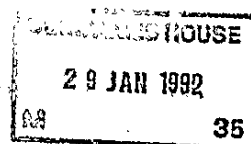


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BRUNAPPLE LIMITED

ACCOUNTS FOR THE YEAR ENDED 30th APRIL 1991

Berry and Wetton
CHARTERED ACCOUNTANTS
62 Talbot Road
Manchester
M16 0EN



BRUNAPPLE LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 30th April 1991.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's main activity during the year was the marketing of tiles and other flooring products.

The Directors are pleased with the results in difficult trading conditions and hope to maintain the profits in the current year.

PROFITS AND DIVIDENDS

The profit on ordinary activities for the year before tax amounted to £173720 (1990 £132319).

The Directors do not recommend the payment of any dividend.

FIXED ASSETS

Changes in Fixed Assets are shown in Note 8 to the financial statements.

In the opinion of the Directors the market value of the Leasehold Land and Buildings is not significantly different to the book value.

DIRECTORS

The Directors of the company during the year were:-

	<u>Shareholding</u>	
	<u>30th April 1991</u>	<u>1st May 1990</u>
Leslie Bold	600,020	600,020
Colin Arthur Ellaby	-	-
Stephen Frank Harrison	-	-
Edward Albert Lines	-	-
Richard William Lines (Appointed 1st May 1990)	-	-
Michael Pennington (Appointed 1st May 1990)	-	-

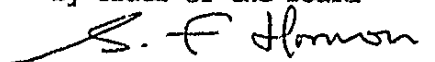
TAX STATUS

The company is a 'close' company under the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

Messrs. Berry and Wetton have expressed their willingness to continue in office and a resolution proposing their re-appointment as Auditors to the company will be put to the Annual General meeting.

By Order of the Board



S.F. Harrison

SECRETARY

BRUNAPPLE LIMITED

ACCOUNTING POLICIES

The following are the accounting policies which are considered material in relation to the company's accounts:-

a) BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention.

b) DEPRECIATION AND AMORTISATION OF TANGIBLE FIXED ASSETS

Depreciation is calculated at the rate of 25% annually on the reducing balance method as in previous years. Leasehold Land and Buildings are amortised at 2% annually on the straight line method as in previous years.

c) STOCK

Stock is valued by the Directors at the lower of cost or net realisable value as in previous years.

d) DEFERRED TAXATION

Provision is made using the liability method on the taxation effect of timing differences.

BRUNAPPLE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th APRIL 1991

	<u>NOTE</u>	<u>1991</u>	<u>1990</u>
			£
Gross Profit		788845	707054
Distribution and Administrative Costs	1	<u>651142</u>	<u>575521</u>
		137703	131533
Other Operating Income	2	<u>36017</u>	<u>11674</u>
Operating Profit		173720	143207
Interest Payable	5	<u>-</u>	<u>10888</u>
Profit on Ordinary Activities before Taxation		173720	132319
Taxation	6	<u>11297</u>	<u>63306</u>
Profit on Ordinary Activities after Taxation		162423	69013
Extraordinary profit after Taxation	7	<u>98984</u>	<u>103009</u>
		261407	172022
Retained Profit brought forward		<u>752270</u>	<u>580248</u>
Retained Profit carried forward		<u>£1013677</u>	<u>£ 752270</u>

BRUNAPPLE LIMITED

BALANCE SHEET AS AT 30th APRIL 1991

	<u>NOTE</u>	<u>1991</u>	<u>1990</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	8	760309	751232
Investment		<u>50</u>	<u>50</u>
		<u>760359</u>	<u>751282</u>
<u>CURRENT ASSETS</u>			
Stocks	9	436540	485396
Debtors	10	523735	406071
Cash at Bank and in Hand		<u>119752</u>	<u>93439</u>
		1080027	984906
<u>CURRENT LIABILITIES</u>			
Creditors due within one year	11	<u>587646</u>	<u>716453</u>
<u>NET CURRENT ASSETS</u>		<u>492381</u>	<u>268453</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1252740	1019735
<u>PROVISION FOR LIABILITY</u>	13	(189025)	(217427)
<u>NET ASSETS</u>		<u>£1063715</u>	<u>£ 802308</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	12	50002	50002
Share Premium		36	36
Profit and Loss Account		<u>1013677</u>	<u>752270</u>
		<u>£1063715</u>	<u>£ 802308</u>

The directors have relied on the exemptions for individual financial statements contained in Sections 247 -249 of the Companies Act 1985 because under that Act the company is entitled to benefit from those exemptions as a medium company.

