

SMITH'S DISTRIBUTION LIMITED

ABBREVIATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2002

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 2002

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SMITH'S DISTRIBUTION LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2002****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: D.S. Peace
M.N. Smith
A.E. Smith

SECRETARY: S.E. Foster

REGISTERED OFFICE: 7 High Street
SCOTTER
Gainsborough
Lincolnshire
DN21 3TN

ACTIVITIES

The principal activity continues to be that of road hauliers.

REVIEW OF BUSINESS

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 2002****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 £53,884, (2001 : £39,257).

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: -

Beneficial holding:	<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

.....*stosn*.....

Secretary

27/1/03

AUDITORS' REPORT TO SMITH'S DISTRIBUTION LIMITED**UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of the Company for the year ended 31st March 2002 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

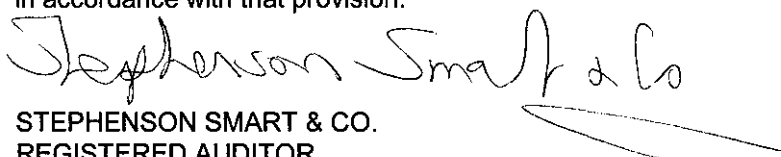
The Directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an opinion as to whether the Company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the Company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the Company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 14 are properly prepared in accordance with that provision.



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

27/1/03

SMITH'S DISTRIBUTION LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002**

	<u>Note</u>	<u>Continuing Operations</u> <u>2002</u> £	<u>2001</u> £
<u>GROSS PROFIT</u>		404,397	408,497
Administrative expenses		(302,307)	(322,490)
<u>OPERATING PROFIT</u>	3	102,090	86,007
Profit on ordinary activities before interest		102,090	86,007
Interest payable and similar charges	5	(48,206)	(46,750)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		53,884	39,257
Tax on profit on ordinary activities	6	(14,294)	(10,047)
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		39,590	29,210
<u>PROFIT FOR THE FINANCIAL YEAR</u>		39,590	29,210
Dividends		-	-
<u>RETAINED PROFIT FOR THE FINANCIAL YEAR</u>		39,590	29,210
<u>RETAINED PROFITS BROUGHT FORWARD</u>		316,743	287,533
<u>RETAINED PROFITS CARRIED FORWARD</u>		356,333	316,743
		=====	=====

The only recognised gain for the period is the profit for the period of £39,590, (2001 : £29,210).

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

The annexed notes form part of these financial statements.

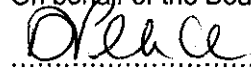
SMITH'S DISTRIBUTION LIMITED**BALANCE SHEET – 31ST MARCH 2002**

	<u>Note</u>	£	<u>2002</u> £	£	<u>2001</u> £
<u>FIXED ASSETS</u>					
Tangible assets	7		878,989		808,948
<u>CURRENT ASSETS</u>					
Stocks	8	10,766		1,447	
Debtors	9	1,079,373		946,428	
Cash at bank and in hand		37		36	
		1,090,176		947,911	
<u>CREDITORS</u>					
Amounts falling due within one year	10	1,481,645		1,301,503	
<u>NET CURRENT LIABILITIES</u>					
			(391,469)		(353,592)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>					
			487,520		455,356
<u>CREDITORS</u>					
Amounts falling due after more than one year	11		103,764		114,226
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>					
	13		27,420		24,384
<u>NET ASSETS</u>					
			356,336		316,746
<u>CAPITAL AND RESERVES</u>					
Called up share capital	14		3		3
Profit and loss account			356,333		316,743
<u>SHAREHOLDERS' FUNDS</u>					
	15		356,336		316,746

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

These financial statements were approved by the Board on 27/01/03

On behalf of the Board,

 DIRECTOR

The annexed notes form part of these financial statements.

