

COMPANY REGISTRATION NO. 02369310 (England and Wales)

PARAMOUNT OFFICE INTERIORS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

PARAMOUNT OFFICE INTERIORS LIMITED

COMPANY INFORMATION

Director	Mr R Jones
Secretary	Mr S P Mullis
Company number	02369310
Registered office	Summers House Pascal Close St Mellons Cardiff CF3 0LW
Auditor	UHY Hacker Young Lanyon House Mission Court Newport South Wales United Kingdom NP20 2DW
Bankers	Natwest Bank PLC 96 Queen Street Cardiff CF10 2GR

PARAMOUNT OFFICE INTERIORS LIMITED

CONTENTS

	Page
Strategic report	1
Director's report	2
Director's responsibilities statement	3
Independent auditor's report	4 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 23

PARAMOUNT OFFICE INTERIORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The director presents the strategic report for the year ended 30 June 2021.

Fair review of the business

The company's principal activities are office design, space planning, office fit-out, project management and supply of office furniture. The company operates primarily in South Wales although it regularly undertakes projects throughout the UK and occasionally abroad. The company's USP continues to be its capability to undertake all aspects of commercial premises refurbishment, from concept through design and delivery to handover.

There have been no significant changes in the company's principal activities in the year under review. The directors are 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 is set out on page 7.

The results for the year to 30 June 2021 show pre-tax profits of £709k (2020: £676k).

Net assets have increased to £1.3m at 30 June 2021 from £1.1m at 30 June 2020.

Principal risks and uncertainties

The company's activities expose it to a number of financial risks including economic risk, price risk, credit risk and liquidity risk. The use of financial instruments is monitored by the board of directors. The company's principal financial instruments comprise bank balances, current asset investments and trade debtors.

Economic risk - The economic risk is based upon the continued risk of a shortage of material supplies, together with inflationary pressures in the construction industry leading to a downturn in demand. These risks are managed by ongoing evaluation of future demands and the supply chain necessary to meet such demands, to enable the directors to take action for mitigation and re-evaluate strategy accordingly. The directors are confident that remaining vigilant to potential risk factors, carrying out constant evaluation and being actively involved in the company, affords the company a high level of risk management.

Financial Risk - The financial risks faced by the business are focused around credit and liquidity

Credit risk - The credit risk is attributable to trade debtors. The amounts shown in the financial statements are after bad and doubtful debt provisions. These are based on policies implemented to manage the credit risk and require credit checks on customers and prospects. The amount of exposure to any single customer is subject to credit limits which are regularly reviewed. The company also uses credit insurance to mitigate the risk.

Liquidity risk - The company has limited exposure to liquidity risk as a consequence of having limited long-term external borrowings. The company manages liquidity risk by monitoring working capital and ensuring there are sufficient funds to meet future payments.

Loans relating to assets held under hire purchase contracts are secured upon the assets to which they relate.

On behalf of the board

Mr R Jones
Director

15 March 2022

PARAMOUNT OFFICE INTERIORS LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

The director presents his annual report and financial statements for the year ended 30 June 2021.

Principal activities

The principal activity of the company continued to be that of office design, space planning, office fit-out, project management and supply of office furniture.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £347,235. The director does not recommend payment of a final dividend.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr R Jones

Mr K Mashford

(Appointed 30 June 2021 and resigned 14 February 2022)

Employee Ownership

During the year an Employee Ownership Trust ("EOT") was set up: the Paramount Office Interiors Employee Ownership Trust. The EOT acquired 51% of the shares of the company's parent company Velar Projects Ltd on 12 May 2021. The Trust is for the benefit of all of the company's employees giving them a stake in the business and incentivising them to promote the continued success of the company.

Auditor

UHY Hacker Young were appointed as auditor to the company during the year. UHY Hacker Young have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr R Jones

Director

15 March 2022

PARAMOUNT OFFICE INTERIORS LIMITED

**DIRECTOR'S RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

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). Under company law the director must not approve the financial statements unless he is satisfied that they 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 accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

PARAMOUNT OFFICE INTERIORS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PARAMOUNT OFFICE INTERIORS LIMITED

Opinion

We have audited the financial statements of Paramount Office Interiors Limited (the 'company') for the year ended 30 June 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

PARAMOUNT OFFICE INTERIORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PARAMOUNT OFFICE INTERIORS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and ISO standards;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

PARAMOUNT OFFICE INTERIORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PARAMOUNT OFFICE INTERIORS LIMITED

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mr John Griffiths (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

