

THE DRAWING GROUP LIMITED
Registered number 2251098

DIRECTORS' REPORT AND ACCOUNTS

31 December 1991

COMPANIES HOUSE

29 OCT 1992

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THE DRAWING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1991

The directors present their report and the audited financial statements of the group for the year ended 31 December 1991.

CHANGE OF NAME

The company changed its name from Firsthurry Limited to The Drawing Group Limited on 4 March 1991.

PRINCIPAL ACTIVITIES

The principal activities of the group are the supply of drawing office equipment and ancillary products and the provision of reprographic services.

BUSINESS REVIEW

The directors report a reduced demand for some of the group's products but expect to see growth restored through a strategy of careful development of other products.

LOSS, DIVIDENDS AND APPROPRIATIONS

The loss for the year is shown in the profit and loss account on page 4. The directors do not recommend the payment of a dividend and the loss for the year has been offset against reserves.

FIXED ASSETS

Details of fixed assets are shown in note 7 to the accounts.

INVESTMENTS

During the year the investment in The Drawing Group (Grimsby) Limited was increased by the capitalisation of £75,000 of a loan from The Drawing Group Limited to strengthen the capital base of the company.

DIRECTORS

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors interests were as follows:

	<u>31 December 1991</u>	<u>31 December 1990</u>
S E St Quinton - Chairman	4,000	4,000
M G St Quinton	-	-

THE DRAWING GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1991 (CONTINUED)

SUBSEQUENT EVENTS

Subsequent to the year end, S E St Quinton purchased from The Drawing Group (Grimsby) Limited an interest in 5 industrial units for letting at net book value of £130,000. The market value of these units as shown by a professional valuation was £125,000.

AUDITORS

The Auditors, Price Waterhouse, will continue in office pursuant to Section 386 of the Companies Act 1985.

By Order of the Board



S E St Quinton
Secretary
27 October 1992

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
THE DRAWING GROUP LIMITED**

We have audited the financial statements on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1991 and of the loss of the company and the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor

27 October 1992

THE DRAWING GROUP LIMITED


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1991

	<u>Note</u>	<u>1991</u>		<u>1990</u>	
		<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
TURNOVER		2,093,721	157,175	2,076,598	144,508
Cost of sales		<u>(1,233,130)</u>	<u>-</u>	<u>(1,112,801)</u>	<u>-</u>
Gross profit		860,591	157,175	963,797	144,508
Selling and distribution costs		(404,194)	-	(411,795)	-
Administration expenses		<u>(463,101)</u>	<u>(274,760)</u>	<u>(421,939)</u>	<u>(111,397)</u>
OPERATING (LOSS)/PROFIT	3	(6,704)	(117,585)	130,063	33,111
Interest	5	<u>(38,616)</u>	<u>(22,138)</u>	<u>13,032</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(45,320)	(139,723)	143,095	33,111
Taxation recoverable	6	<u>25,012</u>	<u>13,271</u>	<u>(30,780)</u>	<u>(10,000)</u>
(LOSS)/PROFIT AFTER TAXATION		(20,308)	(126,452)	112,315	23,111
Profit attributable to minority interests		<u>(3,555)</u>	<u>-</u>	<u>(2,412)</u>	<u>-</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR	16	<u>£(23,863)</u>	<u>£(126,452)</u>	<u>£109,903</u>	<u>£23,111</u>

THE DRAWING GROUP LIMITED

BALANCE SHEET - 31 DECEMBER 1991

	Note	1991		1990	
		Group	Company	Group	Company
FIXED ASSETS					
Tangible assets	7	576,857	51,675	556,775	50,903
Investments	8	-	10,748	-	10,748
		676,857	62,423	556,775	61,651
CURRENT ASSETS					
Property in course of disposal		-	-	61,250	-
Stocks	9	132,969	-	156,740	-
Debtors	10	435,877	17,653	373,862	46,601
Cash at bank and in hand		1,200	-	4,907	-
		570,046	17,653	596,759	46,601
CREDITORS - Amounts falling due within one year	11	(615,041)	(151,369)	(562,864)	(53,093)
NET CURRENT (LIABILITIES)/ASSETS		(44,995)	(133,716)	33,895	(6,492)
TOTAL ASSETS LESS CURRENT LIABILITIES		631,862	(71,293)	590,670	55,159
CREDITORS - Amounts falling due after more than one year	12	(194,500)	-	(117,000)	-
PROVISION FOR LIABILITIES AND CHARGES	13	(149)	-	(16,150)	-
		£437,213	£(71,293)	£457,520	£55,159
CAPITAL AND RESERVES					
Called up share capital	15	5,000	5,000	5,000	5,000
Profit and loss account	16	426,245	(76,293)	450,108	50,159
MINORITY INTERESTS		5,968	-	2,412	-
		£437,213	£(71,293)	£457,520	£55,159


