

· Company Registration No. 2369310

**Deloitte
& Touche**

**REGISTRY
OF COMPANIES**

**PARAMOUNT OFFICE INTERIORS
LIMITED**

Report and Financial Statements

31 December 2002



**Deloitte & Touche LLP
Cardiff**

REPORT AND FINANCIAL STATEMENTS 2002

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

N B Roberts BA (Managing Director)

SECRETARY

T S D Jones

REGISTERED OFFICE

3 Links Court
Fortran Road
St Mellons
Cardiff
CF3 OLT

BANKERS

Barclays Bank Plc
Corporate Banking Centre
PO Box 1015
3rd Floor
Windsor Court
3 Windsor Place
Cardiff
CF10 3ZL

SOLICITORS

Hugh James
Hodge House
Guildhall Place
Cardiff
CF10 1EB

AUDITORS

Deloitte & Touche LLP
Cardiff

DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 December 2002.

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 £60,000 (2001 - £Nil) were paid during the year.

DIRECTOR AND HIS INTERESTS

The current director is shown on page 1. 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 2002 and at the beginning of the year in the shares of the company are as follows:

	Ordinary shares of £1 each	
	2002	2001
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

 29.10.2003

N B Roberts BA

Director

Date:

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 2002 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 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Date: 30 October 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

	Note	2002 £	2001 £
TURNOVER: continuing operations	2	6,614,492	6,696,048
Cost of sales		(5,114,086)	(5,099,516)
Gross profit		<u>1,500,406</u>	<u>1,596,532</u>
Distribution costs		50,511	45,087
Administrative expenses		<u>1,104,872</u>	<u>1,291,757</u>
		<u>1,155,383</u>	<u>1,336,844</u>
OPERATING PROFIT: continuing operations	4	345,023	259,688
Profit on sale of fixed assets in continuing operations		-	69,954
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		345,023	329,642
Interest receivable and similar income		9,530	15,700
Interest payable and similar charges	5	(23,089)	(26,875)
		<u>(13,559)</u>	<u>(11,175)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		331,464	318,467
Tax on profit on ordinary activities	6	(70,061)	(68,323)
Dividends	7	<u>261,403</u>	<u>250,144</u>
		<u>(60,000)</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u>201,403</u>	<u>250,144</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2002

	2002 £	2001 £
Profit for the financial year	201,403	250,144
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>201,403</u>	<u>(170,856)</u>

NOTE OF HISTORICAL COST PROFIT AND LOSS
Year ended 31 December 2002

	2002 £	2001 £
Reported profit on ordinary activities before taxation	331,464	318,467
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>1,400</u>	<u>117</u>
Historical cost profit on ordinary activities before taxation	<u>332,864</u>	<u>388,584</u>
Historical cost profit for the period retained, after taxation and dividends	<u>202,803</u>	<u>320,261</u>

BALANCE SHEET
31 December 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	310,843	324,589
CURRENT ASSETS			
Stocks and work in progress	9	699,722	99,154
Debtors	10	1,894,603	735,932
Cash at bank and in hand		771,998	749,582
		3,366,323	1,584,668
CREDITORS: amounts falling due within one year	11	(2,932,492)	(1,321,939)
NET CURRENT ASSETS		433,831	262,729
TOTAL ASSETS LESS CURRENT LIABILITIES		744,674	587,318
CREDITORS: amounts falling due after more than one year	12	(228,882)	(275,261)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(3,725)	(1,393)
		512,067	310,664
CAPITAL AND RESERVES			
Called up share capital	15	24,600	24,600
Revaluation reserve	16	68,483	69,883
Capital redemption reserve	16	24,600	24,600
Profit and loss account	16	394,384	191,581
TOTAL EQUITY SHAREHOLDERS' FUNDS	16	512,067	310,664

These financial statements were approved by the Board of Directors on 29.10.2003

Signed on behalf of the Board of Directors



N B Roberts BA

Director

CASH FLOW STATEMENT
Year ended 31 December 2002

	Note	£	2002 £	£	2001 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	19		(356,755)		242,423
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		9,530		15,700	
Interest paid		(23,089)		(26,875)	
Net cash outflow from returns on investments and servicing of finance			(13,559)		(11,175)
TAXATION			(60,359)		(43,668)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(18,007)		(28,762)	
Receipts from sale of fixed assets		2,000		-	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(16,007)		(28,762)
EQUITY DIVIDENDS PAID			(60,000)		-
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			(506,114)		158,818
FINANCING					
New borrowings		526,004		182,652	
Repayment of borrowings		(46,379)		(124,632)	
Redemption of ordinary share capital		-		(176,720)	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING			479,625		(118,700)
(DECREASE)/INCREASE IN CASH	21		(27,055)		40,118