APPROVED BY THE BOARD 6th DECEMBER 1991

L. Bold)
S.F. Harrison) DIRECTORS

BRUNAPPLE LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30th APRIL 1991

	<u>1991</u>	<u>1990</u>
	£	£
<u>SOURCE OF FUNDS</u>		
Funds from operations:		
Net Profit for the year	173720	132319
Item not involving the movement of funds:		
Depreciation/Amortisation	<u>38455</u>	<u>27822</u>
Total generated from operations	212175	160141
Funds from other sources:		
Compensation and interest on compensation	147581	164128
Disposal proceeds of Fixed Assets	<u>278</u>	<u>41465</u>
	360034	365734
<u>APPLICATION OF FUNDS</u>		
Additions to Fixed Assets	47810	81343
Bank Loan repayments	-	45000
Taxation paid	129293	6739
<u>MOVEMENT IN WORKING CAPITAL</u>		
(Decrease)/Increase in Stock	(48857)	89685
Increase/(Decrease) in Debtors	117663	(62469)
Decrease/(Increase) in Creditors	<u>45190</u>	<u>(36236)</u>
	<u>291099</u>	<u>74062</u>
<u>RESULTING IN: Change in Net Liquid Funds</u>		
Decrease in Bank Overdraft less cash in hand and bank deposit	£ <u>68935</u>	£ <u>291672</u>

BRUNAPPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1.	<u>DISTRIBUTION AND ADMINISTRATIVE COSTS</u>	<u>1991</u>	<u>1990</u>
	Distribution Costs	100987	154408
	Administrative Expenses	<u>550155</u>	<u>421113</u>
		<u>651142</u>	<u>575521</u>
2.	<u>OTHER OPERATING INCOME</u>		
	Bank Interest Received	28807	4464
	Rents Receivable	<u>7210</u>	<u>7210</u>
		<u>36017</u>	<u>11674</u>
3.	<u>DIRECTORS AND EMPLOYEES</u>		
	Staff Costs:		
	Wages and Salaries	309532	339547
	Social Security Costs	31365	34688
	Other Pension Costs	<u>60000</u>	<u>-</u>
		<u>400897</u>	<u>374235</u>
	The average number of persons employed by the company was:		
	Directors	6	4
	Clerical/Sales Staff	10	12
	Warehousemen	<u>5</u>	<u>6</u>
		<u>21</u>	<u>22</u>
	Staff costs include the following remuneration in respect of Directors:		
	Emoluments:		
	For other services	<u>157737</u>	<u>157017</u>

BRUNAPFLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS Continued....

4. <u>TURNOVER AND PROFIT BEFORE TAXATION</u>	<u>1991</u>		<u>1990</u>	
	<u>Turnover</u>	<u>Profit before Taxation</u>	<u>Turnover</u>	<u>Profit before Taxation</u>
Sales of Floor and Wall Tiles	3247515	173720	3135482	132319
Profit on Ordinary Activities before Taxation is stated after charging:				
Depreciation of, and amounts written off fixed assets			<u>1991</u>	<u>1990</u>
Charge for year			38356	40229
Ex Gratia payment to ex employee			1500	-
Auditors Remuneration			7050	6150
Hire of Plant and Machinery, etc.			11354	10258
Directors' Remuneration			<u>157737</u>	<u>157017</u>
5. <u>INTEREST PAYABLE</u>				
Bank Overdraft			-	6060
Bank Loan - repayable in more than 5 years, by instalments			-	3695
Other Loan - repayable in more than 5 years, by instalments			-	<u>1133</u>
			-	<u>10888</u>
6. <u>TAXATION</u>				
Deferred Taxation - (Decrease)/Increase in provision			(28402)	22550
Corporation Tax overprovided for earlier years			(588)	-
Corporation Tax at 34% and 33% less claim for marginal small company relief on the adjusted profit for the year			<u>40287</u>	<u>40756</u>
			<u>11297</u>	<u>63306</u>
7. <u>EXTRAORDINARY PROFIT</u>				
Compensation			55000	164070
Interest on compensation			<u>92581</u>	<u>58</u>
			147581	164128
Taxation thereon			<u>48597</u>	<u>61119</u>
			<u>98984</u>	<u>103009</u>

BRUNAPPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Continued....

