

COMPANY NO: 2860223

# **Kitchen Consultants Limited**

**Annual Report**

**Year ended 31 December 2003**



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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 2003.

### 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 is involved in many prestigious long term contracts in London with major developers and construction companies. The company employed several experienced managers in 2003 to ensure that we continue to deliver a high level of service to our clients as our workload continues to increase.

During the year the entire share capital of the company was acquired by Larost Holding Limited.

### Results and dividends

The company made a loss for the year of £1,613 (2002: profit £112,868). 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. D A Fleming resigned as a director on 14 July 2003. None of the directors had any interest in the share capital of the company at 31 December 2003. The following director serving at 31 December 2003 had beneficial interests in the company's issued share capital at 31 December 2002 as follows:

	Ordinary shares of 1p each 2002 £
P R C Lambert	40,000

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:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared 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.

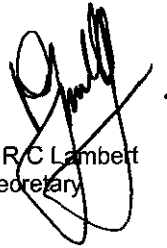
## **Report of The Directors (continued)**

### **Auditors**

The auditors, RSM Robson Rhodes LLP were appointed by the directors during the year. They are willing to continue in office, and a resolution to formally reappoint them will be proposed at the forthcoming Annual General Meeting.

### **Approval**

The report of the directors was approved by the Board on *11<sup>th</sup> June* 2004 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 5 to 16.

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 2003 and of its loss 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

17 June 2004

## Profit and Loss Account

For the year ended 31 December 2003

	Note	2003 £	2002 £
<b>Turnover - continuing operations</b>	2	6,077,796	5,876,225
Cost of sales		(4,221,826)	(4,194,634)
<b>Gross profit</b>		1,855,970	1,681,591
Selling and distribution costs		(678,778)	(625,879)
Administrative expenses		(1,174,071)	(911,351)
<b>Operating profit - continuing operations</b>	3	3,121	144,361
Interest receivable		1,760	1,848
Interest payable and similar charges	6	(3,793)	(1,814)
<b>Profit on ordinary activities before taxation</b>		1,088	144,395
Tax on profit on ordinary activities	7	(2,701)	(31,527)
<b>(Loss)/profit for the year</b>		(1,613)	112,868

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



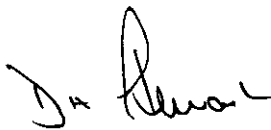


## Balance Sheet

at 31 December 2003

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	8	180,182	80,028
<b>Current assets</b>			
Stocks	9	521,227	292,762
Debtors	10	1,184,695	1,009,228
Cash at bank and in hand		3,610	150,487
		1,709,532	1,452,477
<b>Creditors: Amounts falling due within one year</b>	11	(1,228,862)	(901,874)
<b>Net current assets</b>		480,670	550,603
<b>Total assets less current liabilities</b>		660,852	630,631
<b>Creditors: Amounts falling due after more than one year</b>	12	(29,133)	-
<b>Provisions for liabilities and charges</b>	14	(9,327)	(6,626)
<b>Net assets</b>		622,392	624,005
<b>Capital and reserves</b>			
Called up share capital	15	800	800
Profit and loss account	16	621,592	623,205
<b>Equity shareholders' funds</b>	17	622,392	624,005

The financial statements were approved by the Board of directors on 11 June 2004 and signed on its behalf by:



D Stewart  
Director

## Cash Flow Statement

For the year ended 31 December 2003

	Note	2003 £	2002 £
<b>Net cash (outflow) / inflow from operating activities</b>	18	(47,474)	5,963
<b>Returns on investment and servicing of finance</b>			
Interest received		1,760	1,848
Interest paid		(2,852)	(132)
Hire purchase interest		(941)	(1,682)
<b>Net cash (outflow) / inflow from returns on investments and servicing of finance</b>		(2,033)	34
<b>Taxation</b>		(30,418)	(30,186)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(95,231)	(32,505)
<b>Cash outflow before financing</b>		(175,156)	(56,694)
<b>Financing</b>			
Principal payment under hire purchase contract		(4,219)	(11,687)
<b>Decrease in cash</b>		(179,375)	(68,381)

## Notes to the Financial Statements

31 December 2003

### 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	20% straight line
Fixtures, fittings and equipment	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 2003

