

REGISTRAR OF COMPANIES

PARAMOUNT OFFICE INTERIORS LIMITED

Report and Financial Statements

31 December 2004



REPORT AND FINANCIAL STATEMENTS 2004

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N B Roberts BA (Managing Director)
L Davies (non-executive Director)

SECRETARY

T S D Jones

REGISTERED OFFICE

3 Links Court
Fortran Road
St Mellons
Cardiff
CF3 0LT

BANKERS

Barclays Bank Plc
121 Queen Street
Cardiff

SOLICITORS

Hugh James
Hodge House
114-116 St Mary Street
Cardiff
CF10 1DY

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cardiff

PARAMOUNT OFFICE INTERIORS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

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 £95,000 (2003 - £40,000) were paid during the year.

DIRECTORS AND THEIR INTERESTS

The current directors of the company, who served throughout the financial year, are as shown on page 1.

The beneficial interests of N B Roberts BA in the ordinary shares of the company, as defined by the Companies Act 1985, at the beginning and the end of the financial year were as follows:

	31 December 2004 No.	1 January 2004 No.
N B Roberts BA	24,600	24,600

L Davies held no interests in the share capital of the company.

AUDITORS

Deloitte & Touche LLP have indicated their willingness to continue in office as the company's auditors and a resolution for their reappointment will 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

Date 28.10.2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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 MEMBER OF PARAMOUNT OFFICE INTERIORS LIMITED

We have audited the financial statements of Paramount Office Interiors Limited for the year ended 31 December 2004 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet, the cash flow statement and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member 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 member those matters we are required to state to him 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are 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 if, in our opinion, the directors' 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 directors' remuneration and transactions with the company is not disclosed.

We read the directors' 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 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 as at 31 December 2004 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
Cardiff

Date *31 October 2005*

PARAMOUNT OFFICE INTERIORS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2004

	Note	2004 £	2003 £
TURNOVER: continuing operations	2	8,261,160	7,695,492
Cost of sales		<u>(6,553,484)</u>	<u>(5,981,706)</u>
Gross profit		1,707,676	1,713,786
Distribution costs		(63,949)	(59,452)
Administrative expenses		<u>(1,595,566)</u>	<u>(1,299,321)</u>
OPERATING PROFIT: continuing operations	4	48,161	355,013
Profit on disposal of fixed assets		73,012	-
Interest receivable and similar income		15,705	10,363
Interest payable and similar charges	5	<u>(8,222)</u>	<u>(15,494)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		128,656	349,882
Tax on profit on ordinary activities	6	<u>(32,022)</u>	<u>(83,105)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	96,634	266,777
Dividends	7	<u>(95,000)</u>	<u>(40,000)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>1,634</u>	<u>226,777</u>

There have been no recognised gains and losses for the current financial year or the prior financial period other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2004

	2004 £	2003 £
Reported profit on ordinary activities before taxation	128,656	349,882
Realisation of property valuation profit of prior periods	67,083	-
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on revalued amount	-	1,400
Historical cost profit on ordinary activities before taxation	<u>195,739</u>	<u>351,282</u>
Historical cost profit for the year retained after taxation and dividends	<u>68,717</u>	<u>228,177</u>

PARAMOUNT OFFICE INTERIORS LIMITED

BALANCE SHEET 31 December 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	8	364,341	598,687
CURRENT ASSETS			
Stocks and work-in-progress	9	-	80,639
Debtors	10	2,303,430	1,231,269
Cash at bank and in hand		471,012	297,479
		2,774,442	1,609,387
CREDITORS: amounts falling due within one year	11	(2,359,511)	(1,391,127)
NET CURRENT ASSETS		414,931	218,260
TOTAL ASSETS LESS CURRENT LIABILITIES		779,272	816,947
CREDITORS: amounts falling due after more than one year	12	(10,374)	(58,246)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(28,420)	(19,857)
NET ASSETS		740,478	738,844
CAPITAL AND RESERVES			
Called up share capital	15	24,600	24,600
Revaluation reserve	16	-	67,083
Capital redemption reserve	16	24,600	24,600
Profit and loss account	16	691,278	622,561
TOTAL EQUITY SHAREHOLDER'S FUNDS	16	740,478	738,844

These financial statements were approved by the Board of Directors on 28.10.2005
Signed on behalf of the Board of Directors



