AROS LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 2007

COMPANY NO 4169655

AROS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2007

Results and dividend

The profit for the year after taxation amounted to £170,314 (2006-£61,978)

During the year the company paid a dividend of £66,667 (2006-£nil)

Principal activity and business review

The principal activity of the company is the provision of architectural services

The company had another successful year with turnover of £731,841 compared with £414,077 in 2006 and the directors are pleased with the resulting profit after taxation

The directors anticipate that the general economic environment will remain challenging for the foreseeable future

Directors and their interests

The directors in office during the year and at 31 December 2007 were as follows

M Limbrick

N Readett-Bayley

RH Bennett

Insurance effected for directors

The company has purchased insurance for the directors against liability arising from negligence, as permitted under section 310 of the Companies Act

Statement of Directors' Responsibilities

The directors are responsible 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)

Company law 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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

AROS LIMITED

REPORT OF THE DIRECTORS (continued)

Auditors

Grant Thornton UK LLP offer themselves for appointment as auditors in accordance with section 385 of the Companies Act 1985

A resolution proposing the appointment of Grant Thornton UK LLP as auditors to the company will be put to the Annual General Meeting

Small company exemption

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the Board

SJ Kendall

Company Secretary

30th October, 2008

AROS LIMITED

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF AROS LIMITED

We have audited the financial statements of Aros Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement, the principal accounting policies and notes 1 to 18 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' 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 Directors' 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 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 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 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
- the information given in the Directors' Report is consistent with the financial statements

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
London 31st October, 2008

AROS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007	2006
		£	£
Turnover		731,841	414,077
Cost of sales		(52,426)	(57,934)
Gross profit		679,415	356,143
Administrative expenses		(431,250)	(271,166)
Operating profit	1	248,165	84,977
Interest payable	3	(7,063)	-
Bank interest receivable		5,115	1,270
Profit on ordinary activities before taxation		246,217	86,247
Taxation on profit on ordinary activities	4	(75,903)	(24,269)
Retained profit for the year	11	170,314	61,978

All operations are continuing

There were no recognised gains or losses other than the profit for the financial year

The accompanying accounting policies and notes form an integral part of these financial statements

AROS LIMITED

BALANCE SHEET

AT 31 DECEMBER 2007

	Note		2007		2006
		£	£	£	£
Fixed assets					
Tangible assets	5		60,598		16,644
Current assets					
Debtors	6	191,708		47,187	
Bank and cash		140,045		184,274	
		331,753		231,461	
Creditors: amounts due within one year	7	(158,824)		(151,476)	
Net current assets			172,929		79,985
			233,527		96,629
Creditors amounts due after one year	8		(33,251)		-
Total assets less current liabilities			200,276		96,629
Capital and reserves					
Called-up share capital	9		1,000		1,000
Profit and loss account	11		199,276		95,629
Shareholders' funds	11		200,276		96,629

Approved by the Board on 31 October, 2008

MLimbrick

M Limbrick, Director

RBennett

R H Bennett, Director

The accompanying accounting policies and notes form an integral part of these financial statements

AROS LIMITED

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note		2007		2006
		£	£	£	£
Net cash inflow from operating activities	12		54,742		179,385
Returns on Investments and Servicing of Finance					
Interest received		5,115		1,270	
Interest element of finance lease payments		(795)		-	
Other interest payable		(6,268)		-	
			(1,948)		1,270
Taxation					
UK Corporation tax paid			(17,493)		-
Capital expenditure					
Purchase of tangible fixed assets			(11,415)		(12,234)
Equity dividends paid			(66,667)		-
Cash (outflow)/inflow before financing			(42,781)		168,421
Financing					
Capital element of finance lease payments			(1,448)		-
(Decrease)/increase in cash	12		(44,229)		168,421

The accompanying accounting policies and notes form an integral part of these financial statements

AROS LIMITED
PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2007

Basis of Accounting

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

The principal accounting policies of the company are set out below The policies have remained unchanged from the previous period

