

Companies House

Registered number
2086413

EUROTEK OFFICE FURNITURE LIMITED
DIRECTORS' REPORT AND AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

FRIDAY



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COMPANIES HOUSE

EUROTEK OFFICE FURNITURE LIMITED

COMPANY INFORMATION

Directors

R C Lee
T J Kuhler
R J Vasey
A P Gwennap
A L Roberts
M J F Gregory - appointed 1 April 2010

Secretary

R C Lee

Auditor

Spofforths LLP
A2 Yeoman Gate
Yeoman Way
Worthing
West Sussex
BN13 3QZ

Registered office

DA/DB Southern Cross Trading Estate
Steyning Way
Bognor Regis
West Sussex
PO22 9SB

Registered number

2086413

EUROTEK OFFICE FURNITURE LIMITED

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EUROTEK OFFICE FURNITURE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2010

The directors present their report and audited financial statements for the year ended 31 March 2010.

Principal activities

The company's principal activity during the year continued to be the manufacture, distribution and installation of office furniture.

Directors

The directors who served during the year were as follows.

R C Lee
T J Kuhler
R J Vasey
A P Gwennap
A L Roberts

Review of the business

The Company is principally engaged in the manufacture, distribution and installation of office furniture. We are unable to report a profit on the trading year.

The global economic downturn continued to affect our business throughout the year with a demand on falling profit margins, particularly for the first two quarters of the financial year. This resulted in a significant shortfall in sales turnover, leading to a substantial loss for the year. The rate of losses were reduced during the second two quarters, however, raw material increases meant that losses were inevitable, although at a lower rate.

Results and dividends

The loss for the year, after taxation, amounted to £1,145,996 (2009 £361,255). The directors did not recommend an ordinary dividend during the year.

Future developments

We have launched two new product ranges during the year. The new ranges have been competitively priced to compete in a very difficult and competitive climate, which has resulted during this downturn. Acclaim was launched at the beginning of the financial year and has been very successful and Clover was launched at the very end of the financial year.

The London showroom will continue to be used to launch products and to host demonstrations for Public Sector tendering. We have won two significant contracts in the new financial year, which were delivered and installed in the Autumn 2010, which gives us encouragement that we are well placed to take advantage of what spend there will be, from the Public Sector. We have reviewed the budget end of our product range and we will be extending our budget range product and increasing the stocks to increase sales turnover for the new financial year.

The trend of generating losses has continued throughout the period to the date these accounts have been approved, and it proves challenging to manage the Company's cashflow. Orders are still being received and we are putting in significant effort to obtain additional orders, since the year end the Company has secured its largest single order. September was a particularly challenging month industry wide, as a direct result of the spending review announced by the government, and as a result we are considering further financing options which have been presented to us.

Key Performance indicators

	2010	2009
Sales per employee	£65,589	£69,929
Bank/cash balance	£14,935	£525,978
Debtor days	70 days	51 days

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EUROTEK OFFICE FURNITURE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2010

Key risk management objectives and policies

Market risk

Market risks comprise a number of areas. We ensure that we remain competitive, and offer best value for money, whilst we manufacture to ISO 14001, 9000, and 18001 standards. We are always aware of challenges of imports, especially from the Far East.

Environmental risk

The company continues to monitor its environmental impact in its sourcing of raw materials, its method of manufacture, its products and their ultimate disposal. We have also considered the impact on our staff and their working environment and the control of our waste products through the appropriate recycling processes. The company is now able to measure the Carbon Footprint of all of its generic products and is committed to reducing it where possible.

Price risk

The company remains very conscious of its selling price and its manufacturing margin. However, it is affected by material and utility price increases, which, at present it controls by better manufacturing techniques and value engineering. Most of the company's trading is in £Sterling, however some raw materials and components are purchased in Euros.