NOTES TO THE ACCOUNTS
Year ended 31 December 2002**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 2002

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Directors' emoluments		
Emoluments (excluding pension contributions)	54,000	104,547
<i>Company contributions to money purchase and similar pension schemes in respect of directors' services</i>	4,900	9,700
	2002 No.	2001 No.
The number of directors who:		
Are members of a defined contribution pension scheme	1	1
Average number of persons employed		
Sales	8	7
Distribution	2	2
Administration	14	13
	24	22
	2002 £	2001 £
Staff costs during the year (including directors)		
Wages and salaries	694,686	647,435
Social security costs	69,289	61,007
Pension costs	16,960	19,543
	780,935	727,985

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

4. OPERATING PROFIT

	2002 £	2001 £
Operating profit is after charging:		
Depreciation		
Owned assets	30,842	21,144
Leased assets	-	2,800
Rentals under operating leases		
Other operating leases	13,262	39,019
Auditors' remuneration	12,265	9,100
	<u> </u>	<u> </u>
And after crediting:		
Profit on disposal		
Owned assets	1,067	6,000
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Bank loans and overdrafts	23,089	26,875
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2002 £	2001 £
United Kingdom corporation tax at 30% (2001 - 20%)	67,729	66,980
Deferred tax charge	2,332	1,343
	<u>70,061</u>	<u>68,323</u>

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK 2002 – 30% (2001 – 30%).

	2002 £	2001 £
Profit on ordinary activities before tax	331,464	316,467
Tax at 30% thereon:	(99,439)	(94,940)
Effects of:		
Expenses not deductible for tax purposes	(8,103)	(13,488)
Capital allowances in excess of depreciation	346	1,343
Credit in respect of prior year over provision	8,748	-
Marginal rate relief	30,719	29,299
Capital gains	-	(13,739)
Non taxable P & L Credits	-	20,987
Rate difference on deferred tax	-	477
Timing differences not provided for	-	954
Prior year adjustments	-	2,127
Current tax charge for period	<u>(67,729)</u>	<u>(66,980)</u>

7. DIVIDENDS

	2002 £	2001 £
Ordinary shares		
Interim paid - £2.44 per ordinary share (2001 - £nil)	<u>60,000</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

8. TANGIBLE FIXED ASSETS

	Fixtures, fittings & office equipment £	Motor vehicles £	Freehold land & buildings £	Total £
Cost or valuation				
At 1 January 2002	121,900	30,540	250,841	403,281
Additions	15,859	310	1,838	18,007
Disposals	-	(13,995)	-	(13,995)
At 31 December 2002	137,759	16,855	252,679	407,293
Accumulated depreciation				
At 1 January 2002	58,337	11,897	8,458	78,692
Charge for the year	21,255	4,556	5,031	30,842
Disposals in year	-	(13,082)	-	(13,082)
At 31 December 2002	79,592	3,371	13,489	96,452
Net book value				
At 31 December 2002	58,167	13,484	239,190	310,843
At 31 December 2001	63,563	18,643	242,383	324,589
Comparable amounts determined according to the historical cost convention.				
Cost	137,759	16,855	182,679	337,293
Accumulated depreciation	79,592	3,371	11,970	94,933
Net book value				
At 31 December 2002	58,167	13,484	170,709	242,360
At 31 December 2001	63,563	18,643	172,500	254,706

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

	2002 £	2001 £
Short term work in progress	699,722	99,154

Included in the short term work in progress is £21,288 of loan interest capitalised.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

10. DEBTORS

	2002 £	2001 £
Trade debtors	1,859,553	663,534
Prepayments and accrued income	23,886	32,300
Other debtors	11,164	-
Director's loan account	-	21,720
Loan to shareholders	-	18,378
	<u>1,894,603</u>	<u>735,932</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:

