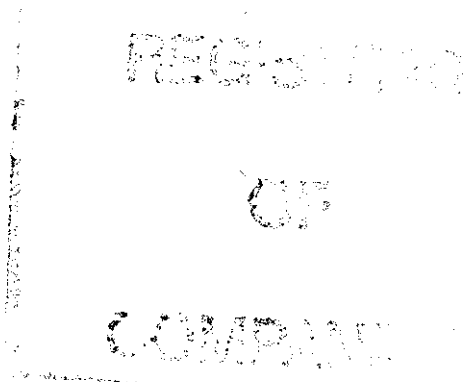




**PARAMOUNT OFFICE INTERIORS
LIMITED**

Report and Financial Statements

31 December 2000

**Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff
CF24 0TS**



REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N B Roberts BA (Managing Director)
F W Najjar (appointed 11 July 2000 – resigned 25 January 2001)
N C Guard FCCA (resigned 4 May 2001)

SECRETARY

T S D Jones (appointed 4 May 2001)

REGISTERED OFFICE

Paramount House
2a Corporation Road
Cardiff
CF11 7AT

BANKERS

Barclays Bank Plc
Corporate Banking Centre
Barclays House
PO Box 747
Ty Glas Avenue
Llanishen
Cardiff
CF14 5FG

SOLICITORS

Eversheds
Fitzalan House
Fitzalan Road
Cardiff
CF24 0EE

AUDITORS

Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff
CF24 0TS

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

ACTIVITIES

The company's principal activity is the supply of furniture and equipment together with providing a design service, space planning, fitting out and project management facilities.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The trading and financial position of the company is considered to be satisfactory. The company continues to develop and expand its existing activities.

DIVIDENDS

Dividends totalling £49,692 (1999 - £59,020) were paid during the year.

DIRECTORS AND THEIR INTERESTS

The current directors are shown on page 1. NC Guard FCCA resigned on 4 May 2001. F W Najjar was appointed on 11 July 2000 and resigned on 25 January 2001. N B Roberts served throughout the year. The beneficial interests, as defined by the Companies Act 1985, of the directors serving at 31 December 2000, at the beginning and end of the year in the shares of the company are as follows:

	Ordinary shares of £1 each	
	2000	1999
N B Roberts BA	24,600	24,600
N C Guard FCCA (resigned 4 May 2001)	24,600	24,600

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



N B Roberts BA
Director

STATEMENT OF 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 as at the end of the financial year and of the profit or loss of the company for that period. 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;
- 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.

AUDITORS' REPORT TO THE MEMBERS OF PARAMOUNT OFFICE INTERIORS LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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.

Opinion

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



Deloitte & Touche

Chartered Accountants and Registered Auditors

1 - 3 - 2001

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2000

	Note	2000 £	1999 £
TURNOVER: continuing operations	2	4,727,209	3,672,130
Cost of sales		(3,717,187)	(2,783,407)
Gross profit		<u>1,010,022</u>	<u>888,723</u>
Distribution costs		59,331	53,820
Administrative expenses		756,300	677,873
Other operating income	3	-	(13,555)
		<u>815,631</u>	<u>718,138</u>
OPERATING PROFIT: continuing operations	5	<u>194,391</u>	<u>170,585</u>
Interest receivable and similar income		15,191	6,348
Interest payable and similar charges	6	(26,942)	(16,187)
		<u>(11,751)</u>	<u>(9,839)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		182,640	160,746
Tax on profit on ordinary activities	7	(42,000)	(37,869)
		<u>140,640</u>	<u>122,877</u>
Dividends	8	(49,692)	(59,020)
PROFIT FOR THE FINANCIAL YEAR		<u><u>90,948</u></u>	<u><u>63,857</u></u>

There are no recognised gains or losses for the financial year other than as stated above.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2000

	2000	1999
	£	£
Profit for the financial year	90,948	63,857
Revaluation of fixed assets	-	70,000
Total recognised gains and losses relating to the year	<u>90,948</u>	<u>133,857</u>

BALANCE SHEET
31 December 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	9	467,972	457,008
CURRENT ASSETS			
Stocks and work in progress	10	125,127	75,396
Debtors	11	1,041,550	824,581
Cash at bank and in hand		301,519	438,345
		1,468,196	1,338,322
CREDITORS: amounts falling due within one year	12	(1,202,328)	(1,129,258)
NET CURRENT ASSETS		265,868	209,064
TOTAL ASSETS LESS CURRENT LIABILITIES		733,840	666,072
CREDITORS: amounts falling due after more than one year	13	(252,320)	(275,500)
		481,520	390,572
CAPITAL AND RESERVES			
Called up share capital	15	49,200	49,200
Revaluation reserve	16	70,000	70,000
Profit and loss account	16	362,320	271,372
TOTAL EQUITY SHAREHOLDERS' FUNDS	16	481,520	390,572

