

Barnwood Shopfitting Limited

**Directors' report and financial
statements**

Registered number 1031429

Year ended 31 December 2005



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company continued to be that of joinery manufacturing and shopfitting.

Business review

There have been no significant changes in the company's business, and the directors do not envisage any major developments in the current year.

Proposed dividend

The directors authorised a final ordinary dividend of £500,000 for the year ended 31 December 2005.

Dividends paid during the year comprise a final dividend of £900,000 in respect of the previous year ended 31 December 2004.

Directors and directors' interests

The directors who held office during the year were as follows:

TF Evans (Chairman)
GG Howell
CDJ Gabb

In accordance with the articles of association, all of the directors retire and, being eligible, offer themselves for re-election.

None of the directors had any interest in the shares of the company during the year. The interests of the directors in the shares of group companies are disclosed in the directors' report of the holding company, Barnwood Group Limited.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



PM Evans
Secretary

203 Barnwood Road
Gloucester
GL4 3HS

5 June 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



100 Temple Street
Bristol
BS1 6AG

Independent auditors' report to the members of Barnwood Shopfitting Limited

We have audited the financial statements of Barnwood Shopfitting Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 other transactions 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 audit 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 judgments 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 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

[Signature]
KPMG LLP
Chartered Accountants
Registered Auditor

[Signature]

2006

Profit and loss account

for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	1	16,033,179	15,538,357
Cost of sales		(13,646,041)	(13,236,033)
		<hr/>	<hr/>
Gross profit		2,387,138	2,302,324
Administrative expenses		(1,897,518)	(1,620,264)
		<hr/>	<hr/>
Operating profit		489,620	682,060
Interest receivable and similar income	5	121,582	89,507
Interest payable and similar charges	6	(7,202)	(1,344)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	604,000	770,223
Tax on profit on ordinary activities	7	(195,946)	(237,403)
		<hr/>	<hr/>
Profit for the financial year		408,054	532,820
		<hr/>	<hr/>

A statement of movements on reserves is given in notes 15 and 16.

There are no recognised gains or losses other than those disclosed in the profit and loss account.

In both the current and proceeding financial periods, there was no difference between the historical cost profits and losses and those reported in the profit and loss account.

Balance sheet
at 31 December 2005

	Note	2005 £	2004 As restated £
Fixed assets			
Tangible assets	9	337,417	248,353
Current assets			
Stocks	10	911,438	908,157
Debtors	11	1,411,509	1,634,978
Cash at bank and in hand		2,953,721	3,180,486
		<u>5,276,668</u>	<u>5,723,621</u>
Creditors: amounts falling due within one year	12	<u>(4,316,820)</u>	<u>(3,682,763)</u>
Net current assets		<u>959,848</u>	<u>2,040,858</u>
Net assets		<u>1,297,265</u>	<u>2,289,211</u>
Capital and reserves			
Called up share capital	14	2,000	2,000
Profit and loss account	15	1,295,265	2,287,211
Equity shareholders' funds	16	<u>1,297,265</u>	<u>2,289,211</u>

These financial statements were approved by the board of directors on 5 June 2006 and were signed on its behalf by:



TF Evans
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statement, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

The corresponding amounts in these financial statements are restated in accordance with the new policies.

During the year the company adopted FRS21 *Events after the balance sheet date* which superseded SSAP17. Under the new standard, final dividends payable are recognised only in the period in which they are declared, and therefore become a liability, whereas under SSAP17 dividends were accrued for when proposed. This has resulted in an increase of £900,000 in retained profit for the year ended 31 December 2004.

Basis of preparation

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

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary.

As the Company is a wholly owned subsidiary of Barnwood Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Barnwood Group Limited, within which this Company is included, can be obtained from the address given in note 20.

Turnover

Turnover represents the increase in value arising on contracts undertaken by the company and its subsidiaries during the year. The value of contracts is based on work certified as at the year end and includes retentions receivable.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	15%
Office equipment	-	20% and 25%
Motor vehicles	-	20% and 25%
Leasehold improvements	-	15 years

Notes (continued)

1 Accounting policies (continued)

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Profit on ordinary activities before taxation

	2005 £	2004 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Amounts receivable by the auditors and their associates in respect of:		
Audit of these financial statements	13,800	13,000
Other services relating to taxation	3,000	2,750
Depreciation	143,580	123,694
<i>after crediting</i>		
Profit on sale of tangible fixed assets	(5,423)	(3,662)

Notes (continued)

3 Remuneration of directors

	2005 £	2004 £
Directors' emoluments	190,530	162,963
Company contributions to money purchase pension schemes	17,640	17,640
	<u>208,170</u>	<u>180,603</u>

Details of the retirement benefits for directors are included in the accounts of the holding company, Barnwood Group Limited.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 81 (2004: 73).

