

SIMPSON (YORK) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2002



SIMPSON (YORK) LIMITED

INDEX TO THE ACCOUNTS

	Page
Company Information	1
Directors' Report	2. & 3
Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8 & 9
Notes to the Accounts	10 - 18
Profit and Loss Account	19

SIMPSON (YORK) LIMITED

COMPANY INFORMATION

DIRECTORS: R.C. Gatenby F.C.I.O.B.
B. Gatenby
R.C. Allerton B.Sc. (Hons)
H.J. Barrick
D.E. Graves
I.R. Hildreth
J. Pursehouse F.C.A.
M.R. Wileman F.R.I.C.S.MCIOB

SECRETARY: J. Pursehouse F.C.A.

REGISTERED OFFICE: P O Box 289
Outgang Lane
Osballdwick
YORK
YO19 5YL

COMPANY NUMBER: 847721

AUDITORS: Armstrong Watson
Chartered Accountants & Registered Auditor
Central House
St. Paul's Street
Leeds
LS1 2TE

BANKERS: HSBC PLC
City Branch
P.O. Box 105
33 Park Row
Leeds
LS1 1LD

SOLICITORS: Denison Till
Stamford House
Piccadilly
YORK
YO1 9PP

SIMPSON (YORK) LIMITED **REPORT OF THE DIRECTORS**

The Directors present their report with the accounts of the Company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of Shopfitting, Construction and Development.

REVIEW OF BUSINESS

The results for the year, financial position of the Company, and recommended transfer to reserves are as shown in the annexed accounts and are summarised below:-

	2002	2001
Turnover	32,120,520	24,196,925
Operating Profit	772,992	475,329
Profit before Tax	787,641	534,075

Both the level of business and the year end financial position were satisfactory and the Directors expect that the present level of activity will be sustained for the foreseeable future.

DIVIDENDS

Interim dividends were paid on the 8% Cumulative Redeemable Preference Shares during the year totalling £32,000 (2001:£32,000). A dividend of £750,000 was paid on the Ordinary Shares during the year (2001: £907,561)

DIRECTORS

The Directors in office during the period and their beneficial interests in the issued share capital of the holding company were as follows:-

	Ord.shares of 50p each 2002	Ord.shares of 50p each 2001
R C Gatenby	-	-
B Gatenby	-	-
H J Barrick	50,000	50,000
I R Hildreth	50,000	50,000
J Pursehouse	-	-
D E Graves	-	-
R C Allerton	-	-
M R Wileman	-	-

R.C. Gatenby and B. Gatenby are also directors of the holding company and their interest in the shares of that Company are as disclosed in those accounts. B Gatenby and J Pursehouse retire by rotation and being eligible offer themselves for re-election.

SIMPSON (YORK) LIMITED

REPORT OF THE DIRECTORS

CHARITABLE CONTRIBUTIONS

During the year donations totalling £1,360 were made to charitable organisations. (2001 - £635).

FIXED ASSETS

Details of movements in Fixed Assets during the year are set out in Note 11 to the Financial Statements.

STATEMENT OF 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 and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- a. select suitable accounting policies and apply them consistently.
- b. make judgements and estimates that are reasonable and prudent.
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue to operate.

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. 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. The Directors are also responsible for the preparation of the directors report.

AUDITORS

The Auditors, Armstrong Watson, Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

By Order of the Board



J. Pursehouse F.C.A.
Secretary

Dated: 27 March 2003

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

SIMPSON (YORK) LIMITED

We have audited the financial statements on pages 5-18 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 11.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors Responsibilities on page 3. 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. 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 the Directors' Report and consider the implications for our report if we become aware of any apparent mis-statements within in. 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 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 mis-statement, 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 at 31 December 2002 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


ARMSTRONG WATSON
Chartered Accountants & Registered Auditors
Central House
St Paul's Street
LEEDS
LS1 2TE

Dated: 27 March 2003

SIMPSON (YORK) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
TURNOVER	2.	32,120,520	24,196,925
Cost of Sales		<u>(29,464,029)</u>	<u>(21,989,963)</u>
GROSS PROFIT		2,656,491	2,206,962
Administrative Expenses		<u>(1,883,499)</u>	<u>(1,731,633)</u>
OPERATING PROFIT		772,992	475,329
Interest Receivable	7.	25,822	68,447
Interest Payable	8.	<u>(11,173)</u>	<u>(9,701)</u>
PROFIT on Ordinary Activities before Taxation		787,641	534,075
Tax on Ordinary Activities	9.	<u>(224,087)</u>	<u>(102,932)</u>
PROFIT on Ordinary Activities after Taxation		563,554	431,143
Equity Dividends		(750,000)	(907,561)
Non-Equity Dividends	10.	<u>(32,000)</u>	<u>(32,000)</u>
RETAINED (LOSS) for the Financial Year	19.	<u>(218,446)</u>	<u>(508,418)</u>

There were no recognised gains or losses other than those included in the Profit and Loss Account for the current and previous year.

