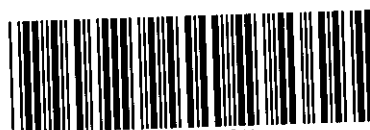


Registered number : 2518749

**LIGHTHOME LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE 53 WEEK PERIOD ENDED 5 AUGUST 2006**

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## **LIGHTHOME LIMITED**

### **REPORT OF THE DIRECTORS** **FOR THE 53 WEEKS ENDED 5 AUGUST 2006**

The directors present their report and audited financial statements for the period of 53 weeks ended 5 August 2006.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company was property investment and management. Following the sale of its principal investment in the year ended 31 July 2004, and its remaining property asset in the subsequent period to 31 July 2005, the company's only activity during the period to 5 August 2006, and for the foreseeable future, has been to meet its residual obligations arising from those disposals.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The directors of Smiths Group plc manage the Smiths Group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a disclosure of the group's risk would not be appropriate for an understanding of the development, performance or position of Lighthouse Limited's business. The principal risks and uncertainties of Smiths Group plc are disclosed in its Annual Report and Accounts.

#### **FINANCIAL INSTRUMENTS**

The directors consider that the company's key financial instruments are cash and intercompany loans. Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on cash or overdraft balances and the intercompany loans. The risk is not considered material and the company does not employ the use of hedging instruments.

#### **RESULTS AND DIVIDENDS**

The result for the period was a profit of £86,673 (2005: £116,198).

The profit and loss account is set out on page 5. The directors do not recommend the payment of a dividend (2005 : £nil ).

#### **DIRECTORS AND THEIR INTERESTS**

The directors of the company during the year were :

S J Aubrey  
J M Hawkes  
D A Penn

The beneficial interests of the directors in shares, option schemes and long term share plans of Smiths Group plc at the beginning and end of the period were as follows :-

	Ordinary shares of 25p		Ordinary shares under option			
	<u>5 August</u>	<u>1 August</u>	<u>1 August</u>	<u>Options</u>	<u>Options</u>	<u>5 August</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>	<u>granted</u>	<u>exercised/ lapsed</u>	<u>2006</u>
S J Aubrey	17,298	14,374	146,118	29,981	(1,673)	174,426
J M Hawkes	29,683	30,210	48,056	7,000	(3,478)	51,578
D A Penn	5,648	5,648	55,124	7,500	(12,296)	50,328

Details of the share option schemes and long term share plans are contained in the Annual Report and Accounts of Smiths Group plc.

## **LIGHTHOME LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 5 August 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 AND DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware.

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and will remain as auditors by virtue of an elective resolution under section 386 of the Companies Act 1985 passed on 8 July 1991.

By order of the Board



D. A. Penn  
Director

28 March 2007

## **LIGHTHOME LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIGHTHOME LIMITED**

We have audited the financial statements of Lighthouse Limited for the 53 weeks ended 5 August 2006, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 into 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

**LIGHTHOME LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LIGHTHOME LIMITED**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 5 August 2006 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London  
WC2N 6RH

28 March 2007

**LIGHTHOME LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE PERIOD OF 53 WEEKS ENDED 5 AUGUST 2006**

	Notes	<b><u>2006</u></b> £	<b><u>2005</u></b> £
Turnover		46,247	2,129
Administrative expenses		(20,313)	(653)
Other income		-	4,868
<b>Operating profit</b>	2	<b>25,934</b>	6,344
Profit on sale of property	5	-	59,924
<b>Profit on ordinary activities before interest and taxation</b>		<b>25,934</b>	66,268
Net interest receivable	3	77,571	99,729
<b>Profit on ordinary activities before taxation</b>		<b>103,505</b>	165,997
Taxation on profit on ordinary activities	4	(16,832)	(49,799)
<b>Profit on ordinary activities after taxation</b>		<b>86,673</b>	116,198

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.

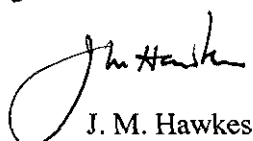
There is no material difference between the profit on ordinary activities before taxation or the results of the period as stated above and their historical cost equivalents.

The notes on pages 7 to 10 form part of these accounts.

**LIGHTHOME LIMITED****BALANCE SHEET AS AT 5 AUGUST 2006**

	Notes	<b><u>2006</u></b> £	<b><u>2005</u></b> £
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	<b>2,745,222</b>	4,109,972
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	7	<b>(343,662)</b>	(1,795,085)
NET CURRENT ASSETS		<b>2,401,560</b>	2,314,887
TOTAL ASSETS LESS CURRENT ASSETS		<b>2,401,560</b>	2,314,887
Provisions for liabilities & charges	8	<b>(1,500,000)</b>	(1,500,000)
NET ASSETS		<b>901,560</b>	814,887
Financed by:			
CAPITAL AND RESERVES			
Equity share capital	9	<b>100</b>	100
Profit and loss account	10	<b>901,460</b>	814,787
EQUITY SHAREHOLDERS' FUNDS	11	<b>901,560</b>	814,887

Approved by the Board on 28 March 2007  
and signed on its behalf:



J. M. Hawkes

)  
) DIRECTOR

The notes on pages 7 to 10 form part of these accounts

## LIGHTHOME LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 AUGUST 2006

#### 1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom under the historical cost convention and the Companies Act 1985.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

##### (a) Changes in accounting policies

The company has adopted FRS 21 'Events after the balance sheet date', FRS 25 'Financial Instruments: disclosure and presentation', and FRS 28 'Corresponding amounts' in these financial statements. The adoption of these standards represents a change in accounting policy; however, there has been no material affect on the financial statements.