N B Roberts BA
Director

PARAMOUNT OFFICE INTERIORS LIMITED

CASH FLOW STATEMENT Year ended 31 December 2004

	Note	£	2004 £	£	2003 £
Net cash (outflow)/inflow from operating activities	18		(94,592)		1,095,637
Returns on investments and servicing of finance					
Interest received		15,705		10,363	
Interest paid		<u>(8,222)</u>		<u>(15,494)</u>	
Net cash inflow/(outflow) from returns on investments and servicing of finance			7,483		(5,131)
Taxation			(65,436)		(75,165)
Capital expenditure					
Payments to acquire tangible fixed assets		(84,210)		(325,151)	
Receipts from sale of fixed assets		<u>323,443</u>		<u>-</u>	
Net cash inflow/(outflow) from capital expenditure			239,233		(325,151)
Equity dividends paid			<u>(95,000)</u>		<u>(40,000)</u>
Cash (outflow)/inflow before financing			(8,312)		650,190
Financing					
Repayment of borrowings		<u>(168,871)</u>		<u>(582,349)</u>	
Net cash outflow from financing			<u>(168,871)</u>		<u>(582,349)</u>
(Decrease)/increase in cash in the year	19,20		<u><u>(177,183)</u></u>		<u><u>67,841</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the financial year and the prior financial period, 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

Tangible fixed assets are depreciated at cost in equal annual instalments over their estimated useful lives. 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 the period of the lease

Stocks and work-in-progress

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.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or at a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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 company operates a defined contribution pension scheme. The cost for the financial year represents the contributions payable to the 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.

Income is recognised in the period to which the service relates and in which goods have been provided.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2004

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004 £	2003 £
Directors' emoluments		
Emoluments (excluding pension contributions)	75,300	66,300
Company contributions to money purchase and similar pension schemes in respect of directors' services	1,800	10,800
	No.	No.
Number of directors who are members of a defined contribution pension scheme	1	1
Average number of persons employed		
Sales	7	7
Distribution	-	2
Administration	18	19
Discount	17	7
	42	35
	£	£
Staff costs during the year (including directors)		
Wages and salaries	966,249	858,052
Social security costs	101,314	93,911
Pension costs	7,076	21,662
	1,074,639	973,625

4. OPERATING PROFIT

	2004 £	2003 £
Operating profit is after charging		
Depreciation: owned assets	68,125	37,305
Rentals under operating leases		
Other operating leases	15,561	13,262
Auditors' remuneration – audit services	5,000	5,000
– non-audit services	15,075	6,165

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2004

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Bank loans and overdrafts	<u>8,222</u>	<u>15,494</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30%	<u>23,459</u>	<u>66,973</u>
Deferred tax charge	<u>8,563</u>	<u>16,132</u>
	<u>32,022</u>	<u>83,105</u>

The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	<u>128,656</u>	<u>349,882</u>
Tax on profit on ordinary activities before tax at 30%	38,597	104,965
Factors affecting charge for the year		
Expenses not deductible for tax purposes	14,929	10,313
Capital allowances in excess of depreciation	(10,511)	(22,092)
Chargeable gains	8,758	-
Marginal rate relief	(16,841)	(32,182)
Prior period adjustments	(5,632)	234
Movement in short-term timing differences	(5,840)	5,735
Current tax charge for year	<u>23,459</u>	<u>66,973</u>

7. DIVIDENDS

	2004 £	2003 £
Ordinary shares		
Interim paid - £3.86 (2003 - £1.63) per ordinary share	<u>95,000</u>	<u>40,000</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2004

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures, fittings & office equipment £	Motor vehicles £	Freehold land & buildings £	Total £
Cost or valuation					
At 1 January 2004	233,863	203,617	36,410	258,554	732,444
Additions	53,603	17,862	12,745	-	84,210
Disposals	(8,195)	(80,096)	-	(252,679)	(340,970)
At 31 December 2004	279,271	141,383	49,155	5,875	475,684
Accumulated depreciation					
At 1 January 2004	529	105,448	9,237	18,543	133,757
Charge for the year	27,840	30,326	8,712	1,247	68,125
Elimination on disposal	(136)	(70,613)	-	(19,790)	(90,539)
At 31 December 2004	28,233	65,161	17,949	-	111,343
Net book value					
At 31 December 2004	251,038	76,222	31,206	5,875	364,341
At 31 December 2003	233,334	98,169	27,173	240,011	598,687
Comparable amounts determined according to the historical cost convention					
Cost	279,271	141,383	49,155	5,875	475,684
Accumulated depreciation	(28,233)	(65,161)	(17,949)	-	(111,343)
Net book value					
At 31 December 2004	251,038	76,222	31,206	5,875	364,341
At 31 December 2003	233,334	98,169	27,173	172,928	531,604

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.

