

The Drawing Group Limited

Financial statements

For the year ended 31 December 2003

Grant Thornton 

COMPANIES HOUSE



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	NatWest Bank Plc Abbey National plc
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 2003.

Principal activities and business review

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

There was a profit for the year after taxation amounting to £117,322 (2002: £149,675).

The directors recommend dividends absorbing £380,000 (2002: £30,000) leaving a retained loss of £262,678 (2002: profit £119,675)

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:

	2003 £	2002 £
Dividends paid on ordinary shares	<u>380,000</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 2003	At 1 January 2003
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 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 keeping 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.

Charitable donations

During the year the company made the following contributions:

	2003	2002
	£	£
Charitable	<u>—</u>	<u>5,000</u>

Post balance sheet event

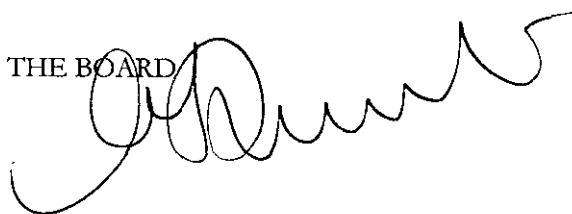
On 1 January 2004, the company sold its copying services bureau to an unrelated party

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985. On 1 July 2004, the Grant Thornton partnership will convert to a limited liability partnership called Grant Thornton UK LLP. Under Section 26(5) of the Companies Act 1989, the directors intend to consent to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

BY ORDER OF THE BOARD

S E St Quinton
Secretary
25 June 2004



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 2003 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 16. 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.

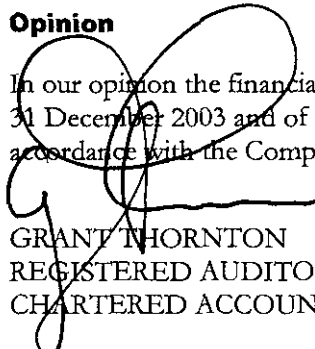
Basis of opinion

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 2003 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

SHEFFIELD

25 June 2004

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, subject to the departures referred to below.

The historical cost basis has been modified to allow for the revaluation of investment properties, as disclosed below.

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.

Fixed assets

All fixed assets are initially recorded at cost.

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.

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	2003 £	2002 £
Turnover		1,319,880	1,628,798
Cost of sales		656,663	851,993
Gross profit		663,217	776,805
Other operating charges	1	566,091	615,739
Other operating income	2	(30,782)	(30,609)
Operating profit	3	127,908	191,675
Interest receivable		19,862	4,860
Profit on ordinary activities before taxation		147,770	196,535
Tax on profit on ordinary activities		30,448	46,860
Profit on ordinary activities after taxation		117,322	149,675
Equity dividends paid		380,000	30,000
(Loss)/retained profit for the financial year		(262,678)	119,675

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

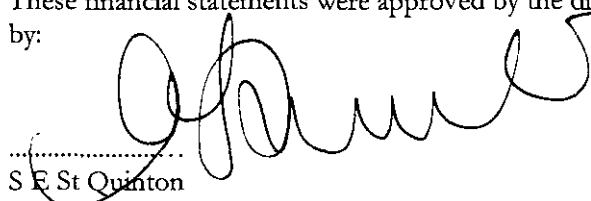
The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	5	453,691	486,044
Investments	6	5,000	5,000
		<u>458,691</u>	<u>491,044</u>
Current assets			
Stocks	7	137,875	210,173
Debtors	8	150,972	160,158
Cash at bank and in hand		648,268	450,823
		<u>937,115</u>	<u>821,154</u>
Creditors: amounts falling due within one year	9	570,659	224,373
Net current assets		<u>366,456</u>	<u>596,781</u>
Total assets less current liabilities		<u>825,147</u>	<u>1,087,825</u>
Provisions for liabilities and charges			
Deferred taxation	10	2,200	2,200
		<u>822,947</u>	<u>1,085,625</u>
Capital and reserves			
Called-up equity share capital	13	5,000	5,000
Profit and loss account	14	817,947	1,080,625
Shareholders' funds	15	<u>822,947</u>	<u>1,085,625</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on 25 June 2004 and are signed on their behalf by:


