

Sanquhar Tile Services Limited

Report and Financial Statements

Year Ended

31 December 2004

9331

BDO
BDO Stoy Hayward
Chartered Accountants



Sanquhar Tile Services Limited

Annual report and financial statements for the year ended 31 December 2004

Contents

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

J.B. Smith
D. Watters
D. Lind
F.C. Williamson

Secretary and registered office

W.J.M. Secretaries Limited, The Industrial Estate, Blackaddie Road, Sanquhar,
Dumfriesshire DG4 6DB

Company number

SC9331

Auditors

BDO Stoy Hayward LLP, Ballantine House, 168 West George Street, Glasgow, G2 2PT

Bankers

Bank of Scotland, 5 Wavell Drive, Rosehill Business Park, Carlisle CA1 2ST

Solicitors

Wright, Johnston & Mackenzie, 302 St. Vincent Street, Glasgow G2 5RZ

Report of the directors for the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

Dividends of £228,500 on ordinary shares were paid during the year. The directors do not recommend the payment of a final dividend.

Principal activities, review of business and future developments

The company's principal activity is the manufacture and commission manufacture of carpet tiles.

Both the level of business and the year end financial position were satisfactory.

The directors do not envisage any significant changes in the company's operations in the near future.

Directors

The directors of the company during the year were:

J.B. Smith
D. Watters
D. Lind
F.C. Williamson

No director had any beneficial interest in the share capital of the company. Their interests in the shares of the holding company are disclosed in the financial statements of that company.

Directors' responsibilities

Company law requires the directors to prepare financial statements 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 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 financial statements 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.

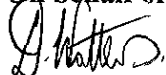
Sanquhar Tile Services Limited

Report of the directors for the year ended 31 December 2004 *(Continued)*

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



D. Watters

Director

24 March 2005

Sanquhar Tile Services Limited

Report of the independent auditors

To the shareholders of Sanquhar Tile Services Limited

We have audited the financial statements of Sanquhar Tile Services Limited for the year ended 31 December 2004 on pages 5 to 21 which have been prepared under the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Sanquhar Tile Services Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Glasgow

24 March 2005

Sanquhar Tile Services Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	2	9,097,314	7,373,839
Cost of sales		7,447,303	6,146,536
Gross profit		1,650,011	1,227,303
Distribution costs		657,968	550,758
Administrative expenses		400,800	368,636
		591,243	307,909
Other operating income		5,086	5,043
Operating profit	5	596,329	312,952
Other interest receivable and similar income	6	80	84
Interest payable and similar charges	7	(69,294)	(72,722)
Profit on ordinary activities before taxation		527,115	240,314
Taxation on profit on ordinary activities	8	180,621	72,489
Profit on ordinary activities after taxation		346,494	167,825
Dividends	9	228,500	86,100
Retained profit	18	117,994	81,725

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 7 to 21 form part of these financial statements.

Sanquhar Tile Services Limited

Balance sheet at 31 December 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	10		1,835,920		1,713,450
Current assets					
Stocks	11	1,494,989		1,390,974	
Debtors	12	2,043,918		1,451,464	
Cash at bank and in hand		3,881		3,735	
		3,542,788		2,846,173	
Creditors: amounts falling due within one year	13	2,121,088		1,700,656	
Net current assets			1,421,700		1,145,517
Total assets less current liabilities			3,257,620		2,858,967
Creditors: amounts falling due after more than one year	14	609,539		397,949	
Provision for liabilities and charges	15	220,364		176,295	
Accruals and deferred income	16	110,000		85,000	
			939,903		659,244
			2,317,717		2,199,723
Capital and reserves					
Called up share capital	17		67,720		67,720
Profit and loss account	18		2,249,997		2,132,003
Equity shareholders' funds			2,317,717		2,199,723

The financial statements were approved by the Board on 24 March 2005.

D. Lind
Director

David Lind

The notes on pages 7 to 21 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Justcreek Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents the invoiced amount of goods sold and services provided, stated net of value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- depreciated over varying periods ranging between 10 and 20 years depending on the anticipated life of the asset concerned
Plant & machinery	- depreciated over varying periods ranging between 5 and 10 years depending on the anticipated life of the asset concerned
Motor vehicles	- Depreciated over 4 years

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:-

Costs incurred in bringing each product to its present location and condition:

Raw materials - purchase cost on a first in, first out basis.

Work-in-progress and finished goods - cost of direct materials and labour plus attributable overheads based on normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by hire purchase agreements, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum hire purchase payments payable during the lease term. The corresponding hire purchase commitments are shown as amounts payable on HP contracts. Depreciation on the relevant assets is charged to the profit and loss account.

