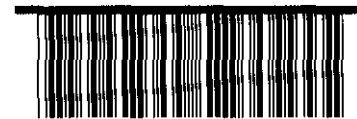


The Drawing Group Limited

Financial statements

For the year ended 31 December 2002



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COMPANIES HOUSE

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0444
24/06/03

Company no.2251098

Company information

Company registration number	2251098
Registered office	3-9 West Street Hull North Humberside HU1 3UR
Directors	S E St Quinton M G St Quinton T Dukes
Secretary	S E St Quinton
Bankers	Barclays Bank Plc Standard Life Bank Ltd
Auditors	Grant Thornton Chartered Accountants Registered Auditors 28 Kenwood Park Road SHEFFIELD S7 1NG

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2002.

Principal activities and business review

The principal activities of the company are the supply of office equipment, art, craft and design materials, copying services, the development of property and the rental of property.

The company purchased a property during 2000 which they finished converting into seven apartments during 2002. The apartments have now been sold.

There was a profit for the year after taxation amounting to £165,135 (2001: £180,371).

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 directors have recommended the following dividends:

	2002 £	2001 £
Dividends paid on ordinary shares	<u>30,000</u>	<u>30,000</u>

The directors and their interests in shares of the company

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

	Ordinary Shares of £1 each	
	At 31 December 2002	At 1 January 2002
S E St Quinton	5,000	5,000
M G St Quinton	-	-
T Dukes	<u>-</u>	<u>-</u>

Directors' responsibilities

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 7 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 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 1985. The directors 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.

Charitable donations

During the year the company made the following contributions:

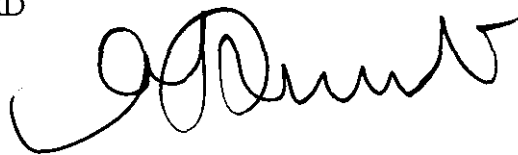
	2002 £	2001 £
Charitable	<u>5,000</u>	<u>-</u>

Auditors

A resolution to re-appoint Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

S E St Quinton
Secretary
19/6/2003



Report of the independent auditors to the members of the Drawing Group Limited

We have audited the financial statements of The Drawing Group Limited for the year ended 31 December 2002 which comprise the principal accounting policies, the profit and loss account, balance sheet and notes 1 to 19. 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 auditors' 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 report of the directors and the financial statements in accordance with United Kingdom law and accounting standards 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 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 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 transactions with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. 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 United Kingdom 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 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.

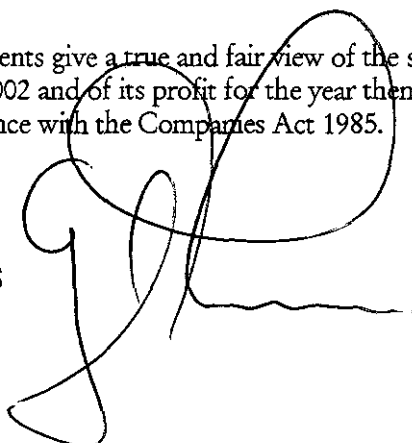
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

19 June 2003

A large, stylized handwritten signature in black ink, likely belonging to a member of the Grant Thornton audit team, is written over the 'Opinion' section.

Principal accounting policies

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding Value Added Tax and trade discounts.

In the case of long-term contracts, turnover reflects the contract activity during the year and represents the proportion of total contract value which costs incurred to date bear to total expected contract costs.

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	- 10-33% straight line
Motor Vehicles	- 25% straight line

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Stocks

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

Work in progress is the costs accumulated against a particular project. No element of profit is included.

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.

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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

Deferred taxation

Deferred tax 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.

Profit and loss account

	Note	2002 £	2001 £
Turnover	1	1,628,798	1,872,163
Cost of sales		851,993	1,123,386
Gross profit		<u>776,805</u>	<u>748,777</u>
Other operating income and charges	2	585,130	521,017
Operating profit	4	<u>191,675</u>	<u>227,760</u>
Interest receivable		4,860	2,076
Profit on ordinary activities before taxation		<u>196,535</u>	<u>229,836</u>
Tax on profit on ordinary activities	7	46,860	49,465
Profit on ordinary activities after taxation		<u>149,675</u>	<u>180,371</u>
Dividends	8	30,000	30,000
Retained profit for the financial year		<u>119,675</u>	<u>150,371</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	9	486,044	485,134
Investments	10	5,000	5,000
		<u>491,044</u>	<u>490,134</u>
Current assets			
Stocks	11	210,173	393,459
Debtors	12	160,158	196,265
Cash at bank and in hand		450,823	166,704
		<u>821,154</u>	<u>756,428</u>
Creditors: amounts falling due within one year	13	<u>224,373</u>	<u>278,412</u>
Net current assets		<u>596,781</u>	<u>478,016</u>
Total assets less current liabilities		<u>1,087,825</u>	<u>968,150</u>
Provisions for liabilities and charges			
Deferred taxation	14	2,200	2,200
		<u>1,085,625</u>	<u>965,950</u>
Capital and reserves			
Called-up equity share capital	17	5,000	5,000
Profit and loss account	18	1,080,625	960,950
Shareholders' funds	19	<u>1,085,625</u>	<u>965,950</u>

These financial statements were approved by the directors on 19/6/3 2003 and are signed on their behalf by:

S E St Quinton



Notes to the financial statements

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:

	2002 £	2001 £
United Kingdom	<u>1,628,798</u>	<u>1,872,163</u>

2 Other operating income and charges

	2002 £	2001 £
Distribution costs	47,014	56,093
Administrative expenses	568,725	497,232
Other operating income	<u>(30,609)</u>	<u>(32,308)</u>
	<u>585,130</u>	<u>521,017</u>

3 Other operating income

	2002 £	2001 £
Other operating income	<u>30,609</u>	<u>32,308</u>

4 Operating profit

Operating profit is stated after charging/(crediting):

	2002 £	2001 £
Depreciation	75,674	62,754
Profit on disposal of fixed assets	(6,468)	(1,321)
Auditors' remuneration:		
Audit fees	<u>4,700</u>	<u>6,700</u>

5 Directors and employees

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

	2002 No	2001 No
Number of distribution staff	23	23
Number of administrative staff	5	4
	<u>28</u>	<u>27</u>

The aggregate payroll costs of the above were:

	2002 £	2001 £
Wages and salaries	283,498	254,096
Social security costs	20,174	16,554
Other pension costs	18,587	6,110
	<u>322,259</u>	<u>276,760</u>

6 Directors

Remuneration in respect of directors was as follows:

	2002 £	2001 £
Emoluments receivable	54,929	53,242
Value of company pension contributions to money purchase schemes	1,300	1,367
	<u>56,229</u>	<u>54,609</u>

7 Tax on profit on ordinary activities

(a) Taxation

	2002 £	2001 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 23% (2001 - 23%)	47,000	49,000
Over/under provision in prior year	(140)	(1,735)
Total current tax	<u>46,860</u>	<u>47,265</u>
Deferred tax:		
Increase in deferred tax provision	-	2,200
Tax on profit on ordinary activities	<u>46,860</u>	<u>49,465</u>

7 Tax on profit on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23% (2001 - 23%).

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>196,535</u>	<u>229,836</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2002: 30%)	45,000	53,000
Depreciation for the period in excess of capital allowances	3,000	(5,000)
Short term timing differences	(2,000)	-
Other	1,000	1,000
Total current tax (note 7(a))	<u>47,000</u>	<u>49,000</u>

8 Dividends

	2002 £	2001 £
Equity dividends:		
Dividend paid on ordinary shares	<u>30,000</u>	<u>30,000</u>

9 Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Investment Property £	Total £
Cost				
At 1 January 2002	304,243	84,719	300,000	688,962
Additions	34,273	70,750	-	105,023
Disposals	(23,008)	(51,774)	-	(74,782)
At 31 December 2002	<u>315,508</u>	<u>103,695</u>	<u>300,000</u>	<u>719,203</u>
Depreciation				
At 1 January 2002	168,622	35,206	-	203,828
Charge for the year	46,238	29,436	-	75,674
On disposals	(21,803)	(24,540)	-	(46,343)
At 31 December 2002	<u>193,057</u>	<u>40,102</u>	<u>-</u>	<u>233,159</u>
Net book value				
At 31 December 2002	<u>122,451</u>	<u>63,593</u>	<u>300,000</u>	<u>486,044</u>
At 31 December 2001	<u>135,621</u>	<u>49,513</u>	<u>300,000</u>	<u>485,134</u>

10 Investments

Investment in group undertakings

	£
Cost	
At 1 January 2002 and 31 December 2002	<u>85,000</u>
Amounts written off	
At 1 January 2002 and 31 December 2002	<u>80,000</u>
Net book value	
At 31 December 2002	<u>5,000</u>
At 31 December 2001	<u>5,000</u>

11 Stocks

	2002 £	2001 £
Work in progress	-	287,150
Finished goods	<u>210,173</u>	<u>106,309</u>
	<u>210,173</u>	<u>393,459</u>

12 Debtors

	2002 £	2001 £
Trade debtors	126,295	176,710
Other debtors	-	3,233
Prepayments and accrued income	<u>33,863</u>	<u>16,322</u>
	<u>160,158</u>	<u>196,265</u>

13 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	88,434	88,498
Amounts owed to group undertakings	5,000	5,000
Corporation tax	47,000	49,000
Other taxation and social security	31,909	19,315
Other creditors	1,226	-
Accruals and deferred income	<u>50,804</u>	<u>116,599</u>
	<u>224,373</u>	<u>278,412</u>

14 Deferred taxation

	2002 £	2001 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	2,200	-
Profit and Loss Account movement arising during the year	-	2,200
Provision carried forward	<u>2,200</u>	<u>2,200</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002 £	2001 £
Excess of taxation allowances over depreciation on fixed assets	<u>2,200</u>	<u>2,200</u>

15 Leasing commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	2002		2001	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	-	-	2,415
After more than 5 years	25,000	-	17,500	-
	<u>25,000</u>	<u>-</u>	<u>17,500</u>	<u>2,415</u>

16 Related party transactions

The company was under the control of Mr S E St Quinton throughout the current and previous year. Mr S E St Quinton is the managing director and majority shareholder.

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

17 Share capital

Authorised share capital:	2002	2001
	£	£
5,000 Ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid:	2002	2001
	£	£
Ordinary share capital	5,000	5,000

18 Profit and loss account

	2002	2001
	£	£
Balance brought forward	960,950	810,579
Retained profit for the financial year	119,675	150,371
Balance carried forward	1,080,625	960,950

19 Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
Profit for the financial year	149,675	180,371
Dividends	(30,000)	(30,000)
	119,675	150,371
Opening shareholders' equity funds	965,950	815,579
Closing shareholders' equity funds	1,085,625	965,950