

Paramount Office Interiors Limited

**Report and Financial Statements
for the year ended 31 December 2007**

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Paramount Office Interiors Limited

Report and financial statements for the year ended 31 December 2007

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Paramount Office Interiors Limited

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

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

Paramount Office Interiors Limited

Director's report for the year ended 31 December 2007

The director presents his annual report and the audited financial statements for the year ended 31 December 2007

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 5, the company's sales have increased significantly during the financial year. The sales growth can be attributed to a number of new projects won in the year. In addition, investment in the infrastructure of the business, particularly in regard to new staff, has enabled the business to win and deliver new business.

The balance sheet on page 6 shows that the company's financial position at the year-end is strong with net assets of £887,000 (2006 £839,000).

Given the nature of the business the director is of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

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.

Results and dividends

The profit for the year after taxation was £148,000 (2006 £14,000). The director has proposed a dividend of £100,000 in respect of the year (2006 £53,000).

Future prospects

The outlook for 2008 is good, there are a number of major projects in the sales order book which will be key drivers of activity during the year. The directors believe that there are significant opportunities to develop on the commercial relationships gained in the year and continue the impressive growth in revenues in future periods.

Directors

The current director of the company, who served throughout the year, is as shown on page 1.

Paramount Office Interiors Limited

Director's report for the year ended 31 December 2007 (continued)

Statement of Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year that 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. The director is required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The director confirms that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. He also confirms that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2007 and that applicable accounting standards have been followed.

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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

The director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware.

Auditors

Deloitte and Touche LLP resigned as auditors during the year. PricewaterhouseCoopers LLP were appointed to fill a casual vacancy as auditors. A resolution to appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

Approved and signed by the Director



N B Roberts BA
Director

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 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' 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 Directors' 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

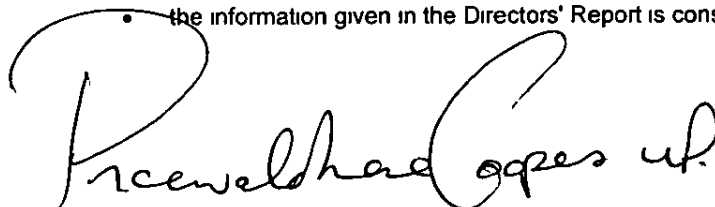
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 2007 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 Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cardiff

24 October 2008

Paramount Office Interiors Limited

Profit and loss account for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	2	20,072	11,876
Cost of sales		(17,189)	(9,645)
Gross profit		2,883	2,231
Distribution costs		(27)	(36)
Administrative expenses		(2,666)	(2,159)
Operating profit	4	190	36
Loss on disposal of fixed assets		(1)	(2)
Interest receivable and similar income		26	16
Interest payable and similar charges	5	(17)	-
Profit on ordinary activities before taxation		198	50
Tax on profit on ordinary activities	6	(50)	(36)
Profit for the financial year	16	148	14

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 As at 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	8	628	721
		628	721
Current assets			
Stocks and work-in-progress	9	246	375
Debtors	10	6,438	1,399
Cash at bank and in hand		3,144	233
		9,828	2,007
Creditors: amounts falling due within one year	11	(9,414)	(1,836)
Net current assets		414	171
Total assets less current liabilities		1,042	892
Creditors: amounts falling due after more than one year	12	(96)	-
Provisions for liabilities and charges	14	(59)	(53)
Net assets		887	839
Capital and reserves			
Called up share capital	15	25	25
Capital redemption reserve	16	25	25
Profit and loss account	16	837	789
Total shareholder's funds	16	887	839

The financial statements on pages 5 to 16 were approved by the board of directors on 24 October 2008 and were signed on its behalf by



N B Roberts BA
Director

Paramount Office Interiors Limited

Cash flow statement for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Net cash (outflow)/inflow from operating activities	18	(170)	232
Returns on investments and servicing of finance			
Interest received		26	16
Interest paid		(17)	-
Net cash inflow from returns on investments and servicing of finance		9	16
Taxation		19	(55)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(43)	(507)
Payments to acquire fixed asset investments		-	-
Receipts from sale of fixed assets		-	-
Net cash outflow from capital expenditure		(43)	(507)
Dividends paid		-	(53)
Cash (outflow) before financing		(185)	(367)
Financing			
Receipt of loan		300	-
Receipt/(repayment) of borrowings		(93)	(10)
Net cash inflow/(outflow) from financing		207	(10)
Increase/(decrease) in cash in the year	19,20	22	(377)

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2007

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

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

Repairs and maintenance expenditure is written off to the profit and loss account.

The directors undertake reviews of the carrying value of fixed assets when trigger events occur and make such provisions for impairment as they consider necessary.

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. 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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions, or events that result in an obligation to pay more tax in future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are temporary differences between profit as computed for taxation purposes and profit as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal on the underlying timing differences can be deducted.

The company has chosen not to discount deferred tax assets and liabilities.

