
H SMITH & DAUGHTERS LIMITED

UNAUDITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 AUGUST 2005**



COMPANY INFORMATION

| | |
|--------------------------|---|
| DIRECTOR | P C Rose |
| SECRETARY | S C Stedman |
| COMPANY NUMBER | 3605830 |
| REGISTERED OFFICE | Haslers Old Station Road Loughton Essex IG10 4PL |
| ACCOUNTANTS | Haslers Chartered Accountants Old Station Road Loughton Essex IG10 4PL |
| BUSINESS ADDRESS | Copper House 88 Snakes Lane East Woodford Green Essex IG8 7HX |

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DIRECTOR'S REPORT
For the year ended 31 August 2005

The director presents his report and the financial statements for the year ended 31 August 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period under review continued to be that of property investment.

DIRECTOR

The director who served during the year and his beneficial interest in the company's issued share capital was:

| Ordinary shares of £1 each | |
|-------------------------------|---------------|
| <u>31/8/05</u> | <u>1/9/04</u> |

P C Rose

- -

The report of the director has been 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 12 June 2006 and signed on its behalf.


P C Rose
Director

**ACCOUNTANTS' REPORT TO THE DIRECTOR
ON THE UNAUDITED FINANCIAL STATEMENTS OF H SMITH & DAUGHTERS LIMITED**


In accordance with the engagement letter dated 19 November 2004, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the Profit and Loss account, the Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the Company's director, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's director that we have done so, and state those matters that we have agreed to state to them in this 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 director, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of the financial statements.

You have acknowledged on the balance sheet for the year ended 31 August 2005 your duty to ensure that the company has kept proper accounting records and to prepare the financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



Haslers
Chartered Accountants
Old Station Road
Loughton
Essex
IG10 4PL
12/6/06

PROFIT AND LOSS ACCOUNT
For the year ended 31 August 2005

| | Note | 2005 £ | 2004 £ |
|--|------|------------------------|-------------------|
| TURNOVER | 1 | 92,604 | 86,587 |
| Cost of sales | | <u>(2,683)</u> | <u>(1,643)</u> |
| GROSS PROFIT | | 89,921 | 84,944 |
| Administrative expenses | | <u>(4,363)</u> | <u>(6,510)</u> |
| OPERATING PROFIT | 2 | 85,558 | 78,434 |
| Interest payable | | <u>(37,649)</u> | <u>(40,493)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 47,909 | 37,941 |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | 3 | <u>(5,666)</u> | <u>(7,325)</u> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 42,243 | 30,616 |
| DIVIDENDS | | <u>-</u> | <u>(30,616)</u> |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | 9 | <u>£ 42,243</u> | <u>£ -</u> |

The notes on pages 5 to 8 form part of these financial statements.

BALANCE SHEET
As at 31 August 2005

| | Note | 2005 £ | 2004 £ |
|--|------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 4 | 947,500 | 947,500 |
| CURRENT ASSETS | | | |
| Debtors | 5 | 33,870 | 11,935 |
| Cash at bank | | 10,385 | 9,646 |
| | | <u>44,255</u> | <u>21,581</u> |
| CREDITORS: amounts falling due within one year | 6 | <u>(139,619)</u> | <u>(129,070)</u> |
| NET CURRENT LIABILITIES | | <u>(95,364)</u> | <u>(107,489)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>852,136</u> | <u>840,011</u> |
| CREDITORS: amounts falling due after more than one year | 7 | <u>(458,505)</u> | <u>(488,623)</u> |
| NET ASSETS | | <u>£ 393,631</u> | <u>£ 351,388</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | 2 | 2 |
| Revaluation reserve | | 351,376 | 351,376 |
| Profit and loss account | 9 | 42,253 | 10 |
| SHAREHOLDERS' FUNDS | | <u>£ 393,631</u> | <u>£ 351,388</u> |

The director considers that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 and members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2) of the Act. The director acknowledges his responsibility for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 August 2005 and of its profit for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 12 June 2006 and signed on its behalf.


