

**SMITH'S DISTRIBUTION LIMITED**

**ABBREVIATED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST MARCH 2001**

**REGISTERED OFFICE**

**7 HIGH STREET**

**SCOTTER**

**GAINSBOROUGH**

**LINCOLNSHIRE**

**DN21 3TN**

Company registration number 2802221

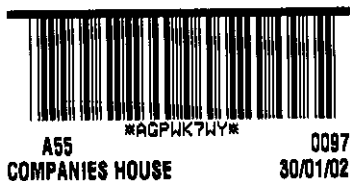
**STEPHENSON SMART & CO.**

**80A OSWALD ROAD**

**SCUNTHORPE**

**NORTH LINCOLNSHIRE**

**DN15 7PA**



**SMITH' DISTRIBUTION LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2001**

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## **SMITH'S DISTRIBUTION LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2001**

#### **DIRECTORS' RESPONSIBILITIES**

Company law requires us as 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 year. In preparing those financial statements we 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

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

The Directors at 31<sup>st</sup> March 2001 and their beneficial interests in the share capital of the Company were as follows: -

|                    |                                                                      |
|--------------------|----------------------------------------------------------------------|
| DIRECTORS:         | D.S. Peace<br>M.N. Smith<br>A.E. Smith                               |
| SECRETARY:         | S.E. Foster                                                          |
| REGISTERED OFFICE: | 7 High Street<br>SCOTTER<br>Gainsborough<br>Lincolnshire<br>DN21 3TN |

#### **REVIEW OF BUSINESS**

The principal business activity continues to be that of road hauliers. The Directors are satisfied with the results for the year and are hopeful that profitable trading conditions will continue in the future.

#### **RESEARCH AND DEVELOPMENT**

The Company has incurred no expenditure on research and development during the year.

**SMITH'S DISTRIBUTION LIMITED****DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31ST MARCH 2001****EVENTS SINCE THE END OF THE YEAR**

There are no events since the end of the year which should be brought to the attention of the Shareholders.

**FIXED ASSETS**

The movement in fixed assets is shown in the notes to the accounts.

**RESULTS AND DIVIDENDS**

The results of the year's trading, the financial position of the Company and the transfer to reserves are shown in the annexed financial statements.

The Company's profit for the year, before taxation, amounted to £39,257, (2000 : £34,165).

The Directors recommend that no dividend be paid.

**DIRECTORS**

The present Directors are as shown on page 1.

The Company's Articles of Association do not require Directors to retire by rotation.

**DIRECTORS' INTERESTS**

The interests of the Directors in the shares of the Company were as follows: -

|            | <u>Ordinary Shares of £1 each</u> |                      |
|------------|-----------------------------------|----------------------|
|            | <u>End of Year</u>                | <u>Start of Year</u> |
| D.S. Peace | 1                                 | 1                    |
| M.N. Smith | 1                                 | 1                    |
| A.E. Smith | -                                 | -                    |

**AUDITORS**

The auditors, Messrs. Stephenson Smart & Co., have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

**BY ORDER OF THE BOARD**


Secretary

29/1/02

## AUDITORS' REPORT TO THE MEMBERS OF SMITH'S DISTRIBUTION LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### 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.

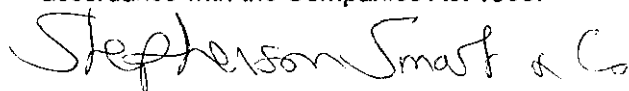
### BASIS OF OPINION

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 31st March 2001, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



STEPHENSON SMART & CO.  
REGISTERED AUDITOR  
80A OSWALD ROAD  
SCUNTHORPE  
NORTH LINCOLNSHIRE  
DN15 7PA

29/1/02

**SMITH'S DISTRIBUTION LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2001**

|                                                      | <u>Note</u> | <u>Continuing Operations</u> |             |
|------------------------------------------------------|-------------|------------------------------|-------------|
|                                                      |             | <u>2001</u>                  | <u>2000</u> |
|                                                      |             | £                            | £           |
| <u>GROSS PROFIT</u>                                  |             | 408,497                      | 320,122     |
| Administrative expenses                              |             | (322,490)                    | (249,406)   |
| <u>OPERATING PROFIT</u>                              | 3           | 86,007                       | 70,716      |
| Profit on ordinary activities before interest        |             | 86,007                       | 70,716      |
| Interest payable and similar charges                 | 5           | (46,750)                     | (36,551)    |
| <u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u> |             | 39,257                       | 34,165      |
| Tax on profit on ordinary activities                 | 6           | (10,047)                     | (6,510)     |
| <u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>  |             | 29,210                       | 27,655      |
| <u>PROFIT FOR THE FINANCIAL YEAR</u>                 |             | 29,210                       | 27,655      |
| Dividends                                            |             | -                            | -           |
| <u>RETAINED PROFIT FOR THE FINANCIAL YEAR</u>        |             | 29,210                       | 27,655      |
| <u>RETAINED PROFITS BROUGHT FORWARD</u>              |             | 287,533                      | 259,878     |
| <u>RETAINED PROFITS CARRIED FORWARD</u>              |             | 316,743                      | 287,533     |
|                                                      |             | =====                        | =====       |

The only recognised gain for the period is the profit for the period of £29,210, (2000 : £27,655).

