

**PARAMOUNT OFFICE INTERIORS
LIMITED**

Report and Financial Statements

31 December 2005



REPORT AND FINANCIAL STATEMENTS 2005

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PARAMOUNT OFFICE INTERIORS LIMITED

DIRECTORS' REPORT

DIRECTORS

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

SECRETARY

T S D Jones

REGISTERED OFFICE

Paramount House
Pascal Close
St Mellons
Cardiff
CF3 0LW

BANKERS

Barclays Bank Plc
3rd Floor Windsor Court
3 Windsor Place
Cardiff
CF10 3ZL

SOLICITORS

Capital Law
One Caspian Point
Caspian Way
Cardiff
CF10 3ZL

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cardiff

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

ACTIVITIES

The Company's principal activities are design, space planning, fitting out and project management, together with the supply of office furniture.

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.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to limited financial risks including credit risk and liquidity risk. The group does not use derivative financial instruments as they are not deemed necessary.

Credit risk

The group's principal financial assets are bank balances and cash; and trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

DIVIDENDS

Dividends totalling £25,000 (2004 - £95,000) were paid during the year.

DIRECTORS AND THEIR INTERESTS

The 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 2005 No.	1 January 2005 No.
N B Roberts BA	24,600	24,600

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

PARAMOUNT OFFICE INTERIORS LIMITED

DIRECTORS' REPORT

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

A handwritten signature in black ink, appearing to be 'N B Roberts', written over a circular stamp or mark.

Date 30.10.2006

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 2005 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche W

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cardiff, United Kingdom

Date ...30 October 2006...

PARAMOUNT OFFICE INTERIORS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2005

	Note	2005 £	2004 £
TURNOVER	2	8,629,387	8,261,160
Cost of sales		(6,819,406)	(6,553,484)
Gross profit		1,809,981	1,707,676
Distribution costs		(37,819)	(63,949)
Administrative expenses		(1,545,343)	(1,595,566)
OPERATING PROFIT	4	226,819	48,161
(Loss)/profit on disposal of fixed assets		(25,321)	73,012
Interest receivable and similar income		16,809	15,705
Interest payable and similar charges	5	(6,692)	(8,222)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		211,615	128,656
Tax on profit on ordinary activities	6	(49,152)	(32,022)
PROFIT FOR THE FINANCIAL YEAR	17	162,463	96,634

All activities derive from continuing operations.

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.

PARAMOUNT OFFICE INTERIORS LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2005

	2005 £	2004 £
Reported profit on ordinary activities before taxation	211,615	128,656
Realisation of property valuation profit of prior periods	-	67,083
Historical cost profit on ordinary activities before taxation	<u>211,615</u>	<u>195,739</u>
Historical cost profit for the year retained after taxation and dividends	<u>137,463</u>	<u>68,717</u>

PARAMOUNT OFFICE INTERIORS LIMITED

BALANCE SHEET 31 December 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	8	305,600	364,341
Investments	9	10,000	-
		<u>315,600</u>	<u>364,341</u>
CURRENT ASSETS			
Stocks and work-in-progress	10	228,211	-
Debtors	11	2,062,138	2,303,430
Cash at bank and in hand		775,878	471,012
		<u>3,066,227</u>	<u>2,774,442</u>
CREDITORS: amounts falling due within one year	12	(2,486,670)	(2,359,511)
NET CURRENT ASSETS		<u>579,557</u>	<u>414,931</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		895,157	779,272
CREDITORS: amounts falling due after more than one year	13	-	(10,374)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(17,216)	(28,420)
NET ASSETS		<u>877,941</u>	<u>740,478</u>
CAPITAL AND RESERVES			
Called up share capital	16	24,600	24,600
Capital redemption reserve	17	24,600	24,600
Profit and loss account	17	828,741	691,278
TOTAL EQUITY SHAREHOLDER'S FUNDS	17	<u>877,941</u>	<u>740,478</u>

