

Furniture@Work Limited

FINANCIAL STATEMENTS

for the year ended

30 September 2007



Furniture@Work Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

Mr M Philp

SECRETARY

Mrs M Philp

REGISTERED OFFICE

Holmelea House
Faith Avenue
Quarriers Village
Bridge of Weir
Renfrewshire
PA11 3SX

AUDITOR

Baker Tilly UK Audit LLP
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 2007

PRINCIPAL ACTIVITIES

The principal activity of the company is the supply of Office Furniture to small and medium size companies, all sectors of the government (Education, Councils, NHS) and the domestic home office market in UK. This is achieved via mail order, the internet, telemarketing and account management.

REVIEW OF THE BUSINESS

The director is satisfied with the results of the company for the year. Turnover has increased from £22m (2006) to £28m (2007), an increase of 31% for the year. Gross profit has increased from £4.5m (2006) to £5.6m (2007), an increase of 24% for the year.

Net profit for the financial year has decreased from £492k (2006) to £350k (2007), primarily due to increased investment in the internet. The director anticipates further growth and profitability in 2008.

FUTURE DEVELOPMENTS

The company will continue to invest in a multi channelled marketing strategy. Sales through the catalogue, internet, telemarketing and account management will continue to grow for the company in the Office Furniture market. The company will continue to invest in technology to streamline the operations, and employees to increase the capacity to manage the projected growth.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £349,726. The director has not recommended a dividend.

DIRECTOR

The director who served the company during the year was as follows:

Mr M Philp

Mr A P Healy was appointed as secretary on 19 May 2006 and resigned on 27 March 2007. Mrs M Philp was appointed as secretary on 27 March 2007.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks to the business are general market conditions. The company has a high degree of flexibility built into its strategy to adapt and react quickly to market conditions.

Furniture@Work Limited

DIRECTOR'S REPORT


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The director who was in office on the date of approval of these financial statements has confirmed, as far as he is aware, that there is no relevant audit information of which the auditor is unaware. The director has confirmed that he has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

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

Signed by


8/2/08

M Philp

Director

Furniture@Work Limited

DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 that disclose with reasonable accuracy at any time the financial position of the company and 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 6 to 14

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 auditor

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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

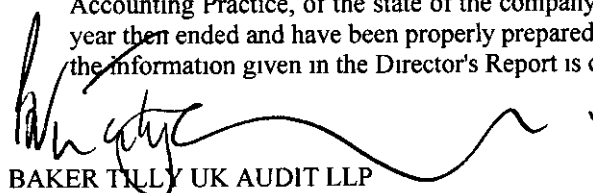
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and the information given in the Director's Report is consistent with the financial statements.



BAKER TILLY UK AUDIT LLP

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

15 2.08

Furniture@Work Limited
PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2007

		2007	2006
	<i>Notes</i>	£	£
TURNOVER	1	28,749,161	22,008,888
Cost of sales		23,185,665	17,514,003
Gross profit		5,563,496	4,494,885
Distribution costs		2,307,492	2,102,443
Administrative expenses		3,098,716	1,895,044
OPERATING PROFIT	2	157,288	497,398
Interest receivable		325,446	162,999
Interest payable and similar charges	5	(9,113)	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		473,621	660,397
Taxation	6	123,895	167,864
PROFIT FOR THE FINANCIAL YEAR		349,726	492,533

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

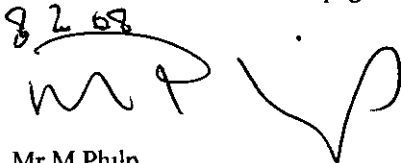
Furniture@Work Limited

BALANCE SHEET

30 September 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	7	<u>274,665</u>	<u>269,322</u>
CURRENT ASSETS			
Debtors	8	3,328,969	2,391,234
Cash at bank		<u>6,163,668</u>	<u>4,820,262</u>
		9,492,637	7,211,496
CREDITORS			
Amounts falling due within one year	9	<u>8,172,949</u>	<u>6,146,471</u>
NET CURRENT ASSETS		<u>1,319,688</u>	<u>1,065,025</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,594,353</u>	<u>1,334,347</u>
CREDITORS			
Amounts falling due after more than one year	10	<u>75,375</u>	<u>165,095</u>
		<u>1,518,978</u>	<u>1,169,252</u>
CAPITAL AND RESERVES			
Called up equity share capital	14	30,000	30,000
Profit and loss account	15	<u>1,488,978</u>	<u>1,139,252</u>
SHAREHOLDERS' FUNDS	16	<u>1,518,978</u>	<u>1,169,252</u>

