

Furniture@Work Limited

FINANCIAL STATEMENTS

for the year ended

30 September 2005



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COMPANIES HOUSE 27/06/06

Furniture@Work Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

M Philp

SECRETARY

A P Healy

REGISTERED OFFICE

Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

AUDITORS

Baker Tilly
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

BANKERS

Clydesdale Bank
30 St Vincent Place
Glasgow
G1 2HL

Furniture@Work Limited

DIRECTOR'S REPORT

The director submits his report and financial statements of Furniture@Work Limited for the year ended 30 September 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the sale of office products.

REVIEW OF THE BUSINESS

The director is pleased with the results of the company for the year and their continued growth and anticipates another successful year in 2006.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The director has not recommended a dividend.

THE DIRECTOR AND HIS INTERESTS IN THE SHARES OF THE COMPANY

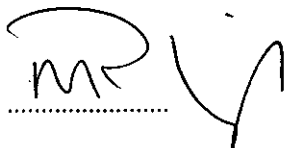
The director who served the company during the year together with his beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 September 2005	At 1 October 2004
M Philp	<u>30,000</u>	<u>30,000</u>

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

Signed by



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M Philp

Director

Furniture@Work Limited

DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the director 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 those financial statements, the director is required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the requirements of the Companies Act 1985. The director 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FURNITURE@WORK LIMITED

We have audited the financial statements on pages 5 to 13.

This report is made solely to the company's members, 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 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 director and auditors

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Director's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 director 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.

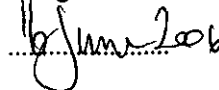
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH



Furniture@Work Limited
PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2005

	<i>Notes</i>	2005 £	2004 £
TURNOVER	1	16,049,803	15,307,192
Cost of sales		12,448,670	11,599,557
Gross profit		3,601,133	3,707,635
Distribution costs		2,371,102	2,507,278
Administrative expenses		848,515	918,285
OPERATING PROFIT	2	381,516	282,072
Interest receivable		49,312	20,096
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		430,828	302,168
Taxation	5	110,157	59,431
RETAINED PROFIT FOR THE FINANCIAL YEAR		320,671	242,737

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Furniture@Work Limited

BALANCE SHEET

30 September 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	6	59,474	40,901
CURRENT ASSETS			
Debtors	7	1,308,122	1,508,809
Cash at bank		3,279,667	2,196,627
		4,587,789	3,705,436
CREDITORS			
Amounts falling due within one year	8	(3,955,399)	(3,390,289)
NET CURRENT ASSETS		632,390	315,147
TOTAL ASSETS LESS CURRENT LIABILITIES		691,864	356,048
CREDITORS			
Amounts falling due after more than one year	9	(15,145)	—
		676,719	356,048
CAPITAL AND RESERVES			
Called up equity share capital	12	30,000	30,000
Profit and loss account	13	646,719	326,048
SHAREHOLDERS' FUNDS	14	676,719	356,048

These financial statements were approved and signed by the director on 14/6/06...


M Philp
Director

Furniture@Work Limited

CASH FLOW STATEMENT

for the year ended 30 September 2005

	<i>Notes</i>	2005 £	2004 £
Net cash flow from operating activities	15.a	931,670	500,807
Returns on investments and servicing of finance	15.b	49,312	20,096
Taxation	15.b	(59,327)	(36,729)
Capital expenditure and financial investment	15.b	(64,182)	3,597
CASH INFLOW BEFORE FINANCING		<u>857,473</u>	<u>487,771</u>
Financing	15.b	21,193	—
INCREASE IN CASH IN THE PERIOD		<u>878,666</u>	<u>487,771</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		2005 £	2004 £
Increase in cash in the period		878,666	487,771
Cash outflow in respect of hire purchase		(21,193)	—
CHANGE IN NET FUNDS	15.c	<u>857,473</u>	<u>487,771</u>
NET FUNDS AT 1 OCTOBER 2004	15.c	<u>1,622,425</u>	<u>1,134,654</u>
NET FUNDS AT 30 SEPTEMBER 2005	15.c	<u>2,479,898</u>	<u>1,622,425</u>

Furniture@Work Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	20 - 33.33% straight line
Motor Vehicles	-	25% straight line
Equipment	-	20 - 33.33% straight line

HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Furniture@Work Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2005

1 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2005	2004
	£	£
United Kingdom	<u>16,049,803</u>	<u>15,307,192</u>

2 OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	37,694	24,516
Depreciation of assets held under hire purchase agreements	7,915	—
Auditors' remuneration		
- as auditors	7,020	6,750
Operating lease costs:		
Land and buildings	<u>81,930</u>	<u>73,291</u>

3 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Number of administrative staff	44	39
Number of management staff	5	5
	<u>49</u>	<u>44</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	763,442	843,129
Social security costs	68,938	58,259
	<u>832,380</u>	<u>901,388</u>