SMITH'S DISTRIBUTION LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2002**

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £
Net cash inflow from operating activities	18	172,888	182,494
Returns on investments and servicing of finance	19	(48,206)	(46,750)
Taxation		(4,890)	(5,588)
Capital expenditure	19	(203,252)	(148,329)
(Decrease)/increase in cash		<u>(83,460)</u> =====	<u>(18,173)</u> =====
Reconciliation of net cash flow to movement in net debt	20		
(Decrease)/increase in cash in the period		<u>(83,460)</u>	<u>(18,173)</u>
Change in net debt		<u>(83,460)</u>	<u>(18,173)</u>
Net debt at 31 st March 2001		<u>(443,766)</u>	<u>(425,593)</u>
Net debt at 31 st March 2002		<u>(527,226)</u> =====	<u>(443,766)</u> =====

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31ST MARCH 2002****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 2002, 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 31st March 2002 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.

(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.

(f) Pension costs

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

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2002****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>2002</u> £	<u>2001</u> £
Directors' fees	-	-
Directors' emoluments	44,165	43,900
Company contributions to money purchase pension schemes	8,666	7,334
Total Directors' emoluments	52,831	51,234
Auditors' remuneration and expenses	4,000	3,850
Depreciation of owned assets	47,786	56,300
Depreciation of assets held under finance leases and hire purchase contracts	81,156	49,163
Loss on sale of tangible fixed assets	4,269	-
Hire of plant and machinery – Operating leases	24,494	22,448
	=====	=====
and after crediting: -		
Profit on sale of tangible fixed assets	-	2,463
	=====	=====

One Director, (2001 : one) was accruing benefits under a money purchase pension scheme.

4. STAFF COSTS

The average number of persons employed by the Company, including Directors, during the year was 29, (2001 : 29).

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

	<u>2002</u> £	<u>2001</u> £
Wages and salaries	571,711	523,275
Social security	49,767	47,898
Other pension costs	8,666	7,334
	630,144	578,507
	=====	=====

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2002****5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>2002</u> £	<u>2001</u> £
Interest payable - Bank loans and overdrafts and other loans repayable within five years	31,217	34,357
Finance charges payable – Finance leases and hire purchase contracts	16,989	12,393
	<u>48,206</u> =====	<u>46,750</u> =====

6. TAX ON PROFIT ON ORDINARY ACTIVITIES**(a) Analysis of charge in period**

	<u>2002</u> £	<u>2001</u> £
Current tax:		
UK Corporation tax on profits of the period	11,258	4,890
Total current tax [note 6(b)]	<u>11,258</u>	<u>4,890</u>
Deferred tax:		
Origination and reversal of timing differences	3,036	5,157
Total deferred tax (note 13)	<u>3,036</u>	<u>5,157</u>
Tax on profit on ordinary activities	<u>14,294</u> =====	<u>10,047</u> =====

(b) Factors affecting tax charge for period

The tax assessment for the period is higher than the standard rate of corporation tax in the UK 20%, (2001 : lower).

The differences are explained below:

	<u>2002</u> £	<u>2001</u> £
Profit on ordinary activities before tax	53,884	39,257
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%, (2001 : 20%)	<u>10,777</u>	<u>7,851</u>
Effects of:		
Expenses not deductible for tax purposes	3,517	2,196
Capital allowances for period in excess of depreciation	(3,036)	(5,157)
Current tax charge for period [note 6(a)]	<u>11,258</u> =====	<u>4,890</u> =====

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2002****7. TANGIBLE ASSETS**

	<u>Freehold Land and Buildings</u> £	<u>Haulage Vehicles</u> £	<u>Trailers and Equipment</u> £	<u>Office Equipment</u> £	<u>Motor Cars</u> £	<u>Total</u> £
<u>Cost</u>						
At 1st April 2001	384,421	751,994	219,112	37,815	70,150	1,463,492
Additions	27,215	131,000	54,984	604	9,924	223,727
Disposals	-	(90,969)	-	-	(7,281)	(98,250)
At 31st March 2002	411,636	792,025	274,096	38,419	72,793	1,588,969
<u>Depreciation</u>						
At 1st April 2001	850	438,847	144,844	19,429	50,574	654,544
Charge for the year	926	89,508	27,114	4,628	6,766	128,942
Eliminated on disposals	-	(69,529)	-	-	(3,977)	(73,506)
At 31st March 2002	1,776	458,826	171,958	24,057	53,363	709,980
<u>NET BOOK VALUE</u>						
At 31st March 2001	383,571	313,147	74,268	18,386	19,576	808,948
At 31st March 2002	409,860	333,199	102,138	14,362	19,430	878,989

The cost of depreciable assets included in land and buildings at 31st March 2002 was £42,763, (2001 : £42,763).

