

SMB HIRE LIMITED
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

Registered no. 1958210



SMB HIRE LIMITED

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SMB HIRE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: D S Carr Esq (Chairman)
Mrs B V Carr
N W Perry Esq, ACA
A J Barrett Esq

SECRETARY: Mrs B V Carr

REGISTERED OFFICE: 85 Meneage Street
Helston
Cornwall

REGISTERED NUMBER: 1958210

AUDITORS: Kitchen and Brown
Alpha House
40 Coinagehall Street
Helston
Cornwall

BANKERS: Lloyds TSB Bank Plc
1 Market Place
Helston
Cornwall

SMB HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

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

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a 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.

Review of Business

The company has not traded for the year under review.

Future Developments

There are no plans for trading to commence in the foreseeable future.

Results and Dividends

The financial position of the company is shown in the annexed financial statements.

The company's result for the year, after taxation, amounted to £- (2001: £-) and therefore no profit and loss account has been presented.

The directors recommend that no dividend be paid.

Directors

The present directors are as shown on page 1. Apart from G T H Carroll Esq who was appointed on 14 January 2002 all served on the board throughout the year. G T H Carroll Esq resigned on 7 March 2003.

SMB HIRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

Directors' Interests

The interests of the directors in the shares of the company at the beginning and end of the year, were as follows:

	31 December 2002	1 January 2002
D S Carr Esq (Chairman)		
Beneficial owner - ordinary £1 shares	-	-
Mrs B V Carr		
Beneficial owner - ordinary £1 shares	-	-
N W Perry Esq, ACA		
Beneficial owner - ordinary £1 shares	-	-
A J Barrett Esq		
Beneficial owner - ordinary £1 shares	-	-
G T H Carroll Esq (appointed 14.01.02)		
Beneficial owner - ordinary £1 shares	-	-

D S Carr Esq and Mrs B V Carr beneficially own 75% of the ordinary share capital of Helston Garages Group Limited, the ultimate holding company, which owns 100% of the ordinary share capital of SMB Hire Limited.

Auditors

The auditors, Kitchen and Brown, are prepared to accept re-appointment under Section 385(2) of the Companies Act 1985.

ON BEHALF OF THE BOARD

.....*B. V. Carr*.....
MRS B V CARR - SECRETARY

Date: *30/05/03*

SMB HIRE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SMB HIRE LIMITED

We have audited the financial statements of SMB Hire Limited for the year ended 31 December 2002, which comprise the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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 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.

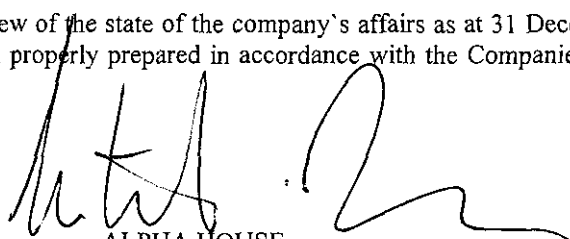
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 the company's affairs as at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KITCHEN AND BROWN
Registered Auditors

Date: 30.05.03



ALPHA HOUSE
40 COINAGEHALL STREET
HELSTON
CORNWALL

SMB HIRE LIMITED

BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £	2001 £
CREDITORS			
Amounts falling due within one year	3	(58,116)	(58,116)
NET CURRENT LIABILITIES		(58,116)	(58,116)
NET LIABILITIES		(58,116)	(58,116)
CAPITAL AND RESERVES			
Called up share capital	4	2	2
Profit and loss account		(58,118)	(58,118)
SHAREHOLDERS' FUNDS	5	(58,116)	(58,116)

These financial statements were approved by the board on 30.05.03

ON BEHALF OF THE BOARD


D S CARR ESQ (CHAIRMAN) - DIRECTOR

The annexed notes form part of these financial statements.

SMB HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards and the principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have remained unchanged from the previous year and have also been consistently applied within the financial statements.

Basis of Preparation of Financial Statements

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

The effect of events in relation to the year ended 31 December 2002 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 2002 and of the results for the year ended on that date.

A cashflow statement has not been presented because the company's cashflows are included in the statement presented in the consolidated financial statements of Helston Garages Group Limited.

2. TAXATION

There is no tax charge for the year.

3. CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	2002 £	2001 £
Amounts owed to group companies	58,116	58,116

4. SHARE CAPITAL

	2002 £	2001 £
Authorised		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

SMB HIRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	-	-
Opening shareholders' funds	(58,116)	(58,116)
Closing shareholders' funds	<u>(58,116)</u>	<u>(58,116)</u>

6. CONTINGENT LIABILITIES

(i) Cross guarantees

Under the terms of unlimited cross guarantees given to Lloyds TSB Bank Plc, the company has contingent liabilities amounting to £6,883,193 (2001: £5,977,571) in connection with borrowing facilities granted to its holding company, subsidiaries and fellow subsidiaries.

(ii) VAT

At 31 December 2002, the company was jointly and severally liable for the VAT liabilities of other group companies totalling £793,656 (2001: £598,698).

7. RELATED PARTIES

The company is exempted from disclosing transactions with other group companies.

8. PARENT UNDERTAKING AND ULTIMATE CONTROLLING ENTITY

The ultimate holding company is Helston Garages Group Limited. Accounts for this company may be obtained from the Registrar of Companies, Cardiff.

This company is controlled by the directors D S Carr Esq and Mrs B V Carr.