

COMPANIES HOUSE

Grant Thornton 

**THE DRAWING GROUP
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001



Company no 2251098

THE DRAWING GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2001

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: National Westminster Bank PLC

Auditors: Registered Auditors
Chartered Accountants

THE DRAWING GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2001

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THE DRAWING GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 2001.

Principal activities

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

Business review and future developments

By way of diversification, the company purchased a property during 2000 which they finished converting into seven apartments during 2001. Three apartments remain to be sold.

There was a profit for the year after taxation amounting to £180,371 (2000: profit £97,402). There has been a payment of interim dividends of £30,000 (2000: £24,000).

The directors are satisfied with the results for the year and are committed to a policy of continued development to enhance the company's future trading prospects.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 December 2001 and 1 January 2001 were as follows:

	Ordinary shares	
	31 December 2001	1 January 2001
S E St Quinton	5,000	5,000
M G St Quinton	-	-
T Dukes	-	-

Directors' responsibilities for the financial statements

United Kingdom 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 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

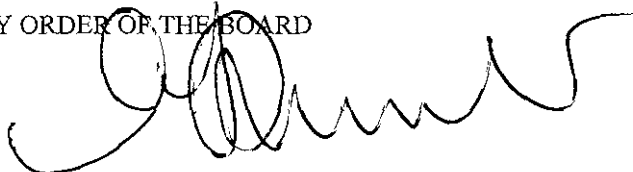
THE DRAWING GROUP LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'S E St Quinton', written over the text 'BY ORDER OF THE BOARD'.

S E St Quinton
Secretary
2 May 2002

**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 2001 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

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 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 the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

SHEFFIELD
2 May 2002

THE DRAWING GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the historical cost convention.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, it qualifies as a small group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT 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.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Motor vehicles	25%
Fixtures and equipment	10-33%

INVESTMENT PROPERTY

In accordance with Statement of Standard Accounting Practice No. 19, the company's property is held for long-term investment and is included in the balance sheet at its open market value. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

This policy represents a departure from the statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Amortisation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

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.

THE DRAWING GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

RETIREMENT BENEFITS

Defined Contribution Pension Scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

THE DRAWING GROUP LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2001

	Note	2001 £	2000 £
Turnover	1	1,872,163	1,394,079
Cost of sales		(1,123,386)	(729,366)
Gross profit		748,777	664,713
Distribution costs		(56,093)	(60,831)
Administrative expenses		(497,232)	(511,514)
Other operating income		32,308	31,933
Operating profit		227,760	124,301
Net interest	2	2,076	5,512
Profit on ordinary activities before taxation	1	229,836	129,813
Tax on profit on ordinary activities	4	(49,465)	(32,411)
Profit for the financial year	15	180,371	97,402
Dividends	5		
- Interim		(30,000)	(24,000)
Profit transferred to reserves	14	150,371	73,402

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.

THE DRAWING GROUP LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	6		485,134		454,409
Investments	7		5,000		5,000
			<u>490,134</u>		<u>459,409</u>
Current assets					
Stocks	8	393,459		663,330	
Debtors	9	196,265		218,401	
Cash at bank and in hand		166,704		11,641	
		<u>756,428</u>		<u>893,372</u>	
Creditors: amounts falling due within one year	10	(278,412)		(537,202)	
Net current assets			<u>478,016</u>		<u>356,170</u>
Total assets less current liabilities			<u>968,150</u>		<u>815,579</u>
Provisions for liabilities and charges	11		(2,200)		-
			<u>965,950</u>		<u>815,579</u>
Capital and reserves					
Called up share capital	13		5,000		5,000
Profit and loss account	14		960,950		810,579
Shareholders' funds	15		<u>965,950</u>		<u>815,579</u>

The financial statements were approved by the Board of Directors on 2 May 2002.

S E St Quinton

Director

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

THE DRAWING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:	2001 £	2000 £
Auditors' remuneration	6,700	6,500
Depreciation and amortisation:		
Tangible fixed assets, owned	62,755	75,650
Hire of plant and machinery	3,281	1,405
Other operating lease rentals	17,500	17,500
Other operating income includes:		
Rent received	32,308	31,933

2 NET INTEREST

	2001 £	2000 £
Other interest receivable and similar income	(2,076)	(5,512)

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	2001 £	2000 £
Wages and salaries	254,096	245,307
Social security costs	16,554	17,495
Other pension costs	6,110	10,215
	276,760	273,017

The average number of employees of the company during the year was as follows:

	2001 Number	2000 Number
Selling and distribution	23	23
Administration	4	4
	27	27

THE DRAWING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

Remuneration in respect of directors was as follows:

	2001 £	2000 £
Emoluments	53,242	35,486
Pension	1,367	1,593
	<u>54,609</u>	<u>37,079</u>

During the year 2 directors (2000: 2) participated in money purchase pension schemes.