4 DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were:

	2005	2004
	£	£
Emoluments receivable	<u>100,000</u>	<u>100,000</u>

Furniture@Work Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2005

5 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	108,540	57,710
Over/under provision in prior year	1,617	1,721
Total current tax	<u>110,157</u>	<u>59,431</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>430,828</u>	<u>302,168</u>
Profit/(loss) on ord acts by rate of tax	129,248	90,650
Capital allowances for period in excess of depreciation	7,964	-
Adjustments to tax charge in respect of previous periods	1,617	1,721
Marginal relief	<u>(28,672)</u>	<u>(32,940)</u>
Total current tax (note 5(a))	<u>110,157</u>	<u>59,431</u>

6 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost				
At 1 October 2004	5,221	-	105,268	110,489
Additions	6,396	31,660	26,126	64,182
At 30 September 2005	<u>11,617</u>	<u>31,660</u>	<u>131,394</u>	<u>174,671</u>
Depreciation				
At 1 October 2004	1,594	-	67,994	69,588
Charge for the year	3,001	7,915	34,693	45,609
At 30 September 2005	<u>4,595</u>	<u>7,915</u>	<u>102,687</u>	<u>115,197</u>
Net book value				
At 30 September 2005	<u>7,022</u>	<u>23,745</u>	<u>28,707</u>	<u>59,474</u>
At 30 September 2004	<u>3,627</u>	<u>-</u>	<u>37,274</u>	<u>40,901</u>

Hire purchase agreements

Included within the net book value of £59,474 is £23,745 (2004 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £7,915 (2004 - £Nil).

Furniture@Work Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2005

7 DEBTORS

	2005	2004
	£	£
Trade debtors	1,267,713	1,476,340
Prepayments and accrued income	40,409	32,469
	<u>1,308,122</u>	<u>1,508,809</u>

8 CREDITORS: Amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdrafts	778,576	574,202
Trade creditors	2,732,677	2,394,064
Corporation tax	108,540	57,710
Other taxation and social security	184,651	208,223
Hire purchase agreements	6,048	—
Accruals and deferred income	144,907	156,090
	<u>3,955,399</u>	<u>3,390,289</u>

9 CREDITORS: Amounts falling due after more than one year

	2005	2004
	£	£
Hire purchase agreements	<u>15,145</u>	<u>—</u>

10 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2005	2004
	£	£
Amounts payable within 1 year	6,048	—
Amounts payable between 1 and 2 years	12,096	—
Amounts payable between 3 and 5 years	3,049	—
	<u>21,193</u>	<u>—</u>

11 RELATED PARTY TRANSACTIONS

The company was under the control of Mr Michael Philp throughout the current period. Mr Michael Philp is the managing director and sole shareholder.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

Furniture@Work Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2005

12 SHARE CAPITAL

	2005 £	2004 £
Authorised:		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>
	2005 £	2004 £
Allotted, called up and fully paid:		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

13 PROFIT AND LOSS ACCOUNT

	2005 £	2004 £
At 1 October 2004	326,048	83,311
Retained profit for the financial year	<u>320,671</u>	<u>242,737</u>
At 30 September 2005	<u>646,719</u>	<u>326,048</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	320,671	242,737
Opening shareholders' equity funds	<u>356,048</u>	<u>113,311</u>
Closing shareholders' equity funds	<u>676,719</u>	<u>356,048</u>

15 CASH FLOWS

a Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	381,516	282,072
Depreciation	45,609	24,516
Decrease/(increase) in debtors	200,687	(86,792)
Increase in creditors	<u>303,858</u>	<u>281,011</u>
Net cash inflow from operating activities	<u>931,670</u>	<u>500,807</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2005 £	2004 £
Interest received	<u>49,312</u>	<u>20,096</u>
Net cash inflow from returns on investments and servicing of finance	<u>49,312</u>	<u>20,096</u>

Furniture@Work Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2005

15 CASH FLOWS *(continued)*

Taxation

	2005	2004
	£	£
Taxation	<u>(59,327)</u>	<u>(36,729)</u>

Capital expenditure

	2005	2004
	£	£
Payments to acquire tangible fixed assets	(64,182)	(28,078)
Receipts from sale of fixed assets	—	31,675
Net cash (outflow)/inflow from capital expenditure	<u>(64,182)</u>	<u>3,597</u>

Financing

	2005	2004
	£	£
Capital element of hire purchase	21,193	—
Net cash inflow from financing	<u>21,193</u>	<u>—</u>

c Analysis of net funds

	At 1 Oct 2004	Cash flows	At 30 Sep 2005
	£	£	£
Cash in hand and at bank	2,196,627	1,083,040	3,279,667
Overdrafts	(574,202)	(204,374)	(778,576)
	<u>1,622,425</u>	<u>878,666</u>	<u>2,501,091</u>
Hire purchase agreements	—	(21,193)	(21,193)
Total	<u>1,622,425</u>	<u>857,473</u>	<u>2,479,898</u>