The freehold land and buildings were sold in 2004. The realised revaluation reserve has been transferred to the profit and loss reserve. All remaining assets are valued at historical cost.

9. STOCKS AND WORK-IN-PROGRESS

	2004 £	2003 £
Short-term work-in-progress	-	80,639

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2004

10. DEBTORS

	2004 £	2003 £
Trade debtors	1,829,414	1,078,841
Prepayments and accrued income	52,157	58,637
Amounts recoverable on contracts	403,270	-
Other debtors	11,203	92,037
Corporation tax	7,386	1,754
	<u>2,303,430</u>	<u>1,231,269</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank loan and overdraft	398,163	168,446
Trade creditors	1,313,505	752,820
Corporation tax	32,382	68,727
Other taxes and social security	175,701	128,907
Other creditors	18,430	19,695
Accruals and deferred income	421,330	252,532
	<u>2,359,511</u>	<u>1,391,127</u>

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

	2004 £	2003 £
Bank loan	<u>10,374</u>	<u>58,246</u>

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

13. BORROWINGS

	2004 £	2003 £
Analysis of loan repayments:		
Bank loan and overdraft		
Within one year or on demand	398,163	168,446
Between one and two years	10,374	47,500
Between two and five years	-	10,746
	<u>408,537</u>	<u>226,692</u>

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 January 2004 £	Charge £	Applied £	Balance at 31 December 2004 £
Deferred taxation	19,857	8,563	-	28,420

The amounts of deferred taxation provided in the financial statements are as follows:

	2004 £	2003 £
Capital allowances in excess of depreciation	28,540	25,817
Short-term timing differences	(120)	(5,960)
	<u>28,420</u>	<u>19,857</u>

15. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid		
24,600 ordinary shares of £1 each	<u>24,600</u>	<u>24,600</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Ordinary share capital £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 January 2004	24,600	24,600	67,083	622,561	738,844
Transfer of realised revaluation reserve	-	-	(67,083)	67,083	-
Profit for the year	-	-	-	96,634	96,634
Dividends	-	-	-	(95,000)	(95,000)
Balance at 31 December 2004	<u>24,600</u>	<u>24,600</u>	<u>-</u>	<u>691,278</u>	<u>740,478</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

17. FINANCIAL COMMITMENTS

At 31 December 2004, 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	4,157
Between two and five years	520
	<u>4,677</u>

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

	2004 £	2003 £
Operating profit	48,161	355,013
Depreciation	68,125	37,305
Decrease in stocks	80,639	619,083
(Increase)/decrease in debtors	(1,066,529)	665,088
Increase/(decrease) in creditors	775,012	(580,852)
	<u>(94,592)</u>	<u>1,095,637</u>
Net cash (outflow)/inflow from operating activities	<u>(94,592)</u>	<u>1,095,637</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2004 £	2003 £
(Decrease)/increase in cash in the year	(177,183)	67,841
Net cash outflow from increase in funds	168,871	582,349
	<u>(8,312)</u>	<u>650,190</u>
Change in net (debt)/funds	(8,312)	650,190
Net funds/(debt) at 1 January	70,787	(579,403)
	<u>62,475</u>	<u>70,787</u>
Net funds at 31 December	<u>62,475</u>	<u>70,787</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2004

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2004 £	Cash flows £	At 31 December 2004 £
Cash at bank and in hand	297,479	173,533	471,012
Overdraft	-	(350,716)	(350,716)
	<u>297,479</u>	<u>(177,183)</u>	<u>120,296</u>
Debt due within one year	(168,446)	120,999	(47,447)
Debt due after one year	(58,246)	47,872	(10,374)
	<u>70,787</u>	<u>(8,312)</u>	<u>62,475</u>

21. RELATED PARTY TRANSACTIONS

The company has been charged £51,422 (2003 - £29,308) in respect of property rentals where a director, Mr N B Roberts BA, has an interest in the properties concerned. The company has also been charged £53,660 (2003 - £nil) in respect of property rentals paid to a pension fund in which Mr N B Roberts BA has an interest.

22. ULTIMATE CONTROLLING PARTY

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