These financial statements were approved by the Board of Directors on 12.09.01

Signed on behalf of the Board of Directors



N B Roberts BA

Director

CASH FLOW STATEMENT
Year ended 31 December 2000

	Note	31 December 2000 £	31 December 1999 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	20	(4,228)	416,820
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		15,191	6,348
Interest paid		(26,942)	(16,187)
Net cash outflow from returns on investments and servicing of finance		(11,751)	(9,839)
TAXATION		(31,618)	(26,780)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(38,548)	(196,571)
Receipts from sale of fixed assets		950	5,497
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(37,598)	(191,074)
EQUITY DIVIDENDS PAID		(49,692)	(59,020)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(134,887)	130,107
FINANCING			
New borrowings		-	141,062
Repayment of borrowings		(21,619)	-
Capital element of finance lease rental payments		(3,000)	(4,520)
NET CASH INFLOW FROM FINANCING		(24,619)	136,542
(DECREASE)/INCREASE IN CASH		(159,506)	266,649

NOTES TO THE ACCOUNTS**Year ended 31 December 2000****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Motor vehicles	20% per annum
Fixtures, fittings and office equipment	20% per annum
Freehold land and buildings	2% per annum
Leasehold improvements	Over lease term

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes suppliers' invoice price, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant selling and distribution costs.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Assets held under hire purchase and finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Pension costs

The pension costs of defined contribution schemes represent the amount of contributions payable to the pension scheme in respect of the accounting period.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover which arises in the United Kingdom is attributable to the company's principal activity.

3. OTHER OPERATING INCOME

Other operating income arises from amounts received in respect of design and consultancy work performed by the company on behalf of certain suppliers.

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £	1999 £
Directors' emoluments		
Emoluments (excluding pension contributions)	131,475	90,000
Company contributions to money purchase and similar pension schemes in respect of directors' services	17,736	14,400
	2000 No.	1999 No.
The number of directors who:		
Are members of a defined contribution pension scheme	2	2
Average number of persons employed		
Sales	6	5
Distribution	2	2
Administration	10	8
	18	15
	2000 £	1999 £
Staff costs during the year (including directors)		
Wages and salaries	452,220	422,966
Social security costs	43,252	36,212
Pension costs	17,736	14,400
	513,208	473,578

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

5. OPERATING PROFIT

	2000 £	1999 £
Operating profit is after charging:		
Depreciation		
Owned assets	24,785	24,110
Leased assets	2,799	2,799
Loss on disposal of fixed assets	-	3,833
Rentals under operating leases		
Other operating leases	29,804	21,746
Auditors' remuneration	5,000	4,700
	<u> </u>	<u> </u>
And after crediting:		
Other operating income	-	13,500
Profit on disposal		
Owned assets	950	-
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank loans and overdrafts	26,794	15,572
Finance leases and hire purchase contracts	148	615
	<u> </u>	<u> </u>
	26,942	16,187
	<u> </u>	<u> </u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
United Kingdom corporation tax at 20% (1999 - 21%)	42,000	37,869
	<u> </u>	<u> </u>

8. DIVIDENDS

	2000 £	1999 £
Ordinary shares		
Interim paid - £1.01 per ordinary share (1999 - £1.20)	49,692	59,020
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

9. TANGIBLE FIXED ASSETS

	Fixtures, fittings & office equipment £	Motor vehicles £	Freehold land & buildings £	Total £
Cost or valuation				
At 1 January 2000	55,740	63,945	438,894	558,579
Additions in year	38,548	-	-	38,548
Disposals in year	-	(21,890)	-	(21,890)
At 31 December 2000	94,288	42,055	438,894	575,237
Accumulated depreciation				
At 1 January 2000	30,208	51,103	20,260	101,571
Charge for the year	12,262	7,944	7,378	27,584
Disposals in year	-	(21,890)	-	(21,890)
At 31 December 2000	42,470	37,157	27,638	107,265
Net book value				
At 31 December 2000	51,818	4,898	411,256	467,972
At 31 December 1999	25,532	12,842	418,634	457,008
Comparable amounts determined according to the historical cost convention.				
Cost	94,288	42,055	368,894	505,237
Accumulated depreciation	42,470	37,157	27,638	107,265
Net book value				
At 31 December 2000	51,818	4,898	341,256	397,972
At 31 December 1999	25,532	12,842	348,634	387,008

The company's freehold land and buildings at 2a Corporation Road were valued at open market value with existing use by Allied Surveyors Plc, Chartered Surveyors, in 1999. The surplus arising on revaluation was taken to a revaluation reserve.

The net book value of the company's fixed assets includes £Nil (1999 - £7,697) in respect of assets held under finance leases and hire purchase contracts.

