

CITY OFFICE INTERIORS LIMITED
REPORT AND FINANCIAL STATEMENTS

31 October 1999

Registered number 1854684



CITY OFFICE INTERIORS LIMITED

DIRECTORS' REPORT

31 October 1999

The directors present their report and the audited financial statements for the year ended 31 October 1999.

Review of business

The principal activity of the company was that of the design and fitting-out of office interiors.

The profit on ordinary activities after tax for the year amounted to £196,852 (1998: £192,515) as shown on page 4.

Dividends of £25,000 (1998: £Nil) were paid during the year. Dividends of £60,000 (1998: £50,000) were proposed at the year end by the directors.

The directors consider the state of affairs of the company to be satisfactory.

Directors and their shareholdings

The following were directors at 31 October 1999 and their interests in the share capital of the company were as follows

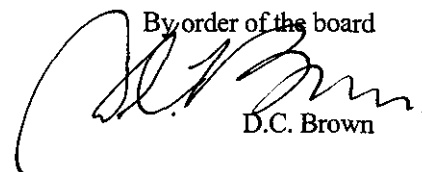
	Ordinary shares of £1 each	
	31 October 1999	31 October 1998
D.C. Brown	550	550
D.J. Crabb	300	300
S.D. Spires	8,000	8,000
M. Rich	550	550

Charitable and political donations

During the year donations totalling £2,075 were made to charitable organisations.

Auditors

HLB Kidsons (formerly Kidsons Impey) have agreed to offer themselves for re-appointment as auditors of the company.

By order of the board

D.C. Brown
Secretary

Albany House
Hurst Street
Birmingham
B5 4BD

11 January 2000

CITY OFFICE INTERIORS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31 October 1999

We are required under company law to prepare financial statements for each financial year which 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 year.

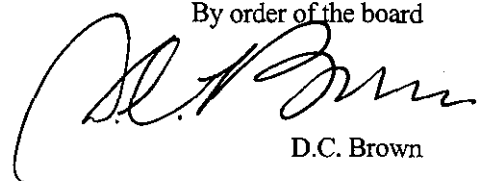
In preparing these financial statements we are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- state whether applicable accounting standards have been followed, and give details of any departures
- prepare the financial statements on a going concern basis unless in our view the company will be unable to *continue in business*.

We are also responsible for:

- keeping proper accounting records
- safeguarding the company's assets
- taking reasonable steps for the prevention and detection of fraud

By order of the board



D.C. Brown

Secretary

11 January 2000

CITY OFFICE INTERIORS LIMITED

AUDITORS' REPORT

Auditors' report to the shareholders of City Office Interiors Limited

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HLB Kidsons

Registered Auditors

Chartered Accountants

Birmingham

11 January 2000

CITY OFFICE INTERIORS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 October 1999

	Note	1999 £	1998 £
Turnover	2	6,189,614	4,899,115
Cost of sales		(4,877,114)	(3,827,441)
		<hr/>	<hr/>
Gross profit		1,312,500	1,071,674
Administrative expenses		(1,088,812)	(852,007)
		<hr/>	<hr/>
Operating profit		223,688	219,667
Interest receivable	3	29,997	28,848
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	253,685	248,515
Tax on profit on ordinary activities	6	(56,833)	(56,000)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		196,852	192,515
Dividends	7	(85,000)	(50,000)
		<hr/>	<hr/>
Retained profit for the year	15	111,852	142,515
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses other than the profit for the year of £ 196,852 (1998: £192,515).

CITY OFFICE INTERIORS LIMITED

BALANCE SHEET

at 31 October 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	8		114,618		70,179
Current assets					
Stocks and work in progress	9	222,941		143,115	
Debtors	10	543,025		334,355	
Cash at bank		<u>937,091</u>		<u>705,365</u>	
		1,703,057		1,182,835	
Creditors: amounts falling due within one year	11	<u>(1,523,230)</u>		<u>(1,063,456)</u>	
Net current assets			<u>179,827</u>		<u>119,379</u>
Total assets less current liabilities			294,445		189,558
Creditors: amounts falling due after more than one year	12		<u>(1,661)</u>		<u>(8,626)</u>
			292,784		180,932
			<u> </u>		<u> </u>
Capital and reserves (equity)					
Called up share capital	14		10,000		10,000
Profit and loss account	15		<u>282,784</u>		<u>170,932</u>
Total shareholders' funds			<u>292,784</u>		<u>180,932</u>
			<u> </u>		<u> </u>

The financial statements on pages 4 to 14 were approved by the board of directors on 11 January 2000



