

Registered number : 2518749

LIGHTHOME LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2004



LIGHTHOME LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2004

DIRECTORS: S.J. Aubrey
J.M. Hawkes
D.A. Penn

The directors have pleasure in presenting their report and the accounts for the year ended 31 July 2004.

RESULTS AND DIVIDENDS

The profit for the year was £ 9,476,073 (2003: £788,730).

The directors propose a final dividend of £10,000,000 (2003: £2,000,000).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company was property investment and management. During the year the company sold its principal investment for £18.5 million, giving rise to a profit of £12.3 million.

FIXED ASSETS

The changes in tangible fixed assets are detailed in note 5 to the accounts.

EVENTS SINCE THE PERIOD END

There have been no events to the date of publication of this report which have significantly affected the company.

LIGHTHOME LIMITEDDIRECTORS' REPORT (Continued)FOR THE YEAR ENDED 31 JULY 2004

DIRECTORS' INTERESTS

The disclosable directors' interests in the share capital of Smiths Group plc at the beginning and end of the period were as follows:

	Ordinary shares of 25p	
	<u>31 July 2004</u>	<u>1 August 2003*</u>
S.J. Aubrey	13,357	7,788
J.M. Hawkes	27,159	30,036
D. A. Penn	-	-

* The shares held at 1 August 2003 have been restated to reflect shares acquired in the prior year, which were not disclosed in those accounts.

Options have been granted over the number of ordinary shares of Smiths Group plc, in the amounts shown below, under the terms of the Smiths Industries 1982 SAYE and Executive Share Option Schemes, and the Deferred Share Scheme.

	<u>1.8.03</u>	<u>Granted</u>	<u>Exercised/ Lapsed</u>	<u>31.7.04</u>
S.J. Aubrey	104,359	37,000	(2,069)	139,290
J.M. Hawkes	48,940	10,000	(3,085)	55,855
D. A. Penn	45,410	10,000	(6,774)	48,636

Details of option exercise prices and dates are contained in the report and accounts of Smiths Group plc.

LIGHTHOME LIMITED
DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 2004 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

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 at the end of the year and of the profit or loss of the company for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the accounts on the going concern basis unless it is inappropriate to presume the company will continue in business.

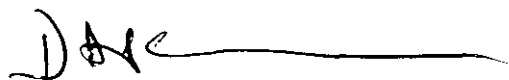
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these financial statements comply with these requirements.

AUDITORS

PricewaterhouseCoopers LLP will continue as auditor under the terms of an elective resolution passed on 12 March 1999.

By Order of the Board



DA Penn

Director

15 March 2005

Independent auditors' report to the members of Lighthome Limited

We have audited the financial statements on pages 5 to 10 which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


Basis of audit 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 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 at 31st July 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
One Embankment Place
London WC2N 6RH
15 March 2005

LIGHTHOME LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2004

	Notes	31 July <u>2004</u> £	31 July <u>2003</u> £
Turnover		1,355,705	1,406,120
Administrative expenses		(173,948)	(279,363)
Other income		110,364	-
Operating profit	2	1,292,121	1,126,757
Profit on sale of property		12,286,727	-
Profit on ordinary activities before interest and taxation		13,578,848	1,126,757
Interest payable		(27,885)	-
Profit on ordinary activities before taxation		13,550,963	1,126,757
Taxation on profit on ordinary activities	4	(4,074,890)	(338,027)
Profit for the year		9,476,073	788,730
Dividend proposed		(10,000,000)	(2,000,000)
Retained loss for the year	10	(523,927)	(1,211,270)

There were no acquisitions or discontinued operations in either period.

The Company had no recognised gains or losses during the year other than those reflected in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

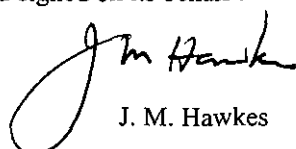
There is no material difference between the profit on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

The notes on pages 8 to 10 form part of these accounts.

LIGHTHOME LIMITED**BALANCE SHEET****31 JULY 2004**

	Notes	31 July 2004 £	31 July 2003 £
FIXED ASSETS			
Tangible assets	5	62,471	4,394,982
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	14,108,632	6,282
Cash at Bank		-	2,626,728
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	7	(11,972,414)	(353,971)
NET CURRENT ASSETS		2,136,218	2,279,039
TOTAL ASSETS LESS CURRENT ASSETS		2,198,689	6,674,021
Provisions for Liabilities & Charges	8	(1,500,000)	-
NET ASSETS		698,689	1,222,616
Financed by:			
CAPITAL AND RESERVES			
Equity share capital	9	100	100
Profit and loss account	10	698,589	1,222,516
EQUITY SHAREHOLDERS' FUNDS	11	698,689	1,222,616

Approved by the Board on 15 March 2005
and signed on its behalf:



J. M. Hawkes

) DIRECTOR

The notes on pages 8 to 10 form part of these accounts

LIGHTHOME LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 JULY 2004

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom under the historical cost convention.

b) Depreciation

Depreciation is provided on all tangible fixed assets in use at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold property - Land	- Not depreciated
- Buildings	- Over 50 years
Leasehold property	- Over life of lease
Plant and machinery	- Over 10 years
Fixtures, fittings, tools, equipment and vehicles	- Over 2 to 10 years

c) Taxation

All taxation liabilities, both current and future, have been assumed by Smiths Group plc.

d) Cash flow exemption

As permitted by Financial Reporting Standard 1 (revised) the company has not presented a statement of cash flow as Smiths Group plc, the parent undertaking, included a consolidated cash flow statement in its Annual Report.

