



**PARAMOUNT OFFICE INTERIORS
LIMITED**

Report and Financial Statements

31 December 2001



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

REPORT AND FINANCIAL STATEMENTS 2001

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

N B Roberts BA (Managing Director)

SECRETARY

T S D Jones

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

DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 December 2001.

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.

PURCHASE OF OWN SHARES

During the year the company purchased 24,600 of its own shares for £421,000.

DIVIDENDS

Dividends totalling £Nil (2000 - £49,692) were paid during the year.

DIRECTOR AND HIS INTERESTS

The current director is shown on page 1. N C Guard FCCA resigned as director on 4 May 2001. F W Najjar resigned as director on 25 January 2001. N B Roberts BA served throughout the year. The beneficial interests, as defined by the Companies Act 1985, of the director serving at 31 December 2001 and at the beginning of the year in the shares of the company are as follows:

	Ordinary shares of £1 each	
	2001	2000
N B Roberts BA	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 Director



N B Roberts BA

Director

Date: 27.5.2002

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

United Kingdom company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAMOUNT OFFICE INTERIORS LIMITED

We have audited the financial statements of Paramount Office Interiors Limited for the year ended 31 December 2001 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the director and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

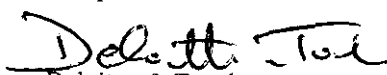
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 as at 31 December 2001 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

Date: 7 October 2002

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2001

	Note	2001 £	2000 £
TURNOVER: continuing operations	2	6,696,048	4,727,209
Cost of sales		(5,099,516)	(3,717,187)
Gross profit		<u>1,596,532</u>	<u>1,010,022</u>
Distribution costs		45,087	59,331
Administrative expenses		1,291,757	756,300
		<u>1,336,844</u>	<u>815,631</u>
OPERATING PROFIT: continuing operations	4	259,688	194,391
Profit on sale of fixed assets in continuing operations		69,954	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		329,642	194,391
Interest receivable and similar income		15,700	15,191
Interest payable and similar charges	5	(26,875)	(26,942)
		<u>(11,175)</u>	<u>(11,751)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		318,467	182,640
Tax on profit on ordinary activities	6	(68,323)	(42,000)
Dividends	7	250,144	140,640
		-	(49,692)
PROFIT FOR THE FINANCIAL YEAR		<u>250,144</u>	<u>90,948</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2001

	2001 £	2000 £
Profit for the financial year	250,144	90,948
Revaluation of fixed assets	70,000	-
Release on disposal of fixed assets	(70,000)	
Premium on redemption of shares	(421,000)	-
Total recognised gains and losses relating to the year	<u>(170,856)</u>	<u>90,948</u>

NOTE OF HISTORICAL COST PROFIT AND LOSS
Year ended 31 December 2001

	2001 £	2000 £
Reported profit on ordinary activities before taxation	318,467	182,640
Realisation of property revaluation gains of earlier years	70,000	-
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>117</u>	<u>-</u>
Historical cost profit on ordinary activities before taxation	<u>388,584</u>	<u>182,640</u>
Historical cost profit for the period retained, after taxation and dividends	<u>320,261</u>	<u>90,948</u>

BALANCE SHEET
31 December 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	324,589	467,972
CURRENT ASSETS			
Stocks and work in progress	9	99,154	125,127
Debtors	10	735,932	1,041,550
Cash at bank and in hand		749,582	301,519
		1,584,668	1,468,196
CREDITORS: amounts falling due within one year	11	(1,321,939)	(1,202,328)
NET CURRENT ASSETS		262,729	265,868
TOTAL ASSETS LESS CURRENT LIABILITIES		587,318	733,840
CREDITORS: amounts falling due after more than one year	12	(275,261)	(252,320)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(1,393)	-
		310,664	481,520
CAPITAL AND RESERVES			
Called up share capital	15	24,600	49,200
Revaluation reserve	16	69,883	70,000
Capital redemption reserve	16	24,600	-
Profit and loss account	16	191,581	362,320
TOTAL EQUITY SHAREHOLDERS' FUNDS	16	310,664	481,520

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



27.5.2002.

N B Roberts BA

Director

CASH FLOW STATEMENT
Year ended 31 December 2001

	Note	£	2001 £	£	2000 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	19		242,423		(4,228)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		15,700		15,191	
Interest paid		(26,875)		(26,942)	
Net cash outflow from returns on investments and servicing of finance			(11,175)		(11,751)
TAXATION			(43,668)		(31,618)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(28,762)		(38,548)	
Receipts from sale of fixed assets		-		950	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(28,762)		(37,598)
EQUITY DIVIDENDS PAID			-		(49,692)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			158,818		(134,887)
FINANCING					
New borrowings		182,652		-	
Repayment of borrowings		(124,632)		(21,619)	
Redemption of ordinary share capital		(176,720)		-	
Capital element of finance lease rental payments		-		(3,000)	
NET CASH OUTFLOW FROM FINANCING			(118,700)		(24,619)
INCREASE/(DECREASE) IN CASH	21		40,118		(159,506)

NOTES TO THE ACCOUNTS
Year ended 31 December 2001**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 as modified by the revaluation of freehold property.

