

# Woolliscroft Tiles Limited

## Report and Accounts

31 March 2000



# Woolliscroft Tiles Limited

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Registered No. 3121376

## **DIRECTORS**

M L Hughes (appointed 1 January 2000)  
D J Booth  
I Crowther  
M I Mayer  
B H Thompson (resigned 31 December 1999)  
H Fildes (resigned 17 July 1999)  
K Harvey (resigned 25 August 1999)  
S C Priestley (resigned 25 August 1999)

## **SECRETARY**

D J Booth

## **AUDITORS**

Ernst & Young  
100 Barbirolli Square  
Manchester  
M2 3EY

## **REGISTERED OFFICE**

P O Box 4  
Rake Lane  
Clifton Junction  
Manchester  
M27 8LP

# Woolliscroft Tiles Limited

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 2000.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £6,320.

The directors do not recommend the payment of a dividend.

### REVIEW OF THE BUSINESS

The company's principal activity is the manufacture and sale of ceramic tiles and associated adhesive products. The business was relocated during the year from rented premises in Stoke on Trent to the Poole premises of a fellow subsidiary.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year are listed on page 2.

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

M L Hughes, D J Booth and I Crowther were also directors of Pilkington's Tiles Group plc, the ultimate parent company at 31 March 2000. Their interests in the shares of group undertakings are disclosed in the ultimate parent company's accounts. The other director who held office at 31 March 2000 had interests (including options) in the shares of the ultimate parent company Pilkington's Tiles Group plc as follows:

	<i>Ordinary shares of 5p each</i>		<i>Options in 5p ordinary shares</i>	
	<i>End of year</i>	<i>Beginning of year</i>	<i>End of year</i>	<i>Beginning of year</i>
I Mayer	3,440,508	3,440,508	1,021,185	750,000

The directors do not have any other interests which require to be disclosed under Schedule 7 of the Companies Act 1985.

### RESEARCH AND DEVELOPMENT

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

### YEAR 2000 COMPLIANCE

Prior to 31 December 1999, steps were taken to review computer and date dependent systems critical to the company's ongoing operations and preparation of financial information to establish the impact, if any, which the Year 2000 might have on the accuracy of calculations, processing and reporting. Although it is not possible to guarantee that no Year 2000 problems remain, the company believes that its internal systems are Year 2000 compliant.

The Company continues to address the business risk from third parties with whom it deals on business and financial matters, including key customers and suppliers. Contingency plans have been developed to minimise the risk of disruption. No significant disruptions have occurred to date.

Although the millennium date change has passed and no significant problems have been encountered, the directors recognise that there is still a risk of Year 2000 impacting the business but do not expect this to be significant.

Woolliscroft Tiles Limited

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DIRECTORS' REPORT (continued)

**AUDITORS**

A resolution to re-appoint Ernst & Young as auditors will be proposed at the Annual General Meeting.

By Order of the Board



D J Booth  
Company secretary

27 June 2000

## Woolliscroft Tiles Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
**to the members of Woolliscroft Tiles Limited**

We have audited the accounts on pages 7 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

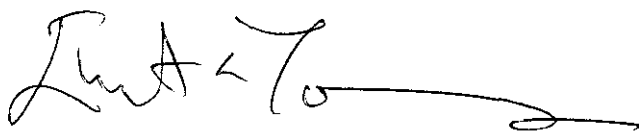
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
Manchester

3 July 2000

# Wooliscroft Tiles Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000

	Notes	2000 £	1999 £
TURNOVER	2	1,821,322	589,121
Operating costs	3	(1,815,002)	(901,706)
<b>OPERATING PROFIT/(LOSS)</b>		<u>6,320</u>	<u>(312,585)</u>
Interest payable and similar charges	6	-	(20,983)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>6,320</u>	<u>(333,568)</u>
Tax on profit on ordinary activities	7	-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u><u>6,320</u></u>	<u><u>(333,568)</u></u>

There are no recognised gains or losses other than those shown above.

# Woolliscroft Tiles Limited

## BALANCE SHEET

at 31 March 2000

	Notes	2000 £	1999 £
<b>FIXED ASSETS</b>			
Intangible assets	8	936,394	914,191
<b>CURRENT ASSETS</b>			
Stocks	9	375,803	552,409
Debtors	10	193,604	669,363
Cash at bank and in hand		17,988	95,636
		587,395	1,317,408
<b>CREDITORS: amounts falling due within one year</b>	11	(1,851,035)	(2,565,165)
<b>NET CURRENT LIABILITIES</b>		(1,263,035)	(1,247,757)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(327,246)	(333,566)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	2	2
Profit and loss account		(327,248)	(333,568)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		(327,246)	(333,566)



D J Booth  
Director

27 June 2000



NOTES TO THE ACCOUNTS

at 31 March 2000

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

*Cash flow statement*

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

*Intangible fixed assets*

Goodwill and other intangible assets arising on the acquisition of businesses are capitalised and amortised over their estimated economic life to a maximum of 20 years. They 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 sold or closed, any goodwill that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

*Leased assets*

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

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

*Stocks*

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

*Pension costs*

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

# Woolliscroft Tiles Limited

## NOTES TO THE ACCOUNTS

at 31 March 2000

### 1. ACCOUNTING POLICIES (continued)

#### *Foreign currencies*

Monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the period end. Exchange differences arising from the retranslation of foreign currency denominated assets and liabilities together with other exchange differences arising in the period are included in the profit and loss account.

