

COMPANY NO: 2860223

Kitchen Consultants Limited

Annual Report

Year ended 31 December 2004



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Company Information

Directors	P R C Lambert D Roberts D Stewart
Secretary	P R C Lambert
Registered office	120 East Road Cambridge CB1 1DB
Registered number	2860223
Auditors	RSM Robson Rhodes LLP Chartered Accountants Daedalus House Station Road Cambridge CB1 2RE
Bankers	The Royal Bank of Scotland plc 62/63 Threadneedle Street London EC2R 8LA

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The company's principal activity continued to be that of design and installation of kitchen systems, furniture and appliances at the year end.

Business review and future developments

The company continues to grow at a controlled rate. The Contracts Division has succeeded in completing and winning many prestigious projects during the year and a new marketing strategy is currently being developed and this will be rolled out during 2006. The directors are pleased with the results achieved in 2004 and are looking forward to consolidating this position in 2005.

Results and dividends

The company made a profit for the year of £280,359 (2003: loss £1,613). The directors do not recommend the payment of a dividend.

Directors

The present directors of the company, all of whom served throughout the year, are set out on page 1. None of the directors had any interest in the share capital of the company at 31 December.

Where the directors are also directors of the parent company, any interests in the share capital of the parent company are disclosed in the financial statements of that company.

Statement of directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will stay in business.

The directors are responsible for keeping proper accounting records which 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. 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.

Auditors

The auditors, RSM Robson Rhodes LLP are willing to continue in office, and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 15 April 2005 and signed on its behalf by:


P R C Lambert
Secretary

Independent Auditors' Report to the Shareholders of Kitchen Consultants Limited

We have audited the financial statements on pages 4 to 15.

This report is made solely to the company's shareholders, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 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 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 affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors
Cambridge, England
15 April 2005

Profit and Loss Account

For the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover - continuing operations	2	7,608,951	6,077,796
Cost of sales		(5,241,819)	(4,221,826)
Gross profit		<u>2,367,132</u>	<u>1,855,970</u>
Selling and distribution costs		(626,309)	(678,778)
Administrative expenses		(1,379,803)	(1,174,071)
Operating profit - continuing operations	3	<u>361,020</u>	<u>3,121</u>
Interest receivable		-	1,760
Interest payable and similar charges	6	(4,271)	(3,793)
Profit on ordinary activities before taxation		<u>356,749</u>	<u>1,088</u>
Tax on profit on ordinary activities	7	(76,390)	(2,701)
Profit / (loss) for the year		<u><u>280,359</u></u>	<u><u>(1,613)</u></u>

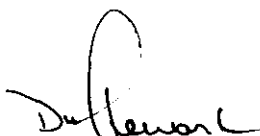
There are no recognised gains or losses in the year other than those reported above.

Balance Sheet

at 31 December 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	8	181,301	180,182
Current assets			
Stocks	9	407,072	521,227
Debtors	10	2,205,562	1,184,695
Cash at bank and in hand		205,372	3,610
		2,818,006	1,709,532
Creditors: Amounts falling due within one year	11	(2,060,992)	(1,228,862)
Net current assets		757,014	480,670
Total assets less current liabilities		938,315	660,852
Creditors: Amounts falling due after more than one year	12	(35,564)	(29,133)
Provisions for liabilities and charges	14	-	(9,327)
Net assets		902,751	622,392
Capital and reserves			
Called up share capital	15	800	800
Profit and loss account	16	901,951	621,592
Equity shareholders' funds	17	902,751	622,392

The financial statements were approved by the Board of directors on 15 April 2005 and signed on its behalf by:



D Stewart
Director

Cash Flow Statement

For the year ended 31 December 2004

	Note	2004	2003 £
Net cash inflow / (outflow) from operating activities	18	312,504	(47,474)
Returns on investment and servicing of finance			
Interest received		-	1,760
Interest paid		(1,728)	(2,852)
Hire purchase interest		(2,543)	(941)
Net cash outflow from returns on investments and servicing of finance		(4,271)	(2,033)
Taxation		-	(30,418)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(49,829)	(95,231)
Receipts from sale of tangible fixed assets		3,000	-
Cash outflow before financing		261,404	(175,156)
Financing			
Principal payment under hire purchase contract		(27,144)	(4,219)
Increase / (decrease) in cash	19	234,260	(179,375)

Notes to the Financial Statements

31 December 2004

1. Accounting Policies

Basis of accounting

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

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

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:

Leasehold buildings	25% straight line (2003: 20% straight line)
Fixtures, fittings and equipment	25% straight line (2003: 25% reducing balance)

Leasing and hire purchase

Assets obtained under hire purchase contract 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 financial element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of change on the net obligation outstanding in each period.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

Stocks

Stocks are valued at the lower 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.

Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not they will be recovered.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the 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 differences are taken into account in arriving at the operating profit.

Pensions

The company pays pension contribution into personal pension schemes for the directors and staff and the pension charge represents contributions paid to those schemes during the year.

Notes to the Financial Statements

31 December 2004

2. Turnover

The whole of the turnover is attributable to the main business activity. All turnover arose within the United Kingdom.

3. Operating Profit

The operating profit is stated after charging / (crediting):

	2004 £	2003 £
Depreciation of tangible fixed assets	73,279	35,796
Loss on disposal of tangible fixed assets	16,885	-
Auditors' remuneration	7,750	7,500
Operating lease rentals:		
Land and buildings	98,592	74,025
Other operating leases	44,365	38,713
(Profit) / loss on foreign currency exchange	(14,990)	10,686
	<hr/>	<hr/>

4. Staff Costs

Staff costs, including directors' remuneration, were as follows:

	2004 £	2003 £
Wages and salaries	1,167,881	963,753
Social security costs	144,708	102,664
Other pension costs	21,497	34,819
	<hr/>	<hr/>
	1,334,086	1,101,236
	<hr/>	<hr/>

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

	2004 No	2003 No
Sales	7	8
Construction	10	7
Administration	11	12
	<hr/>	<hr/>
	28	27
	<hr/>	<hr/>

Notes to the Financial Statements

31 December 2004

5. Directors' Remuneration

	2004 £	2003 £
Emoluments	421,493	335,834
Pension costs – money purchase pension schemes	17,012	25,000
	<u> </u>	<u> </u>
Number of directors accruing benefits under money purchase pension schemes	3	3
	<u> </u>	<u> </u>

The highest paid director received remuneration of £161,414 (2003: £107,723) and had company contributions paid to a money purchase pension scheme of £nil (2003: £nil).

6. Interest Payable and Similar Charges

	2004 £	2003 £
Bank loans and overdrafts	1,728	2,852
Hire purchase contracts	2,543	941
	<u> </u>	<u> </u>
	4,271	3,793
	<u> </u>	<u> </u>

7. Taxation

	2004 £	2003 £
United Kingdom Corporation Tax		
Current tax on income for the year	85,916	-
Deferred taxation		
Net origination of timing differences	(9,526)	2,701
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	76,390	2,701
	<u> </u>	<u> </u>

Notes to the Financial Statements

31 December 2004

7. Taxation (continued)

Current tax reconciliation

	2004 £	2003 £
Profit on ordinary activities before taxation	356,749	1,088
Theoretical tax at UK corporation tax rate of 30% (2003: 19%)	107,025	207
Effects of:		
Expenses not deductible for tax purposes	7,061	1,661
Accelerated capital allowances	9,609	(600)
Small companies relief	(30,573)	(1,268)
Group relief	(7,206)	-
Actual current tax	85,916	-

8. Tangible Fixed Assets

	Short term leasehold land & buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2003	56,530	235,497	292,027
Additions	26,753	67,530	94,283
Disposals	-	(73,349)	(73,349)
At 31 December 2004	83,283	229,678	312,961
Depreciation			
At 1 January 2003	19,002	92,843	111,845
Charged for the year	18,165	55,114	73,279
Disposals	-	(53,464)	(53,464)
At 31 December 2004	37,167	94,493	131,660
Net book value			
At 31 December 2004	46,116	135,185	181,301
At 31 December 2003	37,528	142,654	180,182

The net book value of the tangible fixed assets includes £62,204 (2003: £37,326) held under hire purchase contracts. Depreciation charged in the year on those assets amounted to £15,383 (2003: £3,393).

Notes to the Financial Statements

31 December 2004

9. Stocks

	2004 £	2003 £
Finished goods and goods for resale	407,072	521,227

10. Debtors

	2004 £	2003 £
Trade debtors	1,444,562	743,693
Amounts owed from parent company	538,511	332,129
Other debtors (including deferred taxation asset – note 14)	198,611	59,582
Prepayments and accrued income	23,878	49,291
	<u>2,205,562</u>	<u>1,184,695</u>

Included within trade debtors are retention amounts receivable after more than one year of £163,877 (2003: £133,143).

Included within other debtors within one year are loans to the following directors:

	2004 £	2003 £	Maximum amount outstanding £
D Stewart	30,000	30,000	30,000
D Roberts	30,000	-	30,000

After the balance sheet date, D Stewart and D Roberts each repaid £15,000 of their respective director loans.