There were no acquisitions and no discontinued operations in the year.

The annexed notes form part of these financial statements.

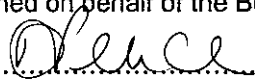
**SMITH'S DISTRIBUTION LIMITED****BALANCE SHEET – 31ST MARCH 2001**

|                                                      | <u>Note</u> | £         | <u>2001</u><br>£ | £         | <u>2000</u><br>£ |
|------------------------------------------------------|-------------|-----------|------------------|-----------|------------------|
| <b><u>FIXED ASSETS</u></b>                           |             |           |                  |           |                  |
| Tangible assets                                      | 7           |           | 808,948          |           | 763,619          |
| <b><u>CURRENT ASSETS</u></b>                         |             |           |                  |           |                  |
| Stocks                                               | 8           | 1,447     |                  | 6,041     |                  |
| Debtors                                              | 9           | 946,428   |                  | 1,000,663 |                  |
| Cash at bank and in hand                             |             | 36        |                  | 84        |                  |
|                                                      |             |           |                  |           |                  |
|                                                      |             | 947,911   |                  | 1,006,788 |                  |
| <b><u>CREDITORS</u></b>                              |             |           |                  |           |                  |
| Amounts falling due within one year                  | 10          | 1,301,503 |                  | 1,378,621 |                  |
| <b><u>NET CURRENT LIABILITIES</u></b>                |             |           |                  |           |                  |
|                                                      |             |           | (353,592)        |           | (371,833)        |
| <b><u>TOTAL ASSETS LESS CURRENT LIABILITIES</u></b>  |             |           |                  |           |                  |
|                                                      |             |           | 455,356          |           | 391,786          |
| <b><u>CREDITORS</u></b>                              |             |           |                  |           |                  |
| Amounts falling due after more than one year         | 11          |           | 114,226          |           | 85,023           |
| <b><u>PROVISIONS FOR LIABILITIES AND CHARGES</u></b> |             |           |                  |           |                  |
|                                                      | 13          |           | 24,384           |           | 19,227           |
| <b><u>NET ASSETS</u></b>                             |             |           |                  |           |                  |
|                                                      |             |           | 316,746          |           | 287,536          |
| <b><u>CAPITAL AND RESERVES</u></b>                   |             |           |                  |           |                  |
| Called up share capital                              | 14          |           | 3                |           | 3                |
| Profit and loss account                              |             |           | 316,743          |           | 287,533          |
| <b><u>SHAREHOLDERS' FUNDS</u></b>                    |             |           |                  |           |                  |
|                                                      | 15          |           | 316,746          |           | 287,536          |

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized Companies.

The financial statements were approved by the Board on ..... 29/01/02 .....

Signed on behalf of the Board of Directors

.....  ..... - Director

The annexed notes form part of these financial statements.

## **SMITH'S DISTRIBUTION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31ST MARCH 2001**

#### **1. ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied within the accounts.

##### **(a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention.

The effect of events relating to the year ended 31st March 2001, which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31<sup>st</sup> March 2001 and of the results for the year ended on that date.

##### **(b) Depreciation**

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

|                        |                                   |
|------------------------|-----------------------------------|
| Freehold land          | - No depreciation provided        |
| Freehold buildings     | - 2% per annum of cost            |
| Haulage vehicles       | - 25% per annum of net book value |
| Trailers and equipment | - 25% per annum of net book value |
| Office equipment       | - 25% per annum of net book value |
| Motor vehicles         | - 25% per annum of net book value |

##### **(c) Stocks**

Stocks have been valued at the lower of cost and net realisable value.

##### **(d) Deferred taxation**

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

##### **(e) Leasing**

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**SMITH'S DISTRIBUTION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2001****1. ACCOUNTING POLICIES – (CONTINUED)****(f) Pension costs**

The Company operates a defined contribution pension scheme. Contributions paid are charged to the profit and loss account.

**(g) Cash flow statement**

The Company has adopted the Financial Reporting Standard No. 1 and under the exemptions available has not prepared a cash flow statement on the grounds that it is a small Company.

**2. TURNOVER**

The Company's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year.