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

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

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.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2001 £	2000 £
Directors' emoluments		
Emoluments (excluding pension contributions)	<u>104,547</u>	<u>131,475</u>
Company contributions to money purchase and similar pension schemes in respect of directors' services	<u>9,700</u>	<u>17,736</u>
	2001 No.	2000 No.
The number of directors who:		
Are members of a defined contribution pension scheme	<u>1</u>	<u>2</u>
Average number of persons employed		
Sales	7	6
Distribution	2	2
Administration	<u>13</u>	<u>10</u>
	<u>22</u>	<u>18</u>
	2001 £	2000 £
Staff costs during the year (including directors)		
Wages and salaries	647,435	452,220
Social security costs	61,007	43,252
Pension costs	<u>19,543</u>	<u>17,736</u>
	<u>727,985</u>	<u>513,208</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

4. OPERATING PROFIT

	2001 £	2000 £
Operating profit is after charging:		
Depreciation		
Owned assets	21,144	24,785
Leased assets	2,800	2,799
Rentals under operating leases		
Other operating leases	39,019	29,804
Auditors' remuneration	9,100	5,000
	<u> </u>	<u> </u>
And after crediting:		
Profit on disposal		
Owned assets	6,000	950
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank loans and overdrafts	26,875	26,794
Finance leases and hire purchase contracts	-	148
	<u> </u>	<u> </u>
	26,875	26,942
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
United Kingdom corporation tax at 30% (2000 - 20%)	69,107	42,000
Adjustment to prior year tax provision	(2,127)	-
Deferred tax charge	1,343	-
	<u> </u>	<u> </u>
	68,323	42,000
	<u> </u>	<u> </u>

7. DIVIDENDS

	2001 £	2000 £
Ordinary shares		
Interim paid - £Nil per ordinary share (2000 - £1.01)	-	49,692
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

8. TANGIBLE FIXED ASSETS

	Fixtures, fittings & office equipment £	Motor vehicles £	Freehold land & buildings £	Total £
Cost or valuation				
At 1 January 2001	94,288	42,055	438,894	575,237
Additions	27,612	16,545	1,150	45,307
Disposals	-	(28,060)	(259,203)	(287,263)
Revaluation	-	-	70,000	70,000
At 31 December 2001	121,900	30,540	250,841	403,281
Accumulated depreciation				
At 1 January 2001	42,470	37,157	27,638	107,265
Charge for the year	15,867	2,800	5,277	23,944
Disposals in year	-	(28,060)	(24,457)	(52,517)
At 31 December 2001	58,337	11,897	8,458	78,692
Net book value				
At 31 December 2001	63,563	18,643	242,383	324,589
At 31 December 2000	51,818	4,898	411,256	467,972
Comparable amounts determined according to the historical cost convention.				
Cost	121,900	30,540	180,841	333,281
Accumulated depreciation	58,337	11,897	8,458	78,692
Net book value				
At 31 December 2001	63,563	18,643	172,383	254,589
At 31 December 2000	51,818	4,898	341,256	397,972

The company's freehold land and buildings at Concorde Drive, Clevedon were valued at open market value with existing use by Ingram Evans Care, Chartered Surveyors, in 2001. The surplus arising on revaluation was taken to a revaluation reserve.

9. STOCKS AND WORK IN PROGRESS

	2001 £	2000 £
Short term work in progress	99,154	125,127

NOTES TO THE ACCOUNTS
Year ended 31 December 2001**10. DEBTORS**

	2001 £	2000 £
Trade debtors	663,534	1,017,825
Prepayments and accrued income	32,300	23,725
Director's loan account	21,720	-
Loan to shareholders	18,378	-
	<u>735,932</u>	<u>1,041,550</u>

The director's loan account includes amounts drawn by Mr N B Roberts BA on an ad hoc basis throughout the year, less amounts repaid throughout the year.