2. OPERATING PROFIT

This is stated after charging:	<u>2004</u>	<u>2003</u>
	£	£
Depreciation of fixed assets	101,629	95,838

Audit fees were borne by another Smiths Group company.

3. DIRECTORS AND STAFF

a) No emoluments were paid to directors in the period (2003: £nil)

b) The company had no employees in the period (2003: none)

LIGHTHOME LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 JULY 2004

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation represents corporation tax at 30% on the profit for the period (2003 : 30%).

5. TANGIBLE FIXED ASSETS

	<u>Freehold Land and Buildings</u> £	<u>Fixtures, Fittings, And Motor Vehicles</u> £	<u>Total</u> £
Cost			
1 August 2003	5,123,855	1,198,061	6,321,916
Additions and transfers in	391,382	9,418	400,800
Transfer out on Disposal	(5,452,766)	(1,207,479)	(6,660,245)
	<hr/>	<hr/>	<hr/>
31 July 2004	62,471	-	62,471
	<hr/>	<hr/>	<hr/>
Depreciation			
1 August 2003	1,449,055	477,879	1,926,934
Charge for year	79,343	22,286	101,629
Transfer out on Disposal	(1,528,398)	(500,165)	(2,028,563)
	<hr/>	<hr/>	<hr/>
31 July 2004	-	-	-
	<hr/>	<hr/>	<hr/>
Net Book Value - 31 July 2004	62,471	-	62,471
	<hr/>	<hr/>	<hr/>
- 31 July 2003	3,674,800	720,182	4,394,982
	<hr/>	<hr/>	<hr/>

6. DEBTORS

	<u>2004</u> £	<u>2003</u> £
Amounts owed by group undertakings	14,108,632	-
Prepayments and accrued income	-	6,282
	<hr/>	<hr/>
	14,108,632	6,282
	<hr/>	<hr/>

LIGHTHOME LIMITED
NOTES TO THE ACCOUNTS (Continued)
YEAR ENDED 31 JULY 2004

7.	CREDITORS	<u>2004</u>	<u>2003</u>
		£	£
	Amounts falling due within one year		
	Bank Overdraft	(1,665,399)	-
	Amounts owed to Group Companies	(175,009)	(5,534,419)
	Taxes and Social Security costs	(36,567)	(63,354)
	Other Creditors	(95,439)	(187,413)
	Accruals and deferred income	-	(20,190)
	Proposed dividend	(10,000,000)	-
		<u>(11,972,414)</u>	<u>(353,971)</u>
8	PROVISIONS FOR LIABILITIES & CHARGES		
		<u>2004</u>	<u>2003</u>
		£	£
	Environmental provision	(1,500,000)	-
		<u>(1,500,000)</u>	<u>-</u>

This Provision relates to a liability for future costs to be incurred relating to a property which has been disposed of during the year. The impact of this provision has been included in the calculation of the profit on disposal within the profit and loss account. The liability remains with Lighthouse Ltd despite the transfer.

9	CALLED UP SHARE CAPITAL	<u>2004</u>	<u>2003</u>
		Number	Number
	Authorised		
	Ordinary shares of £1 each (2003 : £1 each)	<u>1,000</u>	<u>1,000</u>
	Issued and fully paid		
	Ordinary shares of £1 each (2003 : £1 each)	<u>100</u>	<u>100</u>

LIGHTHOME LIMITED**NOTES TO THE ACCOUNTS (Continued)****YEAR ENDED 31 JULY 2004**

10 PROFIT AND LOSS ACCOUNT

	<u>2004</u>	<u>2003</u>
Retained loss for the year	(523,927)	(1,211,270)
Balance at 1 August 2003	1,222,516	2,433,786
Balance at 31 July 2004	<u>698,589</u>	<u>1,222,516</u>

11 MOVEMENT ON SHAREHOLDERS' FUNDS

	<u>2004</u>	<u>2003</u>
Retained loss for the year	(523,927)	(1,211,270)
Balance at 1 August 2003	1,222,616	2,433,886
Balance at 31 July 2004	<u>698,589</u>	<u>1,222,616</u>

12 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Smiths Group plc. In accordance with paragraph 3(c) of FRS 8 "Related Party Transactions" the company is exempt from disclosing details of arrangements with other companies in the Smiths Group.

13 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Smiths Group plc, which is registered in England and Wales and is the ultimate parent company. Copies of the accounts of Smiths Group plc can be obtained from the Company Secretary, Smiths Group plc, 765 Finchley Road, London NW11 8DS.

The company has taken advantage of the exemption under paragraph 3(c) of FRS 8 from disclosing transactions with other subsidiary companies of the Smiths Group plc group.