



**PARAMOUNT OFFICE INTERIORS
LIMITED**

Report and Financial Statements

31 December 2006

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PARAMOUNT OFFICE INTERIORS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

N B Roberts BA (Managing Director)

SECRETARY

T S D Jones

REGISTERED OFFICE

Paramount House
Paramount Business Park
Pascal Close
St Mellons
Cardiff
CF3 0LW

BANKERS

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

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cardiff

DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 December 2006

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activities are office design, space planning, office fit-out, project management and supply of office furniture

There have been no significant changes in the company's principal activities in the year under review. The director is not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

As shown in the profit and loss account on page 6, the company's sales have increased significantly during the financial year. The sales growth is attributable to the increased profile of the company which has resulted in major projects being won in the year, in addition to the revenue generated by the new office opened covering Thames Valley and London.

The balance sheet on page 7 shows that the company's financial position at the year-end is strong with net assets of £839,000 (2005 - £878,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a market which can be influenced by activity in the construction and commercial property sectors. As a result, macroeconomic fluctuations may affect future levels of activity.

The company experiences credit risk with respect to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The diverse customer base means that there is no significant concentration of credit risk, with exposure spread over a large number of customers.

DIVIDENDS

Dividends totalling £53,000 (2005 - £25,000) were paid during the year.

FUTURE PROSPECTS

There are a number of major projects in the current sales order book which will be key drivers of activity during 2007. In addition, with its access to the major markets in the South East, the director believes that the Thames Valley office will deliver significant growth.

DIRECTORS AND THEIR INTERESTS

The current director of the company, who served throughout the financial year, is as shown on page 1. L Davies resigned as a director on 22 March 2007.

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 2006 No.	1 January 2006 No.
N B Roberts BA	24,600	24,600

L Davies held no interests in the share capital of the company at any time during the financial year.

DIRECTOR'S REPORT (continued)

AUDITORS

In the case of the person who is a director of the company at the date when this report is approved

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

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 and signed by the Director



N B Roberts BA
Director

Date 29 June 2007

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

United Kingdom company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 that 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 MEMBER OF PARAMOUNT OFFICE INTERIORS LIMITED

We have audited the financial statements of Paramount Office Interiors Limited for the year ended 31 December 2006 which comprise the profit and loss account, 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 the director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the director's report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the director's report is consistent with the financial statements.

Deloitte Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Cardiff, United Kingdom

Date *19 July 2007*

PARAMOUNT OFFICE INTERIORS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2006

	Note	2006 £'000	2005 £'000
TURNOVER	2	11,876	8,629
Cost of sales		(9,645)	(6,819)
Gross profit		2,231	1,810
Distribution costs		(36)	(38)
Administrative expenses		(2,159)	(1,545)
OPERATING PROFIT	4	36	227
Loss on disposal of fixed assets		(2)	(26)
Interest receivable and similar income		16	17
Interest payable and similar charges	5	-	(7)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		50	211
Tax on profit on ordinary activities	6	(36)	(49)
PROFIT FOR THE FINANCIAL YEAR	16	14	162

All activities derive from continuing operations

There have been no recognised gains and losses for the current or the prior financial year 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

BALANCE SHEET 31 December 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Tangible assets	8	721	306
Investments	9	-	10
		<u>721</u>	<u>316</u>
CURRENT ASSETS			
Stocks and work-in-progress	10	375	228
Debtors	11	1,399	2,062
Cash at bank and in hand		233	776
		<u>2,007</u>	<u>3,066</u>
CREDITORS' amounts falling due within one year	12	<u>(1,836)</u>	<u>(2,487)</u>
NET CURRENT ASSETS		<u>171</u>	<u>579</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		892	895
PROVISIONS FOR LIABILITIES	14	<u>(53)</u>	<u>(17)</u>
NET ASSETS		<u>839</u>	<u>878</u>
CAPITAL AND RESERVES			
Called up share capital	15	25	25
Capital redemption reserve	16	25	25
Profit and loss account	16	789	828
TOTAL SHAREHOLDER'S FUNDS	16	<u>839</u>	<u>878</u>

These financial statements were approved by the Board of Directors on 29 JUNE 2007.
Signed on behalf of the Board of Directors



N B Roberts BA
Director

PARAMOUNT OFFICE INTERIORS LIMITED

CASH FLOW STATEMENT Year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Net cash inflow from operating activities	18	232	456
Returns on investments and servicing of finance			
Interest received	16	17	
Interest paid	-	(7)	
Net cash inflow from returns on investments and servicing of finance		16	10
Taxation		(55)	(40)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(507)	(40)	
Payments to acquire fixed assets investments	-	(10)	
Receipts from sale of fixed assets	-	13	
Net cash outflow from capital expenditure		(507)	(37)
Dividends paid		(53)	(25)
Cash (outflow)/inflow before financing		(367)	364
Financing			
Repayment of borrowings	(10)	(48)	
Net cash outflow from financing		(10)	(48)
(Decrease)/increase in cash in the year	19,20	(377)	316

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

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 current and the prior financial year, 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
Freehold land and buildings	-	2% per annum
Leasehold improvements	-	Over the period of the lease

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 carried out 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.

Leases

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

1. ACCOUNTING POLICIES (continued)

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 in which the service or goods have been provided.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006 £'000	2005 £'000
Directors' remuneration		
Emoluments	76	116

There were no company contributions to money purchase and similar pension schemes in respect of directors' services during the current or the prior financial year.