The movement in the loan account was as follows:

	2001 £	2000 £
Balance at 1 January	-	-
Balance at 31 December	<u>21,720</u>	-
Maximum balance during the year	<u>21,720</u>	-

Both the director's loan account and the loan to shareholders have been repaid in full shortly after the year end.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank loans and overdrafts	492,889	91,443
Mortgage loan	54,155	12,575
Trade creditors	376,997	913,831
Corporation tax	69,107	42,251
Other taxes and social security	61,721	34,206
Other creditors	35,209	15,920
Accruals and deferred income	231,861	92,102
	<u>1,321,939</u>	<u>1,202,328</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2001 £	2000 £
Bank loan	275,261	820
Mortgage loans	-	251,500
	<u>275,261</u>	<u>252,320</u>
Amounts payable wholly or partly after five years:		
Bank loans	81,195	-
Mortgage loans	-	179,500
	<u>81,195</u>	<u>179,500</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 over the period of five years.

13. BORROWINGS

	2001 £	2000 £
Analysis of loan repayments:		
Bank loans and overdrafts		
Within one year or on demand	547,044	104,018
Between one and two years	51,962	16,820
Between two and five years	142,104	56,000
After five years	81,195	179,500
	<u>822,305</u>	<u>92,263</u>
Amounts repayable by instalments some of which fall due after five years:		
Bank loans		
Total amount	329,416	264,075
Instalments due after five years	81,195	179,500

NOTES TO THE ACCOUNTS
Year ended 31 December 2001**14. PROVISIONS FOR LIABILITIES AND CHARGES**

The amounts of deferred taxation provided and not provided in the accounts are as follows:

	Balance at 1 August 2000 £	Charge £	Applied £	Balance at 31 July 2001 £
Deferred taxation	-	1,343	-	1,343
	Provided 2001 £	Provided 2000 £	Not Provided 2001 £	Not Provided 2000 £
Capital allowances in excess of depreciation	1,343	-		(954)
Revaluation of property	-	-	21,000	-
	1,343	-	21,000	(954)

No provision for deferred tax has been made in relation to the revaluation of the land and buildings, as there is no intention to dispose of the land and buildings in the foreseeable future.

15. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised 100,000 ordinary shares of £1 each	100,000	100,000
Called up, allotted and fully paid 24,600 (2000 - 49,200) ordinary shares of £1 each	24,600	49,200

During the year the company purchased 24,600 of its own shares for £421,000.

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Ordinary share capital £	Capital redemption reserve £	Revaluation reserve £	Profit and loss reserve £	Total equity Shareholders' funds £	Total 2000 £
Balance at 1 January 2001	49,200	-	70,000	362,320	481,520	390,572
Redemption of ordinary share capital	(24,600)	24,600	-	(421,000)	(421,000)	-
Revaluation in year	-	-	70,000	-	70,000	-
Transfer of amount equivalent to additional depreciation on revalued assets	-	-	(117)	117	-	-
Release on disposal	-	-	(70,000)	-	(70,000)	-
Profit for the year	-	-	-	250,144	250,144	140,640
Dividends	-	-	-	-	-	(49,692)
Balance at 31 December 2001	24,600	24,600	69,883	191,581	310,664	481,520

17. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 December 2001 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	21,478
Within two to five years	8,326

18. ULTIMATE CONTROLLING PARTY

During the year 2001, control of the company was passed from the two directors and their wives to the sole remaining director, N B Roberts BA, and his wife via a share buyback.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001**19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2001 £	2000 £
Operating profit	329,642	194,391
Depreciation	23,944	27,584
Profit on disposal of fixed assets	(75,954)	(950)
Decrease/(increase) in stocks	25,973	(49,731)
Decrease/(increase) in debtors	305,618	(216,969)
(Decrease)/increase in creditors	(366,800)	41,447
	<u>242,423</u>	<u>(4,228)</u>
Net cash inflow/(outflow) from operating activities	<u>242,423</u>	<u>(4,228)</u>

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

	£	2001 £	2000 £
Increase/(decrease) in cash in the year	40,118	(159,506)	
Cash outflow from payments to lease creditors	-	3,000	
Cash outflow from decrease in debt	-	21,619	
Cash inflow from increase in debt	(58,020)	-	
		<u>(17,902)</u>	<u>(134,887)</u>
Change in net debt		(17,902)	(134,887)
Net funds at 31 December 2000		<u>(54,819)</u>	<u>80,068</u>
Net funds at 31 December 2001		<u>(72,721)</u>	<u>(54,819)</u>

21. ANALYSIS OF CHANGES IN NET DEBT

	At 31 December 2000 £	Cash flows £	Other non- cash changes £	At 31 December 2001 £
Cash at bank and in hand	301,519	448,063	-	749,582
Overdraft	(84,383)	(407,945)	-	(492,328)
		<u>40,118</u>		
Debt due within one year	(19,635)	(35,081)	-	(54,716)
Debt due after one year	(252,320)	(22,939)	-	(275,259)
	<u>(54,819)</u>	<u>(17,902)</u>	<u>-</u>	<u>(72,721)</u>