

Registered number: 02995730

COURISTAN CARPETS (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



COURISTAN CARPETS (UK) LIMITED

COMPANY INFORMATION

Directors	N P Coree R J Couri G Couri
Company secretary	R J Couri
Registered number	02995730
Registered office	Crown Works Eccleston Street St. Helens Merseyside WA10 2PJ
Independent auditor	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	The Royal Bank of Scotland Plc PO Box 666 Ashton House Waterloo Street Bolton BL1 8FH
Solicitors	Eversheds LLP 70 Great Bridgewater Street Manchester M1 5ES

COURISTAN CARPETS (UK) LIMITED

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COURISTAN CARPETS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is the importing and selling of Axminster carpet for the contract business.

Results and dividends

The profit for the year, after taxation, amounted to £110,677 (2017: £410,947).

Directors

The directors who served during the year were:

N P Coree
R J Couri
G Couri

Directors' Responsibilities Statement

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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Qualifying third party indemnity provisions

During the financial year, a qualifying third party indemnity provision for the benefit of all directors was in force.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

COURISTAN CARPETS (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors 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 auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *24th September 2019* and signed on its behalf.



N P Coree
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COURISTAN CARPETS (UK) LIMITED

Opinion

We have audited the financial statements of Couristan Carpets (UK) Limited (the 'Company') for the year ended 31 December 2018, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COURISTAN CARPETS (UK) LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COURISTAN CARPETS (UK) LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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 Auditor's 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.

Grant Thornton UK LLP

Jennifer Woods FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date: 25/9/19

COURISTAN CARPETS (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover		9,787,716	9,965,829
Cost of sales		(9,080,397)	(9,000,407)
Gross profit		707,319	965,422
Administrative expenses		(561,587)	(454,945)
Operating profit	4	145,732	510,477
Interest receivable and similar income		4,827	1,667
Interest payable and expenses		(5,708)	(3,666)
Other finance cost		(4,000)	(4,000)
Profit before tax		140,851	504,478
Tax on profit		(30,174)	(93,531)
Profit for the financial year		110,677	410,947
Other comprehensive income for the year			
Actuarial gain/(loss) on defined benefit pension scheme		7,000	(17,000)
Other comprehensive income for the year		7,000	(17,000)
Total comprehensive income for the year		117,677	393,947

The notes on pages 11 to 24 form part of these financial statements.

COURISTAN CARPETS (UK) LIMITED
REGISTERED NUMBER: 02995730

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	7	595,300	553,822
		<u>595,300</u>	<u>553,822</u>
Current assets			
Stocks	8	107,014	21,117
Debtors: amounts falling due within one year	9	607,885	1,048,717
Cash at bank and in hand	10	693,923	708,566
		<u>1,408,822</u>	<u>1,778,400</u>
Creditors: amounts falling due within one year	11	(651,776)	(1,079,213)
Net current assets		<u>757,046</u>	<u>699,187</u>
Total assets less current liabilities		<u>1,352,346</u>	<u>1,253,009</u>
Creditors: amounts falling due after more than one year	12	(24,079)	(31,280)
Provisions for liabilities			
Deferred taxation		(28,168)	(18,307)
		<u>(28,168)</u>	<u>(18,307)</u>
Pension liability	17	(148,000)	(169,000)
Net assets		<u>1,152,099</u>	<u>1,034,422</u>
Capital and reserves			
Called up share capital		375,000	375,000
Share premium account	16	287,840	287,840
Revaluation reserve	16	285,049	294,431
Profit and loss account	16	204,210	77,151
		<u>1,152,099</u>	<u>1,034,422</u>

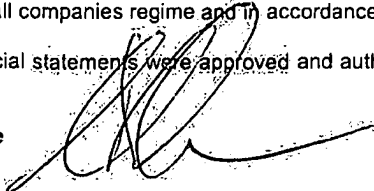
COURISTAN CARPETS (UK) LIMITED
REGISTERED NUMBER:02995730

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24/9/19

N P Coree
Director



The notes on pages 11 to 24 form part of these financial statements.

COURISTAN CARPETS (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	375,000	287,840	294,431	77,151	1,034,422
Comprehensive income for the year					
Profit for the year	-	-	-	110,677	110,677
Actuarial gains on pension scheme	-	-	-	7,000	7,000
Total comprehensive income for the year	-	-	-	117,677	117,677
Transfer to/from profit and loss account	-	-	(9,382)	9,382	-
Total transactions with owners	-	-	(9,382)	9,382	-
At 31 December 2018	375,000	287,840	285,049	204,210	1,152,099

The notes on pages 11 to 24 form part of these financial statements.

