
CITY OFFICE INTERIORS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 October 2010




Clement Keys
CHARTERED ACCOUNTANTS

CITY OFFICE INTERIORS LIMITED

COMPANY INFORMATION

DIRECTORS

D C Brown
D J Crabb
M Rich
S D Spires

COMPANY SECRETARY

D C Brown

COMPANY NUMBER

01854684

REGISTERED OFFICE

Albany House
Hurst Street
Birmingham
B5 4BD

AUDITOR

Clement Keys
Chartered Accountants & Statutory Auditors
39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

CITY OFFICE INTERIORS LIMITED

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CITY OFFICE INTERIORS LIMITED

DIRECTORS' REPORT for the year ended 31 October 2010

The directors present their report and the financial statements for the year ended 31 October 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are 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 directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 directors are 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. They are 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company for the year consisted of the design and fitting-out / refurbishment of office interiors for end-users, landlords and developers.

The Company has delivered a strong performance against a backdrop of continued economic turbulence within the commercial fitting-out / refurbishment market. Turnover contracted by 12% compared with the previous year, with the single largest project completed accounting for 14% of the total turnover.

Gross margin fell 1.9% compared with the previous year reflecting the competitiveness of the market and the downward pressure on tender prices. The Company continues to strive to improve its margin performance by focusing on higher return opportunities as well as working closely with its supply chain partners to deliver greater efficiencies.

The Company has continued to address its administrative cost base which has resulted in annualised cost savings of 9% over the last two years. Structurally, we remain highly flexible with the ability to make further cost reductions or provide additional investment in response to changes in the market.

It remains difficult to predict to what extent the financial and property markets will recover over the next two or three years. Nevertheless, the Company continues to extend its client base and enters 2011 with a very healthy order book, a strong balance sheet and all the necessary resources in place to deliver future growth as market conditions improve.

CITY OFFICE INTERIORS LIMITED

DIRECTORS' REPORT
for the year ended 31 October 2010

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £251,274 (2009 - £239,828)

Dividends of £200,000 (2009 £200,000) were paid during the year. The directors do not propose the payment of a further dividend.

DIRECTORS

The directors who served during the year were

D C Brown
D J Crabb
M Rich
S D Spires

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year donations totalling £550 (2009 £850) were made to charitable organisations.

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on 25 March 2011 and signed on its behalf


D C Brown
Secretary

CITY OFFICE INTERIORS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CITY OFFICE INTERIORS LIMITED

We have audited the financial statements of City Office Interiors Limited for the year ended 31 October 2010, set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standards - Provisions Available for Small Entities, in the following circumstances:

- In common with many other businesses of this size and nature, the company uses our firm to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2010 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CITY OFFICE INTERIORS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CITY OFFICE INTERIORS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Ross Cocker ACA (Senior statutory auditor)

for and on behalf of
Clement Keys

Chartered Accountants
Statutory Auditors

39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

25 March 2011

CITY OFFICE INTERIORS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 October 2010

	Note	2010 £	2009 £
TURNOVER	1,2	5,166,912	5,879,127
Cost of sales		(3,670,439)	(4,062,891)
GROSS PROFIT		1,496,473	1,816,236
Administrative expenses		(1,177,063)	(1,522,692)
OPERATING PROFIT	3	319,410	293,544
Interest receivable and similar income		18,578	21,063
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		337,988	314,607
Tax on profit on ordinary activities	6	(86,714)	(74,779)
PROFIT FOR THE FINANCIAL YEAR	13	251,274	239,828

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account

The notes on pages 8 to 16 form part of these financial statements

CITY OFFICE INTERIORS LIMITED
Registered number: 01854684

BALANCE SHEET
as at 31 October 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	7	194,030	78,641
CURRENT ASSETS			
Stocks	8	42,014	62,896
Debtors	9	1,074,680	1,061,933
Cash at bank and in hand		1,871,823	1,845,387
		<u>2,988,517</u>	<u>2,970,216</u>
CREDITORS amounts falling due within one year	10	<u>(2,022,535)</u>	<u>(1,940,119)</u>
NET CURRENT ASSETS		<u>965,982</u>	<u>1,030,097</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,160,012</u>	<u>1,108,738</u>
CAPITAL AND RESERVES			
Called up share capital	12	10,000	10,000
Profit and loss account	13	1,150,012	1,098,738
SHAREHOLDERS' FUNDS	14	<u>1,160,012</u>	<u>1,108,738</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 March 2011