Hire purchase payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease on a straight-line basis. The capital part reduces the amounts payable on the hire purchase contract.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Contributions to the company's defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the company. Variations to pension costs caused by differences between the assumptions used and actual experience are spread over the average remaining working lives of the current employees at each actuarial valuation date.

Deferred government grants

Deferred government grants represent grants received on capital expenditure, and for approved regional projects. The grants are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates.

2 Turnover

	2004	2003
	£	£
Analysis by geographical market:		
United Kingdom	7,958,739	6,187,788
Europe	1,138,575	1,186,051
	<u>9,097,314</u>	<u>7,373,839</u>

Turnover is wholly attributable to the principal activity of the company.

3 Employees

Staff costs (including directors) consist of:

	2004	2003
	£	£
Wages and salaries	2,330,939	2,080,219
Social security costs	173,906	147,285
Other pension costs	188,539	182,797
	<u>2,693,384</u>	<u>2,410,301</u>

The average number of employees (including directors) during the year was as follows:

	2004	2003
	Number	Number
Management and administration	11	11
Production, installation and sales	96	92
	<u>107</u>	<u>103</u>

4 Directors' remuneration

	2004 £	2003 £
Directors' emoluments	233,932	238,656

There were 3 directors in the company's defined benefit pension scheme during the year (2003 - 3).

The total amount payable to the highest paid director in respect of emoluments was £66,983 (2003 - £64,897). He is a member of a defined benefit scheme, under which the accrued pension at the year end was £21,882 (2003 - £19,013).

5 Operating profit

	2004 £	2003 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	298,558	269,769
Loss on disposal of tangible fixed assets	8,195	2,660
Hire of plant and machinery - operating leases	37,029	29,129
Audit services	15,000	14,500

Depreciation includes £185,037 (2003 - £161,999) charged on assets held under hire purchase contracts.

6 Other interest receivable and similar income

	2004 £	2003 £
Bank deposits	80	84

7 Interest payable and similar charges

	2004 £	2003 £
Bank loans and overdrafts	34,930	28,851
Hire purchase contracts	34,364	43,871
	69,294	72,722

8 Taxation on profit on ordinary activities

	2004 £	2004 £	2003 £	2003 £
<i>UK Corporation tax</i>				
Current tax on profits of the year	128,627		45,462	
Adjustment in respect of previous periods	(1,156)		(12,076)	
Group relief	9,081		6,525	
Consortium relief	-		4,540	
	<u> </u>		<u> </u>	
Total current tax		136,552		44,451
<i>Deferred tax</i>				
Origination and reversal of timing differences	27,624		44,639	
Adjustment in respect of previous periods	16,445		(16,601)	
	<u> </u>		<u> </u>	
Movement in deferred tax provision		44,069		28,038
		<u> </u>		<u> </u>
Taxation on profit on ordinary activities		180,621		72,489
		<u> </u>		<u> </u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	527,115	240,314
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	158,135	72,094
Effect of:		
Expenses not deductible for tax purposes	5,417	2,776
Capital allowances for period in excess of depreciation	(17,752)	(5,976)
Adjustment to tax charge in respect of previous periods	(1,156)	(12,076)
Marginal relief	(8,092)	(15,065)
Other timing differences	-	2,698
	<u> </u>	<u> </u>
Current tax charge for period	136,552	44,451
	<u> </u>	<u> </u>

9 Dividends

	2004 £	2003 £
<i>Equity shares</i>		
Ordinary shares		
Interim and final paid totalling £3.37 (2003 - £1.27) per share	228,500	86,100
	<u>228,500</u>	<u>86,100</u>

10 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 January 2004	711,757	3,100,274	21,697	3,833,728
Additions	22,349	407,374	-	429,723
Disposals	-	(13,484)	-	(13,484)
	<u>734,106</u>	<u>3,494,164</u>	<u>21,697</u>	<u>4,249,967</u>
At 31 December 2004	734,106	3,494,164	21,697	4,249,967
<i>Depreciation</i>				
At 1 January 2004	303,139	1,808,461	8,678	2,120,278
Provided for the year	37,217	257,002	4,339	298,558
Disposals	-	(4,789)	-	(4,789)
	<u>340,356</u>	<u>2,060,674</u>	<u>13,017</u>	<u>2,414,047</u>
At 31 December 2004	340,356	2,060,674	13,017	2,414,047
<i>Net book value</i>				
At 31 December 2004	393,750	1,433,490	8,680	1,835,920
	<u>393,750</u>	<u>1,433,490</u>	<u>8,680</u>	<u>1,835,920</u>
At 31 December 2003	408,618	1,291,813	13,019	1,713,450
	<u>408,618</u>	<u>1,291,813</u>	<u>13,019</u>	<u>1,713,450</u>

The net book value of, and depreciation charge for the year on, tangible fixed assets include assets held under hire purchase contracts as follows:

	2004	2003
	£	£
<i>Net book value</i>		
Plant and machinery	1,007,866	958,589
Motor vehicles	6,800	10,200
	1,014,666	968,789
<i>Depreciation charged</i>		
Plant and machinery	181,637	158,599
Motor vehicles	3,400	3,400
	185,037	161,999

11 Stocks

	2004	2003
	£	£
Raw materials and consumables	987,582	836,902
Work in progress	940	2,099
Finished goods and goods for resale	506,467	551,973
	1,494,989	1,390,974

12 Debtors

	2004 £	2003 £
Trade debtors	1,451,873	987,927
Amounts owed by group undertakings	519,330	299,640
Prepayments and accrued income	72,715	163,897
	<u>2,043,918</u>	<u>1,451,464</u>

All amounts shown under debtors fall due for payment within one year.

13 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft and loans (secured)	244,304	71,369
Trade creditors	903,956	834,978
Corporation tax	128,622	45,462
Other taxation and social security	224,801	202,272
Obligations under hire purchase contracts	146,347	163,116
Other creditors	202,823	168,825
Accruals and deferred income	270,235	214,634
	<u>2,121,088</u>	<u>1,700,656</u>

14 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank loans (secured)	347,440	95,583
Obligations under hire purchase contracts	262,099	302,366
	<u>609,539</u>	<u>397,949</u>

14 Creditors: amounts falling due after more than one year (Continued)

Maturity of debt:

	Overdraft and Loans 2004 £	Overdraft and Loans 2003 £	Hire Purchase 2004 £	Hire Purchase 2003 £
In one year or less, or on demand	244,304	71,369	146,347	163,116
In more than one year but not more than two years	78,142	31,000	116,418	124,510
In more than two years but not more than five years	175,011	64,583	145,681	177,856
In more than five years	94,287	-	-	-
	347,440	95,583	262,099	302,366

Included in creditors due after more than one year are the following amounts repayable in more than five years:

	2004 £	2003 £
Loans	94,287	-

The hire purchase obligations are secured on the assets being purchased.

A loan of £310,000 was received from the Bank of Scotland on 5 January 1998. The loan is repayable in equal monthly instalments by December 2007 and bears interest at 1% over base rate. The bank holds a standard security over a property owned by the company and a floating charge over its whole assets.

A loan of £330,000 was received from the Bank of Scotland on 30 November 2004. The loan is repayable in equal monthly instalments by December 2011 and bears interest at 2% over base rate. The bank holds a standard security over a property owned by the company and a floating charge over its whole assets.

15 Provision for liabilities and charges

		Deferred taxation £
At 1 January 2004		176,295
Charged to profit and loss account		44,069
		<u> </u>
At 31 December 2004		220,364
		<u> </u>
<i>Deferred taxation</i>		
	2004 £	2003 £
Accelerated capital allowances	224,342	182,523
Sundry timing differences	(3,978)	(6,228)
	<u> </u>	<u> </u>
	220,364	176,295
	<u> </u>	<u> </u>

16 Accruals and deferred income

	2004 £	2003 £
Deferred income		
At 1 January 2004	85,000	140,000
Received in the year	75,000	-
Released to the profit and loss in the year	(50,000)	(55,000)
	<u> </u>	<u> </u>
	110,000	85,000
	<u> </u>	<u> </u>

17 Share capital

	2004 £	Authorised 2003 £	Allotted, called up and fully paid 2004 £	2003 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	90,000	90,000	67,720	67,720
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18 Reserves

	Profit and loss account £
At 1 January 2004	2,132,003
Profit for the year	117,994
At 31 December 2004	2,249,997

19 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the year	346,494	167,825
Dividends	(228,500)	(86,100)
	117,994	81,725
Opening shareholders' funds	2,199,723	2,117,998
Closing shareholders' funds	2,317,717	2,199,723

20 Pensions

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held in a separate Trustee administered fund. The pension cost is assessed in accordance with the advice of a professionally qualified actuary on the basis of the valuations using the projected unit method.

The pension cost for the year ended 31 December 2004 was £162,752 (2003 - £153,627). The contributions made in the period 1 January 2004 to 31 December 2004 for the company were at the rates of 8.225% and 6.225% of Pensionable Salaries for Category A members and Category B members respectively. Employee contributions were 3% of Pensionable Salaries for Category A members and 5% of Pensionable Salaries for Category B members. Contribution rates will be reviewed at the date of the next actuarial valuation on 1 April 2005.

In addition to the above, the company contributes to a life assurance scheme. The cost of providing life cover during the year was £24,834 (2003- £29,170).

