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Company Registration No. 1222521 (England and Wales)

D & J SIMONS & SONS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 OCTOBER 2001

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D & J SIMONS & SONS LIMITED

COMPANY INFORMATION

Directors	J M Simons Mrs L Simons B L Simons R M Simons A B Simons D J Simons Mrs A J Summers
Secretary	Mrs L Simons
Company number	1222521
Registered office	124-150 Hackney Road London E2 7QS
Business address	124-150 Hackney Road London E2 7QS
Auditors	H.W. Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	HSBC Bank plc 465 Bethnal Green Road Bethnal Green London E2 9QW
Solicitors	Butcher Burns Beaumont House 47 Mount Pleasant London WC1X 0AE

D & J SIMONS & SONS LIMITED

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D & J SIMONS & SONS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2001

The directors present their report and accounts for the year ended 31 October 2001.

Principal activities
The principal activity of the company continues to be that of distributors of picture frame mouldings and wood turnery.

Review of business
Both the level of business and the year end financial position were as expected in the light of current trading conditions and the directors do not anticipate any material changes in the present level of activity.

Results and dividends
The profit for the year after taxation amounted to £278,216.

The directors do not recommend payment of a final dividend.

Directors and their interests
The directors at 31 October 2001 and their beneficial interests in the shares of the company were:

	Ordinary shares of £ 1 each	
	31 October 2001	1 November 2000
J M Simons	**25**	25
Mrs L Simons	**25**	25
B L Simons	**150**	150
R M Simons	-	-
A B Simons	-	-
D J Simons	-	-
Mrs A J Summers	-	-

A B Simons, D J Simons, R M Simons and A J Summers were appointed as directors on 20 June 2001.

H L Simons and S J Simons served as directors during the year until 23 October 2001, when they resigned.

Auditors
A resolution proposing the reappointment of H.W. Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board

B L Simons
Director
Dated: 29/8/02

D & J SIMONS & SONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

- prepare the accounts 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 accounts 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.

D & J SIMONS & SONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of D & J Simons & Sons Limited for the year ended 31 October 2001 set out on pages 4 to 15. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 misstatements within it.

Basis of audit 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 October 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

H.W. Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Dated: 29 August 2002

D & J SIMONS & SONS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2001

	Notes	2001 £	2000 £
Turnover	2	**14,481,312**	15,590,095
Cost of sales		**(9,496,301)**	(10,726,400)
Gross profit		**4,985,011**	4,863,695
Administrative expenses		**(4,971,202)**	(4,757,675)
Other operating income		**396,853**	307,247
Operating profit	3	**410,662**	413,267
Other income	6	**17,554**	30,057
Profit on ordinary activities before taxation		**428,216**	443,324
Tax on profit on ordinary activities	7	**(150,000)**	(26,522)
Profit on ordinary activities after taxation		**278,216**	416,802
Retained profit brought forward		**8,346,877**	7,930,075
Retained profit carried forward		**8,625,093**	8,346,877

The profit and loss account has been prepared on the basis that all operations are continuing operations.

D & J SIMONS & SONS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 OCTOBER 2001

	2001	2000
	£	£
Profit for the financial year	**278,216**	416,802
Unrealised surplus on revaluation of properties	-	460,000
Total recognised gains and losses relating to the year	**278,216**	876,802

D & J SIMONS & SONS LIMITED

BALANCE SHEET
AS AT 31 OCTOBER 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	8		5,897,099		6,033,477
Current assets					
Stocks	9	2,121,098		2,242,973	
Debtors	10	5,476,666		6,097,231	
Cash at bank and in hand		564,717		-	
		8,162,481		8,340,204	
Creditors: amounts falling due within one year	11	(3,202,163)		(3,794,480)	
Net current assets			4,960,318		4,545,724
Total assets less current liabilities			10,857,417		10,579,201
Capital and reserves					
Called up share capital	13		500		500
Revaluation reserve	14		2,231,824		2,231,824
Profit and loss account			8,625,093		8,346,877
Shareholders' funds - all equity interests	15		10,857,417		10,579,201