**3. OPERATING PROFIT**

Operating profit is stated after charging: -

|                                                                              | <u>2001</u><br>£ | <u>2000</u><br>£ |
|------------------------------------------------------------------------------|------------------|------------------|
| Directors' fees                                                              | -                | -                |
| Directors' emoluments                                                        | 43,900           | 35,649           |
| Company contributions to money purchase pension schemes                      | 7,334            | 8,003            |
|                                                                              | <hr/>            | <hr/>            |
| Total Directors' emoluments                                                  | 51,234           | 43,652           |
| Auditors' remuneration and expenses                                          | 3,850            | 3,700            |
| Depreciation of owned assets                                                 | 56,300           | 56,701           |
| Depreciation of assets held under finance leases and hire purchase contracts | 49,163           | 49,696           |
| Loss on sale of tangible fixed assets                                        | -                | 3,626            |
| Hire of plant and machinery – Operating leases                               | 22,448           | 33,127           |
|                                                                              | =====            | =====            |
| and after crediting: -                                                       |                  |                  |
| Profit on sale of tangible fixed assets                                      | 2,463            | -                |
|                                                                              | =====            | =====            |

One Director, (2000 : one) was accruing benefits under a money purchase pension scheme.

**SMITH'S DISTRIBUTION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2001****4. STAFF COSTS**

The average number of persons employed by the Company, including Directors, during the year was 29, (2000 : 30).

The aggregate payroll costs of these persons were as follows: -

|                     | <u>2001</u><br>£    | <u>2000</u><br>£    |
|---------------------|---------------------|---------------------|
| Wages and salaries  | 523,275             | 521,800             |
| Social security     | 47,898              | 45,407              |
| Other pension costs | 7,334               | 8,003               |
|                     | <hr/> 578,507 <hr/> | <hr/> 575,210 <hr/> |

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

|                                                                                             | <u>2001</u><br>£   | <u>2000</u><br>£   |
|---------------------------------------------------------------------------------------------|--------------------|--------------------|
| Interest payable - Bank loans and overdrafts<br>and other loans repayable within five years | 34,357             | 22,271             |
| Finance charges payable – Finance leases and hire<br>purchase contracts                     | 12,393             | 14,280             |
|                                                                                             | <hr/> 46,750 <hr/> | <hr/> 36,551 <hr/> |

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

|                                     | <u>2001</u><br>£   | <u>2000</u><br>£  |
|-------------------------------------|--------------------|-------------------|
| Current year:                       |                    |                   |
| Corporation tax at % (2000 : 20%)   | 4,890              | 5,588             |
| Deferred taxation at % (2000 : 20%) | 5,157              | 922               |
|                                     | <hr/> 10,047 <hr/> | <hr/> 6,510 <hr/> |

**SMITH'S DISTRIBUTION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2001****7. TANGIBLE ASSETS**

|                         | <u>Freehold<br/>Land</u><br>£ | <u>Haulage<br/>Vehicles</u><br>£ | <u>Trailers<br/>and<br/>Equipment</u><br>£ | <u>Office<br/>Equipment</u><br>£ | <u>Motor<br/>Cars</u><br>£ | <u>Total</u><br>£ |
|-------------------------|-------------------------------|----------------------------------|--------------------------------------------|----------------------------------|----------------------------|-------------------|
| <u>Cost</u>             |                               |                                  |                                            |                                  |                            |                   |
| At 1st April 2000       | 374,061                       | 616,125                          | 217,062                                    | 37,815                           | 69,750                     | 1,314,813         |
| Additions               | 10,360                        | 149,019                          | 2,050                                      | -                                | 400                        | 161,829           |
| Disposals               | -                             | (13,150)                         | -                                          | -                                | -                          | (13,150)          |
| At 31st March 2001      | 384,421                       | 751,994                          | 219,112                                    | 37,815                           | 70,150                     | 1,463,492         |
| <u>Depreciation</u>     |                               |                                  |                                            |                                  |                            |                   |
| At 1st April 2000       | -                             | 373,295                          | 120,560                                    | 13,290                           | 44,049                     | 551,194           |
| Charge for the year     | 850                           | 67,665                           | 24,284                                     | 6,139                            | 6,525                      | 105,463           |
| Eliminated on disposals | -                             | (2,113)                          | -                                          | -                                | -                          | (2,113)           |
| At 31st March 2001      | 850                           | 438,847                          | 144,844                                    | 19,429                           | 50,574                     | 654,544           |
| <u>NET BOOK VALUE</u>   |                               |                                  |                                            |                                  |                            |                   |
| At 31st March 2000      | 374,061                       | 242,830                          | 96,502                                     | 24,525                           | 25,701                     | 763,619           |
| At 31st March 2001      | 383,571                       | 313,147                          | 74,268                                     | 18,386                           | 19,576                     | 808,948           |

Included in the total net book value of tangible fixed assets held at 31st March 2001 was £257,930, (2000 : £221,902), in respect of assets held under finance leases and hire purchase contracts.