15 March 2022

Chartered Accountants
Statutory Auditor

Newport
South Wales
United Kingdom

PARAMOUNT OFFICE INTERIORS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 £	2020 £
Turnover	3	21,430,903	25,483,741
Cost of sales		(17,566,426)	(21,859,326)
Gross profit		3,864,477	3,624,415
Administrative expenses		(3,199,917)	(3,015,462)
Other operating income		110,884	221,673
Operating profit	4	775,444	830,626
Interest receivable and similar income	8	14	-
Interest payable and similar expenses	9	(66,150)	(154,980)
Profit before taxation		709,308	675,646
Tax on profit	10	(159,900)	(72,801)
Profit for the financial year		549,408	602,845

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PARAMOUNT OFFICE INTERIORS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	£	£
Profit for the year	549,408	602,845
Other comprehensive income	-	-
Total comprehensive income for the year	<u>549,408</u>	<u>602,845</u>

PARAMOUNT OFFICE INTERIORS LIMITED

**BALANCE SHEET
AS AT 30 JUNE 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12	448,885		173,683	
Investments	13	340,419		340,419	
			789,304		514,102
Current assets					
Stocks	15	580,574		397,110	
Debtors	16	7,418,319		5,182,102	
Cash at bank and in hand		864,941		1,145,881	
		8,863,834		6,725,093	
Creditors: amounts falling due within one year	17	(6,472,146)		(5,968,144)	
Net current assets			2,391,688		756,949
Total assets less current liabilities			3,180,992		1,271,051
Creditors: amounts falling due after more than one year	18	(1,873,395)		(168,230)	
Provisions for liabilities					
Deferred tax liability	21	22,960	(22,960)	20,357	(20,357)
Net assets			1,284,637		1,082,464
Capital and reserves					
Called up share capital	23	27,350		24,600	
Capital redemption reserve		24,600		24,600	
Profit and loss reserves		1,232,687		1,033,264	
Total equity			1,284,637		1,082,464

The financial statements were approved by the board of directors and authorised for issue on 15 March 2022 and are signed on its behalf by:

Mr R Jones
Director

Company Registration No. 02369310

PARAMOUNT OFFICE INTERIORS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2019		24,600	24,600	557,574	606,774
Year ended 30 June 2020:					
Profit and total comprehensive income for the year		-	-	602,845	602,845
Dividends	11	-	-	(127,155)	(127,155)
Balance at 30 June 2020		24,600	24,600	1,033,264	1,082,464
Year ended 30 June 2021:					
Profit and total comprehensive income for the year		-	-	549,408	549,408
Bonus issue of shares	23	2,750	-	(2,750)	-
Dividends	11	-	-	(347,235)	(347,235)
Balance at 30 June 2021		27,350	24,600	1,232,687	1,284,637

The capital redemption reserve represents the nominal value of shares repurchased by the company.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Company information

Paramount Office Interiors Limited is a private company limited by shares incorporated in England and Wales. The registered office is Summers House, Pascal Close, St Mellons, Cardiff, CF3 0LW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Velar Projects Ltd. These consolidated financial statements are available from its registered office, Summers House, Pascal Close, St Mellons, Cardiff, CF3 0LW.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Paramount Office Interiors Limited is a wholly owned subsidiary of Velar Projects Limited and the results of Paramount Office Interiors Limited are included in the consolidated financial statements of Velar Projects Limited which are available from its registered office, Summers House, Pascal Close, St Mellons, Cardiff, CF3 0LW.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land	Not depreciated
Leasehold improvements	Over the period of the lease
Fixtures and fittings	20% straight line
Motor vehicles	25% straight line

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.7 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

PARAMOUNT OFFICE INTERIORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Employee Ownership

During the year an Employee Ownership Trust ("EOT") was set up: the Paramount Office Interiors Employee Ownership Trust. The EOT acquired 51% of the shares of the company's parent company Velar Projects Ltd on 12 May 2021. The Trust is for the benefit of all of the company's employees giving them a stake in the business and incentivising them to promote the continued success of the company.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

As noted in 1.3 above, revenue from contracts is recognised by reference to the stage of completion, this inevitably involves the directors making estimates about the total anticipated costs of contracts and the future costs; these estimates can have a significant effect on revenue recognition and profit.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Recoverability of retention balances

Management regularly reviews retention balances and makes provision for balances that it believes will not be recovered. The assessment of retention recovery requires management's best estimate based on knowledge of the underlying contracts and past history of recovery.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Office fit-out	21,430,903	25,483,741

PARAMOUNT OFFICE INTERIORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

3 Turnover and other revenue (Continued)

	2021	2020
	£	£
Other significant revenue		
Interest income	14	-
Grants received	59,662	-
	<u> </u>	<u> </u>

All turnover in both the year ended 30 June 2021 and the year ended 30 June 2020 was generated in the United Kingdom.
As such no geographical analysis of turnover is provided.