Included in the total net book value of tangible fixed assets held at 31st March 2002 was £330,327, (2001 : £257,930) 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 2002****8. STOCKS**

	<u>2002</u> £	<u>2001</u> £
Consumables	10,766 =====	1,447 =====

9. DEBTORS – ALL RECEIVABLE WITHIN ONE YEAR

	<u>2002</u> £	<u>2001</u> £
Trade debtors	1,048,188	920,404
Other debtors	3	3
Prepayments and accrued income	31,182	26,021
	1,079,373 =====	946,428 =====

10. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2002</u> £	<u>2001</u> £
Bank loans and overdrafts	527,263	443,802
Trade creditors	686,342	635,305
Other creditors	58,072	46,768
Corporation tax	11,258	4,890
Other tax and social security	58,847	66,070
Obligations under finance leases and hire purchase contracts	135,863	98,943
Accruals and deferred income	4,000	5,725
	1,481,645 =====	1,301,503 =====

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>2002</u> £	<u>2001</u> £
Obligations under finance leases and hire purchase contracts	103,764 =====	114,226 =====

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2002****12. BORROWINGS**Analysis of Maturity of Debt

	<u>2002</u> £	<u>2001</u> £
Bank loans and overdraft:		
Within one year or on demand	527,263 =====	443,802 =====
Obligations under finance leases and hire purchase contracts:		
Within one year or on demand	135,863	98,943
Between one and two years	85,312	76,125
Between two and five years	18,452 =====	38,101 =====

13 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred Taxation</u> £
Balance at 1st April 2001	24,384
Charge for the year	3,036
Balance at 31st March 2002	27,420 =====
Deferred tax:	
	<u>2002</u> £
Accelerated capital allowances	27,420 =====

14 SHARE CAPITAL

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

There have been no changes during the year

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2002****15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2002</u> £	<u>2001</u> £
Profit for the financial year	39,590	29,210
Net addition to Shareholders' funds	39,590	29,210
Opening Shareholder's funds	316,746	287,536
<u>CLOSING SHAREHOLDERS' FUNDS</u>	356,336 =====	316,746 =====

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 £8,666, (2001 : £7,334).

17. CONTROL RELATIONSHIPS

The Company was controlled throughout the current and previous year by two of its Directors, Mr. M.N. Smith and Mrs. D.S. Peace (brother and sister) by virtue of the fact that between them they own 2/3 of the Company's ordinary issued share capital.

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>2002</u> £	<u>2001</u> £
Operating profit	102,090	86,007
Depreciation charges	128,942	105,463
Loss/(Profit) on sale of tangible fixed assets	4,269	(2,463)
(Increase)/decrease in stocks	(9,319)	4,594
(Increase)/decrease in debtors	(132,945)	54,235
Increase/(decrease) in creditors	79,851	(65,342)
Net cash inflow from operating activities	172,888 =====	182,494 =====

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2002****19. GROSS CASH FLOWS**

	£	£
Returns on investments and servicing of finance		
Interest received	-	-
Interest paid	(48,206)	(46,750)
	<u>(48,206)</u>	<u>(46,750)</u>
	=====	=====
Capital expenditure		
Payments to acquire tangible fixed assets	(223,727)	(161,829)
Receipts from sales of tangible fixed assets	20,475	13,500
	<u>(203,252)</u>	<u>(148,329)</u>
	=====	=====

20. ANALYSIS OF CHANGES IN NET DEBT

	<u>At 1st April</u> <u>2001</u> £	<u>Cash Flows</u> £	<u>At 31st March</u> <u>2002</u> £
Cash in hand, at bank	36	1	37
Overdrafts and loans	(443,802)	(83,461)	(527,263)
	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>(443,766)</u>	<u>(83,460)</u>	<u>(527,226)</u>
	=====	=====	=====