APPROVED BY THE BOARD ON
27 October 1992

S E ST Quinton

DIRECTOR

THE DRAWING GROUP LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1991

	Note	1991	1990
NET CASH INFLOW FROM OPERATING ACTIVITIES	17 (1)	111,487	46,740
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	822	20,040	
Interest paid	(39,438)	(7,008)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(38,616)	13,032
TAXATION			
Taxation paid		(16,650)	(51,730)
INVESTING ACTIVITIES			
Additions to fixed assets	(263,693)	(500,852)	
Sale of fixed assets	39,202	61,660	
Sale of property	61,250	-	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(163,241)	(439,192)
NET CASH OUTFLOW BEFORE FINANCING		(107,020)	(431,150)
FINANCING			
Loans issued		158,740	107,000
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	17 (2)	£51,720	£(324,150)

THE DRAWING GROUP LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1991

1 PRINCIPAL ACCOUNTING POLICIES

(1) Basis of accounting

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

(2) Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings. Profits of undertakings entering the group are included from the date of acquisition. The net assets of subsidiaries acquired are included on the basis of their fair value at the date of acquisition. Goodwill arising on consolidation is immediately written off against reserves and amounts to £50,583.

(3) Depreciation

Depreciation of tangible fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost less any residual value over their expected useful lives which are as follows

Long leasehold land and buildings	100 years
Plant and machinery	3 to 5 years
Fixtures and equipment	5 to 10 years
Motor vehicles	4 years

(4) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

(5) Deferred taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

(6) Operating leases

Rentals under operating leases are charged to profit and loss account as incurred.

(7) Pension costs

The cost of providing pension benefits is charged to the profit and loss account over the period benefiting from employees' services.

2 TURNOVER

Turnover comprises the net invoiced values, excluding VAT to customers.

THE DRAWING GROUP LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

3	OPERATING (LOSS)/PROFIT	1991		1990	
		<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	Operating (loss)/profit is stated after charging				
	Auditors' remuneration	£5,200	£500	£3,950	£200
	Depreciation of tangible fixed assets	£93,508	£17,134	£71,990	£9,149
	Operating leases				
	Hire of plant and machinery	-	-	2,000	-
	Other operating lease rentals	27,525	-	19,010	-
		£27,525	£-	£21,010	£-
4	DIRECTORS AND EMPLOYEES				
	Staff costs including directors' emoluments				
	Wages and salaries	424,554	107,557	422,310	66,742
	Social security costs	38,169	9,202	34,447	6,425
	Other pension costs	16,295	1,758	46,555	-
		£479,018	£118,517	£503,312	£73,167
		<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
	Average number employed including executive directors				
	Selling, sales support and distribution	41	-	41	-
	Administration	10	10	10	5
		51	10	51	5
	Directors' emoluments				
	As directors	Nil	Nil	Nil	Nil
	As executives	33,569	28,237	62,966	18,638
		£33,569	£28,237	£62,966	£18,638
	Emoluments excluding pension scheme contributions				
	Chairman	£28,569	£28,237	£25,966	£18,638
		<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
	Other directors				
	Up to £5,000	1	1	1	1