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(59,662)	-
Depreciation of owned tangible fixed assets	41,704	43,277
Depreciation of tangible fixed assets held under finance leases	17,142	21,691
Operating lease charges	166,365	160,192
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	9,898	-
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Sales	6	6
Operations	41	37
Administration	5	6
	<u> </u>	<u> </u>
Total	52	49
	<u> </u>	<u> </u>

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

6	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2021	2020
		£	£
	Wages and salaries	2,039,359	1,909,999
	Social security costs	210,845	192,565
	Pension costs	74,997	50,601
		<u>2,325,201</u>	<u>2,153,165</u>
		<u><u>2,325,201</u></u>	<u><u>2,153,165</u></u>
7	Director's remuneration		
		2021	2020
		£	£
	Remuneration for qualifying services	27,200	11,409
	Company pension contributions to defined contribution schemes	15,167	544
		<u>42,367</u>	<u>11,953</u>
		<u><u>42,367</u></u>	<u><u>11,953</u></u>
8	Interest receivable and similar income		
		2021	2020
		£	£
	Interest income		
	Interest on bank deposits	14	-
		<u>14</u>	<u>-</u>
		<u><u>14</u></u>	<u><u>-</u></u>
9	Interest payable and similar expenses		
		2021	2020
		£	£
	Interest on bank overdrafts and loans	64,384	153,511
	Interest on finance leases and hire purchase contracts	1,469	1,469
	Other interest	297	-
		<u>66,150</u>	<u>154,980</u>
		<u><u>66,150</u></u>	<u><u>154,980</u></u>
10	Taxation		
		2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	157,297	101,769
	Adjustments in respect of prior periods	-	(47,022)
		<u>157,297</u>	<u>54,747</u>
	Total current tax	<u><u>157,297</u></u>	<u><u>54,747</u></u>

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

10 Taxation

(Continued)

	2021	2020
	£	£
Deferred tax		
Origination and reversal of timing differences	2,603	18,054
	<u>2,603</u>	<u>18,054</u>
 Total tax charge	 159,900	 72,801
	<u>159,900</u>	<u>72,801</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	709,308	675,646
	<u>709,308</u>	<u>675,646</u>
 Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	 134,769	 128,373
Tax effect of expenses that are not deductible in determining taxable profit	22,365	5,094
Tax effect of utilisation of tax losses not previously recognised	-	(13,644)
Adjustments in respect of prior years	3,061	(47,022)
Permanent capital allowances in excess of depreciation	(295)	-
	<u>159,900</u>	<u>72,801</u>
Taxation charge for the year	<u>159,900</u>	<u>72,801</u>

11 Dividends

	2021	2020
	£	£
Interim paid	347,235	127,155
	<u>347,235</u>	<u>127,155</u>

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

12 Tangible fixed assets

	Freehold land	Leasehold	Fixtures and fittings	Motor vehicles	Total
	£	improvements £	£	£	£
Cost					
At 1 July 2020	-	397,875	228,895	73,118	699,888
Additions	285,250	-	48,798	-	334,048
At 30 June 2021	285,250	397,875	277,693	73,118	1,033,936
Depreciation and impairment					
At 1 July 2020	-	308,696	185,818	31,691	526,205
Depreciation charged in the year	-	18,104	23,600	17,142	58,846
At 30 June 2021	-	326,800	209,418	48,833	585,051
Carrying amount					
At 30 June 2021	285,250	71,075	68,275	24,285	448,885
At 30 June 2020	-	89,179	43,077	41,427	173,683

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Motor vehicles	24,285	41,427

13 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	14	340,419	340,419

14 Subsidiaries

Details of the company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
S. Jones & Sons (Electrical Contractors) Limited	Summers House, Pascal Close, St Mellons, Cardiff, CF3 0LW	Ordinary	75.00
Paramount Office Interiors Employee Ownership Trustee Limited	Summers House Pascal Close, St. Mellons, Cardiff, Wales, CF3 0LW	Ordinary	100.00

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

15 Stocks

	2021	2020
	£	£
Work in progress	580,574	397,110
	<u>580,574</u>	<u>397,110</u>

16 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	4,739,074	3,252,099
Amounts owed by group undertakings	1,463,819	1,201,840
Other debtors	1,051,393	556,840
Prepayments and accrued income	164,033	171,323
	<u>7,418,319</u>	<u>5,182,102</u>

Included within other debtors is £1,000,000 (2020: £nil) due from Paramount Office Interiors Employee Ownership Trust, the ultimate controlling party.