None of the Company's activities were acquired or discontinued during the current and previous year.

The notes on pages 10 to 18 form part of these Financial Statements.

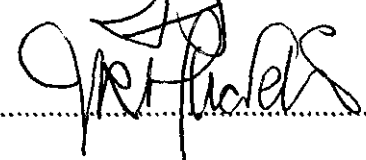
SIMPSON (YORK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible Assets	11.		728,503		672,046
CURRENT ASSETS					
Stock		41,410		41,410	
Debtors	12.	5,547,941		5,355,526	
Cash at Bank and in Hand		<u>1,726,129</u>		<u>1,096,367</u>	
		7,315,480		6,493,303	
CREDITORS: Amounts falling due within one year	13.	(7,268,897)		(6,142,470)	
			<u>46,583</u>		<u>350,833</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			775,086		1,022,879
CREDITORS: Amounts falling due after more than one year	14.		(26,585)		(51,725)
PROVISION FOR LIABILITIES AND CHARGES	15.		<u>(5,948)</u>		<u>(10,155)</u>
			<u>742,553</u>		<u>960,999</u>
CAPITAL AND RESERVES					
Called Up Share Capital	16.		500,000		500,000
Profit and Loss Account	18.		<u>242,553</u>		<u>460,999</u>
			742,553		960,999
ANALYSIS OF SHAREHOLDERS' FUNDS					
Equity Interests			342,553		560,999
Non-Equity Interests			<u>400,000</u>		<u>400,000</u>
			742,553		960,999

The financial statements were approved by the Board on 27 March 2003 and signed on its behalf by:

 R.C. Gatenby

 I.R. Hildreth

The notes on pages 10 to 18 form part of these Financial Statements.

SIMPSON (YORK) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	2002 £	2001 £
Net Cash Inflow/(Outflow) from Operating Activities	1.	1,839,868	(1,803,193)
Returns on Investments and Servicing of Finance	2.	14,649	58,746
Taxation		(85,445)	(144,952)
Capital Expenditure	2.	(191,955)	(69,309)
Equity Dividends paid		<u>(782,000)</u>	<u>(939,561)</u>
		795,117	(2,898,269)
Financing	2.	<u>(165,355)</u>	<u>(106,942)</u>
Increase (Decrease) in cash in the period		<u>629,762</u>	<u>(3,005,211)</u>
Reconciliation of net cash flow to movement in net debt	3.		
Increase/(Decrease) in cash in the period		629,762	(3,005,211)
Cash Outflow from decrease in debt and lease financing		<u>165,355</u>	<u>106,942</u>
Change in net debt resulting from cash flows		795,117	(2,898,269)
New finance leases		<u>(137,876)</u>	<u>(189,827)</u>
Movement in net debt in the period		657,241	(3,088,096)
Net funds at 1 January 2002		<u>920,818</u>	<u>4,008,914</u>
Net funds at 31 December 2002		<u>1,578,059</u>	<u>920,818</u>

The notes on pages 10 to 18 form part of these financial statements.

SIMPSON (YORK) LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 20021. RECONCILIATION OF OPERATING PROFIT
TO NET CASH INFLOW FROM OPERATING
ACTIVITIES

	2002	2001
Operating Profit	772,992	475,329
Depreciation charges	299,314	282,740
Profit on sale of fixed assets	(25,935)	(19,015)
(Increase) in Debtors	(192,415)	(2,505,238)
Increase / (Decrease) in creditors	985,912	(37,009)
Net cash inflow / (outflow) from operating activities	<u>1,839,868</u>	<u>(1,803,193)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS
INCLUDED IN THE CASH FLOW STATEMENT

Returns on investments and servicing of finance

Interest received	25,822	68,447
Interest paid	(11,173)	(9,701)

Net cash inflow from returns on investments and
Servicing of finance

	<u>14,649</u>	<u>58,746</u>
--	---------------	---------------

Capital Expenditure

Purchase of tangible fixed assets	(224,139)	(93,009)
Sale of tangible fixed assets	<u>32,184</u>	<u>23,700</u>

Net cash outflow for capital expenditure

	<u>(191,955)</u>	<u>(69,309)</u>
--	-------------------	-----------------

Financing

Loan repayments in year	(165,355)	(106,942)
-------------------------	-----------	-----------

Net cash outflow from financing

	<u>(165,355)</u>	<u>(106,942)</u>
--	------------------	------------------

The notes on pages 10 to 18 form part of these financial statements.

