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Registered number: 02995730

COURISTAN CARPETS (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



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 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

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 £410,947 (2016: £163,192).

Directors

The directors who served during the year were:

N P Coree
R J Couri
G Couri

Financial risk management objectives and policies

The Company uses various financial instruments; these include cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The main risks arising from the Company's financial instruments are currency risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

The Company is exposed to foreign exchange risk. The directors' policy for managing this risk is to ensure that as far as possible the assets held in foreign currency are matched to an appropriate level of borrowings in the same currency.

The Company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings associated by international credit rating agencies. The principal credit risks therefore, arise from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

The company also has a procedure to insure 90% of the value of a debt provided that certain requirements are met.

COURISTAN CARPETS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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 been 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.

COURISTAN CARPETS (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Auditor

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

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 *24 September 2018* and signed on its behalf.

N P Coree
Director



COURISTAN CARPETS (UK) LIMITED

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 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 2017 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 United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.

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.

COURISTAN CARPETS (UK) LIMITED

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 Directors Report and financial statements, other than 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 by 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.
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors report and from the requirements to prepare a strategic report.

COURISTAN CARPETS (UK) LIMITED

**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 2, 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.

Grange Thornton UK LLP

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 28 September 2018

COURISTAN CARPETS (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	9,965,829	8,663,555
Cost of sales		(9,000,407)	(7,997,424)
Gross profit		965,422	666,131
Administrative expenses		(454,945)	(444,595)
Operating profit	5	510,477	221,536
Interest receivable and similar income	9	1,667	504
Interest payable and expenses	10	(3,666)	(10,390)
Other finance cost	11	(4,000)	(5,000)
Profit before tax		504,478	206,650
Tax on profit	12	(93,531)	(43,458)
Profit for the financial year		410,947	163,192
Other comprehensive income for the year			
Remeasurements in respect of defined benefit pension scheme	25	(17,000)	(38,000)
Other comprehensive income for the year		(17,000)	(38,000)
Total comprehensive income for the year		393,947	125,192

The notes on pages 10 to 27 form part of these financial statements.

COURISTAN CARPETS (UK) LIMITED
REGISTERED NUMBER: 02995730

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	13	553,822	480,754
		<u>553,822</u>	<u>480,754</u>
Current assets			
Stocks	14	21,117	18,136
Debtors: amounts falling due within one year	15	1,048,717	1,020,510
Cash at bank and in hand	16	708,566	469,514
		<u>1,778,400</u>	<u>1,508,160</u>
Creditors: amounts falling due within one year	17	(1,079,213)	(1,159,849)
Net current assets		<u>699,187</u>	<u>348,311</u>
Total assets less current liabilities		<u>1,253,009</u>	<u>829,065</u>
Creditors: amounts falling due after more than one year	18	(31,280)	(22,590)
Provisions for liabilities			
Deferred tax	22	(18,307)	-
		<u>(18,307)</u>	<u>-</u>
Pension liability	25	(169,000)	(166,000)
Net assets		<u><u>1,034,422</u></u>	<u><u>640,475</u></u>
Capital and reserves			
Called up share capital	23	375,000	375,000
Share premium account	24	287,840	287,840
Revaluation reserve	24	294,431	303,813
Profit and loss account	24	77,151	(326,178)
		<u>1,034,422</u>	<u>640,475</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
24 September 2018

N P Coree

Director

The notes on pages 10 to 27 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
Remeasurements on pension scheme	-	-	-	(17,000)	(17,000)
Reserve transfer to profit and loss account	-	-	-	9,382	9,382
Total comprehensive income for the year	-	-	-	403,329	403,329
Transfer to profit and loss account	-	-	(9,382)	-	(9,382)
At 31 December 2017	375,000	287,840	294,431	77,151	1,034,422

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	375,000	287,840	313,195	(460,752)	515,283
Comprehensive income for the year					
Profit for the year	-	-	-	163,192	163,192
Remeasurements on pension scheme	-	-	-	(38,000)	(38,000)
Reserve transfer	-	-	(9,382)	9,382	-
Other comprehensive income for the year	-	-	(9,382)	(28,618)	(38,000)
Total comprehensive income for the year	-	-	(9,382)	134,574	125,192
Total transactions with owners	-	-	-	-	-
At 31 December 2016	375,000	287,840	303,813	(326,178)	640,475

The notes on pages 10 to 27 form part of these financial statements.

