

Paramount Office Interiors Limited

**Report and Financial Statements
for the year ended 31 December 2008**

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Paramount Office Interiors Limited

Report and financial statements for the year ended 31 December 2008

Contents	Page
Officers and professional advisers.....	1
Report of the director	2
Independent auditors' report to the members of Paramount Office Interiors Limited.....	4
Profit and loss account.....	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements.....	8

Paramount Office Interiors Limited

Officers and professional advisers

Director

N B Roberts BA (Managing Director)

Secretary

T S D Jones (resigned on 31/10/2008)

T A Lowe (appointed on 01/11/2008)

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

Report of the director for the year ended 31 December 2008

The director presents his annual report and the audited financial statements for the year ended 31 December 2008.

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.

The profit and loss account for the year is set-out on page 5.

The results for the year show a pre-tax loss of £465k (2007: profit of £198k) and sales of £9,703k (2007: £20,072k).

The overall loss for 2008 is in part reflective of a restructuring programme which was initiated during the year with the aim of consolidating operations to a single site. As part of this programme a satellite site in the South East of England was closed; this culminated in a number of redundancies being made.

The 'credit crunch', which is on-going in the UK, led to challenging trading conditions in the latter part of FY'08 and an overall reduction in activity levels reflective of a reduction in consumer spending. Whilst trading conditions are expected to remain challenging throughout FY'09, the director considers the company to be well positioned to take advantage of any new opportunities that may arise. As a result of the restructuring programme undertaken during 2008, significant cost savings and efficiencies are expected in 2009.

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 (loss) for the year after taxation was £371,000 (2007: profit of £148,000). The director has proposed a dividend of £Nil in respect of the year (2007: £100,000).

Directors

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

Paramount Office Interiors Limited

Report of the director for the year ended 31 December 2008 (continued)

Statement of Director Responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 the 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The director confirms that he has complied with the above requirements in preparing the financial statements.

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 them 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

A resolution to re-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 2008 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

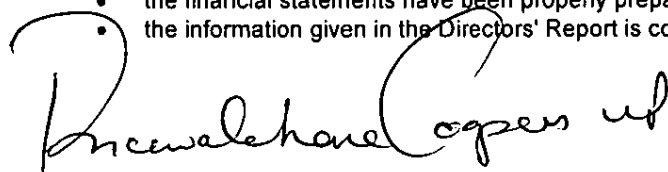
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 and of its loss 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

1 May 2009

Paramount Office Interiors Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £000	2007 £'000
Turnover	2	9,703	20,072
Cost of sales		(7,687)	(17,189)
Gross profit		2,016	2,883
Distribution costs		(18)	(27)
Administrative expenses		(2,474)	(2,666)
Operating (loss)/profit	4	(476)	190
Loss on disposal of fixed assets		(17)	(1)
Interest receivable and similar income		39	26
Interest payable and similar charges	5	(11)	(17)
(Loss)/profit on ordinary activities before taxation		(465)	198
Tax on (loss)/profit on ordinary activities	6	94	(50)
(Loss)/profit for the financial year	16	(371)	148

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.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above, and their historical cost equivalents.

Paramount Office Interiors Limited

Balance sheet As at 31 December 2008

	Note	2008 £000	2007 £'000
Fixed assets			
Tangible assets	8	500	628
		500	628
Current assets			
Stocks and work-in-progress	9	257	246
Debtors	10	1,470	6,438
Cash at bank and in hand		1	3,144
		1,728	9,828
Creditors: amounts falling due within one year	11	(1,628)	(9,414)
Net current assets		100	414
Total assets less current liabilities		600	1,042
Creditors: amounts falling due after more than one year	12	(23)	(96)
Provisions for liabilities and charges	14	(61)	(59)
Net assets		516	887
Capital and reserves			
Called up share capital	15	25	25
Capital redemption reserve	16	25	25
Profit and loss account	16	466	837
Total shareholder's funds	16	516	887