P C Rose
Director

The notes on pages 5 to 8 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2005

1. ACCOUNTING POLICIES**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---------------------|---|---------------------|
| Investment property | - | 0% |
| Software Equipment | - | 33.3% straight line |

1.4 Investment properties

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (June 2002), it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the director, compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation are only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

2. OPERATING PROFIT

The operating profit is stated after charging:

| | 2005 £ | 2004 £ |
|--|-------------------|-------------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | - | 764 |
| Auditors' remuneration | - | 2,200 |
| | <u> </u> | <u> </u> |

During the year, no director received any emoluments (2004 - £nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2005

3. TAXATION

| | 2005 £ | 2004 £ |
|--|----------------|----------------|
| Analysis of tax charge in year | | |
| UK corporation tax charge on profits of the year | - | - |
| Adjustments in respect of prior periods | - | 67 |
| Payment in respect of group relief | 5,666 | 7,258 |
| Total current tax | <u>5,666</u> | <u>7,325</u> |
| Tax on profit on ordinary activities | <u>£ 5,666</u> | <u>£ 7,325</u> |

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK applicable to the company.

There were no factors that may affect future tax charges.

4. TANGIBLE FIXED ASSETS

| | Land and buildings £ |
|--|----------------------------|
| Cost or valuation | |
| At 1 September 2004 and 31 August 2005 | <u>947,500</u> |
| Depreciation | |
| At 1 September 2004 and 31 August 2005 | <u>-</u> |
| Net book value | |
| At 31 August 2005 | <u>£ 947,500</u> |
| At 31 August 2004 | <u>£ 947,500</u> |

5. DEBTORS

| | 2005 £ | 2004 £ |
|---------------|-----------------|-----------------|
| Trade debtors | 11,469 | 11,448 |
| Other debtors | 22,401 | 487 |
| | <u>£ 33,870</u> | <u>£ 11,935</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2005

6. CREDITORS:
Amounts falling due within one year

| | 2005 | 2004 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts | 31,143 | 28,587 |
| Trade creditors | - | 34 |
| Amounts owed to group undertakings | 84,054 | 62,921 |
| Other creditors | 24,422 | 37,528 |
| | <u>£ 139,619</u> | <u>£ 129,070</u> |

7. CREDITORS:
Amounts falling due after more than one year

| | 2005 | 2004 |
|------------|------------------|------------------|
| | £ | £ |
| Bank loans | <u>£ 458,505</u> | <u>£ 488,623</u> |

The bank holds a first legal charge over the freehold and leasehold properties owned by the company.

H T Smith has provided the following personal guarantees:

£120,000 dated 8 November 2000 covering the liabilities of the company.

£100,000 dated 30 January 2001 covering the liabilities of the company.

£350,000 dated 26 July 2001 covering the liabilities of the company.

8. SHARE CAPITAL

| | 2005 | 2004 |
|---|--------------------|--------------------|
| | £ | £ |
| Authorised | | |
| 5,000,000 Ordinary shares of £1 each | <u>£ 5,000,000</u> | <u>£ 5,000,000</u> |
| Allotted, called up and fully paid | | |
| 2 Ordinary shares of £1 each | <u>£ 2</u> | <u>£ 2</u> |

9. RESERVES

| | |
|--------------------------------|-------------------|
| Profit and loss account | £ |
| At 1 September 2004 | 10 |
| Profit retained for the year | 42,243 |
| | <u> </u> |
| At 31 August 2005 | <u>£ 42,253</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2005

10. RELATED PARTY TRANSACTIONS

During the year the following related parties existed:

Aitch Construction Limited - H T Smith has a beneficial interest in the shares

Aitch Group Holdings Limited - H T Smith, S C Stedman and P C Rose are directors and H T Smith is a beneficial shareholder.

H Smith Holdings Limited - H T Smith, S C Stedman and P C Rose are directors.

During the year Aitch Group Holdings paid insurance on behalf of H Smith and Daughters Limited totalling £5,729 (2004: £5,729). At the year end the company was owed/(owed) Aitch Group Holdings Limited £21,771, (2004: (£5,729)).

During the year the company made purchases of £2,000 (2004: £1,326) from Aitch Construction Limited.

At the year end there was an amount outstanding of £84,054 (2004: £62,921) due to H Smith Holdings Limited.

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent is H Smith Holdings Limited a company incorporated in England & Wales.

The ultimate controlling party is H T Smith by virtue of his beneficial interest in the trust which owns the ultimate holding company.