S.D. Spires - Director

CITY OFFICE INTERIORS LIMITED

CASH FLOW STATEMENT

for the year ended 31 October 1999

	Note	1999		1998	
		£	£	£	£
Net cash inflow from operating activities	18a		399,384		362,189
Returns on investments and servicing of finance					
Interest received			29,790		27,743
Taxation					
UK corporation tax paid			(56,967)		(130,866)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(72,001)		(56,704)	
Receipts from sales of tangible fixed assets		<u>2,200</u>		<u>5,100</u>	
Net cash outflow from capital expenditure			(69,801)		(51,604)
Equity dividends paid			(75,000)		-
Financing					
Capital element of hire purchase payments			<u>(6,965)</u>		<u>(9,200)</u>
Increase/(decrease) in cash	18b & c		<u>220,441</u>		<u>198,262</u>

CITY OFFICE INTERIORS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 October 1999

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes appropriate overheads. Contract work in progress, other than long term work in progress, is valued at cost less foreseeable losses and payments on account. No credit is taken for claims unless there is a firm agreement with the customer.

Depreciation

Depreciation is calculated on a straight line basis to write off the cost or valuation less the estimated residual value of tangible assets over their expected useful lives as follows

	%
Plant and equipment	10 - 20 per annum
Motor vehicles	25 per annum

Pension scheme

Contributions are made by the company to individuals' personal pension plans. These are charged to the profit and loss account as they become due.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will become payable in the foreseeable future.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Operating lease rentals are charged to the profit and loss account in the year to which they relate

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

2 Turnover

Turnover represents the invoiced amount, excluding value added tax, of goods sold and services rendered together with the value of contracting work executed.

All activities are classed as continuing and are confined to one trade carried on within the United Kingdom.

CITY OFFICE INTERIORS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 October 1999
(continued)

3	Interest receivable	1999	1998
		£	£
	Bank interest	29,997	28,848
		<u> </u>	<u> </u>
4	Profit on ordinary activities before taxation		
	Profit on ordinary activities before taxation is stated after charging		
	Depreciation		
	- owned assets	20,866	14,142
	- assets on hire purchases	5,750	4,312
	Hire purchase interest	831	783
	Auditors' remuneration	8,700	7,000
	Operating lease rentals		
	- land and buildings	42,136	30,378
	- other	14,457	21,511
	Loss on foreign exchange	167,505	68,975
		<u> </u>	<u> </u>
5	Directors and employees		
	Staff costs including directors' emoluments		
	Wages and salaries	597,966	489,887
	Social security costs	66,448	48,802
	Other pension costs	35,715	23,095
		<u> </u>	<u> </u>
		700,129	561,784
		<u> </u>	<u> </u>
		Number	Number
	The average number of employees, including directors, during the year was	11	11
		<u> </u>	<u> </u>
	Directors		
	Aggregate remuneration (excluding pension contributions)		
	Total	479,576	372,532
		<u> </u>	<u> </u>
	In respect of the highest paid director	273,892	199,960
		<u> </u>	<u> </u>

CITY OFFICE INTERIORS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 October 1999
(continued)

5 Directors and employees (continued)

Defined contribution schemes (individuals' personal pension plans)	1999 Number	1998 Number
Number of directors qualifying for benefits	4	4
	=	=
	£	£
Contributions paid in total	22,835	14,074
	=====	=====
Contributions paid in respect of the highest paid director	11,162	4,177
	=====	=====

6 Tax on profit on ordinary activities

UK corporation tax	56,000	56,000
Adjustment in respect of prior year	<u>833</u>	<u>-</u>
	56,833	56,000
	=====	=====

7 Dividends

Paid	25,000	-
Proposed	<u>60,000</u>	<u>50,000</u>
	85,000	50,000
	=====	=====

CITY OFFICE INTERIORS LIMITED

NOTES ON FINANCIAL STATEMENTS

31 October 1999

(continued)

8	Tangible assets	Plant, equipment and motor vehicles £
	Cost	
	1 November 1998	158,316
	Additions	72,001
	Disposals	<u>(32,929)</u>
	31 October 1999	197,388
	Depreciation	
	1 November 1998	88,137
	Charge for the period	26,616
	Disposals	<u>(31,983)</u>
	31 October 1999	82,770
	Net book value	
	31 October 1999	114,618
	31 October 1998	70,179

The net book amount of fixed assets includes £12,938 in respect of motor vehicles held under finance leases and hire purchase contracts, their depreciation of which is shown in note 4.