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 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 2017

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:

Buildings	- 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 Statement of comprehensive income.

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.

2.6 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.

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.7 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.

2.8 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 Statement of comprehensive income.

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.

2.9 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.

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.10 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 Statement of comprehensive income.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income 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.

2.13 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 Statement of comprehensive income 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 2017

2. Accounting policies (continued)

2.14 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 Statement of comprehensive income 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 2017

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Sale of goods	<u>9,965,829</u>	<u>8,663,555</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	167,659	198,751
Rest of the world	<u>9,798,170</u>	<u>8,464,804</u>
	<u>9,965,829</u>	<u>8,663,555</u>

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets - held under finance lease	9,690	8,613
Depreciation of tangible fixed assets - owned	26,212	24,723
Operating lease rentals —plant and machinery	4,237	10,073
Defined contribution pension cost	<u>41,374</u>	<u>53,962</u>

6. Auditor's remuneration

Fees payable to the Company's auditor & its associates for the audit of the Company's annual accounts

13,900	13,500
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Fees payable to the Company's auditor for other services:

Tax compliance services

3,000	3,100
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<u>16,900</u>	<u>16,600</u>
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COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	938,618	828,979
Social security costs	87,691	86,990
Defined contribution pension scheme	41,374	35,962
	<u>1,067,683</u>	<u>951,931</u>

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

	2017 No.	2016 No.
Production staff	34	32
Distribution staff	1	1
Administrative staff	4	4
	<u>39</u>	<u>37</u>

8. Directors' remuneration

Directors remuneration during the year was Nil (2016:Nil).

During the year retirement benefits were accruing to no directors (2016: None) in respect of defined contribution pension schemes.

9. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>1,667</u>	<u>504</u>

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	539	6,790
Finance leases and hire purchase contracts	3,127	3,600
	<u>3,666</u>	<u>10,390</u>

11. Other finance costs

	2017 £	2016 £
Net interest on net defined benefit liability	<u>4,000</u>	<u>5,000</u>

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	34,632	-
Adjustments in respect of previous periods	103	-
	<u>34,735</u>	<u>-</u>
Total current tax	<u>34,735</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	58,899	43,458
Adjustments in respect of prior periods	(103)	-
	<u>58,796</u>	<u>43,458</u>
Total deferred tax	<u>58,796</u>	<u>43,458</u>
Taxation on profit on ordinary activities	<u>93,531</u>	<u>43,458</u>

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>504,478</u>	<u>206,650</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	97,095	41,330
Effects of:		
Expenses not deductible for tax purposes	1,040	1,000
Change in rate on deferred tax	-	(2,177)
Fixed asset differences	3,180	3,305
Adjustments to tax charge in respect of previous periods	103	-
Adjustments to tax charge in respect of previous periods - deferred tax	(103)	-
Adjust closing deferred tax to average rate of 19.25%	(2,419)	-
Adjust opening deferred tax to average rate of 19.25%	(5,365)	-
Total tax charge for the year	<u><u>93,531</u></u>	<u><u>43,458</u></u>

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Computer and office equipment £	Total £
Cost or valuation				
At 1 January 2017	825,848	97,356	849,551	1,772,755
Additions	-	97,500	12,906	110,406
Disposals	-	-	(25,840)	(25,840)
At 31 December 2017	<u>825,848</u>	<u>194,856</u>	<u>836,617</u>	<u>1,857,321</u>
Depreciation				
At 1 January 2017	363,192	97,356	831,453	1,292,001
Charge for the year	16,524	4,875	14,503	35,902
Disposals	-	-	(24,404)	(24,404)
At 31 December 2017	<u>379,716</u>	<u>102,231</u>	<u>821,552</u>	<u>1,303,499</u>
Net book value				
At 31 December 2017	<u>446,132</u>	<u>92,625</u>	<u>15,065</u>	<u>553,822</u>
At 31 December 2016	<u>462,656</u>	<u>-</u>	<u>18,098</u>	<u>480,754</u>

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:

	2017 £	2016 £
Cost	356,806	356,806
Accumulated depreciation	(197,959)	(190,819)
	<u>158,847</u>	<u>165,987</u>

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets (continued)

Included within the net book value is £13,265 (2016: £10,049) relating to assets held under finance leases.