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	2,440,674	2,094,800
Social security costs	250,389	212,989
Other pension costs	82,868	65,638
	<u>2,773,931</u>	<u>2,373,427</u>

5 Interest receivable and similar income

	2005 £	2004 £
Income from short-term deposits	121,582	89,507
	<u>121,582</u>	<u>89,507</u>

6 Interest payable and similar charges

	2005 £	2004 £
On bank loans and overdrafts	7,202	1,344
	<u>7,202</u>	<u>1,344</u>

Notes (continued)

7 Taxation

	2005 £	2004 £
UK corporation tax		
Current tax for the year	204,564	251,835
Deferred tax		
Origination and reversal of timing differences (note 13)	(8,618)	(14,432)
	<u>195,946</u>	<u>237,403</u>

Factors affecting tax charge for the period:

The tax assessed for the period differs from the basic rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax:	604,000	770,223
Current tax at 30% (2004: 30%)	181,200	231,067
Effects of:		
Expenses not deductible for tax purposes	14,745	6,336
Capital allowances in the period in excess of depreciation	7,957	7,424
Movement in provisions	-	7,008
Short term timing differences	662	-
	<u>204,564</u>	<u>251,835</u>

8 Dividends

The aggregate amount of dividends comprises:

	2005 £	2004 As restated £
Final dividends paid in respect of prior year but not recognised as liabilities in that year	900,000	1,200,000
Dividends in respect of the year recognised as a liability at the year end	500,000	-
	<u>1,400,000</u>	<u>1,200,000</u>

The aggregate amount of dividends proposed and recognised as liabilities as at the year end is £500,000 (2004 : nil).

Notes (continued)

9 Tangible fixed assets

	Leasehold Improvements £	Plant and equipment £	Motor Vehicles £	Total
Cost				
At beginning of year	-	269,161	478,145	747,306
Additions	60,253	68,841	115,728	244,822
Disposals	-	(4,950)	(78,507)	(83,457)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	60,253	333,052	515,366	908,671
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	-	193,982	304,971	498,953
Charge for year	4,017	39,306	100,257	143,580
Disposals	-	(4,950)	(66,329)	(71,279)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	4,017	228,338	338,899	571,254
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2005	56,236	104,714	176,467	337,417
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	-	75,179	173,174	248,353
	<hr/>	<hr/>	<hr/>	<hr/>

10 Stocks

	2005 £	2004 £
Raw materials and consumables	56,438	63,157
Work in progress	855,000	845,000
	<hr/>	<hr/>
	911,438	908,157
	<hr/>	<hr/>

Notes (continued)

11 Debtors

	2005 £	2004 £
Due within one year:		
Trade debtors	956,058	1,043,187
Retentions	286,759	435,845
Other debtors	36,208	32,912
Prepayments and accrued income	17,583	16,751
Deferred tax (note 12)	114,901	106,283
	<u>1,411,509</u>	<u>1,634,978</u>

12 Creditors: amounts falling due within one year

	2005 £	2004 As restated £
Bank loans and overdrafts	593,461	485,809
Trade creditors	1,541,927	1,312,031
Amounts owed to group companies	481,674	361,971
Corporation tax	99,641	133,694
Other creditors including tax and social security	491,532	644,101
Dividends payable	500,000	-
Accruals	608,585	745,157
	<u>4,316,820</u>	<u>3,682,763</u>

13 Deferred taxation

	Provided 2005 £	Provided 2004 £
Capital allowances in excess of depreciation	58,614	50,657
Other timing differences	56,287	55,626
	<u>114,901</u>	<u>106,283</u>

The movement during the year on deferred tax balances were:

	2005 £	2004 £
At beginning of year	106,283	91,851
Current year credit (note 7)	8,618	14,432
	<u>114,901</u>	<u>106,283</u>
At end of year (included within debtors)		

Notes (continued)

14 Called up share capital

	2005 £	2004 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2,000	2,000

15 Profit and loss account

	£
At beginning of year (as previously stated)	1,387,211
Adoption of FRS 21 (note 8)	900,000
At beginning of year (as restated)	2,287,211
Profit for the year	408,054
Dividends recognised in the year (see note 8)	(1,400,000)
At end of year	1,295,265

16 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Opening equity shareholders' funds (as previously stated)	1,389,211	1,756,391
Adoption of FRS 21 (note 8)	900,000	1,200,000
Opening equity shareholders' funds (as restated)	2,289,211	2,956,391
Profit for the financial year	408,054	532,820
Dividends recognised in the year (see note 8)	(1,400,000)	(1,200,000)
Closing equity shareholders' funds	1,297,265	2,289,211

17 Pension scheme

The company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £82,868 (2004: £65,638). There were no outstanding or prepaid contributions at the year-end.

18 Commitments

There were no capital commitments at 31 December 2005 (2004: £Nil).

Notes (continued)

19 Related party transactions

Control

The group holding company is Barnwood Group Limited, in which the directors own 100% of the £1 ordinary shares of that company.

Transactions with subsidiaries

Under certain conditions Financial Reporting Standard 8 gives exemptions from the disclosure of related party transactions for:

- transactions between group entities that have been eliminated on consolidation;
- wholly owned subsidiaries.

The group has taken advantage of these exemptions where applicable. The directors therefore consider that there are no transactions with the holding company that require disclosure.

20 Ultimate parent company

The ultimate holding company is Barnwood Group Limited, which is registered in England and Wales. The consolidated financial statements of the group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.