### 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):

	2003 £	2002 £
Depreciation of tangible fixed assets	35,796	22,604
Auditors' remuneration	7,750	4,000
Operating lease rentals:		
Land and buildings	74,025	46,875
Other operating leases	49,292	48,267
Loss / (profit) on foreign currency exchange	10,686	(5,056)
	<hr/>	<hr/>

### 4. Staff Costs

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

	2003 £	2002 £
Wages and salaries	963,753	723,785
Social security costs	102,664	89,270
Other pension costs	34,819	35,437
	<hr/>	<hr/>
	1,101,236	848,492
	<hr/>	<hr/>

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

	2003 No	2002 No
Sales	8	6
Construction	7	7
Administration	12	8
	<hr/>	<hr/>
	27	21
	<hr/>	<hr/>

## Notes to the Financial Statements

31 December 2003

### 5. Directors' Remuneration

	2003 £	2002 £
Emoluments	335,834	345,351
Pension costs – money purchase pension schemes	25,000	30,000
	<hr/>	<hr/>
Number of directors accruing benefits under money purchase pension schemes	3	3
	<hr/>	<hr/>

The highest paid director received remuneration of £103,000 (2002: £103,580) and had company contributions paid to a money purchase pension scheme of £12,000 (2002: £6,000).

### 6. Interest Payable and Similar Charges

	2003 £	2002 £
Bank loans and overdrafts	2,852	132
Hire purchase contracts	941	1,682
	<hr/>	<hr/>
	3,793	1,814
	<hr/>	<hr/>

### 7. Taxation

	2003 £	2002 £
<b>United Kingdom Corporation Tax</b>		
Current tax on income for the year	-	30,418
<b>Deferred taxation</b>		
Net origination of timing differences	2,701	1,109
	<hr/>	<hr/>
<b>Tax on profit on ordinary activities</b>	2,701	31,527
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## Notes to the Financial Statements

31 December 2003

### 7. Taxation (continued)

#### Current tax reconciliation

	2003 £	2002 £
Profit on ordinary activities before taxation	1,088	144,395
Theoretical tax at UK corporation tax rate of 19% (2002: 19.246%)	207	27,790
Effects of:		
Expenses not deductible for tax purposes	1,661	4,029
Accelerated capital allowances	(600)	(1,401)
Small companies tax rate	(1,268)	-
Actual current tax	-	30,418

### 8. Tangible Fixed Assets

	Short term leasehold land & buildings £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 January 2003	12,000	144,077	156,077
Additions	44,530	91,420	135,950
At 31 December 2003	56,530	235,497	292,027
<b>Depreciation</b>			
At 1 January 2002	12,000	64,049	76,049
Charged for the year	7,002	28,794	35,796
At 31 December 2003	19,002	92,843	111,845
<b>Net book value</b>			
At 31 December 2003	37,528	142,654	180,182
At 31 December 2002	-	80,028	80,028

The net book value of the tangible fixed assets includes £37,326 (2002: £4,547) held under hire purchase contracts. Depreciation charged in the year on those assets amounted to £3,393 (2002: £4,031).

## Notes to the Financial Statements

31 December 2003

### 9. Stocks

	2003 £	2002 £
Finished goods and goods for resale	521,227	292,762

### 10. Debtors

	2003 £	2002 £
Trade debtors	743,693	904,731
Amounts owed from parent company	332,129	-
Other debtors	59,582	78,287
Prepayments and accrued income	49,291	26,210
	1,184,695	1,009,228

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

	2003 £	2002 £	Maximum amount outstanding £
D Stewart	30,000	30,000	30,000
D A Fleming	-	10,000	10,000
P R C Lambert	-	10,000	10,000

### 11. Creditors: Amounts Falling Due Within One Year

	2003 £	2002 £
Borrowings (note 13)	39,865	-
Payments received on account	64,622	49,232
Trade creditors	1,011,639	738,829
Corporation tax	-	30,418
Social security and other taxes	83,268	37,736
Other creditors	-	896
Accruals and other deferred income	29,468	44,763
	1,228,862	901,874