##### (b) Cash flows

The company is a wholly owned subsidiary of Smiths Group plc and the cash flows of the company are included in the consolidated group cash flow statement of the parent company. Consequently the company is exempt, under the terms of Financial Reporting Standard Number 1, from publishing a cash flow statement.

##### (c) Employees

The company has no active employees (2005: none). Employees of other Smiths Group companies perform all administration of the company's affairs. No charge for these services is levied upon the company.

##### (d) Current taxation

The tax on profit on ordinary activities represents the amount paid for Group relief in respect of tax losses claimed in the current period.

##### (e) Deferred taxation

Deferred taxation, where material, is recognised in respect of timing differences that have originated but not reversed as at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as disclosed in the accounts, arising from the inclusion of gains and losses in the tax computations in periods different from those in which they are recognised in the accounts.

#### 2. OPERATING PROFIT

The audit fee in respect of this company has been borne by another Smiths Group company. Auditors' remuneration for non-audit services was £nil (2005: £nil).

#### 3. INTEREST

	<u>2006</u>	<u>2005</u>
	£	£
Bank Interest paid	(95,073)	(104,801)
Interest receivable from group undertakings	<u>172,644</u>	<u>204,530</u>
	<u>77,571</u>	<u>99,729</u>



**LIGHTHOME LIMITED****NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 5 AUGUST 2006 (Cont'd)****4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>2006</u> £	<u>2005</u> £
Profit on ordinary activities before taxation	<u>123,818</u>	<u>165,997</u>
Less: Excess payment made for group relief claimed in prior year	<u>(20,313)</u>	<u>-</u>
	<u>103,505</u>	<u>165,997</u>
 UK corporation tax on profits for the period at 30%	 (31,052)	 (49,799)
Add: tax effect re excess payment	<u>(6,093)</u>	<u>-</u>
	<u>(37,145)</u>	<u>(49,799)</u>
Adjustment to prior year	<u>20,313</u>	<u>-</u>
	<u>(16,832)</u>	<u>(47,799)</u>
 Group relief surrendered from fellow subsidiary:		
Current year	(37,146)	-
Group relief payment	<u>37,146</u>	<u>-</u>
 Current year tax per Profit and loss account	 (16,832)	 (49,799)

No charge has been made for deferred taxation, as in the opinion of the directors, due to the anticipated availability of group relief, there will be no taxable profit within the company for the foreseeable future.

**5. TANGIBLE FIXED ASSETS**

In July 2005, Witney Farmland was transferred to group company SI Properties Ltd for £150,000. The carrying value was £90,076, giving rise to a profit on disposal of £59,924.

**6. DEBTORS**

	<u>2006</u> £	<u>2005</u> £
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertaking	51,140	-
Other taxes	497	-
Amounts owed by ultimate parent undertaking	<u>2,693,585</u>	<u>4,109,972</u>
	<u>2,745,222</u>	<u>4,109,972</u>

Amounts owed by the ultimate parent undertaking includes £2,407,086 relating to a loan from Smiths Group PLC, with no set repayment date, carrying interest at 12 month LIBOR. All intercompany loans are governed by loan agreements.

**LIGHTHOME LIMITED****NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 5 AUGUST 2006 (Cont'd)**

7. CREDITORS	<u>2006</u> £	<u>2005</u> £
Amounts falling due within one year		
Bank Overdraft	(204,777)	(1,702,293)
Taxes and Social Security costs	-	(124)
Other Creditors	(138,885)	(92,668)
	<u>(343,662)</u>	<u>(1,795,085)</u>

**8. PROVISIONS FOR LIABILITIES & CHARGES**

	<u>2006</u> £	<u>2005</u> £
Environmental provision	<u>(1,500,000)</u>	<u>(1,500,000)</u>

This provision relates to a liability for future costs to be incurred relating to a property that was disposed of in a prior period. This balance is expected to be utilised within five years, and has not therefore been discounted.

**9. CALLED UP SHARE CAPITAL**

	<u>2006</u> Number	<u>2005</u> Number
Authorised		
Ordinary shares of £1 each ( 2005 : £1 each )	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid		
Ordinary shares of £1 each ( 2005 : £1 each )	<u>100</u>	<u>100</u>

**10. PROFIT AND LOSS ACCOUNT**

	<u>2006</u> £	<u>2005</u> £
Opening balance	814,787	698,589
Retained profit for the period	86,673	116,198
Closing balance	<u>901,460</u>	<u>814,787</u>

**LIGHTHOME LIMITED**

**NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 5 AUGUST 2006 (Cont'd)**

11. MOVEMENT ON EQUITY SHAREHOLDERS' FUNDS

	<u>2006</u>	<u>2005</u>
	£	£
Opening balance	814,887	698,689
Retained profit for the period	86,673	116,198
Closing balance	<u>901,560</u>	<u>814,887</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.