Directors' responsibilities

The directors are responsible for preparing the report and 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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,
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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EUROTEK OFFICE FURNITURE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2010

Disclosure of information to the auditor

So far as each director at the date of approval of this report is aware

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

A resolution to re-appoint Spofforths LLP as auditor will be put to the members at the Annual General Meeting

This report was approved by the board on 22/12/2010



R C Lee

Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF EUROTEK OFFICE FURNITURE LIMITED

We have audited the financial statements of Eurotek Office Furniture Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes, on pages 6 to 14. 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 Chapter 3 of Part 16 of the Companies Act 2006. 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

The financial reporting framework that has been applied in their presentation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and the auditor

As explained more fully in the Directors' Responsibility Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Matters on which we are required to report on by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or

the financial statements are not in agreement with the accounting records and returns, or

certain disclosures of directors' remuneration specified by law are not made, or

we have not received all the information and explanations we require for our audit

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
EUROTEK OFFICE FURNITURE LIMITED**

Opinion on the financial statements

In our opinion the financial statements

give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended;

have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and

have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £1,145,996 during the year to 31 March 2010. This loss, along with other matters explained in note 2 to the financial statements, indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Jo-Anne Haulkham BSc(Hons) ACA, Senior Statutory Auditor
For and on behalf of Spofforths LLP, Statutory Auditor
A2 Yeoman Gate
Yeoman Way
Worthing
West Sussex,
BN13 3QZ

23 December 2010

EUROTEK OFFICE FURNITURE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	<i>Reclassified</i> 2009 £
Turnover	3	9,772,809	11,468,275
Cost of sales		(5,785,227)	(6,255,292)
Gross profit		3,987,582	5,212,983
Distribution costs		(1,085,001)	(1,081,484)
Administrative expenses		(4,036,300)	(4,557,267)
Operating loss	4	(1,133,719)	(425,768)
Interest receivable		241	13,713
Interest payable	7	(36,018)	(36,200)
Loss on ordinary activities before taxation		(1,169,496)	(448,255)
Tax on loss on ordinary activities	8	23,500	87,000
Loss for the financial year	17	(1,145,996)	(361,255)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the loss for the above two financial years

EUROTEK OFFICE FURNITURE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2010

REGISTERED NUMBER: 2086413

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	9	1,033,799	1,292,657
Current assets			
Stocks	10	646,953	695,908
Debtors	11	2,557,904	1,822,739
Cash at bank and in hand		14,935	525,978
		<u>3,219,792</u>	<u>3,044,625</u>
Creditors: amounts falling due within one year	12	<u>3,333,607</u>	<u>2,536,710</u>
Net current (liabilities)/assets		(113,815)	507,915
Total assets less current liabilities		<u>919,984</u>	<u>1,800,572</u>
Creditors: amounts falling due after more than one year	13	146,974	483,066
Provisions for liabilities	15	-	23,500
		<u>146,974</u>	<u>506,566</u>
Capital and reserves			
Called up share capital	16	1,238,719	613,719
Profit and loss account	17	(465,709)	680,287
Shareholder's funds - equity	18	<u>773,010</u>	<u>1,294,006</u>
		<u>919,984</u>	<u>1,800,572</u>

The financial statements were approved by the board and authorised for issue on 22/12/2010 and signed on behalf of the board by



R C Lee
Director



T J Kuhler
Director

EUROTEK OFFICE FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

1 Principal accounting policies

Basis of accounting

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

Cash flow statement

The company is a wholly owned subsidiary of its parent company who prepares consolidated financial statements. As such, it has taken advantage of the exemption from preparing a cash flow statement

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business for goods supplied as principal and for services provided, including recoveries of costs incurred. Turnover excludes VAT and is net of trade discounts.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life, generally as follows

Leasehold improvements	over 2 to 10 years
Plant, machinery and office equipment	
Plant and machinery	over 2 to 14 years
Office equipment	over 2 to 9 years
Motor vehicles	over 2 to 10 years

Stocks

Stocks are consistently valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws

Operating lease commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

Hire purchase commitments

Assets held under hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account on a straight line basis.

Pensions

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end

EUROTEK OFFICE FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

2 Going concern

In common with many other manufacturing companies in this current period of recession, the working capital requirements of the Company have been restricted by its ability to achieve expected sales levels and margins. The company has reported an operating loss for the year. The directors consider that the outlook presents significant challenges in terms of orders received and sales volume, as well as sales mix. The continual increases in the cost of raw materials has also had an impact on the Company's position, but sales price increases have been implemented since the year end to minimise this effect.