17 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans	19	412,500	125,000
Obligations under finance leases	20	7,335	7,335
Trade creditors		2,571,789	704,649
Amounts owed to group undertakings		726,334	539,090
Corporation tax		157,297	52,463
Other taxation and social security		903,992	747,581
Other creditors		551,583	2,147,674
Accruals and deferred income		1,141,316	1,644,352
		<u>6,472,146</u>	<u>5,968,144</u>

Obligations under finance leases are secured on the assets to which they relate.

Refer to note 19 for further details regarding bank loans.

18 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	19	1,837,500	125,000
Obligations under finance leases	20	35,895	43,230
		<u>1,873,395</u>	<u>168,230</u>

PARAMOUNT OFFICE INTERIORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

18 Creditors: amounts falling due after more than one year (Continued)

Obligations under finance leases are secured on the assets to which they relate.

Refer to note 19 for further details regarding bank loans.

Included within bank loans is £37,500 (2020: £nil) which is repayable in instalments after more than 5 years from the balance sheet date.

19 Loans and overdrafts

	2021	2020
	£	£
Bank loans	2,250,000	250,000
Payable within one year	412,500	125,000
Payable after one year	1,837,500	125,000

Bank loans at 30 June 2021 include £2,250,000 (2020: £nil) relating to money received in relation to a Coronavirus Business Interruption Loan ("CBIL"). This balance is secured over a debenture held by National Westminster Bank Plc.

Interest is charged on the CBIL at an effective rate of 0% for the first 12 months and a fixed rate of 3.96% p.a. over Base Rate thereafter. The loan is repayable in monthly instalments from August 2021 and is repayable in full by 01 July 2026. Included within bank loans is £37,500 (2020: £nil) which is repayable in instalments after more than 5 years from the balance sheet date.

Bank loans of £250,000 at 30 June 2020 were repaid in full during the year.

20 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	7,335	7,335
In two to five years	35,895	43,230
	43,230	50,565

Finance lease payments represent rentals payable by the company for certain motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 48 months. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

PARAMOUNT OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities	Liabilities
	2021	2020
Balances:	£	£
Accelerated capital allowances	22,960	23,418
Other	-	(3,061)
	<u>22,960</u>	<u>20,357</u>
		2021
Movements in the year:		£
Liability at 1 July 2020		20,357
Charge to profit or loss		2,603
		<u>22,960</u>
Liability at 30 June 2021		<u>22,960</u>

The deferred tax liability set out above relates to accelerated capital allowances that are expected to reverse over the useful life of the assets.

22 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	74,997	50,601
	<u>74,997</u>	<u>50,601</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	24,600	24,600	24,600	24,600
Ordinary A of £1 each	2,750	-	2,750	-
	<u>27,350</u>	<u>24,600</u>	<u>27,350</u>	<u>24,600</u>

Ordinary Shares are entitled to one vote in any circumstances.

Ordinary A Shares have full voting rights, full rights in the distribution of dividends, full rights in the distribution of capital and are non-redeemable.

During the year, the company made a bonus issue of 2,750 new Ordinary A shares of nominal value £1 each.

PARAMOUNT OFFICE INTERIORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	171,927	158,418
Between two and five years	582,240	555,839
In over five years	198,930	349,767
	<u>953,097</u>	<u>1,064,024</u>

25 Related party transactions

At the year end the company was owed £1,463,819 (2020: £1,201,840) by its parent company Velar Projects Ltd. This amount is included within debtors due within one year.

During the year, the company purchased goods and services in the normal course of business from its subsidiary company S. Jones & Sons (Electrical Contractors) Limited for £754,898 (2020: £676,723). At the year end the amount due to S. Jones & Sons (Electrical Contractors) Limited was £726,334 (2020: £539,090). This amount is included within creditors due within one year.

During the year the Paramount Office Interiors Employee Ownership Trust (the "EOT") acquired 51% of the shares in the company's parent undertaking, Velar Projects Limited for £2,040,000 including deferred consideration of £1,040,000. The company made a loan of £1,000,000 to the EOT to facilitate the acquisition which is for the benefit of all of the company's employees. Included within other debtors is £1,000,000 (2020: £nil) due from the EOT. The EOT, Paramount Office Interiors Employee Ownership Trust, is now the ultimate controlling party.

26 Ultimate controlling party

Velar Projects Ltd is the ultimate parent company by virtue of its 100% shareholding. Its registered office is Summers House, Pascal Close, St Mellons, Cardiff, CF3 0LW.

The ultimate controlling party is Paramount Office Interiors Employee Ownership Trust which owns 51% of Velar Projects Ltd.

During the year an Employee Ownership Trust ("EOT") was set up: the Paramount Office Interiors Employee Ownership Trust. The EOT acquired 51% of the shares of the company's parent company Velar Projects Ltd on 12 May 2021. The Trust is for the benefit of all of the company's employees giving them a stake in the business and incentivising them to promote the continued success of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.