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2001 £	2000 £
UK Corporation tax at 30% (2000:20%)	49,000	30,000
Deferred taxation	2,200	-
Adjustment in respect of prior years	(1,735)	2,411
	<u>49,465</u>	<u>32,411</u>

5 DIVIDENDS

	2001 £	2000 £
Ordinary shares - interim dividend of £6 per share paid (2000: £4.80 per share)	<u>30,000</u>	<u>24,000</u>

THE DRAWING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

6 TANGIBLE FIXED ASSETS

	Investment property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 January 2001	300,000	98,629	526,263	924,892
Additions	-	29,995	71,823	101,818
Disposals	-	(43,905)	(293,843)	(337,748)
At 31 December 2001	300,000	84,719	304,243	688,962
Depreciation				
At 1 January 2001	-	57,394	413,089	470,483
Provided in the year	-	21,717	41,038	62,755
Eliminated on disposals	-	(43,905)	(285,505)	(329,410)
At 31 December 2001	-	35,206	168,622	203,828
Net book amount at 31 December 2001	300,000	49,513	135,621	485,134
Net book amount at 31 December 2000	300,000	41,235	113,174	454,409

7 FIXED ASSETS INVESTMENTS

	Investment in group undertakings £	Total £
Cost and net book amount At 1 January 2001 and 31 December 2001	85,000	85,000
Amounts written off: At 1 January 2001 and 31 December 2001	80,000	80,000
Net book amount at 31 December 2001	5,000	5,000
Net book amount at 31 December 2000	5,000	5,000

THE DRAWING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

At 31 December 2001 the company held more than 20% of the following undertakings which are incorporated in England and Wales:

	Class of share capital held	Proportion held	Nature of business
The Drawing Group (Hull) Limited	Ordinary	100%	Dormant
The Drawing Group (Grimsby) Limited	Ordinary	100%	Dormant

8 STOCKS

	2001 £	2000 £
Long-term contract balances: Cost less provision for foreseeable losses	287,150	557,351
	287,150	557,351
Finished goods and goods for resale	106,309	105,979
	393,459	663,330

9 DEBTORS

	2001 £	2000 £
Trade debtors	176,710	203,753
Pension scheme debtor	3,233	-
Prepayments and accrued income	16,322	14,648
	196,265	218,401

THE DRAWING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank loans and overdrafts	-	707
Trade creditors	88,498	100,675
Amounts owed to group undertakings	5,000	5,000
Corporation tax	49,000	30,000
Social security and other taxes	19,315	6,406
Loans from directors	-	290,000
Accruals and deferred income	116,599	104,414
	<u>278,412</u>	<u>537,202</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all the assets of the company.

11 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
Provided during the year	2,200
At 31 December 2001	<u>2,200</u>

12 DEFERRED TAXATION

Deferred taxation provided for and not provided for in the financial statements is set out below.

	Amount provided		Amount unprovided	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	2,200	-	-	-
	<u>2,200</u>	<u>-</u>	<u>-</u>	<u>-</u>

13 SHARE CAPITAL

	2001 £	2000 £
Authorised, allotted, called up and fully paid: 5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

THE DRAWING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

14 RESERVES

	Profit and loss account £
At 1 January 2001	810,579
Retained profit for the year	150,371
At 31 December 2001	<u>960,950</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	180,371	97,402
Dividends	(30,000)	(24,000)
Net increase in shareholders' funds	<u>150,371</u>	<u>73,402</u>
Shareholders' funds at 1 January 2001	815,579	742,177
Shareholders' funds at 31 December 2001	<u>965,950</u>	<u>815,579</u>

16 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2001 or 31 December 2000.

17 RETIREMENT BENEFITS

Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

THE DRAWING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

18 LEASING COMMITMENTS

Operating lease payments amounting to £19,915 (2000: £21,122) are due within one year. The leases to which these amounts relate expire as follows:

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	2,415	-	-
Between one and five years	-	-	-	3,622
In five years or more	17,500	-	17,500	-
	<u>17,500</u>	<u>2,415</u>	<u>17,500</u>	<u>3,622</u>

19 TRANSACTIONS WITH RELATED PARTIES

During the year one of the Manor House apartments was sold to Mr E St Quinton, the father of one of the directors. This transaction was at arm's length.

A motor vehicle previously held in fixed assets was sold to the daughter of one of the directors. This transaction was at arm's length.