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Company Registration No. 1222521 (England and Wales)

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D & J SIMONS & SONS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2002



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 2002

The directors present their report and accounts for the year ended 31 October 2002.

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 £979,986 .

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors at 31 October 2002 and their beneficial interests in the shares of the company were:

	Ordinary shares of £ 1 each	
	31 October 2002	1 November 2001
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	-	-

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: 14 August 2003

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 2002 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 7.

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 auditor's 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

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 2002 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

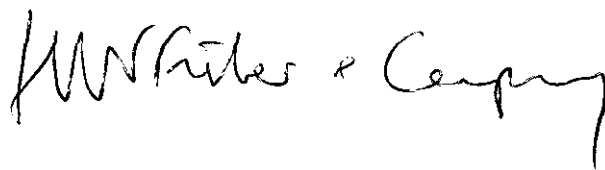
Acre House

11-15 William Road

London

NW1 3ER

United Kingdom



Dated: 18 August 2003

D & J SIMONS & SONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2002

	Notes	2002 £	2001 £
Turnover	2	13,430,919	14,481,312
Cost of sales		(8,746,679)	(9,496,301)
Gross profit		4,684,240	4,985,011
Administrative expenses		(3,702,123)	(4,971,202)
Other operating income		402,145	396,853
Operating profit	3	1,384,262	410,662
Other income	6	31,360	17,554
Profit on ordinary activities before taxation		1,415,622	428,216
Tax on profit on ordinary activities	7	(435,636)	(150,000)
Profit on ordinary activities after taxation		979,986	278,216
Dividends	8	(244,998)	-
Retained profit for the financial year		734,988	278,216
Retained profit brought forward		8,625,093	8,346,877
Retained profit carried forward		9,360,081	8,625,093

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

There are no recognised gains and losses other than those passing through the profit and loss account.

D & J SIMONS & SONS LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	9		5,781,694		5,897,099
Current assets					
Stocks	10	1,900,501		2,121,098	
Debtors	11	8,060,684		5,489,924	
Cash at bank and in hand		-		564,717	
		<u>9,961,185</u>		<u>8,175,739</u>	
Creditors: amounts falling due within one year	12	<u>(4,150,474)</u>		<u>(3,215,421)</u>	
Net current assets			<u>5,810,711</u>		<u>4,960,318</u>
Total assets less current liabilities			<u><u>11,592,405</u></u>		<u><u>10,857,417</u></u>
Capital and reserves					
Called up share capital	13		500		500
Revaluation reserve	14		2,231,824		2,231,824
Profit and loss account			<u>9,360,081</u>		<u>8,625,093</u>
Shareholders' funds - all equity interests	15		<u><u>11,592,405</u></u>		<u><u>10,857,417</u></u>

The accounts were approved by the Board on 14 August 2003

B L Simons
Director



D & J SIMONS & SONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2002

	Notes	2002 £	2001 £
Net cash (outflow)/inflow from operating activities	16	(1,273,316)	2,434,712
Returns on investments and servicing of finance			
Interest received		31,360	17,554
Net cash inflow from returns on investments and servicing of finance		31,360	17,554
Corporation tax		(88,344)	(285,711)
Capital expenditure			
Payments to acquire tangible fixed assets		(149,201)	(169,229)
Receipts from sales of tangible fixed assets		121,749	106,124
Net cash outflow from capital expenditure		(27,452)	(63,105)
Equity dividends paid		(244,998)	-
(Decrease)/increase in cash	17	(1,602,750)	2,103,450

D & J SIMONS & SONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2002

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 tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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.

D & J SIMONS & SONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2002

2 Turnover

Geographical market

	Turnover	
	2002	2001
	£	£
United Kingdom	12,631,176	13,446,968
Rest of the world	799,743	1,034,344
	<u>13,430,919</u>	<u>14,481,312</u>

3 Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	113,930	136,479
Operating lease rentals		
- Plant and machinery	-	671
- Other assets	140,000	140,000
Auditors' remuneration	24,000	23,500
Remuneration of auditors for non-audit work	9,241	2,078
	<u>287,171</u>	<u>302,658</u>

4 Directors' emoluments

	2002	2001
	£	£
Aggregate emoluments	<u>345,729</u>	<u>720,688</u>

Retirement benefits are accruing to 1 (2001 - 3) director under defined contribution schemes.

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

Aggregate emoluments	<u>120,218</u>	<u>270,600</u>
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D & J SIMONS & SONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2002

5 Employees

Number of employees

The average monthly number of employees during the year was:

	2002 Number	2001 Number
Sales	26	27
Administration	25	26
Despatch and warehouse	62	64
	<u>113</u>	<u>117</u>

Employment costs

	£	£
Wages and salaries	1,909,562	2,370,821
Social security costs	187,056	259,821
	<u>2,096,618</u>	<u>2,630,642</u>

6 Other income

	2002 £	2001 £
Interest receivable and similar income	<u>31,360</u>	<u>17,554</u>

D & J SIMONS & SONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2002

7	Tax on profit on ordinary activities	2002	2001
	<i>Analysis of charge in period</i>	£	£
	Current taxation		
	U.K. Corporation tax at 30 % (2001 - 30 %)	435,636	150,000
		<u> </u>	<u> </u>
	 <i>Factors affecting tax charge for the period</i>		
	The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK of 30 % (2001 - 30 %). The differences are explained below:		
		2002	2001
		£	£
	Profit on ordinary activities before taxation	1,415,622	428,216
		<u> </u>	<u> </u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30 % (2001 - 30 %)	424,687	128,465
	Effects of:		
	Expenses not deductible/(income not chargeable) for tax purposes	4,073	8,624
	Capital allowances for period reversed/(in excess of depreciation)	6,876	(9,163)
	Other tax adjustments	-	22,074
		<u> </u>	<u> </u>
	Current tax charge for the period	435,636	150,000
		<u> </u>	<u> </u>
 8	 Dividends	 2002	 2001
		£	£
	Ordinary interim paid	244,998	-
		<u> </u>	<u> </u>

