

H SMITH & DAUGHTERS LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002



A39 *A02J7KX9* 0892
COMPANIES HOUSE 14/05/03

H SMITH & DAUGHTERS LIMITED

COMPANY INFORMATION

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

H SMITH & DAUGHTERS LIMITED**CONTENTS**

	Page
Director's report	1
Independent auditors' report	2
Profit and loss account	3
Statement of total recognised gains and losses	4
Balance sheet	5
Notes to the financial statements	6 - 9

H SMITH & DAUGHTERS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2002

The director presents his report and financial statements for the year ended 31 August 2002.

Principal activities

The principal activity of the company continued to be that of property rental and property development.

Directors

The following directors have held office since 1 September 2001:

H T Smith	(Resigned 16 December 2002)
P C Rose	

Directors' interests

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

	Ordinary Shares of £ 1 each	
	31 August 2002	1 September 2001
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

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

6 May 2003

H SMITH & DAUGHTERS LIMITED

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 2002. 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 2002 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

6 May 2003

Johnston House
8 Johnston Road
Woodford Green
Essex IG8 0XA

H SMITH & DAUGHTERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2002

	Notes	2002 £	2001 £
Turnover		85,125	360,115
Cost of sales		(4,210)	(254,158)
Gross profit		80,915	105,957
Administrative expenses		(81,738)	(17,054)
Operating (loss)/profit	2	(823)	88,903
Interest payable and similar charges		(45,350)	(28,791)
(Loss)/profit on ordinary activities before taxation		(46,173)	60,112
Tax on (loss)/profit on ordinary activities	3	12,276	(10,500)
(Loss)/profit on ordinary activities after taxation	10	(33,897)	49,612

H SMITH & DAUGHTERS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 AUGUST 2002

	2002 £	2001 £
(Loss)/profit for the financial year	(33,897)	49,612
Unrealised surplus on revaluation of properties	351,376	-
Total recognised gains and losses relating to the year	317,479	49,612

H SMITH & DAUGHTERS LIMITED

BALANCE SHEET AS AT 31 AUGUST 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	4 and 5		950,097		336,732
Current assets					
Stocks		-		263,823	
Debtors	6	13,247		28,684	
Cash at bank and in hand		9,067		19,609	
		<u>22,314</u>		<u>312,116</u>	
Creditors: amounts falling due within one year	7	<u>(136,443)</u>		<u>(59,710)</u>	
Net current (liabilities)/assets			<u>(114,129)</u>		<u>252,406</u>
Total assets less current liabilities			835,968		589,138
Creditors: amounts falling due after more than one year	8		<u>(501,243)</u>		<u>(571,892)</u>
			<u>334,725</u>		<u>17,246</u>
Capital and reserves					
Called up share capital	9		2		2
Revaluation reserve	10		351,376		-
Profit and loss account	10		<u>(16,653)</u>		<u>17,244</u>
Shareholders' funds			<u>334,725</u>		<u>17,246</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 6/5/03.....


P C Rose
Director

H SMITH & DAUGHTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002

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 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 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.

1.4 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

2	Operating (loss)/profit	2002 £	2001 £
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	1,833	1,069
	Auditors' remuneration	2,000	2,116
		<u> </u>	<u> </u>
3	Taxation	2002 £	2001 £
	Domestic current year tax		
	U.K. corporation tax	-	10,500
	Adjustment for prior years	1,224	-
	Receipt in respect of group relief	(13,500)	-
		<u> </u>	<u> </u>
	Current tax charge	(12,276)	10,500
		<u> </u>	<u> </u>

H SMITH & DAUGHTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

4 Tangible fixed assets

	Plant and machinery etc £
Cost or valuation	
At 1 September 2001 & at 31 August 2002	5,500
Depreciation	
At 1 September 2001	1,069
Charge for the year	1,834
At 31 August 2002	2,903
Net book value	
At 31 August 2002	2,597
At 31 August 2001	4,431

5 Investment Properties

	Investment properties £
Cost or valuation	
At 1 September 2001	332,301
Additions	263,823
Revaluation	351,376
At 31 August 2002	947,500

During the year the Investment properties were revalued to their open market value by the directors.

6 Debtors	2002 £	2001 £
Trade debtors	6,892	986
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	27,198
Other debtors	6,355	500
	13,247	28,684

H SMITH & DAUGHTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

7	Creditors: amounts falling due within one year	2002	2001
		£	£
	Bank loans and overdrafts	66,629	22,556
	Trade creditors	156	3,398
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	44,263	-
	Taxation and social security	-	11,808
	Other creditors	25,395	21,948
		<u>136,443</u>	<u>59,710</u>
8	Creditors: amounts falling due after more than one year	2002	2001
		£	£
	Bank loans	<u>501,243</u>	<u>571,892</u>
	Analysis of loans		
	Not wholly repayable within five years by instalments	234,727	305,376
	Wholly repayable within five years	<u>333,145</u>	<u>289,072</u>
		567,872	594,448
	Included in current liabilities	<u>(66,629)</u>	<u>(22,556)</u>
		<u>501,243</u>	<u>571,892</u>
	Instalments not due within five years	<u>234,727</u>	<u>305,376</u>
	The bank loan is secured by a first legal charge over the investment properties.		
9	Share capital	2002	2001
		£	£
	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>

H SMITH & DAUGHTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002

10 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 September 2001	-	17,244
Retained loss for the year	-	(33,897)
Revaluation during the year	351,376	-
Balance at 31 August 2002	<u>351,376</u>	<u>(16,653)</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 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 a beneficial shareholder
Aitch Group Holdings Limited	H T Smith and P C Rose are directors and H T Smith is a beneficial shareholder
H Smith Holdings Limited	Parent Company

Aitch Construction Limited made management charges to this company totalling £75000 (2001: £ Nil).

	2002		2001	
	Sales (Purchases)	Debtor (Creditor)	Sales (Purchases)	Debtor (Creditor)
	£	£	£	£
Aitch Construction Limited	(200)	-	(704)	-
Aitch Group Holdings Limited	(4,223)	-	-	(3,010)
H Smith Holdings Limited	-	(44,263)	-	27,198
	<u></u>	<u></u>	<u></u>	<u></u>