The directors continually monitor the trading results of the company and longer term forecasts. Orders continue to come through and while the margin may be lower due to the sales mix, the directors are actively trying to improve the Company's position. Measures have been taken such as staff redundancies, non-replacement of staff and further cost saving actions to encourage higher margins. The opening of the new London Showroom in this financial year has raised the Company's profile amongst competitors and the introduction of the new budget range has been well received in the market where the best use of office space is more cost critical.

The Company is considering, in conjunction with its bankers, other financing arrangements presented to them, to assist when there are adverse changes in sales volume and mix, and these discussions will be ongoing. The Directors are also considering other solutions to enable the company to continue as a going concern.

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts some doubt upon the company's ability to continue as a going concern. Nevertheless, after making enquiries and considering the uncertainties described, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

If this assumption proves to be inappropriate, adjustments may have to be made to adjust the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and reclassify fixed asset and current assets.

3 Turnover

Turnover and profit on ordinary activities before taxation are attributable to the principal activity which is carried out wholly in the United Kingdom and the Channel Islands.

4 Operating loss

	2010	2009
	£	£
This is stated after charging		
Depreciation of owned fixed assets	132,896	114,722
Depreciation of assets held under hire purchase contracts	168,165	163,527
Operating lease rentals - plant and machinery	79,179	17,907
Operating lease rentals - land and buildings	391,286	391,286
Auditor's remuneration - audit services	8,300	8,150
Auditor's remuneration - non audit services	1,500	500

EUROTEK OFFICE FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

5 Directors' emoluments	2010	2009
	£	£
Emoluments	173,721	175,300
Company contributions to defined contribution pension schemes	880	880
	174,601	176,180
Number of directors in company pension schemes:	2010	2009
	Number	Number
Defined contribution schemes	2	2
6 Staff costs	2010	2009
	£	£
The aggregate payroll costs of the company, including directors, were		
Wages and salaries	2,832,479	3,079,194
Social security costs	254,671	285,803
Other pension costs	1,877	1,879
	3,089,027	3,366,876
Average number of employees during the year	Number	Number
Administration	74	74
Production	75	90
	149	164
7 Interest payable	2010	2009
	£	£
Under hire purchase contracts	36,018	36,200

EUROTEK OFFICE FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

8 Tax on loss on ordinary activities

Analysis of charge in year	£	2010 £	£	2009 £
UK corporation tax on loss of the year	-		(19,500)	
Total current tax (see below)		-		(19,500)
Deferred tax:				
Origination and reversal of timing differences	(23,500)		(67,500)	
Total deferred tax (Note 15)		(23,500)		(67,500)
Tax on loss on ordinary activities		<u>(23,500)</u>		<u>(87,000)</u>

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28 per cent). The differences are explained below:

	2010 £	2009 £
Loss on ordinary activities before taxation	<u>(1,169,496)</u>	<u>(448,255)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	(327,459)	(125,511)
Effects of:		
Expenses not deductible for tax purposes	10,201	1,197
Depreciation in excess of capital allowances	29,271	12,778
Losses surrendered to group companies	2,734	-
Unrelieved tax losses	285,253	84,961
Small companies rate relief	-	7,593
Adjustments in respect of previous years	-	(518)
Total current tax (see above)	<u>-</u>	<u>(19,500)</u>

EUROTEK OFFICE FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

9 Tangible fixed assets

	Leasehold improvements	Plant, machinery and office equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At beginning of year	152,610	2,557,835	631,915	3,342,360
Additions	25,336	-	18,775	44,111
Disposals	-	(292)	(35,155)	(35,447)
At end of year	177,946	2,557,543	615,535	3,351,024
Depreciation				
At beginning of year	102,578	1,630,548	316,577	2,049,703
Charge for the year	9,329	140,229	151,503	301,061
Disposals	-	(292)	(33,247)	(33,539)
At end of year	111,907	1,770,485	434,833	2,317,225
Net book value				
At 31 March 2010	66,039	787,058	180,702	1,033,799
<i>At 31 March 2009</i>	<i>50,032</i>	<i>927,287</i>	<i>315,338</i>	<i>1,292,657</i>

