hawsons Chartered Accountants
and Registered Auditors

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

20 Aug 2008

GEOfabrics Limited

Abbreviated Profit and Loss Account for the Year Ended 31 December 2007

	Note	2007 £	2006 £
Gross profit		2,486,791	2,384,398
Distribution costs		(365,521)	(294,971)
Administrative expenses		(1,356,805)	(1,288,942)
Operating profit		<u>764,465</u>	<u>800,485</u>
Other interest receivable and similar income		8,796	1,735
Interest payable and similar charges	5	(8,974)	(19,111)
Profit on ordinary activities before taxation		<u>764,287</u>	<u>783,109</u>
Tax on profit on ordinary activities	6	(216,821)	(214,523)
Profit for the financial year		<u><u>547,466</u></u>	<u><u>568,586</u></u>

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

There is no material difference between the result reported above and the result on an unmodified historical cost basis

GEOfabrics Limited
Abbreviated Balance Sheet as at 31 December 2007

		2007		2006	
	Note	£	£	£	£
Fixed assets					
Tangible assets	7	1,260,473		1,344,329	
Investments	8	<u>4</u>		<u>4</u>	
		1,260,477		1,344,333	
Current assets					
Stocks	9	765,876	1,143,110		
Debtors	10	2,166,850	1,259,672		
Cash at bank and in hand		<u>1,011,920</u>	<u>402,241</u>		
		3,944,646	2,805,023		
Creditors: Amounts falling due within one year	11	<u>(2,017,747)</u>	<u>(1,509,100)</u>		
Net current assets		1,926,899		1,295,923	
Total assets less current liabilities		3,187,376		2,640,256	
Creditors: Amounts falling due after more than one year	12	(56,718)	(70,064)		
Provisions for liabilities	13	<u>(123,000)</u>	<u>(110,000)</u>		
Net assets		<u>3,007,658</u>		<u>2,460,192</u>	
Capital and reserves					
Called up share capital	14	1,500,000	1,500,000		
Profit and loss reserve	15	<u>1,507,658</u>	<u>960,192</u>		
Equity shareholders' funds	16	<u>3,007,658</u>	<u>2,460,192</u>		

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

These financial statements were approved and authorised for issue by the Board on 19/1/2008 and signed on its behalf by

R G Warwick
Director

M Boothroyd
Director

GEOfabrics Limited

Cash Flow Statement for the Year Ended 31 December 2007

		2007	2006
	Note	£	£
Net cash flow from operating activities	19	942,894	839,313
Returns on investment and servicing of finance	20	(178)	(17,261)
Taxation	20	(193,779)	(105,027)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(153,553)	(158,727)
Sale of tangible fixed assets		14,295	8,100
		<u>(139,258)</u>	<u>(150,627)</u>
Equity dividends paid		-	(450,000)
Cash inflow before management of liquid resources and financing		609,679	116,398
Financing			
Capital element of hire purchase payments		-	(6,050)
		<u>-</u>	<u>(6,050)</u>
Net cash flow		<u>609,679</u>	<u>110,348</u>

Reconciliation of net cash flow to movement in net debt

		2007	2006
	Note	£	£
Increase in cash in the year	21	609,679	110,348
Cash outflow from decrease in debt and lease financing		-	6,050
Change in net debt resulting from cash flows		<u>609,679</u>	<u>116,398</u>
Net funds at the start of the year	21	<u>402,241</u>	<u>285,843</u>
Net funds at the end of the year	21	<u>1,011,920</u>	<u>402,241</u>

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention

Consolidation

The company is part of a medium group. The company has taken advantage of the exemptions provided by Section 248 of the Companies Act 1985 and has not prepared group accounts

Turnover

Turnover represents amounts invoiced, net of value added tax, in respect of the sale of goods and services to customers

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Short leasehold land and buildings	straight line over the period of the lease
Plant and machinery	10% to 40% straight line per annum
Motor vehicles	20% straight line

Research and development expenditure

Research and development expenditure is written off as incurred

Investments

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

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

continued

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Operating leases

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

Pensions

The company participates in a multi employer defined benefit scheme which requires contributions to be made to separately administered funds. The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average lives of current employees in the scheme.