#### *Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

#### *Research and development*

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

### 2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2000 £	1999 £
United Kingdom and Europe	1,751,462	583,532
Other	69,860	5,589
	<u>1,821,322</u>	<u>589,121</u>

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

# Woolliscroft Tiles Limited

## NOTES TO THE ACCOUNTS at 31 March 2000

### 3. OPERATING COSTS LESS OTHER OPERATING INCOME

	2000 £	1999 £
Change in stocks of finished goods and work in progress	114,924	501,357
Raw materials and consumables	274,541	92,693
Other external charges	716,958	163,775
Staff costs (note 5)	414,438	209,690
Amortisation of intangible fixed assets	46,092	7,682
	<u>1,566,953</u>	<u>975,197</u>
Exceptional costs in relation to the re-organisation and restructuring of the acquired business:		
Redundancies	179,942	280,681
Relocation costs	136,402	78,442
	<u>1,883,297</u>	<u>1,334,320</u>
Less:		
Stock write off taken to goodwill	(68,295)	(432,614)
	<u>1,815,002</u>	<u>901,706</u>

The restructuring costs relate to the relocation of the business from rented premises in Stoke on Trent to group freehold premises in Poole, following the acquisition of the business of Woolliscroft Tiles on 1 February 1999. The company vacated the rented premises in Stoke on Trent on 30 April 1999.

Operating costs are stated after charging:

	2000 £	1999 £
Auditors' remuneration	-	-
Operating lease rentals - plant and machinery	-	12,200
Amortisation of intangible fixed assets	46,092	7,682
	<u>46,092</u>	<u>19,882</u>

Auditors' remuneration was borne by Pilkington's Tiles Limited, a fellow group undertaking.

### 4. DIRECTORS' REMUNERATION

	2000 £	1999 £
Total directors' remuneration	<u>23,244</u>	<u>-</u>

# Woolliscroft Tiles Limited

## NOTES TO THE ACCOUNTS

at 31 March 2000

### 5. STAFF COSTS

	2000 £	1999 £
Wages and salaries	387,277	186,515
Social security costs	27,161	19,100
Other pension costs	-	4,075
	<u>414,438</u>	<u>209,690</u>

The average monthly number of employees during the year (1999 2 month period) was as follows:

	2000 No.	1999 No.
Production	26	65
Administration	-	9
	<u>26</u>	<u>74</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Interest payable to other group undertakings	-	20,900
Interest payable on overdraft	-	83
	<u>-</u>	<u>20,983</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

No charge to taxation arises on the profit in the year due to the availability of group relief from other group companies. No payment will be made for group relief.

# Woolliscroft Tiles Limited

## NOTES TO THE ACCOUNTS at 31 March 2000

### 8. INTANGIBLE FIXED ASSETS

*Intangibles capitalised and carried forward at 31 March 2000:*

	<i>Know-how</i>	<i>Patents</i>	<i>Goodwill on acquisition</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 April 1999	350,000	100,000	471,873	921,873
Arising on prior year acquisition	-	-	68,295	68,295
At 31 March 2000	350,000	100,000	540,168	990,168
Amortisation:				
At 1 April 1999	2,917	833	3,932	7,682
Charge for the period	17,499	5,000	23,593	46,092
At 31 March 2000	20,416	5,833	27,525	53,774
Net book value:				
At 31 March 2000	329,584	94,167	512,643	936,394
At 1 April 1999	347,083	99,167	467,941	914,191

### 9. STOCKS

	<i>2000</i>	<i>1999</i>
	£	£
Work in progress	89,192	-
Finished goods	286,611	552,409
	375,803	552,409

### 10. DEBTORS

	<i>2000</i>	<i>1999</i>
	£	£
Trade debtors	189,572	633,999
Prepayments and accrued income	4,032	35,364
	193,604	669,363

# Woolliscroft Tiles Limited

## NOTES TO THE ACCOUNTS at 31 March 2000

### 11. CREDITORS: amounts falling due within one year

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	-	54,563
Trade creditors	19,060	268,722
Amounts due to parent and fellow subsidiary undertakings	1,749,339	1,991,379
Other taxes and social security costs	70,191	142,340
Other creditors	12,445	108,161
	<u>1,851,035</u>	<u>2,565,165</u>

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

#### *Deferred taxation*

The potential liability to deferred taxation, none of which has been provided, is as follows:

	2000 £	1999 £
Other timing differences	162,857	5,548
Losses	(62,080)	(5,548)
	<u>100,777</u>	<u>-</u>

### 13. CALLED UP SHARE CAPITAL

	2000 No	Authorised 1999 No	Allotted, called up and fully paid 2000 £	1999 £
Ordinary shares of £1 each	100	100	2	2
	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>

### 14. OPERATING LEASE COMMITMENTS

At 31 March 2000 the company had commitments under operating leases to make payments in the forthcoming period under agreements expiring as follows:

	31 March 2000		31 March 1999	
	Land and buildings £	Other £	Land and buildings £	Other £
Within two to five years	-	-	-	4,524
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,524</u>

## Woolliscroft Tiles Limited

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### NOTES TO THE ACCOUNTS

at 31 March 2000

**15. PENSIONS**

The company operates defined contribution pension scheme. The assets of the schemes are held separately from those of the company in independently administered fund. The pension cost charge represents amounts payable by the company to the funds during the year and amounted to £3,590 (1999 - £4,075).

**16. FINANCIAL SUPPORT**

The board of Pilkington's Tiles Group plc, the parent company, have indicated that they will provide or cause to be provided adequate financial support to enable the company to settle its liabilities as they fall due.

**17. ULTIMATE PARENT UNDERTAKING**

The company is a subsidiary undertaking of Pilkington's Tiles Group plc, registered in England and Wales.

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

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