S D Spires
Director

The notes on pages 8 to 16 form part of these financial statements

CITY OFFICE INTERIORS LIMITED

CASH FLOW STATEMENT
for the year ended 31 October 2010

	Note	2010 £	2009 £
Net cash flow from operating activities	16	419,569	(172,637)
Returns on investments and servicing of finance	17	18,578	21,063
Taxation		(84,714)	(146,279)
Capital expenditure and financial investment	17	(129,687)	(1,855)
Equity dividends paid		(200,000)	(200,000)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		23,746	(499,708)
Financing	17	2,690	-
INCREASE/(DECREASE) IN CASH IN THE YEAR		26,436	(499,708)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
for the year ended 31 October 2010

	2010 £	2009 £
Increase/(Decrease) in cash in the year	26,436	(499,708)
Cash inflow from increase in debt and lease financing	(2,690)	-
MOVEMENT IN NET DEBT IN THE YEAR	23,746	(499,708)
Net funds at 1 November 2009	1,845,387	2,345,095
NET FUNDS AT 31 OCTOBER 2010	1,869,133	1,845,387

The notes on pages 8 to 16 form part of these financial statements

CITY OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2010

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Motor vehicles	-	25% straight line
Fixtures & fittings	-	10-20% straight line

1.4 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 OPERATING LEASES

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

CITY OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2010

1. ACCOUNTING POLICIES (continued)

1.7 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

1.8 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.9 PENSIONS

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

2. TURNOVER

The company's turnover and profit before taxation were all derived from its principal activity

All turnover arose within the United Kingdom

3. OPERATING PROFIT

The operating profit is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	52,201	66,952
- held under finance leases	6,970	-
Auditors' remuneration	7,130	7,500
Profit on disposal of fixed assets	44,873	-
Operating lease rentals - plant and equipment	1,579	1,179
Operating lease rentals - land and buildings	38,016	47,411

CITY OFFICE INTERIORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2010**

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	805,003	991,065
Social security costs	93,895	119,026
Other pension costs	50,407	56,433
	<u>949,305</u>	<u>1,166,524</u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No.	2009 No
Office and Management	<u>11</u>	<u>11</u>

5. DIRECTORS' REMUNERATION

	2010 £	2009 £
Emoluments	<u>637,001</u>	<u>800,938</u>
Company pension contributions to defined contribution pension schemes	<u>30,157</u>	<u>32,949</u>

During the year retirement benefits were accruing to 4 directors (2009 - 4) in respect of defined contribution pension schemes

The highest paid director received remuneration of £367,225 (2009 - £491,547)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,748 (2009 - £14,624)

CITY OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2010

6. TAXATION

	2010 £	2009 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	65,000	85,000
Adjustments in respect of prior periods	(286)	(221)
TOTAL CURRENT TAX	<u>64,714</u>	<u>84,779</u>
DEFERRED TAX (see note 11)		
Origination and reversal of timing differences	22,000	(10,000)
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u><u>86,714</u></u>	<u><u>74,779</u></u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2009 - *lower than*) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>337,988</u>	<u>314,607</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	94,637	88,090
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	8,362	6,912
Depreciation in excess of capital allowances	(22,509)	10,014
Marginal rate relief	(20,109)	(19,720)
Adjustments to tax charge in respect of prior periods	(286)	(221)
Provision not deductible for tax purposes	(55)	(541)
Tax over/(under) provided	4,674	245
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u><u>64,714</u></u>	<u><u>84,779</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