COURISTAN CARPETS (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	375,000	287,840	303,813	(326,178)	640,475
Comprehensive income for the year					
Profit for the year	-	-	-	410,947	410,947
Actuarial losses on pension scheme	-	-	-	(17,000)	(17,000)
Total comprehensive income for the year	-	-	-	393,947	393,947
Transfer to/from profit and loss account	-	-	(9,382)	9,382	-
Total transactions with owners	-	-	(9,382)	9,382	-
At 31 December 2017	375,000	287,840	294,431	77,151	1,034,422

The notes on pages 11 to 24 form part of these financial statements.

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Couristan Carpets (UK) Limited is a private Company limited by shares, registered number 02995730, and is incorporated in the UK. Its registered office is Crown Works, Eccleston Street, St. Helens, Merseyside, WA10 2PJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

2.2 Going concern

The directors have prepared and reviewed cash flow forecasts for the period ending 12 months from the date of approval of these financial statements, which they consider to be achievable given the current levels of trading. These forecasts indicate (taking into account reasonably possible changes in trading performance) that the company should be able to operate within its existing facilities.

On the basis of their assessment of the Company's financial position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of preparation.

2.3 Revenue - Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 Years
Plant and machinery	- 10-20 Years
Computer and office equipment	- 3-5 Years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

Freehold land and buildings were revalued at their fair value as at 15 December 1994. The directors adopted this value as deemed cost, initially on the adoption of Financial Reporting Standard 15 and again on the adoption of Financial Reporting Standard 102.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Profit and loss account unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account.

2.12 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Finance Leases: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these significant judgements and estimates have been made include:

- Assumptions in respect of the defined benefit pension liability
- Bad debt and credit note provisions

4. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets -- held under finance lease	5,744	9,690
Depreciation of tangible fixed assets - owned	39,321	26,212
Other operating lease rentals - plant and machinery	8,526	4,237
Defined contribution pension cost	66,629	41,374

5. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	14,320	13,900
Fees payable to the Company's auditor for other services: Tax compliance and other taxation admin	8,500	3,000

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Employees

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	1,170,300	938,618
Social security costs	111,690	87,691
Defined contribution pension scheme	66,629	41,374
	1,348,619	1,067,683

The average monthly number of employees, including the directors, during the year was as follows:

	2018	2017
	No.	No.
Production staff	35	34
Distribution staff	1	1
Administrative staff	4	4
	40	39

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Tangible fixed assets

	Freehold property £	Plant and machinery £	Computer and office equipment £	Total £
Cost or valuation				
At 1 January 2018	825,848	194,856	836,617	1,857,321
Additions		73,300	7,500	80,800
At 31 December 2018	825,848	268,156	844,117	1,938,121
Depreciation				
At 1 January 2018	379,716	102,231	821,552	1,303,499
Charge for the year	16,524	15,250	7,548	39,322
At 31 December 2018	396,240	117,481	829,100	1,342,821
Net book value				
At 31 December 2018	429,608	150,675	15,017	595,300
At 31 December 2017	446,132	92,625	15,065	553,822

The freehold land and buildings were revalued at their opening market value for existing use as at 15 December 1994 by J B & B Leach, Valuers and Surveyors. The directors have adopted this value as deemed cost, initially on the adoption of Financial Reporting Standard 15 and again on the adoption of Financial Reporting Standard 102.

If certain fixed assets had not been revalued they would have been included on the historic cost basis at the following amounts:

	2018 £	2017 £
Cost	356,806	356,806
Accumulated depreciation	(205,095)	(197,959)
	<u>151,711</u>	<u>158,847</u>

Included within the net book value is £7,521 (2017: £13,265) relating to assets held under finance leases. The depreciation charged to the financial statements in respect of such assets amounted to £5,744 (2017: £9,690).

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Tangible fixed assets (continued)

The bank overdraft is secured by a legal charge over the land and buildings and a debenture over all of the assets of the Company.