S E St Quinton

Notes to the financial statements

1 Other operating income and charges

	2003 £	2002 £
Distribution costs	52,920	47,014
Administrative expenses	513,171	568,725
Other operating income	(30,782)	(30,609)
	<u>535,309</u>	<u>585,130</u>

2 Other operating income

	2003 £	2002 £
Other operating income	<u>30,782</u>	<u>30,609</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Directors' emoluments	42,424	37,557
Staff pension contributions	6,329	18,587
Depreciation of owned fixed assets	74,583	75,674
Profit on disposal of fixed assets	(6,593)	(6,468)
Auditors' fees	<u>5,000</u>	<u>4,700</u>

4 Directors

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Emoluments	71,699	54,929
Value of company pension contributions to money purchase schemes	<u>1,300</u>	<u>1,300</u>
	<u>72,999</u>	<u>56,229</u>

5 Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Investment Property £	Total £
Cost				
At 1 January 2003	315,508	103,695	300,000	719,203
Additions	5,726	39,621	—	45,347
Disposals	—	(34,445)	—	(34,445)
At 31 December 2003	<u>321,234</u>	<u>108,871</u>	<u>300,000</u>	<u>730,105</u>
Depreciation				
At 1 January 2003	193,057	40,102	—	233,159
Charge for the year	47,896	26,687	—	74,583
On disposals	—	(31,328)	—	(31,328)
At 31 December 2003	<u>240,953</u>	<u>35,461</u>	<u>—</u>	<u>276,414</u>
Net book value				
At 31 December 2003	<u>80,281</u>	<u>73,410</u>	<u>300,000</u>	<u>453,691</u>
At 31 December 2002	<u>122,451</u>	<u>63,593</u>	<u>300,000</u>	<u>486,044</u>

6 Investments

Investment in group undertakings

	£
Cost	
At 1 January 2003 and 31 December 2003	<u>85,000</u>
Amounts written off	
At 1 January 2003 and 31 December 2003	<u>80,000</u>
Net book value	
At 31 December 2003	<u>5,000</u>
At 31 December 2002	<u>5,000</u>

At 31 December 2003 the company held 100% of the allotted share capital of the following undertakings:

	Country of registration £	Class of share capital held £	Proportion held £	Nature of business £	Capital and reserves £
The Drawing Group (Hull) Limited	England	Ordinary	100%	Dormant	5,000
The Drawing Group (Grimsby) Limited	England	Ordinary	100%	Dormant	(62,106)

7 Stocks

	2003	2002
	£	£
Finished goods	<u>137,875</u>	<u>210,173</u>

8 Debtors

	2003	2002
	£	£
Trade debtors	137,847	126,295
Other debtors	<u>13,125</u>	<u>33,863</u>
	<u>150,972</u>	<u>160,158</u>

9 Creditors: amounts falling due within one year

	2003	2002
	£	£
Trade creditors	110,518	88,434
Amounts owed to group undertakings	5,000	5,000
Corporation tax	33,000	47,000
Other taxation and social security	32,337	31,909
Other creditors	<u>389,804</u>	<u>52,030</u>
	<u>570,659</u>	<u>224,373</u>

Bank borrowings are secured against a fixed and floating charge over all assets of the company.

10 Deferred taxation

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

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>2,200</u>	<u>2,200</u>

11 Leasing commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2003	2002
	£	£
Operating leases which expire:		
After more than 5 years	<u>—</u>	<u>25,000</u>

12 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.

During the year the company rented business premises from the Pension Fund administered on behalf of Mr S E St Quinton. Rental payments made during 2003 were £25,000 (2002: £17,500).

13 Share capital

Authorised share capital:

	2003	2002
	£	£
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

14 Profit and loss account

	2003	2002
	£	£
Balance brought forward	1,080,625	960,950
(Accumulated loss)/retained profit for the financial year	<u>(262,678)</u>	<u>119,675</u>
Balance carried forward	<u>817,947</u>	<u>1,080,625</u>

15 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Profit for the financial year	117,322	149,675
Dividends	<u>(380,000)</u>	<u>(30,000)</u>
	<u>(262,678)</u>	<u>119,675</u>
Opening shareholders' equity funds	1,085,625	965,950
Closing shareholders' equity funds	<u>822,947</u>	<u>1,085,625</u>

16 Post balance sheet events

On 1 January 2004, the company sold its copying services bureau to an unrelated party.