	No.	No.
Average number of persons employed		
Sales	9	7
Operations	45	30
Finance and administration	6	6
	60	43
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	1,846	1,306
Social security costs	216	143
Pension costs	3	10
	2,065	1,459

4. OPERATING PROFIT

	2006 £'000	2005 £'000
Operating profit is stated after charging		
Depreciation		
owned assets	89	61
Loss on investments	10	-
Rentals under operating leases		
other operating leases	107	11
Auditors' remuneration – audit services	9	5
– non-audit services	3	3

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£'000	£'000
Bank loans and overdrafts	-	7

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006	2005
	£'000	£'000
Current taxation		
United Kingdom corporation tax	-	55
Current tax on income for the year at 30% (2005 - 30%)	-	5
Adjustments in respect of prior years	-	-
Total current tax	-	60
Deferred tax charge	36	(11)
	36	49

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

	£'000	£'000
Profit on ordinary activities before tax	50	211
Tax on profit on ordinary activities before tax at 30% (2005 - 30%)	15	63
Factors affecting charge for the year		
Expenses not deductible for tax purposes	21	13
Capital allowances in excess of depreciation	(49)	7
Holdover capital gains	-	4
Marginal rate relief	-	(32)
Tax losses generated	13	-
Prior year adjustments	-	5
Current tax charge for the year	-	60

7. DIVIDENDS

	2006	2005
	£'000	£'000
Ordinary shares		
Interim paid - £2 16 (2005 - £1 02) per ordinary share	53	25

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures, fittings & office equipment £'000	Motor vehicles £'000	Freehold land & buildings £'000	Total £'000
Cost					
At 1 January 2006	275	118	43	6	442
Additions	265	211	31	-	507
Disposals	-	(16)	(21)	-	(37)
At 31 December 2006	540	313	53	6	912
Accumulated depreciation					
At 1 January 2006	54	59	23	-	136
Charge for the year	36	41	12	-	89
Elimination on disposal	-	(15)	(19)	-	(34)
At 31 December 2006	90	85	16	-	191
Net book value					
At 31 December 2006	450	228	37	6	721
At 31 December 2005	221	59	20	6	306

9. FIXED ASSET INVESTMENT

	£'000
Cost and net book value	
At 1 January 2006	10
Write-off of investment	(10)
At 31 December 2006	-

The fixed asset investment relates to shares held in As-Easy As Limited, an unlisted company. The company was liquidated during the year and the balance written off to the profit and loss account.

10. STOCKS AND WORK-IN-PROGRESS

	2006 £'000	2005 £'000
Short-term work-in-progress	375	228

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

11. DEBTORS

	2006	2005
	£'000	£'000
Trade debtors	1,266	1,515
Prepayments and accrued income	35	32
Amounts recoverable on contracts	-	504
Other debtors	89	1
Corporation tax	9	10
	<u>1,399</u>	<u>2,062</u>

12. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£'000	£'000
Bank loan and overdraft	173	349
Trade creditors	1,135	1,206
Corporation tax	-	55
Other taxes and social security	218	224
Other creditors	52	37
Accruals and deferred income	258	616
	<u>1,836</u>	<u>2,487</u>

13. BORROWINGS

	2006	2005
	£'000	£'000
Analysis of loan repayments		
Bank loan and overdraft within one year or on demand	<u>173</u>	<u>349</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

14. PROVISIONS FOR LIABILITIES

	Balance at 1 January 2006 £'000	Charge £'000	Balance at 31 December 2006 £'000
Deferred taxation	17	36	53

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

	2006 £'000	2005 £'000
Capital allowances in excess of depreciation	71	22
Short-term timing differences	(5)	-
Provisions	(13)	(5)
	53	17

15. CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
Called up, allotted and fully paid		
24,600 ordinary shares of £1 each	25	25

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

	Ordinary share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2006	25	25	828	878
Profit for the year	-	-	14	14
Dividends	-	-	(53)	(53)
Balance at 31 December 2006	25	25	789	839

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

17. FINANCIAL COMMITMENTS

At 31 December 2006, the company was committed to making the following payments during the next year in respect of operating leases

	Leasehold property £'000	Other operating leases £'000
Leases which expire		
Within one year	13	-
Between two and five years	-	-
Greater than five years	260	-
	<u>273</u>	<u>-</u>

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £'000	2005 £'000
Operating profit	36	227
Depreciation	89	61
Loss on investments	10	-
Increase in stocks	(147)	(228)
Decrease in debtors	663	243
(Decrease)/increase in creditors	(419)	153
	<u>232</u>	<u>456</u>
Net cash inflow from operating activities		

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

	2006 £'000	2005 £'000
(Decrease)/increase in cash in the year	(377)	316
Net cash outflow from decrease in funds	10	48
	<u>(367)</u>	<u>364</u>
Change in net (debt)/funds	427	63
Net funds at 1 January		
	<u>60</u>	<u>427</u>
Net funds at 31 December		

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2006 £'000	Cash flows £'000	At 31 December 2006 £'000
Cash at bank and in hand	776	(543)	233
Overdraft	(339)	166	(173)
	437	(377)	60
Debt due within one year	(10)	10	-
	427	(367)	60

21. RELATED PARTY TRANSACTIONS

The company made sales of £1,872,000 to customers in which the director, Mr N B Roberts BA, has an interest

The company has been charged £53,000 (2005 - £43,200) in respect of property rentals where Mr N B Roberts BA has an interest in the properties concerned

The company has been charged £nil (2005 - £13,231) in respect of property rentals paid to a pension fund in which Mr N B Roberts BA has an interest

The company has a debtor of £74,000 (2005 - £nil) in respect of monies owed from a company 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