CITY OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2010

7. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures & fittings £	Total £
COST			
At 1 November 2009	251,437	92,287	343,724
Additions	187,537	6,050	193,587
Disposals	(179,537)	(7,887)	(187,424)
At 31 October 2010	<u>259,437</u>	<u>90,450</u>	<u>349,887</u>
DEPRECIATION			
At 1 November 2009	186,133	78,950	265,083
Charge for the year	54,104	5,067	59,171
On disposals	(161,016)	(7,381)	(168,397)
At 31 October 2010	<u>79,221</u>	<u>76,636</u>	<u>155,857</u>
NET BOOK VALUE			
At 31 October 2010	<u>180,216</u>	<u>13,814</u>	<u>194,030</u>
At 31 October 2009	<u>65,304</u>	<u>13,337</u>	<u>78,641</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2010 £	2009 £
Motor vehicles	<u>59,942</u>	<u>-</u>

8 STOCKS

	2010 £	2009 £
Work in progress	<u>42,014</u>	<u>62,896</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material

CITY OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2010

9 DEBTORS

	2010 £	2009 £
Trade debtors	846,256	788,197
Other debtors	152,244	198,109
Prepayments and accrued income	72,180	49,627
Deferred tax asset (see note 11)	4,000	26,000
	<u>1,074,680</u>	<u>1,061,933</u>

**10. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010 £	2009 £
Net obligations under finance leases and hire purchase contracts	2,690	-
Trade creditors	1,149,346	1,108,981
Corporation tax	65,000	85,000
Social security and other taxes	184,243	142,073
Accruals and deferred income	621,256	604,065
	<u>2,022,535</u>	<u>1,940,119</u>

The bank balances are secured by way of a first fixed charge. Assets held under finance leases and hire purchase contracts are secured on the assets to which they relate.

11 DEFERRED TAX ASSET

	2010 £	2009 £
At beginning of year	26,000	16,000
(Charge for)/released during year	(22,000)	10,000
	<u>4,000</u>	<u>26,000</u>

The deferred tax asset is made up as follows

	2010 £	2009 £
Accelerated capital allowances	4,000	26,000

CITY OFFICE INTERIORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2010**

12. SHARE CAPITAL

	2010 £	2009 £
ALLOTTED, CALLED UP AND FULLY PAID		
10,000 Ordinary shares of £1 each	10,000	10,000

13. RESERVES

	Profit and loss account £
At 1 November 2009	1,098,738
Profit for the year	251,274
Dividends Equity capital	(200,000)
At 31 October 2010	1,150,012

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Opening shareholders' funds	1,108,738	1,068,910
Profit for the year	251,274	239,828
Dividends (Note 15)	(200,000)	(200,000)
Closing shareholders' funds	1,160,012	1,108,738

15 DIVIDENDS

	2010 £	2009 £
Dividends paid on equity capital	200,000	200,000

CITY OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2010

16. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit	319,410	293,544
Depreciation of tangible fixed assets	59,171	66,952
Profit on disposal of tangible fixed assets	(44,873)	-
Decrease in stocks	20,882	60,975
Increase in debtors	(34,748)	(24,223)
Increase/(decrease) in creditors	99,727	(569,885)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	419,569	(172,637)

17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2010 £	2009 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	18,578	21,063
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(193,587)	(1,855)
Sale of tangible fixed assets	63,900	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(129,687)	(1,855)
FINANCING		
New finance leases	2,690	-

18. ANALYSIS OF CHANGES IN NET DEBT

	1 November 2009 £	Cash flow £	Other non-cash changes £	31 October 2010 £
Cash at bank and in hand	1,845,387	26,436	-	1,871,823
DEBT:				
Debts due within one year	-	(2,690)	-	(2,690)
NET FUNDS	1,845,387	23,746	-	1,869,133

CITY OFFICE INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2010

19 PENSION COMMITMENTS

The company contributes to individuals' personal pension plans and the pension cost charge for the year was £50,407 (2009 £56,433). Contributions totalling £10,090 (2009 £10,286) were payable at the balance sheet date and are included in accruals.

20. OPERATING LEASE COMMITMENTS

At 31 October 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
EXPIRY DATE:				
Within 1 year	-	8,137	-	-
Between 2 and 5 years	<u>15,500</u>	<u>15,500</u>	<u>679</u>	<u>1,179</u>

21. CONTROLLING PARTY

The controlling party is S D Spires by virtue of his majority holding in the share capital of the company