8. <u>TANGIBLE ASSETS</u>	<u>Leasehold</u>	<u>Plant and</u>	<u>Fixtures</u>	<u>Motor</u>	<u>Total</u>
	<u>Land and</u>	<u>Machinery</u>	<u>and</u>	<u>Vehicles</u>	
Cost or Valuation					
At 1st May 1990	721120	14619	81044	79783	
Outlay	29911	110	17789	-	
Disposals	-	-	-	(3770)	
At 30th April 1991	751031	14729	98833	76013	940606
Depreciation/Amortisation					
At 1st May 1990	52888	12917	56139	23390	
Deducted for disposals	-	-	-	(3393)	
Charge for year	13226	453	10673	14004	
At 30th April 1991	66114	13370	66812	34001	180297
Net Book Value					
At 30th April 1991	684917	1359	32021	42012	£760309
At 30th April 1990	668232	1702	24905	56393	£751232
9. <u>STOCKS</u>				<u>1991</u>	<u>1990</u>
Finished goods for resale				436540	485396
10. <u>DEBTORS</u>					
Due within one year:					
Trade Debtors				415284	386003
Other Debtors				87639	2381
Prepayments				20812	17687
				523735	406071

Other Debtors includes an interest free loan to a director, S.F. Harrison. The maximum amount of the loan during the year was £86570 and the balance outstanding at 30th April 1991 was £85198 (1990 Nil).

BRUNAPPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Continued....

11. <u>CREDITORS</u>	<u>1991</u>	<u>1990</u>
Due within one year:		
Bank Overdraft	61517	104138
Trade Creditors	248583	289292
Taxation and Social Security Payable	74193	38122
Other Creditors	131752	124913
Accruals	10723	8113
Corporation Tax	<u>60878</u>	<u>101875</u>
	<u>587646</u>	<u>716453</u>
12. <u>SHARE CAPITAL</u>		
Authorised: 5000000 Ordinary 5p shares	<u>250000</u>	<u>250000</u>
Allotted, Issued and Fully paid: 1000040 Ordinary 5p shares	<u>50002</u>	<u>50002</u>
13. <u>PROVISION FOR LIABILITY</u>	<u>Deferred Taxation</u>	
Balance at 30th April 1990		217427
(Decrease) for the year (see Note 6)		(28402)
		<u>189025</u>
14. <u>CONTINGENT LIABILITY</u>		
There is a contingent liability of £16000 to the bank in respect of deferred payment of customs duties.		
15. <u>CAPITAL COMMITMENTS</u>		
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>Nil</u>	<u>Nil</u>
Capital expenditure that has been authorised by the Directors but has not yet been contracted for	<u>Nil</u>	<u>Nil</u>
15. <u>REGISTRATION</u>		
The company is registered in England number 1356000. The registered office of the company is:		
Tile House 1/13 Montford Street off South Langworthy Road Salford M5 2XH		

REPORT OF THE AUDITORS IN RESPECT OF THE ACCOUNTS
FOR THE YEAR ENDED 30th APRIL 1991 TO THE MEMBERS OF

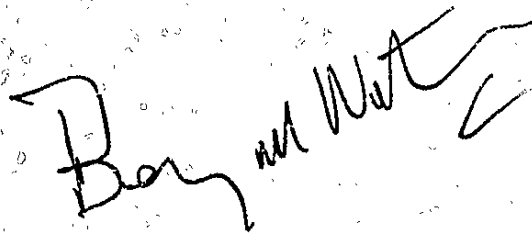
BRUNAPPLE LIMITED

In our opinion the requirements for exemption as a medium company, as defined by Schedule 8 Part 1 Section 11 of the Companies Act 1985, are satisfied in relation to the attached modified accounts as claimed by the directors. We are not required to express an audit opinion on these modified accounts

We reported, as Auditors of Brunapple Limited, to the members on 6th December 1991 on the company's financial statements prepared under Sections 227 and 241 of the Companies Act 1985 for the year ended 30th April 1991 as follows:

We have audited the financial statements on pages 2 to 9 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair of the state of the company's affairs at 30th April 1991 and of its Profit and Source and Application of Funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MANCHESTER 6th DECEMBER 1991

BERRY AND WETTON
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS