

**H SMITH & DAUGHTERS LIMITED**  
**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2003**



Chartered Accountants &amp; Business Advisers

*Johnston House, Johnston Road, Woodford Green*  
*Essex IG8 0XA*



**COMPANY INFORMATION**

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<b>Director</b>	P C Rose
<b>Secretary</b>	S C Stedman
<b>Company number</b>	3605830
<b>Registered office</b>	Johnston House 8 Johnston Road Woodford Green Essex IG8 0XA
<b>Auditors</b>	Haslers Chartered Accountants Johnston House 8 Johnston Road Woodford Green Essex IG8 0XA
<b>Business address</b>	Copper House 88 Snakes Lane East Woodford Green Essex IG8 7HX

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# H SMITH & DAUGHTERS LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2003

The director presents his report and financial statements for the year ended 31 August 2003.

### Principal activities

The principal activity of the company continued to be that of property investment.

### Directors

The following directors have held office since 1 September 2002:

P C Rose

H T Smith

(Resigned 16 December 2002)

### Directors' interests

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

**Ordinary Shares of £ 1 each**  
**31 August 2003    1 September 2002**

P C Rose

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

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Haslers be reappointed as auditors of the company will be put to the Annual General Meeting.

### Director's responsibilities

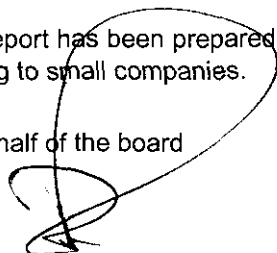
Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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



.....  
P C Rose

**Director**

14th April 2004

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

We have audited the financial statements of H Smith & Daughters Limited on pages 3 to 9 for the year ended 31 August 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the director and auditors**

As described in the statement of director's responsibilities on page 1 the company's director is 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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's 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 director 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Haslers**  
**Chartered Accountants**  
**Registered Auditor**

14th April 2004

Johnston House  
8 Johnston Road  
Woodford Green  
Essex IG8 0XA

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2003**

	Notes	2003 £	2002 £
Turnover		83,380	85,125
Cost of sales		(770)	(4,210)
<b>Gross profit</b>		82,610	80,915
Administrative expenses		(8,146)	(81,738)
<b>Operating profit/(loss)</b>	<b>2</b>	74,464	(823)
Interest payable and similar charges		(41,536)	(45,350)
<b>Profit/(loss) on ordinary activities before taxation</b>		32,928	(46,173)
Tax on profit/(loss) on ordinary activities	<b>3</b>	(10,016)	12,276
<b>Profit/(loss) on ordinary activities after taxation</b>		22,912	(33,897)
Dividends		(6,249)	-
<b>Retained profit/(loss) for the year</b>	<b>10</b>	16,663	(33,897)

**BALANCE SHEET**  
**AS AT 31 AUGUST 2003**

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	4 and 5		948,264		950,097
<b>Current assets</b>					
Debtors	6	9,851		13,247	
Cash at bank and in hand		12,255		9,067	
		<u>22,106</u>		<u>22,314</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(102,193)</u>		<u>(136,443)</u>	
<b>Net current liabilities</b>			<u>(80,087)</u>		<u>(114,129)</u>
<b>Total assets less current liabilities</b>			868,177		835,968
<b>Creditors: amounts falling due after more than one year</b>	8		<u>(516,789)</u>		<u>(501,243)</u>
			<u>351,388</u>		<u>334,725</u>
<b>Capital and reserves</b>					
Called up share capital	9		2		2
Revaluation reserve	10		351,376		351,376
Profit and loss account	10		10		(16,653)
<b>Shareholders' funds</b>			<u>351,388</u>		<u>334,725</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 June 2002).

The financial statements were approved by the Board on 14th April 2004

  
 P C Rose  
 Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2003**
**1 Accounting policies**
**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention modified to include 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 represents amounts receivable for goods and services net of VAT and trade discounts.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment                      33.3% Straight Line basis

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 (effective 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 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.

<b>2 Operating profit/(loss)</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	1,833	1,833
Auditors' remuneration	2,150	2,000
	<u>          </u>	<u>          </u>
<b>3 Taxation</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
Adjustment for prior years	-	1,224
Payment in respect of group relief	10,016	-
Receipt in respect of group relief	-	(13,500)
	<u>          </u>	<u>          </u>
<b>Current tax charge</b>	<u>10,016</u>	<u>(12,276)</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2003**
**4 Tangible fixed assets**

	<b>Plant and machinery etc</b>
	£
<b>Cost or valuation</b>	
At 1 September 2002 & at 31 August 2003	5,500
<b>Depreciation</b>	
At 1 September 2002	2,903
Charge for the year	1,833
At 31 August 2003	4,736
<b>Net book value</b>	
At 31 August 2003	764
At 31 August 2002	2,597

**5 Tangible fixed assets**

	<b>Investment properties</b>
	£
<b>Cost or valuation</b>	
At 1 September 2002 & at 31 August 2003	947,500

**6 Debtors**

	<b>2003</b>	<b>2002</b>
	£	£
Trade debtors	9,379	6,892
Other debtors	472	6,355
	9,851	13,247

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

<b>7</b>	<b>Creditors: amounts falling due within one year</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts	26,515	66,629
	Trade creditors	1,729	156
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	42,159	44,263
	Other creditors	31,790	25,395
		<u>102,193</u>	<u>136,443</u>
<b>8</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Bank loans	<u>516,789</u>	<u>501,243</u>
	<b>Analysis of loans</b>		
	Not wholly repayable within five years by instalments	388,319	234,727
	Wholly repayable within five years	154,985	333,145
		<u>543,304</u>	<u>567,872</u>
	Included in current liabilities	(26,515)	(66,629)
		<u>516,789</u>	<u>501,243</u>
	Instalments not due within five years	<u>388,319</u>	<u>234,727</u>
	The aggregate amount of secured liabilities is £543,304.		
<b>9</b>	<b>Share capital</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	5,000,000 Ordinary Shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
	<b>Allotted, called up and fully paid</b>		
	2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

**10 Statement of movements on reserves**

	Revaluation reserve £	Profit and loss account £
Balance at 1 September 2002	351,376	(16,653)
Retained profit for the year	-	16,663
Balance at 31 August 2003	<u>351,376</u>	<u>10</u>

**11 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.

**12 Related party transactions**

During the year, the company made purchases from Aitch Construction Ltd for £203 and from Aitch Group Holdings Ltd for £4,223.