	2002 £	2001 £
Balance at 1 January	21,720	-
Balance at 31 December	<u>-</u>	<u>21,720</u>
Maximum balance during the year	<u>21,720</u>	<u>21,720</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans and overdrafts	542,360	492,889
Mortgage loan	580,159	54,155
Trade creditors	1,278,648	376,997
Corporation tax	76,477	69,107
Other taxes and social security	122,527	61,721
Other creditors	32,739	35,209
Accruals and deferred income	299,582	231,861
	<u>2,932,492</u>	<u>1,321,939</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

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

	2002 £	2001 £
Mortgage loans	228,882	275,261
Amounts payable wholly or partly after five years: Mortgage loans	70,265	81,195

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

	2002 £	2001 £
Analysis of loan repayments:		
Bank loans and overdrafts		
Within one year or on demand	1,122,519	547,044
Between one and two years	57,119	51,962
Between two and five years	101,497	142,104
After five years	70,265	81,195
	1,351,400	822,305
Amounts repayable by instalments some of which fall due after five years:		
Bank loans		
Total amount	281,140	329,416
Instalments due after five years	70,265	81,195

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

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 2001 £	Charge £	Applied £	Balance at 31 July 2002 £
Deferred taxation	1,393	2,332	-	3,725
	<u>1,393</u>	<u>2,332</u>	<u>-</u>	<u>3,725</u>
	Provided 2002 £	Provided 2001 £	Not Provided 2002 £	Not Provided 2001 £
Capital allowances in excess of depreciation	3,725	1,393	-	-
Revaluation of property	-	-	21,000	21,000
	<u>3,725</u>	<u>1,393</u>	<u>21,000</u>	<u>21,000</u>

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

	2002 £	2001 £
Authorised 100,000 ordinary shares of £1 each	100,000	100,000
Called up, allotted and fully paid 24,600 ordinary shares of £1 each	24,600	24,600

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Ordinary share capital £	Capital redemption reserve £	Revaluation reserve £	Profit and loss reserve £	Total equity Shareholders' funds £	Total 2001 £
Balance at 1 January 2002	24,600	24,600	69,883	191,581	310,664	481,520
Redemption of ordinary share capital	-	-	-	-	-	(421,000)
Revaluation in year	-	-	-	-	-	70,000
Transfer of amount equivalent to additional depreciation on revalued assets	-	-	(1,400)	1,400	-	-
Release on disposal	-	-	-	-	-	(70,000)
Profit for the year	-	-	-	261,403	261,403	250,144
Dividends	-	-	-	(60,000)	(60,000)	-
Balance at 31 December 2002	<u>24,600</u>	<u>24,600</u>	<u>68,483</u>	<u>394,384</u>	<u>512,067</u>	<u>310,664</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

17. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 December 2002 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	270
Within two to five years	12,992

18. ULTIMATE CONTROLLING PARTY

N B Roberts BA, and his wife are the ultimate controlling parties.

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

	2002 £	2001 £
Operating profit	345,023	259,688
Depreciation	30,842	23,944
Profit on disposal of fixed assets	(1,067)	(6,000)
(Increase)/decrease in stocks	(600,568)	25,973
(Increase)/decrease in debtors	(1,158,671)	305,618
Increase/(Decrease) in creditors	1,027,686	(366,800)
Net cash (outflow)/inflow from operating activities	(356,755)	242,423

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

	£	2002 £	£	2001 £
Increase/(decrease) in cash in the year	(27,055)		40,118	
Net cash inflow from increase in debt	(479,625)		(58,020)	
Change in net debt		(506,680)		(17,902)
Net funds at 31 December 2001		(72,723)		(54,819)
Net funds at 31 December 2002		(579,403)		(72,721)

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

21. ANALYSIS OF CHANGES IN NET DEBT

	At 31 December 2001 £	Cash flows £	Other non- cash changes £	At 31 December 2002 £
Cash at bank and in hand	749,582	22,416	-	771,998
Overdraft	(492,889)	(49,471)	-	(542,360)
	<u>256,693</u>	<u>(27,055)</u>	<u>-</u>	<u>229,638</u>
Debt due within one year	(54,155)	(526,004)	-	(580,159)
Debt due after one year	(275,261)	46,379	-	(228,882)
	<u>(72,723)</u>	<u>(506,680)</u>	<u>-</u>	<u>(579,403)</u>