9	Stocks and work in progress	1999 £	1998 £
	Work in progress	222,941	143,115
		<u> </u>	<u> </u>
10	Debtors		
	Due within one year		
	Trade debtors	395,695	220,104
	Retentions	96,562	71,522
	Prepayments and accrued income	<u>39,218</u>	<u>31,179</u>
		531,475	322,805
	Due after more than one year		
	Prepayments and accrued income	<u>11,550</u>	<u>11,550</u>
		543,025	334,355
		<u> </u>	<u> </u>

CITY OFFICE INTERIORS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 October 1999
(continued)

11	Creditors: amounts falling due within one year	1999	1998
		£	£
	Bank loans and overdrafts	11,285	-
	Trade creditors	977,736	552,053
	Obligations under hire purchase contracts	6,964	6,964
	Corporation tax	56,000	56,134
	Other taxes and social security	28,103	43,518
	Accruals and deferred income	383,142	354,787
	Proposed dividends	<u>60,000</u>	<u>50,000</u>
		1,523,230	1,063,456
		<u>=====</u>	<u>=====</u>
12	Creditors: amounts falling due after more than one year		
	Obligations under hire purchase contracts	1,661	8,626
		<u>=====</u>	<u>=====</u>
	Net obligations under finance leases and hire purchase contracts		
	Within one year	6,964	6,964
	Between one and two years	1,661	6,964
	Between two and five years	<u>-</u>	<u>1,662</u>
		8,625	15,590
		<u>=====</u>	<u>=====</u>
13	Provision for liabilities	Provided	Full potential (asset)/liability
		1999	1998
		£	£
	Deferred taxation	£	£
	Accelerated capital allowances	-	(1,200)
		<u>=====</u>	<u>=====</u>
14	Share capital	1999	1998
		Number of	Number of
		shares	shares
	Authorised, allotted, called up and fully paid	£	£
	Ordinary shares of £1 each	10,000	10,000
		<u>=====</u>	<u>=====</u>

CITY OFFICE INTERIORS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 October 1999
(continued)

15	Reserves	Profit and loss account £
	1 November 1998	170,932
	Retained profit for the year	<u>111,852</u>
	31 October 1999	<u>282,784</u>

16	Reconciliation of movements in shareholders' funds	1999 £	1998 £
	Profit for the period	196,852	192,515
	Dividends	<u>(85,000)</u>	<u>(50,000)</u>
		111,852	142,515
	Opening shareholders' funds	<u>180,932</u>	<u>38,417</u>
	Closing shareholders' funds	<u>292,784</u>	<u>180,932</u>

17 **Commitments and contingent liabilities**

Operating leases

Annual commitments in respect of non-cancellable operating leases are as follows

	1999		1998	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	2,150	-	4,870
Expiring between two and five years	<u>37,100</u>	<u>6,892</u>	<u>37,100</u>	<u>10,577</u>
	37,100	9,042	37,100	15,447
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Capital commitments

There were no capital commitments existing at the year end.

CITY OFFICE INTERIORS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 October 1999
(continued)

18

Notes to the cash flow statement		1999	1998	
		£	£	
a	Reconciliation of operating profit to net cash inflow from operating activities			
	Operating profit	223,688	219,667	
	Depreciation charges	26,616	18,454	
	Profit on disposal of fixed assets	(1,254)	(3,000)	
	Movement in debtors	(208,463)	218,825	
	Movement in stocks	(79,826)	(15,559)	
	Movement in creditors and provisions	<u>438,623</u>	<u>(76,198)</u>	
		399,384	362,189	
		<u><u> </u></u>	<u><u> </u></u>	
b	Reconciliation of net cash flows to movement in net funds			
	Increase in cash in the year	220,441	198,262	
	Cash outflow from decrease in debt and leasing finance	<u>6,965</u>	<u>7,410</u>	
	Changes in net funds resulting from cash flows	227,406	205,672	
	New finance leases	<u>-</u>	<u>(23,000)</u>	
	Movement in net funds in the year	227,406	182,672	
	Net funds at the start of the year	<u>689,775</u>	<u>507,103</u>	
	Net funds at the end of the year	917,181	689,775	
		<u><u> </u></u>	<u><u> </u></u>	
c	Analysis of changes in net funds	At first day of year	Cash flows	At last day of year
		£	£	£
	Cash at bank and in hand	705,365	231,726	937,091
	Net debt			
	- Bank overdraft	-	(11,285)	(11,285)
	- Hire purchase and finance leases	<u>(15,590)</u>	<u>6,965</u>	<u>(8,625)</u>
		689,775	227,406	917,181
		<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

CITY OFFICE INTERIORS LIMITED
NOTES ON FINANCIAL STATEMENTS

31 October 1999
(continued)

19 Transactions involving directors and officers

During the year the company made unsecured loans to each of the directors. The amounts of all the loans totalled £393,439.

No interest has been charged on the loans and the balances were repaid in full before the year end.

20 Controlling party

The company is controlled by S.D. Spires.