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

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 in which the services or goods have been provided

3. Information regarding directors and employees

	2007 £'000	2006 £'000
Directors' remuneration		
Emoluments	67	76

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	9
Operations	33	45
Finance and administration	7	6
	49	60

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	1,999	1,895
Social security costs	193	205
Pension costs	2	3
	2,194	2,103

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

4. Operating profit

	2007 £'000	2006 £'000
Operating profit is stated after charging/(crediting)		
Depreciation		
- owned assets	136	89
Rentals under operating leases		
- other operating leases	227	107
(Profit)/loss on disposal of fixed assets	(1)	10
Services provided by the company's auditor		
Fees payable for the audit	9	9
Fees payable for other services – tax compliance	3	3

5. Interest payable and similar charges

	2007 £'000	2006 £'000
Bank loans and overdrafts	17	-

6. Tax on profit on ordinary activities

	2007 £'000	2006 £'000
Current taxation		
United Kingdom corporation tax		
Current tax on income for the year at 30% (2006 30%)	54	-
Adjustment in respect of prior years	(10)	-
Total current tax	44	-
Deferred tax		
Origination and reversal of timing differences	6	36
Tax on profit on ordinary activities	50	36

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Notes to the financial statements for the year ended 31 December 2007 (continued)

6 Tax on profit on ordinary activities (continued)

The tax assessed for the year is lower than the standard rate applying in the UK (30%)
The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	198	50
Profit on ordinary activities at the UK tax rate 30% (2006: 30%)	59	15
Effects of		
Expenses not deductible for tax purposes	20	21
Accelerated capital allowances	2	(49)
Utilisation of losses	-	13
Tax at marginal rates	(27)	-
Adjustments to tax in respect of previous periods	(10)	-
Total current tax charge	44	-

7 Dividends

	2007 £'000	2006 £'000
Ordinary shares		
Interim paid - £4 07 (2006 £2 16) per ordinary share	100	53

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

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 2007	540	313	53	6	912
Additions	14	30	-	-	44
Disposals	-	-	(4)	-	(4)
At 31 December 2007	554	343	49	6	952
Accumulated depreciation					
At 1 January 2007	90	85	16	-	191
Charge for the year	59	65	12	-	136
Elimination on disposal	-	-	(3)	-	(3)
At 31 December 2007	149	150	25	-	324
Net book value					
At 31 December 2007	405	193	24	6	628
At 31 December 2006	450	228	37	6	721

9 Stocks and work-in-progress

	2007 £'000	2006 £'000
Short term work-in-progress	246	375

10 Debtors

	2007 £'000	2006 £'000
Trade debtors	6,023	1,266
Prepayments and accrued income	10	35
Other debtors	405	89
Corporation tax	-	9
	6,438	1,399

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

11 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Bank loan and overdraft	3,173	173
Trade creditors	2,219	1,135
Corporation tax	54	-
Other taxes and social security	675	218
Other creditors	3,079	251
Accruals and deferred income	214	59
	9,414	1,836

The bank loan is secured by a fixed and floating charge over the assets of the company

12 Creditors: amounts falling due after more than one year

	2007 £'000	2006 £'000
Bank loan	96	-

The bank loan is secured by a fixed and floating charge over the assets of the company

13 Borrowings

Loans and overdrafts are repayable as follows

	2007 £'000	2006 £'000
Within one year or on demand	3,173	173
Between one and two years	96	-
Between two and five years	-	-
	3,269	173

The bank loan is repayable in 33 monthly instalments commencing April 2007. Interest on the loan is payable at 1.75% above base rate.

The loan is secured by way of a fixed and floating charge over the assets of the Company.

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

14 Provisions for liabilities and charges

Movements on the provision for deferred tax during the year were

	Balance at 1 January 2007 £,000	Charge £'000	Balance at 31 December 2007 £'000
Deferred taxation	53	6	59

The deferred tax liability comprises

	2007 £'000	2006 £'000
Capital allowances in excess of depreciation	64	71
Short-term timing differences	(5)	(5)
Provisions	-	(13)
	59	53

15 Called up share capital

	2007 £'000	2006 £'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 2007	25	25	789	839
Profit for the year	-	-	148	148
Dividends	-	-	(100)	(100)
Balance at 31 December 2007	25	25	837	887

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

17 Financial commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	2007		2006	
	Leasehold property £'000	Other operating leases £'000	Leasehold property £'000	Other operating leases £'000
Leases which expire				
- Within one year	13	-	13	-
- Between two and five years	25	-	-	-
- Greater than five years	243	-	260	-

18 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2007 £'000	2006 £'000
Operating profit	190	36
Depreciation	136	89
(Profit)/loss on disposal of assets	(1)	10
Decrease/(increase) in stocks	129	(147)
(Increase)/decrease in debtors	(5,048)	663
Increase/(decrease) in creditors	4,424	(419)
Net cash (outflow)/inflow from operating activities	(170)	232

19 Reconciliation of net cash flow to movement in net funds

	2007 £'000	2006 £'000
Increase/(decrease) in cash in the year	22	(377)
Net cash (inflow)/outflow from financing	(207)	10
Change in net (debt)/funds	(185)	(367)
Net funds at 1 January	60	427
Net (debt) / funds at 31 December	(125)	60

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

20 Analysis of changes in net funds

	At 1 January 2007 £,000	Cash flows £'000	At 31 December 2007 £'000
Cash at bank and in hand	233	2,911	3,144
Overdraft	(173)	(2,889)	(3,062)
	60	22	82
Bank loan		(207)	(207)
	60	(185)	(125)

The repayment profile of the bank loan is detailed in note 13

21 Related party transactions

The company made sales of £3,491,000 (2006 £1,872,000) to customers in which the directors, Mr N B Roberts BA, has an interest

The company has been charged £196,000 (2006 £53,000) in respect of property rentals where Mr N B Roberts BA has an interest in the properties concerned

The company has a debtor of £891,000 (2006 £74,000) 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 by virtue of their controlling interest in company's share capital