SIMPSON (YORK) LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 20023. ANALYSIS OF CHANGES IN
NET DEBT

	At 1.1.02 £	Cash Flow £	Other non-cash changes £	At 31.12.02 £
Net cash:				
Cash at bank and in hand	1,096,367	629,762		1,726,129
Debt:				
Hire purchase or finance leases	<u>(175,549)</u>	<u>165,355</u>	<u>(137,876)</u>	<u>(148,070)</u>
Total	<u>920,818</u>	<u>795,117</u>	<u>(137,876)</u>	<u>1,578,059</u>

Analysed in Balance Sheet

Cash at bank and in hand	1,096,367	1,726,129
Hire purchase or finance leases		
within one year	(123,824)	(121,485)
after one year	<u>(51,725)</u>	<u>(26,585)</u>
	<u>920,818</u>	<u>1,578,059</u>

The notes on pages 10 to 18 form part of these financial statements.

SIMPSON (YORK) LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

(a) Accounting Convention

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

(b) Turnover

Turnover is the amount derived from the provision of goods and services falling within the Company's ordinary activities after deduction of value added tax.

(c) Tangible Fixed Assets and Depreciation

Depreciation is provided in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Plant and Machinery	10% per annum
Fixtures and Fittings	15% - 35% per annum
Motor Vehicles	20% - 40% per annum

(d) Stock

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

(e) Leases

Leased assets and assets acquired under finance leases are included in the Balance Sheet at cost less depreciation. Future rentals net of finance charges are shown as a liability. The finance charge element of finance lease rentals is charged to the profit and loss account over the period of the lease.

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

(f) Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions:

provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold:

SIMPSON (YORK) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002

provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable:

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

(g) Developments

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

(h) Long Term Contracts

Profit on contracts is calculated on a prudent basis to reflect the proportion of the work carried out at the year end. No account is taken of unagreed claims. Full provision is made for losses on contracts in the year the loss is first foreseeable.

(i) Pensions

The Company contributes a defined sum to a private pension scheme for each applicable employee.

Contributions payable are charged to the profit and loss account so as to spread the cost of the pension over the employees working life with the Company.

2. TURNOVER

The total turnover of the Company for the year has been derived from its principal activities wholly undertaken in the U.K.

	2002	2001
	£	£
Shopfitting	19,787,286	14,521,064
Construction	<u>12,333,234</u>	<u>9,675,861</u>
	32,120,520	24,196,925

3. DIRECTORS INFORMATION

The directors' aggregate emoluments in respect of qualifying services were:

Emoluments receivable	803,757	657,134
Company pension contributions	<u>31,522</u>	<u>19,932</u>
	<u>835,379</u>	<u>677,066</u>
Emoluments of highest paid director		
Total emoluments (excluding pension contributions)	237,225	172,860

The number of directors to whom retirement benefits accrued: 6 6

SIMPSON (YORK) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002

4. EMPLOYEE INFORMATION	2002 Number	2001 Number
The average monthly number of employees (including Directors) during the year was:		
Administration	42	37
Production	118	105
	160	142
Employment Costs:		
Wages and Salaries	4,399,319	3,613,835
Social Security Costs	418,812	344,149
Pension Costs	<u>74,729</u>	<u>57,523</u>
	4,892,860	4,015,507
5. OPERATING PROFIT		
The Operating Profit is stated after charging:-		
Depreciation of Tangible Assets	299,314	282,740
Hire of Plant and Machinery	547,414	324,327
Operating Lease Rentals - Land and Buildings	73,500	73,500
Auditors' Remuneration	<u>5,500</u>	<u>5,000</u>
6. OTHER SERVICES		
The auditors charged a fee of £2,000 for taxation services (2001 - £2,000)		
7. INTEREST RECEIVABLE		
Bank Interest	<u>25,822</u>	<u>68,447</u>
8. INTEREST PAYABLE		
On Bank Loans and Overdrafts	126	510
Hire Purchase Loans	11,047	9,191
Other Interest	-	-
	<u>11,173</u>	<u>9,701</u>