The accounts were approved by the Board on 29 August 2002

B L Simons
Director

D & J SIMONS & SONS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2001

	Notes		2001 £		2000 £
Net cash inflow/(outflow) from operating activities	16		**2,434,712**		(894,740)
Returns on investments and servicing of finance					
Interest received		**17,554**		30,057	
Net cash inflow from returns on investments and servicing of finance			**17,554**		30,057
Corporation tax			**(285,711)**		(373,073)
Capital expenditure					
Payments to acquire tangible fixed assets		**(169,229)**		(1,069,857)	
Receipts from sales of tangible fixed assets		**106,124**		115,400	
Net cash outflow from capital expenditure			**(63,105)**		(954,457)
Increase/(decrease) in cash	17		**2,103,450**		(2,192,213)

D & J SIMONS & SONS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2001

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention as modified to include the revaluation of freehold land and buildings.

1.2 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	2% straight line
Plant and machinery	10% straight line
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

1.4 Stock

Stock is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

1.5 Pensions

The company operates a defined contributions pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

1.8 Investment properties

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. As the properties are held for their investment potential, the directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be identified or quantified.

2 Turnover

Geographical market

	Turnover 2001 £	2000 £
United Kingdom	**13,517,437**	13,397,285
Rest of the world	**1,034,344**	2,192,810
	14,551,781	15,590,095

3 Operating profit

	2001 £	2000 £
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	**136,479**	157,523
Operating lease rentals		
- Other assets	**140,000**	140,000
Auditors' remuneration	**23,500**	18,000
Remuneration of auditors for non-audit work	**2,078**	5,842

4 Directors' emoluments

	2001 £	2000 £
Aggregate emoluments	**720,688**	880,200

Retirement benefits are accruing to 3 (2000 - 3) directors under defined contribution schemes.

Emoluments disclosed above include the following amounts paid to the highest paid director:

Aggregate emoluments	**270,600**	200,200

5 Employees

Number of employees

The average monthly number of employees during the year was:

	2001 Number	2000 Number
Sales	*27*	*28*
Administration	26	31
Despatch and warehouse	64	67
	117	126

Employment costs

	£	£
Wages and salaries	2,370,821	2,501,184
Social security costs	259,821	248,485
	2,630,642	2,749,669

6 Other income

	2001 £	2000 £
Interest receivable and similar income	17,554	30,057

7 Tax on profit on ordinary activities

	2001 £	2000 £
U.K. Current year taxation		
U.K. Corporation tax at 30% (2000 - 30%)	150,000	143,201
Prior years		
U.K. Corporation tax	-	(116,679)
	150,000	26,522

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2001

8 **Tangible fixed assets**

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 November 2000	5,560,844	273,639	322,022	547,637	6,704,142
Additions	-	-	2,838	166,391	169,229
Disposals	-	-	-	(194,908)	(194,908)
At 31 October 2001	**5,560,844**	**273,639**	**324,860**	**519,120**	**6,678,463**
Depreciation					
At 1 November 2000	-	189,848	254,955	225,862	670,665
On disposals	-	-	-	(25,780)	(25,780)
Charge for the year	11,896	27,364	17,476	79,743	136,479
At 31 October 2001	**11,896**	**217,212**	**272,431**	**279,825**	**781,364**
Net book value					
At 31 October 2001	**5,548,948**	**56,427**	**52,429**	**239,295**	**5,897,099**
At 31 October 2000	5,560,844	83,791	67,067	321,775	6,033,477

The net book value of land and buildings comprises:

	2001	2000
	£	£
Freeholds	**5,545,657**	5,557,553
Long leaseholds (over 50 years)	**3,291**	3,291
	5,548,948	5,560,844

The properties were revalued by the directors at 31 October 2000.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
Historical cost at 1 November 2000 and 31 October 2001	3,329,020
Net book values	
At 31 October 2001	3,329,020
At 31 October 2000	3,329,020

All other tangible fixed assets are stated at historical cost.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2001

9 Stocks	2001	2000
	£	£
Finished goods and goods for resale	2,121,098	2,242,973

10 Debtors	2001	2000
	£	£
Trade debtors	4,108,078	4,708,676
Amounts owed by companies under common control	1,058,023	1,214,276
Other debtors	81,147	81,965
Prepayments and accrued income	229,418	92,314
	5,476,666	6,097,231

Amounts falling due after more than one year and included in the debtors above are:

	2001	2000
	£	£
Other debtors	52,854	52,854

11 Creditors: amounts falling due within one year	2001	2000
	£	£
Bank overdrafts (see Note 19)	-	1,538,733
Trade creditors	1,566,273	857,534
Amounts owed to companies under common control	598,274	262,022
Corporation tax	(13,258)	122,453
Other taxes and social security costs	795,113	884,013
Other creditors	174,914	30,810
Accruals and deferred income	80,847	98,915
	3,202,163	3,794,480

12 Provisions for liabilities and charges

	Not provided		Provided	
	2001	2000	2001	2000
	£	£	£	£
Surplus on revaluation of land and buildings	473,000	473,000	-	-
	473,000	473,000	-	-

13 Share capital

	2001	2000
	£	£
Authorised		
1,000 Ordinary shares of £ 1 each	1,000	1,000
Allotted, called up and fully paid		
500 Ordinary shares of £ 1 each	500	500

14 Statement of movements on reserves

	Revaluation reserve
	£
Balance at 1 November 2000 and at 31 October 2001	2,231,824

15 Reconciliation of movements in shareholders' funds

	2001	2000
	£	£
Profit for the financial year	278,216	416,802
Other recognised gains and losses	-	460,000
Net addition to shareholders' funds	278,216	876,802
Opening shareholders' funds	10,579,201	9,702,399
Closing shareholders' funds	10,857,417	10,579,201

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2001

16 Net cash inflow/(outflow) from operating activities

	2001	2000
	£	£
Reconciliation to operating profit:		
Operating profit	410,662	413,267
Depreciation of tangible fixed assets	136,479	157,523
Loss on disposal of tangible fixed assets	63,004	31,392
Decrease in stocks	121,875	464,566
Decrease in debtors	620,565	138,650
Increase/(decrease) in creditors	1,082,127	(2,100,138)
	2,434,712	(894,740)

17 Reconciliation of net cash flow to movement in net funds

	2001	2000
	£	£
Increase/(decrease) in cash	2,103,450	(2,192,213)
Net debt at 1 November 2000	(1,538,733)	653,480
Net funds at 31 October 2001	564,717	(1,538,733)

18 Analysis of net funds

	At 1 November 2000	Cash flow	At 31 October 2001
	£	£	£
Cash at bank and in hand	-	564,717	564,717
Bank overdrafts	(1,538,733)	1,538,733	-
	(1,538,733)	2,103,450	564,717

19 Contingent liabilities

The company's bankers hold a right of set-off for any amounts outstanding between D & J Simons Limited, Robobond Limited, Robam Importers Limited, D & J Simons (Properties) Limited and D & J Simons and Sons Limited. For the period covered by these financial statements the companies had a net surplus at the bank.

20 Commitments under operating leases

At 31 October 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001	2000
	£	£
Expiry date:		
In over five years	140,000	140,000

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2001

21 Related party transactions

Robam Importers Limited, Robobond Limited, D & J Simons Limited, D & J Simons (Properties) Limited, Gransim Properties No.2 Limited, Gransim Properties No. 3 Limited, Gransim Properties No. 4 Limited, Gransim Properties No. 5 Limited and Gransim Properties No.6 Limited are considered related parties as a result of the directors' interests in these companies. The Freston Pension Fund is considered to be a related party as the directors and their dependents are the beneficiaries.

During the year under review, the company purchased stock for resale of £1,244,395 (2000 - £1,565,284) from D & J Simons Limited. The company also received £93,544 (2000 - £77,870) from Robobond Limited as a contribution towards administrative expenses incurred on its behalf.

At the Balance Sheet date the company was owed £492,512 (2000 - £611,436) by Robobond Limited and owed Robam Importers Ltd £390,712 (2000 (£65,808)). £123,795 was owed to D & J Simons Limited (2000- £178,255). £83,767 was owed to D & J Simons (Properties) Limited (2000 - £83,767). Gransim Properties No.2 Limited, Gransim Properties No. 3 Limited, Gransim Properties No. 4 Limited, Gransim Properties No. 5 Limited and Gransim Properties No.6 Limited owed £488,813 (2000 - £460,334) to the company for expenses paid on their behalf.

At the Balance Sheet date the company was owed £76,698 (2000 - £76,698) by the Freston Pension Scheme and during the year paid £116,667 (2000 - £141,770) in rent to properties owned by this scheme.