**SMITH'S DISTRIBUTION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2001****8. STOCKS**

|             | <u>2001</u><br>£ | <u>2000</u><br>£ |
|-------------|------------------|------------------|
| Consumables | 1,447<br>=====   | 6,041<br>=====   |

**9. DEBTORS – ALL RECEIVABLE WITHIN ONE YEAR**

|                                | <u>2001</u><br>£       | <u>2000</u><br>£         |
|--------------------------------|------------------------|--------------------------|
| Trade debtors                  | 920,404                | 981,178                  |
| Other debtors                  | 3                      | 3                        |
| Prepayments and accrued income | 26,021                 | 19,482                   |
|                                | <hr/> 946,428<br>===== | <hr/> 1,000,663<br>===== |

**10. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                                              | <u>2001</u><br>£         | <u>2000</u><br>£         |
|--------------------------------------------------------------|--------------------------|--------------------------|
| Bank loans and overdrafts                                    | 443,802                  | 425,677                  |
| Trade creditors                                              | 635,305                  | 741,124                  |
| Other creditors                                              | 46,768                   | 36,070                   |
| Corporation tax                                              | 4,890                    | 5,588                    |
| Other tax and social security                                | 66,070                   | 84,554                   |
| Obligations under finance leases and hire purchase contracts | 98,943                   | 81,008                   |
| Accruals and deferred income                                 | 5,725                    | 4,600                    |
|                                                              | <hr/> 1,301,503<br>===== | <hr/> 1,378,621<br>===== |

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the Company.

**11. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                                                              | <u>2001</u><br>£ | <u>2000</u><br>£ |
|--------------------------------------------------------------|------------------|------------------|
| Obligations under finance leases and hire purchase contracts | 114,226<br>===== | 85,023<br>=====  |

**SMITH'S DISTRIBUTION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2001****12. BORROWINGS**Analysis of Maturity of Debt

|                                                               | <u>2001</u><br>£ | <u>2000</u><br>£ |
|---------------------------------------------------------------|------------------|------------------|
| Bank loans and overdraft:                                     |                  |                  |
| Within one year or on demand                                  | 443,802<br>===== | 425,677<br>===== |
| Obligations under finance leases and hire purchase contracts: |                  |                  |
| Within one year or on demand                                  | 98,943           | 81,008           |
| Between one and two years                                     | 76,125           | 46,499           |
| Between two and five years                                    | 38,101<br>=====  | 38,524<br>=====  |

**13 PROVISIONS FOR LIABILITIES AND CHARGES**

|                            | <u>Deferred<br/>Taxation</u><br>£ |
|----------------------------|-----------------------------------|
| Balance at 1st April 2000  | 19,227                            |
| Charge for the year        | 5,157                             |
| Balance at 31st March 2001 | 24,384<br>=====                   |

The amount provided and the potential liability for deferred taxation is as follows:

|                                                                              | <u>Provided</u><br>£ | <u>2001<br/>Potential</u><br>£ | <u>Provided</u><br>£ | <u>2000<br/>Potential</u><br>£ |
|------------------------------------------------------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|
| The accumulated excess of capital allowances over corresponding depreciation | 24,384<br>=====      | 24,384<br>=====                | 19,227<br>=====      | 19,227<br>=====                |

**14 SHARE CAPITAL**

|                            | <u>Authorised</u><br>£ | <u>Allotted<br/>Called up<br/>and Fully Paid</u><br>£ |
|----------------------------|------------------------|-------------------------------------------------------|
| Ordinary Shares of £1 each | 1,000<br>=====         | 3<br>=====                                            |

There have been no changes during the year

**SMITH'S DISTRIBUTION LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2001****15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|                                           | <u>2001</u><br>£        | <u>2000</u><br>£        |
|-------------------------------------------|-------------------------|-------------------------|
| Profit for the financial year             | 29,210                  | 27,655                  |
| Net addition to Shareholders' funds       | 29,210                  | 27,655                  |
| Opening Shareholder's funds               | 287,536                 | 259,881                 |
| <b><u>CLOSING SHAREHOLDERS' FUNDS</u></b> | <u>316,746</u><br>===== | <u>287,536</u><br>===== |

**16. PENSION COSTS**

The Company operates a defined contribution pension scheme. Contributions paid are charged to the profit and loss account. The charge for the year was £7,334, (2000 : £8,003).

**17. RELATED PARTIES**

The Company was controlled by two of its Directors, Mrs. D.S. Peace and Mr. M.N. Smith, by virtue of the fact that they own 2/3 of the Company's ordinary issued share capital.