2 Operating profit

Operating profit is stated after charging/(crediting)

	2007	2006
	£	£
Other operating lease rentals	112,500	112,500
Amounts payable to auditors in respect of audit services	9,100	8,500
Government grants transferred to deferred income	(13,346)	(13,346)
Depreciation - owned assets	216,915	222,481
(Profit)/Loss on disposal of fixed assets	6,199	(68)
Loss on foreign exchange	987	7,583

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

continued

3 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2007 No.	2006 No.
Production	16	14
Selling and distribution	6	5
Management and administration	9	9
	<u>31</u>	<u>28</u>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	1,156,248	1,057,399
Social security	126,495	107,592
Other pension costs	35,059	33,197
	<u>1,317,802</u>	<u>1,198,188</u>

4 Directors' emoluments

The directors' emoluments for the year are as follows

	2007 £	2006 £
Directors' emoluments (including benefits in kind)	<u>167,502</u>	<u>160,753</u>

During the period the number of directors who were accruing benefits under company pension schemes was as follows

	2007 No.	2006 No.
Defined benefit	<u>2</u>	<u>2</u>

5 Interest payable and similar charges

	2007 £	2006 £
Bank interest payable	<u>8,974</u>	<u>19,111</u>

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

continued

6 Taxation

Analysis of current period tax charge

	2007 £	2006 £
Current tax		
Corporation tax charge	204,042	194,000
(Over)/under provision in previous year	(221)	-
UK Corporation tax	<u>203,821</u>	<u>194,000</u>
Deferred tax		
Origination and reversal of timing differences	<u>13,000</u>	<u>20,523</u>
Total tax on profit on ordinary activities	<u>216,821</u>	<u>214,523</u>

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is lower than (2006 - lower than) the standard rate of corporation tax in the UK of 30.00% (2006 - 30.00%)

The differences are reconciled below

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>764,287</u>	<u>783,109</u>
Standard rate corporation tax charge	229,286	234,933
Expenses not deductible for tax purposes (including goodwill amortisation)	3,911	1,918
Non-taxable income	(4,004)	(4,004)
Accelerated capital allowances	(5,802)	(17,332)
Marginal relief	(19,349)	(21,515)
Over provision in previous years	(221)	-
Total current tax for the year	<u>203,821</u>	<u>194,000</u>

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

continued

7 Tangible fixed assets

	Short leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
As at 1 January 2007	217,964	2,518,556	106,667	2,843,187
Additions	11,295	75,427	66,831	153,553
Disposals	(604)	(4,764)	(60,396)	(65,764)
As at 31 December 2007	<u>228,655</u>	<u>2,589,219</u>	<u>113,102</u>	<u>2,930,976</u>
Depreciation				
As at 1 January 2007	28,737	1,419,012	51,109	1,498,858
Eliminated on disposals	(103)	(3,800)	(41,367)	(45,270)
Charge for the year	15,159	179,410	22,346	216,915
As at 31 December 2007	<u>43,793</u>	<u>1,594,622</u>	<u>32,088</u>	<u>1,670,503</u>
Net book value				
As at 31 December 2007	<u>184,862</u>	<u>994,597</u>	<u>81,014</u>	<u>1,260,473</u>
As at 31 December 2006	<u>189,227</u>	<u>1,099,544</u>	<u>55,558</u>	<u>1,344,329</u>

8 Investments held as fixed assets

	Group shares £
Cost	
As at 1 January 2007 and 31 December 2007	<u>4</u>
Net book value	
As at 31 December 2007	<u>4</u>
As at 31 December 2006	<u>4</u>

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

	Country of incorporation	Class	%
Subsidiary undertakings			
GEOsynthetics Laboratories Limited	England and Wales	Ordinary shares of £1 each	100
GEOtextiles Limited	England and Wales	Ordinary shares of £1 each	100

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

continued

9 Stocks and work in progress

	2007 £	2006 £
Raw materials	463,882	343,685
Finished goods	301,994	799,425
	<u>765,876</u>	<u>1,143,110</u>

10 Debtors

	2007 £	2006 £
Trade debtors	1,833,695	1,187,083
Amounts owed by group undertakings	-	30
Prepayments and accrued income	333,155	72,559
	<u>2,166,850</u>	<u>1,259,672</u>

11 Creditors: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	1,457,245	999,613
Amounts owed to group undertakings	8	4
Corporation tax	204,042	194,000
Social security and other taxes	225,950	171,432
Accruals and deferred income	130,502	144,051
	<u>2,017,747</u>	<u>1,509,100</u>

12 Creditors: Amounts falling due after more than one year

	2007 £	2006 £
Accruals and deferred income	<u>56,718</u>	<u>70,064</u>

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

continued

13 Provisions for liabilities

	Deferred tax provision £
As at 1 January 2007	110,000
Deferred tax provision charged to the profit and loss account	13,000
As at 31 December 2007	<u>123,000</u>