SIMPSON (YORK) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002

9. TAX ON PROFIT ON ORDINARY ACTIVITY

	2002 £	2001 £
a)		
Current tax		
In respect of the year at 30% (2001 - 30%)	247,126	104,277
Over provision in prior year	(18,832)	-
Total current tax	<u>228,294</u>	<u>104,277</u>
Deferred tax:		
Reduction in deferred tax provision (Note 15)		
Capital Allowances	(4,208)	(1,345)
Tax on profit on ordinary activities	<u>224,087</u>	<u>102,932</u>
b)		
Factors affecting current tax charge:		
Profit on ordinary activities before taxation	<u>787,641</u>	<u>534,075</u>
Profit on ordinary activities by rate of tax	<u>236,291</u>	<u>160,223</u>
Expenses not deductible for tax purposes	(5,876)	(3,470)
Capital allowances for period in excess of depreciation	16,711	(52,476)
Adjustments to tax charge in respect of previous periods	(18,832)	-
	<u>228,294</u>	<u>104,277</u>

SIMPSON (YORK) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 200210. **DIVIDEND**

8% Cumulative Redeemable Preference Shares

Paid 31 December 2002

32,000 32,000

Ordinary Shares Paid

750,000 907,561

782,000 939,561

 11. **TANGIBLE ASSETS**

	Plant & Machinery £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost at 1 January 2002	188,383	239,685	996,574	1,424,642
Additions	20,240	34,137	307,640	362,017
Disposals	(4,161)	(4,998)	(178,643)	(187,802)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cost at 31 December 2002	<u>204,462</u>	<u>268,824</u>	<u>1,125,571</u>	<u>1,598,857</u>
Depreciation at 1 January 2002	71,590	135,862	545,142	752,594
Charge for the year	20,600	41,907	236,807	299,314
On Disposals	(1,690)	(4,998)	(174,866)	(181,554)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation at 31 December 2002	<u>90,500</u>	<u>172,771</u>	<u>607,083</u>	<u>870,354</u>
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Net Book Values				
At 31 December 2002	<u>113,962</u>	<u>96,053</u>	<u>518,488</u>	<u>728,503</u>
At 31 December 2001	<u>116,792</u>	<u>103,822</u>	<u>451,432</u>	<u>672,046</u>

SIMPSON (YORK) LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

11. TANGIBLE ASSETS (continued)

Fixed Assets included in the above which are held under hire purchase contract, or finance leases, are as follows:-

	Plant & Machinery £	Motor Vehicles £	Total £
Cost			
At 1 January 2002	116,140	307,032	423,172
Additions	-	189,278	189,278
Transferred to ownership	<u>(116,140)</u>	<u>(39,405)</u>	<u>(155,545)</u>
At 31 December 2002		456,905	456,905
Depreciation			
At 1 January 2002	30,000	58,086	88,086
Charge for year	11,614	124,181	135,795
Transferred to ownership	<u>(41,614)</u>	<u>(25,861)</u>	<u>(67,475)</u>
At 31 December 2002		156,406	156,406
Net Book Value			
At 31 December 2002		<u>300,499</u>	<u>300,499</u>
At 31 December 2001	<u>86,140</u>	<u>248,946</u>	<u>335,086</u>
12. DEBTORS		2002	2001
Amounts recoverable on Long Term Contracts		1,890,827	2,258,335
Trade Debtors		2,630,777	1,999,769
Other Debtors		4,427	3,746
Prepayments and Accrued Income		36,535	38,375
Amounts due from Group Companies		<u>985,375</u>	<u>1,055,301</u>
		<u>5,547,941</u>	<u>5,355,526</u>
13. CREDITORS: Amounts falling due within one year			
Net obligations under Hire Purchase Contracts		121,485	123,824
Amounts owed on Contracts		3,915,445	3,785,228
Trade Creditors		1,500,594	1,042,783
Corporation Tax		247,126	104,277
Other Taxes and Social Security Costs		1,110,008	736,753
Other Creditors		57,294	58,563
Accruals and Deferred Income		<u>316,945</u>	<u>291,042</u>
		<u>7,268,897</u>	<u>6,142,470</u>