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

30.10.2006

N B Roberts BA
Director



PARAMOUNT OFFICE INTERIORS LIMITED

CASH FLOW STATEMENT Year ended 31 December 2005

	Note	£	2005 £	£	2004 £
Net cash inflow/(outflow) from operating activities	18		456,047		(94,592)
Returns on investments and servicing of finance					
Interest received		16,809		15,705	
Interest paid		(6,692)		(8,222)	
Net cash inflow from returns on investments and servicing of finance			10,117		7,483
Taxation			(39,588)		(65,436)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(39,921)		(84,210)	
Payments to acquire fixed assets investments		(10,000)		-	
Receipts from sale of fixed assets		12,810		323,443	
Net cash (outflow)/inflow from capital expenditure			(37,111)		239,233
Equity dividends paid			(25,000)		(95,000)
Cash inflow/(outflow) before financing			364,463		(8,312)
Financing					
Repayment of borrowings		(48,113)		(168,871)	
Net cash outflow from financing			(48,113)		(168,871)
Increase/(decrease) in cash in the year	19,20		316,352		(177,183)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

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.

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
Leasehold improvements	-	Over the period of the lease

Freehold land and buildings are not depreciated.

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts receivable as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

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, plus 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 substantively 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

1. ACCOUNTING POLICIES continued

Leases

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

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/INCOME RECOGNITION

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.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2005 £	2004 £
Directors' emoluments		
Emoluments (excluding pension contributions)	<u>116,216</u>	<u>75,300</u>
Company contributions to money purchase and similar pension schemes in respect of directors' services	<u>-</u>	<u>1,800</u>
	No.	No.
Number of directors who are members of a defined contribution pension scheme	<u>-</u>	<u>1</u>
Average number of persons employed		
Sales	7	7
Distribution	3	4
Site Staff	13	14
Design	5	3
Project Management	10	8
Finance and Administration	<u>6</u>	<u>7</u>
	<u>43</u>	<u>42</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	971,579	966,249
Social security costs	109,301	101,314
Pension costs	<u>10,511</u>	<u>7,076</u>
	<u>1,091,391</u>	<u>1,074,639</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

4. OPERATING PROFIT

	2005 £	2004 £
Operating profit is after charging		
Depreciation		
owned assets	60,531	68,125
Rentals under operating leases		
other operating leases	67,852	120,643
Auditors' remuneration – audit services	5,200	5,000
– non-audit services	2,500	15,075
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Bank loans and overdrafts	6,692	8,222
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £	2004 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30% (2004 - 30%)	55,247	29,091
Adjustment in respect of prior years	5,109	(5,632)
	<u> </u>	<u> </u>
	60,356	23,459
Deferred tax (credit)/charge	(11,204)	8,563
	<u> </u>	<u> </u>
	49,152	32,022
	<u> </u>	<u> </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	211,615	128,656
	<u> </u>	<u> </u>
Tax on profit on ordinary activities before tax at 30% (2004 - 30%)	63,485	38,597
	<u> </u>	<u> </u>
Factors affecting charge for the year		
Expenses not deductible for tax purposes	12,544	14,929
Capital allowances in excess of depreciation	6,704	(10,511)
Chargeable gains	-	8,758
Holdover capital gains	4,500	-
Marginal rate relief	(31,985)	(16,841)
Movement in short-term timing differences	-	(5,841)
Prior period adjustments	5,109	(5,632)
	<u> </u>	<u> </u>
Current tax charge for year	60,356	23,459
	<u> </u>	<u> </u>

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

7. DIVIDENDS

	2005 £	2004 £
Ordinary shares		
Interim paid - £1.02 (2004 - £3.86) per ordinary share	25,000	95,000

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures, fittings & office equipment £	Motor vehicles £	Freehold land & buildings £	Total £
Cost					
At 1 January 2005	279,270	141,384	49,155	5,875	475,684
Additions	31,903	8,018	-	-	39,921
Disposals	(36,528)	(30,762)	(6,355)	-	(73,645)
At 31 December 2005	274,645	118,640	42,800	5,875	441,960
Accumulated depreciation					
At 1 January 2005	28,233	65,161	17,949	-	111,343
Charge for the year	28,059	24,001	8,471	-	60,531
Elimination on disposal	(2,595)	(29,742)	(3,177)	-	(35,514)
At 31 December 2005	53,697	59,420	23,243	-	136,360
Net book value					
At 31 December 2005	220,948	59,220	19,557	5,875	305,600
At 31 December 2004	251,037	76,223	31,206	5,875	364,341

9. FIXED ASSET INVESTMENT

	£
Cost	
At 1 January 2005	-
Additions	10,000
At 31 December 2005	10,000

The fixed asset investment relates to shares held in As-Easy As Limited, an unlisted company.