D & J SIMONS & SONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2002

9 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 November 2001	5,560,844	273,639	324,860	519,120	6,678,463
Additions	-	2,957	5,611	140,633	149,201
Disposals	-	-	-	(273,695)	(273,695)
At 31 October 2002	5,560,844	276,596	330,471	386,058	6,553,969
Depreciation					
At 1 November 2001	11,896	217,212	272,431	279,825	781,364
On disposals	-	-	-	(123,019)	(123,019)
Charge for the year	11,896	27,760	14,521	59,753	113,930
At 31 October 2002	23,792	244,972	286,952	216,559	772,275
Net book value					
At 31 October 2002	5,537,052	31,624	43,519	169,499	5,781,694
At 31 October 2001	5,548,948	56,427	52,429	239,295	5,897,099

The net book value of land and buildings comprises:

	2002 £	2001 £
Freeholds	5,533,761	5,545,657
Long leaseholds (over 50 years)	3,291	3,291
	5,537,052	5,548,948

The properties were revalued by the directors at 31 October 2002.

D & J SIMONS & SONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2002

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

	£
Cost	
Historical cost at 1 November 2001 and at 31 October 2002	3,329,020
Depreciation based on cost	
At 1 November 2001	-
Charge for the year	7,247
At 31 October 2002	7,247
Net book values	
At 31 October 2002	3,321,773
At 31 October 2001	3,329,020

All other tangible fixed assets are stated at historical cost.

10 Stocks	2002 £	2001 £
Finished goods and goods for resale	1,900,501	2,121,098

11 Debtors	2002 £	2001 £
Trade debtors	4,215,333	4,108,078
Amounts owed by companies under common control	3,634,927	1,058,023
Corporation tax	-	13,258
Other debtors	61,891	81,147
Prepayments and accrued income	148,533	229,418
	8,060,684	5,489,924

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

	2002 £	2001 £
Other debtors	52,854	52,854

D & J SIMONS & SONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2002

12	Creditors: amounts falling due within one year	2002 £	2001 £
	Bank overdrafts	1,038,033	-
	Trade creditors	1,176,534	1,566,273
	Amounts owed to companies under common control	893,586	598,274
	Corporation tax	334,034	-
	Other taxes and social security costs	555,430	795,113
	Other creditors	20,734	174,914
	Accruals and deferred income	132,123	80,847
		<u>4,150,474</u>	<u>3,215,421</u>
13	Share capital	2002 £	2001 £
	Authorised		
	1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid		
	500 Ordinary shares of £ 1 each	<u>500</u>	<u>500</u>
14	Statement of movements on reserves		Revaluation reserve £
	Balance at 1 November 2001 and at 31 October 2002		<u>2,231,824</u>
15	Reconciliation of movements in shareholders' funds	2002 £	2001 £
	Profit for the financial year	979,986	278,216
	Dividends	(244,998)	-
	Net addition to shareholders' funds	<u>734,988</u>	<u>278,216</u>
	Opening shareholders' funds	<u>10,857,417</u>	<u>10,579,201</u>
	Closing shareholders' funds	<u>11,592,405</u>	<u>10,857,417</u>

D & J SIMONS & SONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2002

16	Net cash (outflow)/inflow from operating activities	2002 £	2001 £
	Reconciliation to operating profit:		
	Operating profit	1,384,262	410,662
	Depreciation of tangible fixed assets	113,930	136,479
	Profit on disposal of tangible fixed assets	28,927	63,004
	Decrease in stocks	220,597	121,875
	(Increase)/decrease in debtors	(2,584,018)	620,565
	(Decrease)/Increase in creditors	(437,014)	1,082,127
		<u>(1,273,316)</u>	<u>2,434,712</u>

17	Reconciliation of net cash flow to movement in net debt	2002 £	2001 £
	(Decrease)/increase in cash	(1,602,750)	2,103,450
	Net debt at 1 November 2001	<u>564,717</u>	<u>(1,538,733)</u>
	Net debt at 31 October 2002	<u>(1,038,033)</u>	<u>564,717</u>

18	Analysis of net debt	At 1 November 2001 £	Cash flow £	At 31 October 2002 £
	Cash at bank and in hand	564,717	(564,717)	-
	Bank overdrafts	-	(1,038,033)	(1,038,033)
		<u>564,717</u>	<u>(1,602,750)</u>	<u>(1,038,033)</u>

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 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2002	2001
	£	£
Expiry date:		
In over five years	<u>140,000</u>	<u>140,000</u>

D & J SIMONS & SONS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 OCTOBER 2002

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 £426,954 (2001 - £1,244,395) from D & J Simons Limited. The company also received £41,488 (2001 - £93,544) from Robobond Limited as a contribution towards administrative expenses incurred on its behalf.

At the Balance Sheet date the company was owed £2,200 (2001 - £492,512) by Robobond Limited and owed Robam Importers Ltd £390,712 (2001 - £390,712). £419,107 was owed to D & J Simons Limited (2001 - £123,795). £83,767 was owed to D & J Simons (Properties) Limited (2001 - £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 £3,556,030 (2001 - £488,813) to the company for funds advanced to acquire properties.

At the Balance Sheet date the company was owed £76,698 (2001 - £76,698) by the Freston Pension Scheme and during the year paid £140,000 (2001 - £116,667) in rent for properties owned by this scheme.