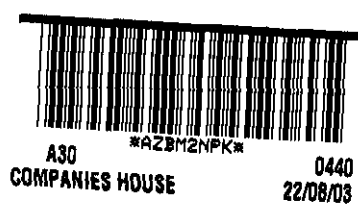


Registration Number 2392112

Kengate Products Limited
Directors' Report and Financial Statements
for the year ended 31 December 2002



Kengate Products Limited

Company Information

Directors	Mr P. Valler Mr B.T. James
Secretary	Mr D. Barnes
Company Number	2392112
Registered Office	30 Hartley Hill Purley Surrey CR8 4EL
Auditors	S.Nunn & Co 678 London Road Thornton Heath Surrey CR7 7HU
Business Address	Littleton Lane Shepperton Middlesex TW17 0NJ

Kengate Products Limited

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Kengate Products Limited
Directors' Report
for the year ended 31 December 2002

The directors present their report and the financial statements for the year ended 31 December 2002.

Principal Activity

The principal activity of the company is the manufacture of precast terrazzo tiles.

Results And Dividends

The results for the year are set out on page 4.

The directors have paid an interim dividend amounting to £21,000 and they do not recommend payment of a final dividend.

Future Developments

The directors hope to maintain profitability in the forthcoming year.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2002	2001
Mr P. Valler	33	33
Mr B.T. James	34	34

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that S.Nunn & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

Kengate Products Limited

**Directors' Report
for the year ended 31 December 2002**

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 24/7/02 and signed on its behalf by



Mr D. Barnes
Secretary

Kengate Products Limited

Auditors' Report to the Shareholders of Kengate Products Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 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 the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

S.Nunn & Co



S.Nunn & Co

**Chartered Accountants and
Registered Auditor**

**678 London Road
Thornton Heath
Surrey CR7 7HU**

24 July 2003

Kengate Products Limited

Profit and Loss Account for the year ended 31 December 2002

		2002	2001
	Notes	£	£
Turnover	2	520,525	551,138
Cost of sales		(341,870)	(364,077)
Gross profit		178,655	187,061
Distribution costs		(18,754)	(22,111)
Administrative expenses		(105,902)	(107,213)
Operating profit	3	53,999	57,737
Interest receivable and similar income		47	-
Interest payable and similar charges	4	(211)	(3,696)
Profit on ordinary activities before taxation		53,835	54,041
Tax on profit on ordinary activities	5	(10,544)	(8,095)
Profit on ordinary activities after taxation		43,291	45,946
Dividends		(21,000)	(4,000)
Retained profit for the year		22,291	41,946
Retained profit brought forward		52,358	10,412
Retained profit carried forward		74,649	52,358

The notes on pages 6 to 9 form an integral part of these financial statements.

Kengate Products Limited

Balance Sheet as at 31 December 2002

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	6		23,344		23,476
Current Assets					
Stocks		62,561		39,161	
Debtors	7	92,021		74,369	
Cash at bank and in hand		505		640	
		<u>155,087</u>		<u>114,170</u>	
Creditors: amounts falling due within one year	8	<u>(103,682)</u>		<u>(85,188)</u>	
Net Current Assets			<u>51,405</u>		<u>28,982</u>
Total Assets Less Current Liabilities			<u>74,749</u>		<u>52,458</u>
Capital and Reserves					
Called up share capital	9		67		67
Capital redemption reserve	10		33		33
Profit and loss account	10		74,649		52,358
Shareholders' Funds			<u>74,749</u>		<u>52,458</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 2nd 7/03 and signed on its behalf by

Mr P. Valler
Director

Mr B.T. James
Director

The notes on pages 6 to 9 form an integral part of these financial statements.

Kengate Products Limited

Notes to the Financial Statements for the year ended 31 December 2002

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery - 25% on written down value.

1.4. Stock

Stock is valued at the lower of cost and net realisable value.

Stock and work in progress are valued at the lower of cost and net realisable value.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	5,957	7,826
Auditors' remuneration	1,000	925

4. Interest payable and similar charges

	2002	2001
	£	£
On loans and overdrafts	211	3,696

Kengate Products Limited

Notes to the Financial Statements for the year ended 31 December 2002

..... continued

5. Taxation	2002	2001
	£	£
UK current year taxation		
UK Corporation Tax	10,293	8,122
Prior years		
UK Corporation Tax	251	(27)
	<u>10,544</u>	<u>8,095</u>
6. Tangible fixed assets		
	Plant and machinery	Total
	£	£
Cost		
At 1 January 2002	46,205	46,205
Additions	6,325	6,325
Disposals	(5,000)	(5,000)
At 31 December 2002	<u>47,530</u>	<u>47,530</u>
Depreciation		
At 1 January 2002	22,729	22,729
On disposals	(4,500)	(4,500)
Charge for the year	5,957	5,957
At 31 December 2002	<u>24,186</u>	<u>24,186</u>
Net book values		
At 31 December 2002	<u>23,344</u>	<u>23,344</u>
At 31 December 2001	<u>23,476</u>	<u>23,476</u>

Kengate Products Limited

Notes to the Financial Statements for the year ended 31 December 2002

..... continued

7. Debtors

	2002 £	2001 £
Trade debtors	18,036	48,365
Amount owed by participating interest	71,762	18,064
Other debtors	492	743
Prepayments and accrued income	1,731	7,197
	<u>92,021</u>	<u>74,369</u>

8. Creditors: amounts falling due within one year

	2002 £	2001 £
Bank overdraft	23,407	9,926
Trade creditors	10,190	20,320
Amounts owed to connected companies	11,797	21,145
Corporation tax	10,293	8,122
Other taxes and social security costs	11,927	10,999
Directors' accounts	25,000	4,000
Other creditors	3,790	3,522
Accruals and deferred income	7,278	7,154
	<u>103,682</u>	<u>85,188</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company and by a cross guarantee from W.B. Simpson & Sons (Tiling) Ltd and W.B. Simpson & Sons (Terrazzo) Ltd.

9. 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		
67 Ordinary shares of £1 each	<u>67</u>	<u>67</u>

Kengate Products Limited

Notes to the Financial Statements for the year ended 31 December 2002

..... continued

10. Reserves

	Profit and loss account £	Capital redemption reserve £	Total £
At 1 January 2002	52,358	33	52,391
Retained profit for the year	22,291		22,291
At 31 December 2002	<u>74,649</u>	<u>33</u>	<u>74,682</u>

11. Related party transactions

The company was involved in the following transactions with related parties during the year: (a) Management and accountancy charges from Trafalgar Properties Ltd £12,980, (b) Purchases from Traceway Ltd £52,391, (c) Sales to W.B. Simpson & Sons (Terrazzo) Ltd £331,048 and (d) Sales to W.B. Simpson & Sons (Tiling) Ltd £10,895. At the year end, there were the following balances with related parties: (i) Owed by W.B.Simpson & Sons (Terrazzo) Ltd £71,655, (ii) Owed to Trafalgar Properties Ltd £7,635 (iii) Owed to Traceway Ltd £4,161 and (iv) Owed to W.B. Simpson & Sons (Tiling) Ltd £107.