8. Stocks

	2018 £	2017 £
Finished goods and goods for resale	18,270	21,117
Goods in Transit	88,744	-
	<u>107,014</u>	<u>21,117</u>

9. Debtors

	2018 £	2017 £
Trade debtors	87,382	310,809
Amounts owed by related undertakings	471,964	656,057
Other debtors	3,736	3,736
Prepayments and accrued income	21,241	78,115
VAT	23,562	-
	<u>607,885</u>	<u>1,048,717</u>

10. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	693,923	708,566

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	418,519	752,844
Amounts owed to group undertakings	289	2,324
Corporation tax	20,602	34,735
Other taxation and social security	47,883	49,611
Obligations under finance lease and hire purchase contracts	7,201	6,372
Payments in advance	65,768	102,588
Accruals and deferred income	91,514	130,739
	<u>651,776</u>	<u>1,079,213</u>

Obligations under finance leases are secured on the assets to which they relate.

The bank overdraft is secured by a legal charge over the land and buildings and a debenture over all of the assets of the Company.

12. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	<u>24,079</u>	<u>31,280</u>

Obligations under finance leases are secured on the assets to which they relate.

13. Operating leases

	2018 £	2017 £
Within 1 year	3,134	312
Between 1 and 5 years	792	-
	<u>3,926</u>	<u>312</u>

COURISTAN CARPETS (UK) LIMITED

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14. Finance leases

The company's future minimum finance lease payments are as follows:

	2018 £	2017 £
Within one year	7,201	6,372
Within 1 to 2 years	8,030	7,201
Within 3 to 5 years	16,049	24,079
	<u>31,280</u>	<u>37,652</u>

15. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>563,082</u>	<u>966,566</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>557,485</u>	<u>989,276</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

16. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve

Includes revaluation gains.

Profit and loss account

Includes all current and prior period retained profits and losses.

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. Pension commitments

The Company operates a defined contribution scheme. The charge for the year was £66,629 (2017: £59,374).

In addition, the Company operated a defined benefit pension scheme, providing benefits based on employees' number of years' service. The assets of the scheme are held separately from those of the Company.

On 30 June 2000, the scheme ceased. The Company made contributions to the scheme of £18,000 during the year ended 31 December 2018 (2017: £18,000).

Principal actuarial assumptions

The principal actuarial assumptions are as follows:

	2018	2017
Discount rate	2.2%	2.5%

Mortality assumptions have been based on S2PMA & S2PFA (B= year of birth) for males and females as appropriate.

	2018 £	2017 £
Fair value of scheme assets	145,000	146,000
Fair value of scheme liabilities	(293,000)	(315,000)
Total plan liabilities	(148,000)	(169,000)
Pension asset/liability	(148,000)	(169,000)

The amounts recognised in profit or loss are as follows:

	2018 £	2017 £
Interest on obligation	(4,000)	(4,000)
Total	(4,000)	(4,000)

The amounts recognised in other comprehensive income

Remeasurement recognised in other comprehensive income	7,000	(17,000)
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COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17: Pension commitments (continued)

Reconciliation of fair value of plan liabilities were as follows:

	2018 £	2017 £
Opening defined benefit obligation	315,000	309,000
Interest cost	7,000	8,000
Actuarial losses	(11,000)	11,000
Benefits paid	(18,000)	(13,000)
Closing defined benefit obligation	293,000	315,000

Reconciliation of fair value of plan assets were as follows:

	2018 £	2017 £
Opening fair value of scheme assets	146,000	143,000
Interest income	3,000	4,000
Actuarial losses	(4,000)	(6,000)
Employer contributions	18,000	18,000
Benefits paid	(18,000)	(13,000)
	145,000	146,000

The Company expects to contribute £18,000 to its Defined benefit pension scheme in 2019.

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Related party transactions

Couristan NY Ltd is subject to common control and is considered to be a related party of the Company.

During the year ended 31 December 2018, the Company was charged £116 (2017: £199,766) for costs incurred by Couristan IRL Ltd and charged £Nil (2017: £Nil) to Couristan IRL Ltd for goods and services provided. At 31 December 2018 £Nil (2017: £217) was owed to Couristan IRL Ltd.

During the year ended 31 December 2018, the Company charged Couristan Inc. £9,232,312 (2017: £8,823,763) for goods and services provided and costs incurred by the Company were £2,107 (2017: £Nil). At 31 December 2018 £471,964 (2017: £656,000) was due from Couristan Inc. At 31 December 2018 £Nil (2017: £2,000) was due to Couristan Inc.

Key management are considered to be the board of directors. The cost of remunerating key management for the year was £Nil (2017: £Nil). At 31 December 2018, sales commission of £27,402 was due to directors.

19. Controlling party

The Company is a wholly owned subsidiary of Couristan NY Ltd, a Company registered in the state of New York, USA.

The ultimate controlling party and ultimate controlling related party is Couristan (NY) Limited;