The depreciation charged to the financial statements in respect of such assets amounted to £9,690 (2016: £8,613).

14. Stocks

	2017 £	2016 £
Finished goods and goods for resale	21,117	18,136

An impairment loss of £Nil (2016: £9,113) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

15. Debtors

	2017 £	2016 £
Trade debtors	310,809	180,638
Amounts owed by related undertakings	656,057	773,317
Other debtors	3,736	3,736
Prepayments and accrued income	78,115	22,330
Deferred taxation	-	40,489
	<u>1,048,717</u>	<u>1,020,510</u>

An impairment loss has been recognised against trade debtors of £5,969 (2016: £3,056).

16. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	708,566	469,514

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	752,844	840,556
Amounts owed to group undertakings	2,324	10,955
Corporation tax	34,735	-
Other taxation and social security	49,611	32,964
Obligations under finance lease and hire purchase contracts	6,372	8,530
Payments in advance	102,588	186,880
Accruals and deferred income	130,739	79,964
	<u>1,079,213</u>	<u>1,159,849</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.

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

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	31,280	22,590
	<u>31,280</u>	<u>22,590</u>

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

19. Operating leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	312	10,062
Between 1-5 years	-	9,653
	<u>312</u>	<u>19,715</u>

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. Finance leases

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

	2017 £	2016 £
Assets under HP amounts due:		
Within one year	6,372	8,530
Within 1 to 2 years	7,201	9,458
Within 3 to 5 years	24,079	13,130
	<u>37,652</u>	<u>31,118</u>

21. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>966,566</u>	<u>953,955</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>989,276</u>	<u>843,111</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.

In the prior year, the Company entered into various forward contract arrangements where it paid a fixed exchange rate in respect of USD foreign currency transactions.

At 31 December 2017 the Company had obligations under forward exchange contracts of £Nil (2016 £1,158,710).

COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

22. Deferred taxation

	2017 £
At beginning of year	40,489
Charged to profit or loss	(58,796)
At end of year	(18,307)

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(18,307)	(3,180)
Tax losses	-	43,669
	(18,307)	40,489

23. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
375,000 Ordinary shares of £1 each	375,000	375,000

24. 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
FOR THE YEAR ENDED 31 DECEMBER 2017**

25. Pension commitments

The Company operates a defined contribution scheme. The charge for the year was £59,374 (2016: £53,962).

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 2017 (2016: £18,000).

Principal actuarial assumptions

The principal actuarial assumptions are as follows:

	2016	2017
Discount rate	2.2%	2.6%

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

	2017 £	2016 £
Fair value of scheme assets	146,000	143,000
Fair value of scheme liabilities	(315,000)	(309,000)
Total plan liabilities	<u>(169,000)</u>	<u>(166,000)</u>

Present value of plan liabilities	(169,000)	(166,000)
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The amounts recognised in profit or loss are as follows:

	2017 £	2016 £
Interest on obligation	(4,000)	(5,000)
Total	<u>(4,000)</u>	<u>(5,000)</u>

The amounts recognised in other comprehensive income

Remeasurement recognised in other comprehensive income:	<u>(17,000)</u>	<u>(38,000)</u>
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COURISTAN CARPETS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

25. Pension commitments (continued)

Reconciliation of fair value of plan liabilities were as follows:

	2017 £	2016 £
Opening defined benefit obligation	309,000	278,000
Interest cost	8,000	10,000
Actuarial losses	11,000	32,000
Benefits paid	(13,000)	(11,000)
Closing defined benefit obligation	315,000	309,000

Reconciliation of fair value of plan assets were as follows:

	2017 £	2016 £
Opening fair value of scheme assets	143,000	137,000
Interest income	4,000	5,000
Actuarial losses	(6,000)	(6,000)
Employer contributions	18,000	18,000
Benefits paid	(13,000)	(11,000)
	146,000	143,000

The company expects to contribute £18,000 to its Defined benefit pension scheme in 2018.