The financial statements on pages 5 to 16 were approved by the board of directors on 1 May 2009 and were signed on its behalf by:



Director

Paramount Office Interiors Limited

Cash flow statement for the year ended 31 December 2008

	Note	2008 £000	2007 £'000
Net cash inflow/(outflow) from operating activities	18	81	(170)
Returns on investments and servicing of finance			
Interest received		39	26
Interest paid		(11)	(17)
Net cash inflow from returns on investments and servicing of finance		28	9
Taxation		(53)	19
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(24)	(43)
Net cash (outflow) from capital expenditure		(24)	(43)
Dividends paid		(100)	-
Cash (outflow) before financing		(68)	(185)
Financing			
Receipt of loan		-	300
(Repayment) of borrowings		(111)	(93)
Net cash (outflow)/inflow from financing		(111)	207
(Decrease)/increase in cash in the year	19,20	(179)	22

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2008

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:

Freehold land and buildings	-	2% per annum
Leasehold improvements	-	Over the period of the lease
Fixtures, fittings and office equipment	-	20% per annum
Motor vehicles	-	20% per annum

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 2008 (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. Employment costs

	2008 £000	2007 £'000
Directors' remuneration		
Emoluments	66	67

There were no company contributions to money purchase or similar pension schemes in respect of services provided by the director during the current or the prior financial year.

The average number of personnel employed by the Company during the year (including the executive director) is outlined below:

	Number	Number
Sales	9	9
Operations	26	33
Finance and administration	8	7
	43	49
	£000	£'000
Staff costs during the year (including the director)		
Wages and salaries	1,761	1,999
Social security costs	175	193
Pension costs	8	2
	1,944	2,194

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

4. Operating (loss)/profit

	2008 £000	2007 £'000
Operating (loss)/profit is stated after charging/(crediting)		
Depreciation		
- owned assets	135	136
Rentals under operating leases		
- other operating leases	280	227
Loss on disposal of fixed assets	17	1
Services provided by the company's auditor		
Fees payable for the audit	10	9
Fees payable for other services – tax compliance	3	3

5. Interest payable and similar charges

	2008 £'000	2007 £'000
Bank loans and overdrafts	11	17

6. Tax on (loss)/profit on ordinary activities

	2008 £000	2007 £'000
Current taxation		
United Kingdom corporation tax:		
Current tax on (loss)/profit for the year	(62)	54
Adjustment in respect of prior years	(2)	(10)
Total current tax	(64)	44
Deferred tax		
Origination and reversal of timing differences	(30)	6
Tax on (loss)/profit on ordinary activities	(94)	50

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

6 Tax on (loss)/profit on ordinary activities (continued)

The tax assessed for the year is higher than the standard rate applying in the UK (20.75%). The differences are explained below:

	2008 £000	2007 £'000
(Loss)/profit on ordinary activities before tax	(465)	198
(Loss)/profit on ordinary activities at the UK tax rate 20.75% (2007: 30%)	(96)	59
Effects of:		
Expenses not deductible for tax purposes	14	20
Accelerated capital allowances	12	2
Other timing differences	5	-
Tax at marginal rates	3	(27)
Adjustments to tax in respect of prior years	(2)	(10)
Total current tax (credit)/charge	(64)	44

7 Dividends

	2008 £'000	2007 £'000
Ordinary shares		
Interim paid - £Nil (2007: £4.07) per ordinary share	-	100

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2008 (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 2008	554	343	49	6	952
Additions	-	24	-	-	24
Disposals	(15)	(28)	-	-	(43)
At 31 December 2008	539	339	49	6	933
Accumulated depreciation					
At 1 January 2008	149	150	25	-	324
Charge for the year	60	65	10	-	135
Eliminated on disposal	(14)	(12)	-	-	(26)
At 31 December 2008	195	203	35	-	433
Net book value					
At 31 December 2008	344	136	14	6	500
At 31 December 2007	405	193	24	6	628