## Notes to the Financial Statements

31 December 2003

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

	2003 £	2002 £
Borrowings (note 13)	29,133	-
	<u>29,133</u>	<u>-</u>

### 13. Borrowings

	2003 £	2002 £
<b>Amounts due within one year</b>		
Bank overdraft	32,498	-
Obligations under hire purchase contracts	7,367	-
	<u>39,865</u>	<u>-</u>
	39,865	-
<b>Amounts due after more than one year</b>		
Obligations under hire purchase contracts	29,133	-
	<u>29,133</u>	<u>-</u>
Total borrowings	<u>68,998</u>	<u>-</u>

The above borrowings are repayable as follows

	2003 £	2002 £
Due within one year	39,865	-
Between one and two years	8,655	-
Between two and five years	20,478	-
	<u>68,998</u>	<u>-</u>
	68,998	-



## Notes to the Financial Statements

31 December 2003

### 14. Provisions For Liabilities and Charges

	Deferred Taxation £
At 1 January 2003	6,626
Transfer to profit and loss account	2,701
	<hr/>
At 31 December 2003	9,327
	<hr/> <hr/>

The deferred taxation liability comprises the following:

	Amounts provided		Amounts not provided	
	2003	2002	2003	2002
	£	£	£	£
Accelerated capital allowances	9,327	6,626	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

### 15. Share Capital

	2003 £	2002 £
<b>Authorised</b>		
125,000 ordinary shares of 1p each	1,250	1,250
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
80,000 ordinary shares of 1p each	800	800
	<hr/>	<hr/>

### 16. Reserves

	Profit and loss account £
At 1 January 2003	623,205
Loss for the year	(1,613)
	<hr/>
At 31 December 2003	621,592
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## Notes to the Financial Statements

31 December 2003

### 17. Reconciliation of Movement in Shareholders' Funds

	2003 £	2002 £
(Loss)/profit for the year	(1,613)	112,868
Opening shareholders' funds	(1,613) 624,005	112,868 511,137
Closing shareholders' funds	622,392	624,005

### 18. Net cash flow from operating activities

	2003 £	2002 £
Operating profit	3,121	144,361
Depreciation of tangible fixed assets	35,796	22,604
Loss on disposal of tangible fixed assets	-	17,974
(Increase) / decrease in stocks	(228,465)	89,841
(Increase) / decrease in debtors	(175,467)	141,260
Increase / (decrease) in creditors	317,541	(410,077)
Net cash (outflow) / inflow from operating activities	(47,474)	5,963

### 19. Reconciliation of net cash flow to movement in net (debt) / funds

	2003 £	2002 £
Decrease in cash	(179,375)	(68,381)
Cash outflow from decrease in debt and lease financing	4,219	11,687
Inception of hire purchase contracts	(40,719)	-
Movement in net funds	(215,875)	(56,694)
Opening net funds	150,487	207,181
Closing net (debt) / funds	(65,388)	150,487

## Notes to the Financial Statements

31 December 2003

### 20. Analysis of net funds

	1 January 2003 £	Cash Flow £	Other non- cash changes £	31 December 2003 £
Cash at bank and in hand	150,487	(146,877)	-	3,610
Bank overdraft	-	(32,498)	-	(32,498)
	<hr/>	<hr/>	<hr/>	<hr/>
Hire purchase contracts	150,487	(179,375)	-	(28,888)
	-	4,219	(40,719)	(36,500)
	<hr/>	<hr/>	<hr/>	<hr/>
	150,487	(175,156)	(40,719)	(65,388)
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### 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:

	2003 £	2002 £
Land and buildings, leases expiring		
Between two and five years	62,544	19,000
After more than 5 years	25,000	25,000
Other operating leases expiring		
Between two and five years	30,687	36,939
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### 22. Related Party Transactions

On 14 July 2003, Larost Holdings Limited acquired the entire share capital of the company.

The company gave financial assistance to Larost Holdings Limited during the acquisition providing funds of £332,129 towards the total consideration and associated costs of the acquisition. At 31 December 2003 Larost Holdings Limited owed the company £332,129 in respect of these transactions. As part of the share acquisition, P R C Lambert sold 40,000 ordinary shares of 1p each in the company to Larost Holdings Limited for a total consideration of £762,500 (comprising £150,000 cash, £225,000 unsecured C loan notes, and £387,500 in return for 100 fully paid ordinary shares of £1 each in Larost Holdings Limited).

On 14 July 2003, P R C Lambert, D Roberts and D Stewart were directors of both the company and Larost Holdings Limited.

### 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.