Full provision for deferred taxation has been made in these financial statements at a rate of 28% (2006 - 30%) The amounts provided can be analysed as follows

	2007 £	2006 £
Accelerated capital allowances	124,895	110,000
Short term timing differences	(1,895)	-
	<u>123,000</u>	<u>110,000</u>

14 Share capital

	2007 £	2006 £
Authorised		
1,500,000 Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
Allotted, called up and fully paid		
1,500,000 Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

15 Reserves

	Profit and loss reserve £
Balance at 1 January 2007	960,192
Transfer from profit and loss account for the year	547,466
Balance at 31 December 2007	<u>1,507,658</u>

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

continued

16 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit attributable to members of the company	547,466	568,586
Dividends	-	(450,000)
	<u>547,466</u>	<u>118,586</u>
Opening equity shareholders' funds	2,460,192	2,341,606
Closing equity shareholders' funds	<u>3,007,658</u>	<u>2,460,192</u>

17 Operating lease commitments

As at 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2007 £	2006 £
Between two and five years	<u>112,500</u>	<u>112,500</u>

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

continued

18 Pension schemes

GEOfabrics Limited participates in a defined benefit scheme, Heckmondwike Carpets Limited Staff Retirement Benefit Plan (1974), on behalf of its eligible directors and employees. This is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme. The scheme has now been closed to new entrants.

A formal valuation of the scheme was performed as at 6 April 2007 by a professionally qualified actuary using the attained age valuation method.

GEOfabrics Limited paid contributions at the rate of 9.6% during the accounting period. Member contributions were made at 5% and in accordance with the rules of the scheme.

It is not possible to identify the share of the underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the scheme, the profit and loss account charge for the period under FRS17 represents the employer contribution payable.

The financial assumptions underlying the valuation as at 6 April 2007 were as follows -

- Rate of return on future contributions 5.5 % per annum
- Rate of return on accumulated assets 5.5% per annum
- Rate of salary increases 4.0% per annum
- Rate of pension increases 3.0% per annum on the pension accrued before 6 April 1997 and 3.0% per annum on the pension accrued after 6 April 1997
- Rate of price inflation 3.0% per annum

The valuation revealed a deficit of assets compared with the value of liabilities of £766,000 (equivalent to a past service projected funding level of 88%). The employer's ongoing future service contribution rate, after allowing for changes in benefits, is 9.6% of pensionable salaries rising to 13.2% from 1 July 2008. Members' contributions to the scheme will increase to 6.8% of pensionable salary with effect from 1 September 2008.

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

continued

19 Reconciliation of operating profit to operating cash flows

	2007 £	2006 £
Operating profit	764,465	800,485
Depreciation, amortisation and impairment charges	216,915	222,481
Loss/(profit) on disposal of fixed assets	6,199	(68)
Decrease in stocks	377,234	135,295
Increase in debtors	(907,178)	(24,668)
Increase/(decrease) in creditors	485,259	(294,212)
Net cash inflow from operating activities	<u>942,894</u>	<u>839,313</u>

20 Analysis of cash flows

	2007 £	2006 £
Returns on investment and servicing of finance		
Other interest paid	(8,974)	(19,111)
Interest received	8,796	1,850
	<u>(178)</u>	<u>(17,261)</u>
Taxation		
Taxation paid	<u>(193,779)</u>	<u>(105,027)</u>

21 Analysis of net funds

	At start of period £	Cash flow £	At end of period £
Cash at bank and in hand	402,241	609,679	1,011,920
Finance leases	-	-	-
Net funds	<u>402,241</u>	<u>609,679</u>	<u>1,011,920</u>

22 Post balance sheet events

On 31 January 2008, the entire share capital of the company's controlling party, GEOfabrics Holdings Limited, was purchased by National Floorcoverings Group Limited

On 31 March 2008, the company paid a dividend on the ordinary shares amounting to £500,000

GEOfabrics Limited

Notes to the abbreviated accounts for the Year Ended 31 December 2007

continued

23 Related parties

Controlling entity

The company is a wholly owned subsidiary of GEOfabrics Holdings Limited

Related party transactions

The company received administration recharges amounting to £27,079 (2006 - £45,884) from National Floorcoverings Limited, a company of which Mr M A Pass was a director during the period. At the balance sheet date the company owed National Floorcoverings Limited £10,095 (2006 - £19,540) which is included within trade creditors due within one year.