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 charge represents contributions payable by the company to the fund and amounted to £952 (2003 - NIL). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

20 Pensions (continued)

A full actuarial valuation of the defined benefit scheme was carried out at 1 April 2002 and updated to 31 December 2004 by a qualified independent actuary on a FRS17 basis. The major assumptions at 31 December 2004 used by the actuary were:

	2004	2003	2002
Rate of increase in inflation	2.7%	2.7%	2.2%
Salary escalation	3.5%	3.5%	3.7%
Pension increases	3.0%	3.0%	3.0%
Discount rate	5.5%	5.5%	5.7%
Deferred pension increases	3.0%	3.0%	3.0%

The assets in the scheme and the expected rate of return at 31 December 2004 were:

	Long-term rate of return expected at 2004	Value at 2004 £'000	Long-term rate of return expected at 2003	Value at 2003 £'000	Long-term rate of return expected at 2002	Value at 2002 £'000
Equities	6.7%	2,322	6.7%	1,923	6.9%	1,507
Bonds	5.5%	243	5.5%	237	5.7%	239
Other - property	4.0%	123	4.0%	98	5.3%	93
- cash	4.0%	41	4.0%	21	5.3%	26
Cash on deposit	4.0%	147	4.0%	138		58
Total market value of assets		2,876		2,417		1,923
Present value of scheme liabilities		(2,433)		(2,033)		(1,810)
Surplus in scheme		443		384		113
Related deferred tax liability		(133)		(115)		(34)
Net pension asset on a FRS17 basis		310		269		79

20 Pensions (*continued*)

<i>Movement in surplus during the year</i>	2004 £'000	2003 £'000
Surplus in scheme at beginning of year	384	113
Operating cost	(219)	(225)
Other finance costs/income	14	33
Actuarial gains and losses	73	269
Contributions paid	191	194
	—	—
Surplus in scheme at end of year	443	384
	==	==
<i>Analysis of the amount charged to operating profit:</i>	2004 £'000	2003 £'000
Current service cost	219	225
	==	==
<i>Analysis of the amount credited to other finance income</i>	2004 £'000	2003 £'000
Expected rate on pension scheme asset	158	133
Interest on pension scheme liabilities	(144)	(100)
	—	—
	14	33
	==	==
<i>Analysis of amount recognised in statement of total recognised gains and losses</i>	2004 £'000	2003 £'000
Actual return less expected return on pension scheme asset	153	360
Experience gains and losses arising on the scheme liabilities	(80)	(91)
	—	—
Actuarial gain recognised in statement of total recognised gains and losses	73	269
	==	==

20 Pensions (continued)

<i>History of experience gains and losses</i>	2004	2003	2002
Difference between the expected and actual return on scheme assets			
Amount £'000	153	360	(404)
Percentage of scheme assets	5.3%	15.0%	-21.00%
Experience gains and losses on scheme liabilities			
Amount £'000	(80)	(91)	458
Percentage of the present value of the scheme liabilities	-3.3%	-4.5%	25.30%
Total amount recognised in statement of total recognised gains and losses:			
Amount £'000	73	269	113
Percentage of the present value of the scheme liabilities	3.0%	13.2%	6.20%
The effect on the profit and loss reserve if the pension scheme asset were incorporated into the financial statements is as follows:			
	2004	2003	
	£'000	£'000	
Profit and loss reserve excluding pension asset	2,250	2,132	
Pension reserve	310	269	
Profit and loss reserve	2,560	2,401	

21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2004 Motor vehicles & equipment £	2003 Motor vehicles & equipment £
Operating leases which expire:		
Within one year	10,539	7,120
In two to five years	20,322	18,911
	30,861	26,031

22 Commitments on behalf of group and other undertakings

The company has provided a guarantee to the Bank of Scotland in respect of the hire purchase borrowings of Versatek Limited. At 31 December 2004 the outstanding liability due by Versatek Limited was £55,712.

23 Related party disclosures

Balances due to or by group undertakings are included in note 12. The company has taken advantage of the exemptions to disclose group transactions as conferred by section 3(c) of Financial Reporting Standard No. 8.

During the year the company invoiced charges of £422,162 (2003 - £206,426) to Versatek Limited a company in which Justcreek Limited, the parent company of Sanquhar Tile Services Limited, holds 50% of the issued share capital and of which J.B. Smith and D. Watters are directors. The net balance due by Versatek Limited at 31 December 2004 was £155,411 (2003 - £98,923).

During the year the company invoiced charges of £47,980 (2003 - £9,736) to Leigh Carpet Tiles Limited a company in which Justcreek Limited, the parent company of Sanquhar Tile Services Limited, holds 50% of the issued share capital. The net balance due by Leigh Carpet Tiles Limited at 31 December 2004 was £19,184 (2003 - £7,699).

24 Ultimate parent company

The directors regard Justcreek Limited as the company's ultimate parent company.

Justcreek Limited, controlled by J.B. Smith, is the only company within the group of companies for which group financial statements are drawn up and of which the company is a member.