SIMPSON (YORK) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002

14. CREDITORS: Amounts falling due after more than one year	2002	2001
Net Obligations under Hire Purchase Contracts	<u>26,585</u>	<u>51,725</u>
Net obligations under Hire Purchase Contracts:		
Repayable within one year	126,014	130,117
Repayable between one and two years	26,918	52,800
Repayable between two and five years	-	-
	<u>152,932</u>	<u>182,917</u>
Interest allocated to future accounting periods	<u>(4,862)</u>	<u>(7,368)</u>
	148,070	175,549
Included in Current Liabilities	<u>(121,485)</u>	<u>(123,824)</u>
	<u>26,585</u>	<u>51,725</u>
Repayable between one and two years	26,585	51,725
Repayable between two and five years	-	-
	<u>26,585</u>	<u>51,725</u>
15. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred Taxation:		
Movement in year		
At 1 January 2002	10,155	11,500
Charge to Profit and Loss Account	<u>(4,207)</u>	<u>(1,345)</u>
At 31st December 2002	<u>5,948</u>	<u>10,155</u>
The amount of deferred tax provided represents accelerated capital allowances.		
16. SHARE CAPITAL		
<u>Authorised</u>		
500,000 'A' Ordinary Shares of £1 each	500,000	500,000
500,000 'B' Ordinary Shares of £1 each	500,000	500,000
1,000,000 Cumulative Redeemable Preference Shares 1993/1999 of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	<u>2,000,000</u>	<u>2,000,000</u>
<u>Issued</u>		
50,000 'A' Ordinary Shares of £1 each	50,000	50,000
50,000 'B' Ordinary Shares of £1 each	50,000	50,000
400,000 Cumulative Redeemable Preference Shares 1993/1999 of £1 each	<u>400,000</u>	<u>400,000</u>
	<u>500,000</u>	<u>500,000</u>

The preference shares are redeemable at the Company's option. No premium is payable on redemption.

SIMPSON (YORK) LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

17. DIRECTORS' INTERESTS IN TRANSACTIONS

Management charges of £336,000 (2001:£336,000) were paid in the year to Simpson (York) Holdings Limited in which company R.C. Gatenby and B. Gatenby are Directors. The amount due to Simpson (York) Holdings Limited at the balance sheet date was £985,375 (2001: £1,055,031).

18. PROFIT AND LOSS ACCOUNT

	2002	2001
	£	£
Retained Profits at 1st January 2002	460,999	969,417
Retained Losses for the financial year	<u>(218,446)</u>	<u>(508,418)</u>
Retained Profits at 31 December 2002	<u><u>242,553</u></u>	<u><u>460,999</u></u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	563,554	431,143
Dividends	<u>(782,000)</u>	<u>(939,561)</u>
Net addition to shareholders' funds	(218,446)	(508,418)
Opening shareholders' funds	<u>960,999</u>	<u>1,469,417</u>
Closing Shareholders' Funds	<u><u>742,553</u></u>	<u><u>960,999</u></u>

20. CAPITAL COMMITMENTS

At the year end the Company had capital commitments not provided for in these accounts, as follows:-

	2002	2001
	£	£
Contracted for	<u>-</u>	<u>-</u>
Authorised but not contracted	<u>-</u>	<u>-</u>

SIMPSON (YORK) LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

21. CONTINGENT LIABILITIES

- (a) Unlimited cross guarantees between Simpson (York) Limited and Simpson (York) Holdings Limited in favour of HSBC plc.
- (b) Indemnities in support of performance bonds arranged through the bank and insurance companies.

2002	2001
£	£
<u>778,610</u>	<u>1,242,772</u>

- (c) Full provision has been made for potential losses on contracts, and such provisions are included in cost of sales.
- (d) HSBC plc hold a fixed and floating charge over the capital and assets of the Company.
- (e) There is a guarantee with HSBC plc in favour of Yorkshire Electricity Distribution Limited.

22. PENSION FUND

Defined contributions have been made to individual private pensions for each applicable employee. These pensions are held by an independent organisation. The contributions paid by the Company amounted to £74,729 (2001:£57,523).

23. ULTIMATE HOLDING COMPANY

The Ultimate Holding Company is Simpson (York) Holdings Limited, a Company incorporated in England.

24. OTHER COMMITMENTS

At 31 December 2002 the Company had the following annual commitments under non-cancellable operating leases as follows:-

	Land and Buildings	
	2002	2001
	£	£
Expiry Date:		
Within one year	73,500	73,500
Between two and five years	294,000	294,000
After more than five years	<u>717,685</u>	<u>791,185</u>
	1,085,185	1,158,685
	<u> </u>	<u> </u>