The financial statements on pages 6 to 14 were approved by the board of director and authorised for issue on

8.2.08


Mr M Philp
Director

Furniture@Work Limited
CASH FLOW STATEMENT
for the year ended 30 September 2007

		2007	2006
	<i>Notes</i>	£	£
Net cash flow from operating activities	17 a	1,455,907	2,282,604
Returns on investments and servicing of finance	17 b	316,333	162,999
Taxation	17 b	(177,586)	(98,818)
Capital expenditure and financial investment	17 b	(168,288)	(247,690)
CASH INFLOW BEFORE FINANCING		<u>1,426,366</u>	<u>2,099,095</u>
Financing	17 b	(82,960)	220,076
INCREASE IN CASH IN THE PERIOD		<u>1,343,406</u>	<u>2,319,171</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2007	2006
		£	£
Increase in cash in the period		1,343,406	2,319,171
Cash outflow in respect of hire purchase		82,960	(220,076)
CHANGE IN NET FUNDS	17 c	<u>1,426,366</u>	<u>2,099,095</u>
NET FUNDS AT 1 OCTOBER 2006	17 c	<u>4,578,993</u>	<u>2,479,898</u>
NET FUNDS AT 30 SEPTEMBER 2007	17 c	<u>6,005,359</u>	<u>4,578,993</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.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Furniture@Work Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2007

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

	2007 £	2006 £
United Kingdom	<u>28,749,161</u>	<u>22,008,888</u>

2 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of owned fixed assets	155,030	29,927
Depreciation of assets held under hire purchase agreements	7,915	7,915
Auditor's remuneration as auditor	10,518	9,065
Operating lease costs		
Plant and equipment	13,371	6,954
Other	<u>103,125</u>	<u>97,355</u>

3 PARTICULARS OF EMPLOYEES

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

	2007 No	2006 No
Number of administrative staff	75	55
Number of management staff	13	6
	<u>88</u>	<u>61</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	1,594,347	1,479,054
Social security costs	111,167	84,617
	<u>1,705,514</u>	<u>1,563,671</u>

4 DIRECTOR'S EMOLUMENTS

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

	2007 £	2006 £
Emoluments receivable	<u>310,309</u>	<u>544,028</u>

Furniture@Work Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2007

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Finance charges	<u>9,113</u>	<u>—</u>

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007	2006
	£	£
Current tax		
UK Corporation tax based on the results for the year at 30% (2006 30%)	123,895	177,686
Over/under provision in prior year		(9,822)
Total current tax	<u>123,895</u>	<u>167,864</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% (2006 30%)

	2007	2006
	£	£
Profit on ordinary activities before taxation	<u>473,621</u>	<u>660,397</u>
Profit/(loss) on ordinary activities by rate of tax	142,086	198,119
Expenses not deductible for tax purposes	231	
Capital allowances for period in excess of depreciation	7,813	2,433
Adjustments to tax charge in respect of previous periods		(9,822)
Marginal relief	(26,235)	(22,866)
Total current tax (note 6(a))	<u>123,895</u>	<u>167,864</u>

7 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost				
At 1 October 2006	13,553	31,660	377,148	422,361
Additions	3,171	—	165,117	168,288
At 30 September 2007	<u>16,724</u>	<u>31,660</u>	<u>542,265</u>	<u>590,649</u>
Depreciation				
At 1 October 2006	7,830	15,830	129,379	153,039
Charge for the year	4,615	7,915	150,415	162,945
At 30 September 2007	<u>12,445</u>	<u>23,745</u>	<u>279,794</u>	<u>315,984</u>
Net book value				
At 30 September 2007	<u>4,279</u>	<u>7,915</u>	<u>262,471</u>	<u>274,665</u>
At 30 September 2006	<u>5,723</u>	<u>15,830</u>	<u>247,769</u>	<u>269,322</u>

Furniture@Work Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2007

7 TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £274,665 is £7,915 (2006 £15,830) 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 (2006 £7,915).