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts All turnover is attributable to the United Kingdom

Long-term contracts

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty The profit recognised reflects the proportion of work completed to date on the project

Costs associated with long-term contracts are included in stock to the extent that they cannot be matched with contract work accounted for as turnover Long-term contract balances included in stocks are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account

Full provision is made for losses on all contracts in the year in which the loss is first foreseen

Amounts recoverable on contracts represents work completed but which has not yet been invoiced

Services provided to clients during the year, which at the balance sheet date have not been billed to clients, have been recognised as turnover in accordance with Financial Reporting Standard 5 'Reporting the substance of transactions' Application Note G 'Revenue Recognition' and UITF 40 'Revenue Recognition and Service Contracts' Turnover recognised in this manner is based on an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the company Unbilled revenue is included in debtors

Depreciation

Depreciation has been provided on a straight line basis to reduce by equal annual instalments the cost less estimated residual value of all tangible fixed assets over their expected useful lives The years generally applicable are

Fixtures, fittings and equipment	Five years
Motor vehicles	Four years

Deferred taxation

Deferred taxation is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Contributions to pension funds

The pension costs charged against profits represents the amount of the contributions paid to the company's defined contribution scheme in respect of the accounting period

Leases

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and the useful economic life Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term

1 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging

	2007	2006
	£	£
Depreciation of owned assets	5,854	5,550
Depreciation of assets held under finance leases	2,406	-
Auditor's remuneration Audit	4,450	3,000
Other services – corporation tax compliance	1,000	1,000

2 Directors remuneration and staff costs

Remuneration in respect of the directors was as follows

Emoluments	152,908	97,976
Pension contributions to money purchase schemes	6,417	4,779
	159,325	102,755

During the year two directors, (2006 three) participated in a defined contribution pension scheme

Staff costs, including directors, for the period comprise

Wages and salaries	214,100	126,545
Social security costs	24,684	13,895
Other pension costs	6,417	4,779
	245,201	145,219

The average number of persons employed by the company, including directors and directly employed staff labour, was

	No	No
Technical staff	5	3

3 Interest payable

Interest charges under finance lease and hire purchase agreements	795	-
Other interest payable	6,268	-
	7,063	-

4. Taxation

	2007	2006
	£	£
(a) Analysis of charge in year		
Current tax		
UK corporation tax on profit for the year	74,603	24,269
UK corporation tax in respect of previous periods	1,300	-
Tax on profit on ordinary activities	75,903	24,269

	£	£
(b) Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	246,217	86,247
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	73,865	25,874
Effects of		
Expenses not allowable	1,969	703
Capital allowances in excess of depreciation	(259)	610
Marginal relief	(1,271)	-
Group relief	(459)	(2,918)
Difference in tax rates	758	-
Adjustment to tax charge in respect of previous periods	1,300	-
Current tax charge for the year	75,903	24,269

5 Tangible fixed assets

	Motor vehicles	Fixtures and fittings	Equipment	Total
	£	£	£	£
Cost				
At 1 January 2007	-	7,000	39,424	46,424
Additions	50,999	199	1,016	52,214
At 31 December 2007	50,999	7,199	40,440	98,638
Depreciation				
At 1 January 2007	-	5,152	24,628	29,780
Charge for year	2,406	669	5,185	8,260
At 31 December 2007	2,406	5,821	29,813	38,040
Net book value at 31 December 2007	48,593	1,378	10,627	60,598
Net book value at 31 December 2006	-	1,848	14,796	16,644

Included within the net book value of £60,598 is £48,593 (2006-£Nil) relating to assets held under finance lease and hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,406 (2006-£Nil)

6 Debtors

	2007	2006
	£	£
Trade debtors	599	12,112
Other debtors	17,644	5,574
Prepayments and accrued income	173,245	24,081
Directors' loan accounts	220	5,420
	191,708	47,187