10. STOCKS AND WORK-IN-PROGRESS

	2005 £	2004 £
Short-term work-in-progress	228,211	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

11. DEBTORS

	2005 £	2004 £
Trade debtors	1,515,239	1,829,414
Prepayments and accrued income	32,305	52,157
Amounts recoverable on contracts	504,058	403,270
Other debtors	1,053	11,203
Corporation tax	9,483	7,386
	<u>2,062,138</u>	<u>2,303,430</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank loan and overdraft	348,938	398,163
Trade creditors	1,205,637	1,313,505
Corporation tax	55,247	32,382
Other taxes and social security	224,183	175,701
Other creditors	37,113	18,430
Accruals and deferred income	615,552	421,330
	<u>2,486,670</u>	<u>2,359,511</u>

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

	2005 £	2004 £
Bank loan	-	10,374
	<u>-</u>	<u>10,374</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.

14. BORROWINGS

	2005 £	2004 £
Analysis of loan repayments:		
Bank loan and overdraft		
Within one year or on demand	348,938	398,163
Between one and two years	-	10,374
	<u>348,938</u>	<u>408,537</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 January 2005 £	Charge £	Applied £	Balance at 31 December 2005 £
Deferred taxation	28,420	-	(11,204)	17,216

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

	2005 £	2004 £
Capital allowances in excess of depreciation	21,836	28,540
Short-term timing differences	(120)	(120)
Provisions	(4,500)	-
	<u>17,216</u>	<u>28,420</u>

16. CALLED UP SHARE CAPITAL

	2005 £	2004 £
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>

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

	Ordinary share capital £	Capital redemption reserve £	Profit and loss account £	Total £	2004 Total £
Balance at 1 January	24,600	24,600	691,278	740,478	738,844
Profit for the year	-	-	162,463	162,463	96,634
Dividends	-	-	(25,000)	(25,000)	(95,000)
Balance at 31 December	<u>24,600</u>	<u>24,600</u>	<u>828,741</u>	<u>877,941</u>	<u>740,478</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

18. FINANCIAL COMMITMENTS

At 31 December 2005, the company was committed to making the following payments during the next year in respect of operating leases:

	Leasehold property £	Other operating leases £
Leases which expire:		
Within one year	-	520
Between two and five years	-	-
Greater than five years	53,922	-
	<u>53,922</u>	<u>-</u>

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

	2005 £	2004 £
Operating profit	226,819	48,161
Depreciation	60,531	68,125
(Increase)/decrease in stocks	(228,211)	80,639
Decrease/(increase) in debtors	243,389	(1,066,529)
Increase in creditors	153,519	775,012
	<u>456,047</u>	<u>(94,592)</u>
Net cash inflow/(outflow) from operating activities	<u>456,047</u>	<u>(94,592)</u>

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

	2005 £	2004 £
Increase/(decrease) in cash in the year	316,352	(177,183)
Net cash outflow from decrease in debt	48,113	168,871
	<u>364,465</u>	<u>(8,312)</u>
Change in net funds	364,465	(8,312)
Net funds at 1 January	62,475	70,787
	<u>426,940</u>	<u>62,475</u>
Net funds at 31 December	<u>426,940</u>	<u>62,475</u>

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2005 £	Cash flows £	At 31 December 2005 £
Cash at bank and in hand	471,012	304,866	775,878
Overdraft	(350,716)	11,486	(339,230)
	<u>120,296</u>	<u>316,352</u>	<u>436,648</u>
Debt due within one year	(47,447)	37,739	(9,708)
Debt due after one year	(10,374)	10,374	-
	<u>62,475</u>	<u>364,465</u>	<u>426,940</u>

21. RELATED PARTY TRANSACTIONS

The company has been charged £43,200 (2004 - £51,422) 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 £13,231 (2004 - £53,660) 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.