11. Creditors: Amounts Falling Due Within One Year

	2004 £	2003 £
Borrowings (note 13)	18,246	39,865
Payments received on account	89,943	64,622
Trade creditors	1,594,770	1,011,639
Corporation tax	85,916	-
Social security and other taxes	92,660	83,268
Other creditors	34,151	-
Accruals and other deferred income	145,306	29,468
	<u>2,060,992</u>	<u>1,228,862</u>

Notes to the Financial Statements

31 December 2004

12. Creditors: Amounts Falling Due After More than One Year

	2004 £	2003 £
Borrowings (note 13)	35,564	29,133

13. Borrowings

	2004 £	2003 £
Amounts due within one year		
Bank overdraft	-	32,498
Obligations under hire purchase contracts	18,246	7,367
	<u>18,246</u>	<u>39,865</u>
Amounts due after more than one year		
Obligations under hire purchase contracts	35,564	29,133
	<u>35,564</u>	<u>29,133</u>
Total borrowings	<u>53,810</u>	<u>68,998</u>

The above borrowings are repayable as follows

	2004 £	2003 £
Due within one year	18,246	39,865
Between one and two years	29,692	8,655
Between two and five years	5,872	20,478
	<u>53,810</u>	<u>68,998</u>

Notes to the Financial Statements

31 December 2004

14. Deferred Taxation

	Deferred Taxation £
At 1 January 2004	9,327
Transfer to profit and loss account	(9,526)
	<hr/>
At 31 December 2004	(199)
	<hr/> <hr/>

Deferred taxation comprises the following (assets) / liabilities:

	Amounts provided		Amounts not provided	
	2004	2003	2004	2003
	£	£	£	£
Accelerated capital allowances	(95)	9,327	-	-
Other timing differences	(104)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(199)	9,327	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15. Share Capital

	2004 £	2003 £
Authorised		
125,000 ordinary shares of 1p each	1,250	1,250
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Allotted, called up and fully paid		
80,000 ordinary shares of 1p each	800	800
	<hr/> <hr/>	<hr/> <hr/>

16. Reserves

	Profit and loss account £
At 1 January 2004	621,592
Profit for the year	280,359
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At 31 December 2004	901,951
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Notes to the Financial Statements

31 December 2004

17. Reconciliation of Movement in Shareholders' Funds

	2004 £	2003 £
Profit / (loss) for the year	280,359	(1,613)
Opening shareholders' funds	622,392	624,005
	<hr/>	<hr/>
Closing shareholders' funds (all equity)	902,751	622,392
	<hr/>	<hr/>

18. Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities

	2004 £	2003 £
Operating profit	361,020	3,121
Depreciation of tangible fixed assets	73,279	35,796
Loss on disposal of tangible fixed assets	16,885	-
Decrease / (increase) in stocks	114,155	(228,465)
Increase in debtors	(1,020,668)	(175,467)
Increase in creditors	767,833	317,541
	<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities	312,504	(47,474)
	<hr/>	<hr/>

19. Reconciliation of Net Cash Flow to Movement in Net Funds / (Debt)

	2004 £	2003 £
Increase / (decrease) in cash	234,260	(179,375)
Cash outflow from decrease in debt and lease financing	27,144	4,219
Inception of hire purchase contracts	(44,454)	(40,719)
	<hr/>	<hr/>
Movement in net funds	216,950	(215,875)
Opening net funds	(65,388)	150,487
	<hr/>	<hr/>
Closing net funds / (debt)	151,562	(65,388)
	<hr/>	<hr/>

Notes to the Financial Statements

31 December 2004

20. Analysis of Net Funds

	1 January 2004 £	Cash Flow £	Other non- cash changes £	31 December 2004 £
Cash at bank and in hand	3,610	201,762	-	205,372
Bank overdraft	(32,498)	32,498	-	-
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Hire purchase contracts	(28,888) (36,500)	234,260 27,144	- (44,454)	205,372 (53,810)
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	(65,388)	261,404	(44,454)	151,562
	<hr/>	<hr/>	<hr/>	<hr/>

21. Financial Commitments

Operating lease commitments

The payments which the company is committed to make in the next year under operating leases are as follows:

	2004 £	2003 £
Land and buildings, leases expiring		
Between two and five years	102,544	62,544
After more than 5 years	25,000	25,000
Other operating leases expiring		
Between two and five years	30,819	16,787
	<hr/>	<hr/>

22. Related Party Transactions

During the year the company provided Larost Holdings Limited with total funds of £206,382 to enable that company to repay loan notes, pay interest charges, and settle a final instalment arising on acquisition. At 31 December 2004 Larost Holdings Limited owed the company £538,511 (2003: £332,129).

Larost Holdings is a related party due to it being the parent undertaking.

23. Parent Undertaking

The parent undertaking is Larost Holdings Limited, a company incorporated in England and Wales. Copies of the accounts of Larost Holdings Limited can be obtained from Companies House in Cardiff.