8 DEBTORS

	2007 £	2006 £
Trade debtors	3,228,870	2,254,965
Prepayments and accrued income	100,099	136,269
	<u>3,328,969</u>	<u>2,391,234</u>

9 CREDITORS Amounts falling due within one year

	2007 £	2006 £
Trade creditors	7,245,410	5,170,076
Corporation tax	123,895	177,586
Other taxation and social security	254,955	407,500
Hire purchase agreements	82,934	76,174
Other creditors	—	131,992
Accruals and deferred income	465,755	183,143
	<u>8,172,949</u>	<u>6,146,471</u>

10 CREDITORS Amounts falling due after more than one year

	2007 £	2006 £
Hire purchase agreements	<u>75,375</u>	<u>165,095</u>

11 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2007 £	2006 £
Amounts payable within 1 year	82,934	76,174
Amounts payable between 1 and 2 years	75,375	84,347
Amounts payable between 3 and 5 years	—	80,748
	<u>158,309</u>	<u>241,269</u>

Furniture@Work Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2007

12 COMMITMENTS UNDER OPERATING LEASES

At 30 September 2007 the company had annual commitments under non cancellable operating leases as set out below

	Assets other than land and buildings	
	2007	2006
	£	£
Operating leases which expire		
Within 1 year	14,587	11,665
Within 2 to 5 years	7,293	19,415
	<u>21,880</u>	<u>31,080</u>

13 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

14 SHARE CAPITAL

	2007	2006
	£	£
Authorised		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>
	2007	2006
	£	£
Allotted, called up and fully paid		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

15 PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
At 1 October 2006	1,139,252	646,719
Retained profit for the financial year	349,726	492,533
At 30 September 2007	<u>1,488,978</u>	<u>1,139,252</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	349,726	492,533
Opening shareholders' funds	<u>1,169,252</u>	<u>676,719</u>
Closing shareholders' funds	<u>1,518,978</u>	<u>1,169,252</u>

Furniture@Work Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2007

17 CASH FLOWS

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

	2007	2006
	£	£
Operating profit	157,288	497,398
Depreciation	162,945	37,842
Increase in debtors	(937,735)	(1,083,112)
Increase in creditors	2,073,409	2,830,476
Net cash inflow from operating activities	<u>1,455,907</u>	<u>2,282,604</u>

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

Returns on investment and servicing of finance

	2007	2006
	£	£
Interest received	325,446	162,999
Interest element of hire purchase	(9,113)	—
Net cash inflow from returns on investments and servicing of finance	<u>316,333</u>	<u>162,999</u>

Taxation

	2007	2006
	£	£
Taxation	<u>(177,586)</u>	<u>(98,818)</u>

Capital expenditure

	2007	2006
	£	£
Payments to acquire tangible fixed assets	<u>(168,288)</u>	<u>(247,690)</u>
Net cash outflow from capital expenditure	<u>(168,288)</u>	<u>(247,690)</u>

Financing

	2007	2006
	£	£
Capital element of hire purchase	<u>(82,960)</u>	<u>220,076</u>
Net cash (outflow)/inflow from financing	<u>(82,960)</u>	<u>220,076</u>

c Analysis of net funds

	At 1 Oct 2006	Cash flows	At 30 Sep 2007
	£	£	£
Cash in hand and at bank	<u>4,820,262</u>	<u>1,343,406</u>	<u>6,163,668</u>
Hire purchase agreements	<u>(241,269)</u>	<u>82,960</u>	<u>(158,309)</u>
Total	<u>4,578,993</u>	<u>1,426,366</u>	<u>6,005,359</u>