	2010	2009
	£	£
Net book value of assets included above held under hire purchase contracts	585,546	754,944

10 Stocks

	2010	2009
	£	£
Raw materials	359,788	440,824
Work in progress	32,373	43,957
Finished goods	254,792	211,127
	646,953	695,908

11 Debtors

	2010	2009
	£	£
Trade debtors	2,214,708	1,543,801
Other debtors	35,401	14,773
Prepayments and accrued income	307,795	245,183
Corporation tax repayable	-	18,982
	2,557,904	1,822,739

EUROTEK OFFICE FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

12 Creditors: amounts falling due within one year

	2010	2009
	£	£
Obligations under hire purchase contracts (secured)	147,428	210,980
Trade creditors	1,811,677	1,486,702
Amounts owed to parent undertaking	39,105	467,364
Other taxes and social security costs	256,241	192,254
Other creditors	882,443	17,727
Accruals and deferred income	196,713	161,683
	<u>3,333,607</u>	<u>2,536,710</u>

Included in other creditors is an amount owed to HSBC Invoice Finance (UK) Limited of £856,462. This is secured on non-vesting debts and a floating charge over all assets of the company

13 Creditors: amounts falling due after more than one year

	2010	2009
	£	£
Obligations under hire purchase contracts (secured)	146,974	283,066
Amounts owed to parent undertaking	-	200,000
	<u>146,974</u>	<u>483,066</u>

14 Obligations under hire purchase contracts

	2010	2009
	£	£
Amounts payable		
Within one year	147,428	210,980
Within two to five years	146,974	283,066
	<u>294,402</u>	<u>494,046</u>

15 Provisions for liabilities

	Deferred tax
	£
At beginning of year	23,500
Credited to the profit and loss account	(23,500)
At end of year	<u>-</u>

Deferred taxation provided in the financial statements is as follows:

	Provided	Provided
	2010	2009
	£	£
Capital allowances in advance of depreciation	-	87,500
Loss in year carried forward	-	(64,000)
	<u>-</u>	<u>23,500</u>

EUROTEK OFFICE FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

16 Share capital

	2010 No	2009 No	2010 £	2009 £
Allotted, called up and fully paid Ordinary shares of £1 each	<u>1,238,719</u>	<u>613,719</u>	<u>1,238,719</u>	<u>613,719</u>

During the year 625,000 ordinary £1 shares were allotted to the parent company Cloroquay Limited, for the increased capitalisation of the company

17 Profit and loss account

	2010 £	2009 £
At beginning of year	680,287	1,041,542
Loss for the financial year	<u>(1,145,996)</u>	<u>(361,255)</u>
At end of year	<u>(465,709)</u>	<u>680,287</u>

18 Reconciliation of movement in shareholder's funds

	2010 £	2009 £
Loss for the financial year	(1,145,996)	(361,255)
Shares issued	<u>625,000</u>	-
Net movement in shareholders' funds	<u>(520,996)</u>	<u>(361,255)</u>
At beginning of year	<u>1,294,006</u>	<u>1,655,261</u>
At end of year	<u>773,010</u>	<u>1,294,006</u>

19 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2010 £	Land and buildings 2009 £	Other 2010 £	Other 2009 £
Operating leases which expire: within two to five years	-	-	88,029	79,179
in over five years	<u>508,787</u>	<u>391,286</u>	-	-
	<u>508,787</u>	<u>391,286</u>	<u>88,029</u>	<u>79,179</u>

20 Related parties

In the directors' opinion the company is controlled by its immediate and ultimate parent company Cloroquay Limited, a company registered in England and Wales. Cloroquay Limited owns 100% of the share capital of the company. The ultimate controlling party is Mr R C Lee, a director and shareholder of Cloroquay Limited.

The company has taken exemption under FRS8 from disclosure of transactions with other group companies. Copies of the group financial statements are publicly available from Companies House.