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

26. Related party transactions

Couristan Carpets (Irl) Limited is the immediate parent undertaking of the Company. Couristan Inc. and Couristan Carpets (Irl) Limited are subject to common control and are therefore considered to be related parties of the Company.

During the year ended 31 December 2017, the Company was charged £199,766 (2016: £148,986) for costs incurred by Couristan Carpets (Irl) Limited and charged £Nil (2016: £Nil) to Couristan Carpets (Irl) Limited for goods and services provided. At 31 December 2017 £217 (2016: £448) was owed to Couristan Carpets (Irl) Limited.

During the year ended 31 December 2017, the Company charged Couristan Inc. £8,823,763 (2016: £7,539,093) for goods and services provided and costs incurred by the Company were £Nil (2016: £2,107). At 31 December 2017 £656,000 (2016: £773,765) was due from Couristan Inc. At 31 December 2017 £2,000 (2016: £10,955) 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 (2016: £Nil). At 31 December 2017, sales commission of £19,500 was due to directors.

27. Controlling party

The Company is a wholly owned subsidiary of Couristan Carpets (Irl) Limited, a Company registered in the Republic of Ireland.

The parent undertakings of the smallest and largest groups of which the Company is a members and for which group financial statements are prepared are as follows:

The largest group is Couristan (NY) Limited, a Company registered in the state of New York, USA.

The smallest group is Couristan (Irl) Limited, a Company registered in the Republic of Ireland.

The ultimate controlling party is Couristan (NY) Limited.

COURISTAN CARPETS (UK) LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	9,965,829	8,663,555
Cost of Sales		(9,000,407)	(7,997,424)
Gross profit		965,422	666,131
Gross profit %		9.7 %	7.7 %
Administration expenses		(454,945)	(444,595)
Operating profit	5	510,477	221,536
Interest receivable	9	1,667	504
Interest payable	10	(3,666)	(10,390)
Other finance costs	11	(4,000)	(5,000)
Tax on profit on ordinary activities	12	(93,531)	(43,458)
Profit for the year		410,947	163,192

COURISTAN CARPETS (UK) LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Turnover		
Sales - Domestic	167,659	198,751
Sales - Rest of world	9,798,170	8,464,804
	<u>9,965,829</u>	<u>8,663,555</u>
	2017 £	2016 £
Cost of sales		
Purchases	7,947,570	6,869,297
Direct manufacturing costs	117,762	174,627
Wages and salaries	912,385	932,573
Subcontract labour	22,690	20,927
	<u>9,000,407</u>	<u>7,997,424</u>

COURISTAN CARPETS (UK) LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Administration expenses		
Staff salaries	105,212	104,414
Staff pension costs - defined contribution schemes	59,374	43,090
Staff welfare	12,128	12,353
Motor running costs	2,465	2,867
Motor vehicle leasing (operational)	10,246	19,282
Entertainment	591	800
Hotels, travel and subsistence	11,175	7,057
Printing and stationery	7,916	6,370
Postage	69,716	62,799
Telephone and fax	13,683	16,802
Computer costs	16,410	21,526
Advertising and promotion	4,368	10,225
Trade subscriptions	5,396	5,356
Legal and professional	17,563	7,975
Auditors' remuneration	15,711	16,638
Bank charges	8,088	11,402
Sundry expenses	155	-
Rent and rates	43,287	41,914
Service charges	7,024	7,132
Insurances	9,246	10,201
Depreciation - other fixed assets	31,027	33,336
Profit/loss on sale of tangible assets	2,838	-
Write offs/back	1,326	3,056
	<u>454,945</u>	<u>444,595</u>
	2017 £	2016 £
Interest receivable		
Bank interest receivable	<u>1,667</u>	<u>504</u>
	2017 £	2016 £
Interest payable		
Bank overdraft interest payable	(539)	(6,790)
Finance lease charges payable	(3,127)	(3,600)
	<u>(3,666)</u>	<u>(10,390)</u>

COURISTAN CARPETS (UK) LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	£	£
Interest on pension scheme liabilities	(4,000)	(5,000)
