

**H SMITH & DAUGHTERS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2000**



**COMPANY INFORMATION**

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|                          |   |                          |
|--------------------------|---|--------------------------|
| <b>Directors</b>         | H T Smith<br>P C Rose   | (Appointed 5 April 2000) |
| <b>Secretary</b>         | S C Stedman   |                          |
| <b>Company number</b>    | 3605830   |                          |
| <b>Registered office</b> | Johnston House<br>8 Johnston Road<br>Woodford Green<br>Essex IG8 0XA            |                          |
| <b>Auditors</b>          | Haslers<br>Johnston House<br>8 Johnston Road<br>Woodford Green<br>Essex IG8 0XA |                          |

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## DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2000

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The directors present their report and financial statements for the year ended 31 August 2000.

### Principal activities

The principal activity of the company continued to be that of Property rental.

### Directors

The following directors have held office since 1 September 1999:

H T Smith

P C Rose

(Appointed 5 April 2000)

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

|           | Ordinary Shares of £ 1 each |                  |
|-----------|-----------------------------|------------------|
|           | 31 August 2000              | 1 September 1999 |
| H T Smith | -                           | -                |
| P C Rose  | -                           | -                |

The director's interest in the holding company, H Smith Holdings Limited, may be found in the accounts of that company.

### Auditors

Haslers were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

### Directors' responsibilities

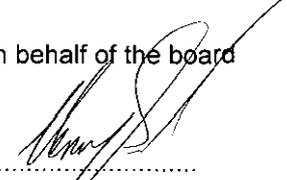
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

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

On behalf of the board

  
.....  
H T Smith

Director

24/6/2001

**AUDITORS' REPORT  
TO THE SHAREHOLDERS OF H SMITH & DAUGHTERS LIMITED**

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We have audited the financial statements on pages 3 to 7 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 5.

**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.

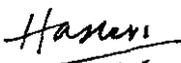
**Basis of opinion**

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 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 August 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Haslers**

Chartered Accountants  
**Registered Auditor**

*29 June 2001*  
.....

Johnston House  
8 Johnston Road  
Woodford Green  
Essex IG8 0XA

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2000**

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|  |              | <b>2000</b>            | <b>1999</b>            |
|--|--------------|------------------------|------------------------|
|  | <b>Notes</b> | <b>£</b>               | <b>£</b>               |
| Turnover   |              | 4,667                  | -                      |
| Cost of sales                                      |              | (3,200)                | -                      |
| <b>Gross profit</b>                                |              | <u>1,467</u>           | -                      |
| Administrative expenses                            |              | (7,448)                | (2,242)                |
| <b>Operating loss</b>                              | <b>2</b>     | (5,981)                | (2,242)                |
| Interest payable and similar charges               |              | (18,933)               | (10,196)               |
| <b>Loss on ordinary activities before taxation</b> |              | <u>(24,914)</u>        | (12,438)               |
| Tax on loss on ordinary activities                 | <b>3</b>     | 4,985                  | -                      |
| <b>Loss on ordinary activities after taxation</b>  | <b>9</b>     | <u><u>(19,929)</u></u> | <u><u>(12,438)</u></u> |

**BALANCE SHEET  
AS AT 31 AUGUST 2000**

|  | Notes | 2000             |                  | 1999             |                  |
|--|-------|------------------|------------------|------------------|------------------|
|  |       | £                | £                | £                | £                |
| <b>Fixed assets</b>  |       |                  |                  |                  |                  |
| Tangible assets  | 4     |                  | 208,403          |                  | 175,926          |
| <b>Current assets</b>  |       |                  |                  |                  |                  |
| Debtors  | 5     | 201              |                  | 7                |                  |
| Cash at bank and in hand                                       |       | -                |                  | 563              |                  |
|  |       | <u>201</u>       |                  | <u>570</u>       |                  |
| <b>Creditors: amounts falling due within one year</b>          | 6     | <u>(129,811)</u> |                  | <u>(188,932)</u> |                  |
| <b>Net current liabilities</b>                                 |       |                  | <u>(129,610)</u> |                  | <u>(188,362)</u> |
| <b>Total assets less current liabilities</b>                   |       |                  | 78,793           |                  | (12,436)         |
| <b>Creditors: amounts falling due after more than one year</b> | 7     |                  | <u>(111,159)</u> |                  | -                |
|  |       |                  | <u>(32,366)</u>  |                  | <u>(12,436)</u>  |
| <b>Capital and reserves</b>                                    |       |                  |                  |                  |                  |
| Called up share capital  | 8     |                  | 2                |                  | 2                |
| Profit and loss account  | 9     |                  | <u>(32,368)</u>  |                  | <u>(12,438)</u>  |
| <b>Shareholders' funds</b>                                     |       |                  | <u>(32,366)</u>  |                  | <u>(12,436)</u>  |

These financial statements have been 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 (effective March 2000).

The financial statements were approved by the Board on 29<sup>th</sup> June 2001

  
.....  
H T Smith  
Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2000**

**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The accounts have been prepared on the going concern basis as the directors of the ultimate holding company have indicated their willingness to continue to support the company.

**1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

**1.3 Tangible fixed assets and depreciation**

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 (see note 3).

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), 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 directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is 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 loss**

|  | <b>2000</b> | <b>1999</b> |
|--|-------------|-------------|
|  | £           | £           |
| Operating loss is stated after charging: |             |             |
| Auditors' remuneration                   | 500         | -           |
|  | <u>500</u>  | <u>-</u>    |

**3 Taxation**

|                                    | <b>2000</b>    | <b>1999</b> |
|------------------------------------|----------------|-------------|
|                                    | £              | £           |
| <b>U.K. current year taxation</b>  |                |             |
| Receipt in respect of group relief | (4,985)        | -           |
|                                    | <u>(4,985)</u> | <u>-</u>    |

**4 Tangible fixed assets**

|                     | <b>Investment<br/>properties</b> |
|---------------------|----------------------------------|
|                     | £                                |
| <b>Cost</b>         |                                  |
| At 1 September 1999 | 175,926                          |
| Additions           | 32,477                           |
|                     | <u>208,403</u>                   |
| At 31 August 2000   | <u>208,403</u>                   |

The property was purchased on 2 December 1998 and is included at cost. The director considers this to be its open market value at the financial year end. The property is held on a long term lease and no amortisation has been applied in accordance with SSAP19.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2000**

| 5 Debtors   | 2000<br>£        | 1999<br>£        |
|---|------------------|------------------|
| Other debtors   | 201              | 7                |
|   | <u>201</u>       | <u>7</u>         |
| <br>  |                  |                  |
| 6 Creditors: amounts falling due within one year  | 2000<br>£        | 1999<br>£        |
| Bank loans and overdrafts   | 8,486            | 111,025          |
| Trade creditors   | 8,900            | 47               |
| Amounts owed to group undertakings and undertakings in which the company has a participating interest | 78,381           | 69,957           |
| Other creditors   | 34,044           | 7,903            |
|   | <u>129,811</u>   | <u>188,932</u>   |
| <br>  |                  |                  |
| The bank loan is secured by a first legal charge over the Investment Property.                        |                  |                  |
|   |                  |                  |
| 7 Creditors: amounts falling due after more than one year   | 2000<br>£        | 1999<br>£        |
| Bank loans  | 111,159          | -                |
|   | <u>111,159</u>   | <u>-</u>         |
| <br>  |                  |                  |
| <b>Analysis of loans</b>  |                  |                  |
| Not wholly repayable within five years by instalments   | 70,543           | -                |
| Wholly repayable within five years  | 48,956           | 111,025          |
|   | <u>119,499</u>   | <u>111,025</u>   |
| Included in current liabilities   | (8,340)          | (111,025)        |
|   | <u>111,159</u>   | <u>-</u>         |
| <br>  |                  |                  |
| Instalments not due within five years   | <u>70,543</u>    | <u>-</u>         |
| <br>  |                  |                  |
| 8 Share capital   | 2000<br>£        | 1999<br>£        |
| <b>Authorised</b>   |                  |                  |
| 5,000,000 Ordinary Shares of £ 1 each   | 5,000,000        | 5,000,000        |
|   | <u>5,000,000</u> | <u>5,000,000</u> |
| <br>  |                  |                  |
| <b>Allotted, called up and fully paid</b>   |                  |                  |
| 2 Ordinary Shares of £ 1 each   | 2                | 2                |
|   | <u>2</u>         | <u>2</u>         |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2000**

**9 Statement of movements on profit and loss account**

|                             | <b>Profit and<br/>loss account<br/>£</b> |
|-----------------------------|--|
| Balance at 1 September 1999 | (12,439)                                 |
| Retained loss for the year  | (19,929)                                 |
|                             | (32,368)                                 |
|                             | (32,368)                                 |

**10 Control**

The ultimate parent company 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.

**11 Related party transactions**

During the year the following related parties existed. At the year end the amounts owed to or by the company were interest free.

|                            |  |
|----------------------------|--|
| Aitch Construction Limited | H T Smith is a director and beneficial shareholder |
| Aitch Holdings Limited     | H T Smith is a director and beneficial shareholder |
| H Smith Holdings Limited   | Parent Company                                     |
| H T Smith FURBS            | H T Smith is a beneficiary                         |
| Ridley Villas Limited      | H T Smith is a beneficial shareholder              |

|                            | <b>2000</b>                  |                              | <b>1999</b>                  |                              |
|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                            | <b>Sales<br/>(Purchases)</b> | <b>Debtor<br/>(Creditor)</b> | <b>Sales<br/>(Purchases)</b> | <b>Debtor<br/>(Creditor)</b> |
|                            | <b>£</b>                     | <b>£</b>                     | <b>£</b>                     | <b>£</b>                     |
| Aitch Construction Limited | (7,574)                      | (8,900)                      | 351                          | 47                           |
| Aitch Holdings Limited     | -                            | (15)                         | -                            | (200)                        |
| H Smith Holdings Limited   | -                            | (78,381)                     | -                            | (69,957)                     |
| H T Smith FURBS            | -                            | (18,855)                     | -                            | -                            |
| Ridley Villas Limited      | -                            | (9,443)                      | -                            | (4,443)                      |
|                            | -                            | -                            | -                            | -                            |