7. Creditors amounts due within one year

	2007	2006
	£	£
Trade creditors	3,114	5,395
Amounts owed to group companies	3,929	493
Corporation tax	100,172	41,522
Other taxes and social security	18,614	91,829
Accruals and deferred income	25,829	12,237
Amounts due under finance lease and hire purchase agreements (note 13)	6,100	-
Other creditors	1,066	-
	158,824	151,476

8 Creditors amounts falling due after one year

Amounts due under finance lease and hire purchase agreements (note 13)	33,251	-

9. Share capital

Authorised - ordinary shares of £1 each	1,000	1,000
Allotted and called-up – ordinary shares of £1 each	1,000	1,000

10 Dividends paid

Equity dividends paid during the year	66,667	-

11 Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit and loss account	Total share-holder's funds
	£	£	£
At 1 January 2007	1,000	95,629	96,629
Retained profit for the financial year	-	170,314	170,314
Dividends paid		(66,667)	(66,667)
At 31 December 2007	1,000	199,276	200,276

AROS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

12 Notes to the cash flow statement

(a) Reconciliation of operating profit to net cashflow

	2007	2006
	£	£
Operating profit	248,165	84,977
Depreciation and amortisation	8,260	5,550
(Increase)/decrease in debtors	(144,521)	76,270
(Decrease)/increase in creditors	(57,162)	12,588
Net cash inflow from operating activities	54,742	179,385

(b) Reconciliation of net cash movement to net funds

	2007	2006
(Decrease)/increase in cash in the year	(44,229)	168,421
Cash outflow from decrease in lease financing	1,448	-
New finance leases	(40,799)	-
Net funds at 1 January 2007 (2006 1 January)	184,274	15,853
Net funds at 31 December 2007	100,694	184,274

Analysis of changes in net funds

	At 1 Jan 2007	Cashflows	Acquisitions	At 31 Dec 2007
	£	£	£	£
Cash at bank and in hand	184,274	(44,229)	-	140,045
Finance leases	-	1,448	(40,799)	(39,351)
	184,274	(42,781)	(40,799)	100,694

13 Commitments under finance lease and hire purchase agreements - motor vehicles

	2007	2006
	£	£
Obligations under finance leases and hire purchase contracts	33,251	-
These obligations are analysed as follows		
Payable within one year	9,568	-
Payable in two to five years	39,647	-
	49,215	-
Less finance charges allocated to future periods	(9,864)	-
	39,351	-
Less current obligations (note 7)	(6,100)	-
Non-current obligations (note 8)	33,251	-

14 Capital Commitments

At 31 December 2007 the company had no capital commitments (2006-nil)

15 Operating Lease Commitments

At 31 December 2007 the group had operating lease commitments due between two and five years amounting to £20,800 (2006-£20,800) The leases to which these amounts relate expire as follows

	2007		2006	
	Land and buildings	Other	Land and buildings	Other
			£	£
Within one year	-	450	-	-
Between two and five years	20,800	-	20,800	1,800

16. Contingent Liabilities

At 31 December 2007 the company had no contingent liabilities (2006-nil)

17 Transactions with related parties and directors

During the year the company purchased goods and services from Shor plc of £3,436 (2006-£35,822) At 31 December 2007 the company owed £3,929 to Shor plc (2006-£493) Shor plc is a fellow subsidiary of SAIA Group Limited, the ultimate parent company

At 31 December 2007, £220 was due from M Limbrick, a director The maximum amount outstanding during the year was £220

18 Controlling related party

The directors consider that the ultimate parent undertaking of the company and controlling related party is SAIA Group Limited, a private limited company incorporated in England and Wales

SAIA Group Limited is the company's controlling related party by virtue of its 75% holding of the issued share capital of Aros Limited

The directors consider SAIA Group Limited to be the largest and smallest group for which consolidated financial statements are prepared The consolidated financial statements for the group are available to the public from the company's registered office