THE DRAWING GROUP LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

5	INTEREST	1991		1990	
		<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	Interest received	822	766	20,040	-
	Interest received from subsidiaries	-	<u>14,254</u>	-	-
		£822	£15,020	£20,040	£-
	Interest paid				
	Unsecured loans (see note 12)	(32,025)	(29,778)	(1,975)	-
	Bank overdrafts	<u>(7,413)</u>	<u>(7,380)</u>	<u>(5,033)</u>	-
		£(39,438)	£(37,158)	£(7,008)	£-
		<u>£(38,616)</u>	<u>£(22,138)</u>	<u>£13,032</u>	<u>£-</u>
6	TAXATION				
	Corporation tax on profit on ordinary activities at 25% (1990 25%)	-	-	24,500	6,376
	Receipt for surrender of losses under group tax arrangements	-	(5,868)	-	-
	Deferred taxation	(16,001)	-	12,250	-
	Adjustment for earlier years	<u>(9,011)</u>	<u>(7,403)</u>	<u>(5,970)</u>	<u>3,624</u>
		£(25,012)	£(13,271)	£30,780	£10,000
		<u>£(25,012)</u>	<u>£(13,271)</u>	<u>£30,780</u>	<u>£10,000</u>

THE DRAWING GROUP LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

7	TANGIBLE FIXED ASSETS	Long leasehold land and buildings	Plant and machinery	Fixtures and equipment	Motor vehicles	Total
	GROUP					
	Cost					
	31 December 1990	320,653	208,989	83,795	139,068	752,505
	Restatement	-	-	5,767	13,863	19,630
	Additions	112,332	15,667	77,749	57,945	263,693
	Disposals	-	(19,938)	(200)	(81,320)	(101,458)
	31 December 1991	£432,985	£204,718	£167,111	£129,556	£934,370
	Depreciation					
	31 December 1990	-	111,813	52,708	31,209	195,730
	Restatement	-	-	5,767	13,863	19,630
	Charge for year	2,735	37,724	17,249	35,800	93,508
	Appropriated on disposals	-	(14,004)	(101)	(37,250)	(51,355)
	31 December 1991	£2,735	£135,533	£75,623	£43,622	£257,513
	Net book amount					
	31 December 1991	£430,250	£69,185	£91,488	£85,934	£676,857

FUTURE CAPITAL COMMITMENTS - GROUP

	1991	1990
Committed	£-	£155,000
Authorised, but contracts not placed	£-	£-

THE DRAWING GROUP LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

7 TANGIBLE FIXED ASSETS (continued)

COMPANY	Fixtures and equipment	Motor vehicles	Total
Cost			
31 December 1990	23,005	53,650	76,655
Additions	2,488	41,350	43,838
Intra group transfers	-	(9,500)	(9,500)
Disposals	-	(32,900)	(32,900)
31 December 1991	£25,493	£52,600	£78,093
Depreciation			
31 December 1990	11,003	14,749	25,752
Intra group transfers	-	(4,193)	(4,193)
Charge for year	4,854	12,280	17,134
Appropriated on disposals	-	(12,275)	(12,275)
31 December 1991	£15,857	£10,561	£26,418
Net book amount			
31 December 1991	£9,636	£42,039	£51,675

FUTURE CAPITAL COMMITMENTS - COMPANY

	1991	1990
Committed	£-	£-
Authorised but contracts not placed	£-	£-

8 FIXED ASSET INVESTMENTS

COMPANY - shares in subsidiary undertakings

Cost	
31 December 1990	10,748
Additions during the year	75,000
Provision	(75,000)
31 December 1991	£10,748

THE DRAWING GROUP LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

8	FIXED ASSET INVESTMENTS (continued)	Country of registration and operation	Class of share	Proportion held	Nature of business
	Name of subsidiary undertaking				
	The Drawing Group (Hull) Limited (formerly Hull Drawing Limited)	England	Ordinary	100%	Art materials Business supply Copying services Design materials
	The Drawing Group (Sheffield) Limited (formerly Rapid Reprographics (South Yorkshire) Limited)	England	Ordinary	75%	Copying services
	The Drawing Group (Grimsby) Limited (formerly East Coast Office Equipment Limited)	England	Ordinary	100%	Business supply Copying services Design materials
	Hull Drawing Materials	England	Ordinary	100%	Non-trading

9	STOCKS	Group	
		1991	1990
	Finished goods and goods for resale	£132,969	£156,740

10	DEBTORS	1991		1990	
		Group	Company	Group	Company
	Due within one year				
	Trade debtors	397,229	-	339,762	-
	Amount owed by subsidiary undertaking	-	11,321	-	46,601
	Other debtors	17,735	1,145	20,759	-
	Corporation tax recoverable	5,620	3,773	-	-
	Prepayments and accrued income	15,293	1,414	13,341	-
		£435,877	£17,653	£373,862	£46,601