9 Stocks and work-in-progress

	2008 £'000	2007 £'000
Short term work-in-progress	257	246

10 Debtors

	2008 £000	2007 £'000
Trade debtors	1,001	6,023
Prepayments and accrued income	84	10
Other debtors	322	405
Corporation tax recoverable	63	-
	1,470	6,438

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

11 Creditors: amounts falling due within one year

	2008 £000	2007 £'000
Bank loan and overdraft (note a)	171	3,173
Trade creditors	958	2,219
Corporation tax	-	54
Other taxes and social security	84	675
Other creditors	410	3,079
Accruals and deferred income	5	214
	1,628	9,414

- a) The bank loan is secured by a fixed and floating charge over the assets of the company.
The bank overdraft is repayable on demand

12 Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Bank loan (note a)	23	96

- a) 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:

	2008 £000	2007 £'000
Within one year or on demand	171	3,173
Between one and two years	23	96
Between two and five years	-	-
	194	3,269

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 2008 (continued)

14 Provisions for liabilities and charges

	Deferred taxation £'000	Lease provision £'000	Total £'000
At 1 January 2008	59	-	59
(Credited)/charged to the profit and loss account	(30)	32	2
At 31 December 2008	29	32	61

Deferred taxation

The deferred tax liability comprises:

	2008 £000	2007 £'000
Capital allowances in excess of depreciation	37	64
Short-term timing differences	-	(5)
Losses	(8)	-
	29	59

Lease provision

Full provision has been made for the residual lease commitment and other outgoings associated with a leasehold property in the South East of England which was vacated during the year. It is not expected that these premises will be sub-let.

15 Called up share capital

	2008 £'000	2007 £'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 2008	25	25	837	887
(Loss) for the year	-	-	(371)	(371)
Balance at 31 December 2008	25	25	466	516

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

17 Financial commitments

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008		2007	
	Leasehold property £'000	Other operating leases £'000	Leasehold property £'000	Other operating leases £'000
Leases which expire:				
- Within one year	-	-	13	-
- Between two and five years	25	-	25	-
- Greater than five years	243	-	243	-

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

	2008 £000	2007 £'000
Operating (loss)/profit	(476)	190
Depreciation	135	136
(Increase)/decrease in stocks	(278)	129
Decrease/(increase) in debtors	5,063	(5,049)
(Decrease)/increase in creditors	(4,363)	4,424
Net cash inflow/(outflow) from operating activities	81	(170)

19 Reconciliation of net cash flow to movement in net debt

	2008 £000	2007 £'000
(Decrease)/increase in cash in the year	(179)	22
Net cash outflow/(inflow) from financing	111	(207)
Change in net (debt)	(68)	(185)
Net (debt) / funds at 1 January	(125)	60
Net (debt) at 31 December	(193)	(125)

Paramount Office Interiors Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

20 Analysis of movements in net debt

	At 1 January 2008 £,000	Cash flows £'000	At 31 December 2008 £'000
Cash at bank and in hand	3,144	(3,143)	1
Overdraft	(3,062)	2,964	(98)
	82	(179)	(97)
Bank loan	(207)	111	(96)
	(125)	(68)	(193)

Cash and net debt are analysed in the balance sheet as follows –

	2008 £'000	2007 £'000
Current assets		
Cash at bank and in hand	1	3,144
Current liabilities		
Overdraft	(98)	(3,062)
Bank loan	(73)	(111)
Non current liabilities		
Bank loan	(23)	(96)
	(193)	(125)

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

21 Related party transactions

The company made sales of £1,735,000 (2007: £3,491,000) to customers in which the directors, Mr N B Roberts BA, has an interest.

The company has been charged £196,000 (2007: £196,000) in respect of property rentals where Mr N B Roberts BA has an interest in the properties concerned.

The company has a debtor of £130,000 (2007: £891,000) 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.