10. STOCKS AND WORK IN PROGRESS

	2000 £	1999 £
Short term work in progress	125,127	75,396

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

11. DEBTORS

	2000 £	1999 £
Trade debtors	1,017,825	818,530
Prepayments and accrued income	23,725	6,051
	<u>1,041,550</u>	<u>824,581</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank loans and overdrafts	91,443	67,977
Mortgage loan	12,575	11,800
Obligations under finance leases and hire purchase contracts	-	3,000
Trade creditors	913,831	637,162
Corporation tax	42,251	31,869
Other taxes and social security	34,206	82,837
Other creditors	15,920	15,172
Accruals and deferred income	92,102	279,441
	<u>1,202,328</u>	<u>1,129,258</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Bank loan	820	8,300
Mortgage loans	251,500	267,200
	<u>252,320</u>	<u>275,500</u>
Amounts payable wholly or partly after five years: Mortgage loans	<u>179,500</u>	<u>201,200</u>

The bank overdraft and loan are secured by a fixed and floating charge on the assets of the company. Interest is charged on the loan at 3% above the prevailing bank base rate.

The mortgage loans are secured by a first charge over the freehold property. Interest is charged on the loans at 3% above the prevailing bank base rate.

Obligations under finance leases and hire purchase contracts are secured upon the assets to which they relate.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

14. BORROWINGS

	2000 £	1999 £
Analysis of loan repayments:		
Bank loans and overdrafts		
Within one year or on demand	91,443	67,977
Between one and two years	820	7,000
Between two and five years	-	1,300
	<u>92,263</u>	<u>76,277</u>
Other loans including finance leases and hire purchase contracts net of future finance charges		
Within one year or on demand	12,575	14,800
Between one and two years	16,000	16,000
Between two and five years	56,000	50,000
After five years	179,500	201,200
	<u>264,075</u>	<u>282,000</u>
Amounts repayable by instalments some of which fall due after five years:		
Other loans		
Total amount	264,075	279,000
Instalments due after five years	<u>179,500</u>	<u>201,200</u>

15. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid		
49,200 ordinary shares of £1 each	<u>49,200</u>	<u>49,200</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Ordinary share capital £	Revaluation reserve £	Profit and loss reserve £	Total equity Shareholders' funds £	Total 1999 £
Balance at 1 January 2000	49,200	70,000	271,372	390,572	256,715
Revaluation	-	-	-	-	70,000
Profit for the year	-	-	140,640	140,640	122,877
Dividends	-	-	(49,692)	(49,692)	(59,020)
Balance at 31 December 2000	<u>49,200</u>	<u>70,000</u>	<u>362,320</u>	<u>481,520</u>	<u>390,572</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000**17. FINANCIAL COMMITMENTS****Operating lease commitments**

At 31 December 2000 the company was committed to making the following payments during the next year in respect of operating leases:

	Other operating leases £
Leases which expire:	
Within one year	14,946
Within two to five years	14,858
	<u>29,804</u>

18. ULTIMATE CONTROLLING PARTY

During the year 2000, the company was ultimately under the control of two directors and their respective wives; between them they held 100% of the company's issued share capital.

19. POST BALANCE SHEET EVENTS

On 4 April 2001 the company premises at Corporation Road in Cardiff were sold for a consideration of £235,000 and simultaneously leased back to the company.

On 4 May 2001 the company bought back 24,600 shares for a consideration of £421,000 and as a result the company is under the control of the one remaining director and his wife who now hold 100% of the company's issued share capital.

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	194,391	170,585
Depreciation	27,584	30,742
Profit on disposal of fixed assets	(950)	-
Increase in stocks	(49,731)	(55,562)
Increase in debtors	(216,969)	(235,163)
Increase in creditors	41,447	506,218
	<u> </u>	<u> </u>
Net cash (outflow)/inflow from operating activities	<u>(4,228)</u>	<u>416,820</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£	2000 £	£	1999 £
(Decrease)/increase in cash in the period	(159,506)		266,649	
Cash outflow from payments to lease creditors	3,000		4,520	
Cash outflow from decrease in debt	21,619		-	
Cash inflow from increase in debt	-		(141,062)	
Change in net debt		(134,887)		130,107
Net funds at 31 December 1999		80,068		(50,039)
Net funds at 31 December 2000		(54,819)		80,068

22. ANALYSIS OF CHANGES IN NET DEBT

	At 31 December 1999 £	Cash flows £	Other charges £	At 31 December 2000 £
Cash at bank and in hand	438,345	(136,826)	-	301,519
Overdraft	(61,703)	(22,680)	-	(84,383)
		(159,506)		
Debt due within one year	(21,074)	1,439	-	(19,635)
Debt due after one year	(275,500)	23,180	-	(252,320)
	80,068	(134,887)	-	(54,819)