THE DRAWING GROUP LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

11	CREDITORS - Amounts falling due within one year	1991		1990	
		Group	Company	Group	Company
	Bank overdraft	100,956	47,676	156,383	26,091
	Trade creditors	293,276	1,601	166,586	-
	Amount owed to subsidiary undertakings	-	82,211	-	15,302
	Corporation tax	4,909	1,740	24,950	10,450
	Other taxation and social security	59,090	4,954	40,615	-
	Other creditors	8,045	-	150,575	-
	Accruals and deferred income	70,025	13,187	23,755	1,250
	Loan from director	78,740	-	-	-
		<u>£615,041</u>	<u>£151,369</u>	<u>£562,864</u>	<u>£53,093</u>

During the year, S E St Quinton made a loan to a subsidiary undertaking of £78,740. Interest is due quarterly at a rate equal to Lloyds Bank PLC base rate. Since the year end this loan has been repaid.

12	CREDITORS - Amounts falling due after more than one year	Group	
		1991	1990
	Unsecured loans		
	Repayable on or after 31 August 1993 on giving six months notice and carries interest at Lloyds Bank PLC base rate.	7,500	10,000
	Repayable on 19 December 1995. Interest thereon is due quarterly at a rate equal to Lloyds Bank PLC base rate plus 3%.	107,000	107,000
	Repayable after giving 12 months notice and no such notice has been given. Interest is due quarterly at a rate equal to Lloyds Bank PLC base rate.	<u>80,000</u>	<u>-</u>
		<u>£194,500</u>	<u>£117,000</u>

13	PROVISION FOR LIABILITIES AND CHARGES	Profit and loss account	
		1990	1991
	Deferred taxation (notes 5 and 14)	<u>£16,150</u>	<u>£(16,001)</u>
			<u>£149</u>

THE DRAWING GROUP LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

14	DEFERRED TAXATION	<u>1991</u>		<u>1990</u>	
		<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	Potential liability and provision				
	Corporation tax deferred by Capital allowances	£149	£-	£16,150	£-
	Potential liability and provision are based on a corporation tax rate of 33% (1990 33%)				
15	CALLED UP SHARE CAPITAL	<u>1991</u>		<u>1990</u>	
		<u>Number of shares</u>		<u>Number of shares</u>	
	Authorised				
	Ordinary shares of £1 each	5,000	£5,000	5,000	£5,000
	Allotted called up and fully paid				
	Ordinary shares of £1 each:	5,000	£5,000	5,000	£5,000
16	PROFIT AND LOSS ACCOUNT	<u>Group</u>		<u>Company</u>	
	31 December 1990	450,108	50,159		
	Loss for the year	(23,863)	(126,452)		
	31 December 1991	£426,245	£(76,293)		

THE DRAWING GROUP LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

17 NOTES TO THE CASH FLOW STATEMENT

(1) Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	<u>1991</u>	<u>1990</u>
Operating (loss)/profit	(6,704)	130,063
Depreciation	93,508	71,990
Loss on sale of fixed assets	10,900	908
Decrease/(increase) in stocks	23,771	(35,279)
Increase in debtors	(56,395)	(124,932)
Increase in creditors	46,407	115,823
Property in course of disposal	-	(61,250)
Goodwill on acquisition of subsidiary	-	(50,583)
	<u>£111,487</u>	<u>£46,740</u>

(2) Analysis of the balances of cash and cash equivalents as shown in the balance sheet.

	<u>1991</u>	<u>1990</u>	<u>Change in year</u>
Cash in hand and at bank	1,200	4,907	(3,707)
Bank loan and overdrafts	<u>(100,956)</u>	<u>(156,383)</u>	<u>55,427</u>
	<u>£(99,756)</u>	<u>£(151,476)</u>	<u>£51,720</u>

18 PENSIONS

The group operates two defined contribution pension schemes for employees of the group. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £7,495 (1990 £7,283).

In addition one of the subsidiary undertakings operates a small self administered fund for senior executives to which payments are made on an irregular basis.

19 FINANCIAL COMMITMENTS

	<u>1991</u>	<u>1990</u>
Land and buildings		
Commitments in respect of operating losses expiring		
Between one and two years	7,920	-
Between two and five years	-	7,920
	<u>£7,920</u>	<u>£7,920</u>