

SMITH'S DISTRIBUTION LIMITED

ABBREVIATED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2003

REGISTERED OFFICE

BLYTON GRANGE

LAUGHTON ROAD

BLYTON

GAINSBOROUGH

LINCOLNSHIRE

DN21 3LQ

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 2003

<u>CONTENTS</u>	<u>PAGE</u>
Directors' report	1 – 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the Accounts	7 - 14

SMITH'S DISTRIBUTION LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003****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: Blyton Grange,
 Laughton Road,
 BLYTON,
 Gainsborough
 Lincolnshire
 DN21 3LQ

ACTIVITIES

The principal activity continues to be that of road hauliers.

REVIEW OF BUSINESS

The Directors are disappointed with the results for the year but are hopeful that profitable trading conditions will resume 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 2003****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 from reserves are shown in the annexed financial statements.

The Company's profit for the year, before taxation, amounted to £1,823, (2002 : Profit £53,884).

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.

ON BEHALF OF THE BOARD


.....

DIRECTOR

26/1/04

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 2003 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

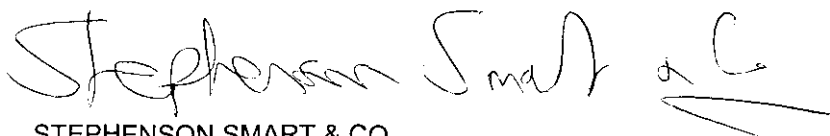
The Directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an opinion as to whether the Company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the 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 AUDITORS
80A OSWALD ROAD
SCUNTHORPE
NORTH LINCOLNSHIRE
DN15 7PA

26/1/04

SMITH'S DISTRIBUTION LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003**

	<u>Note</u>	<u>Continuing Operations</u>	
		<u>2003</u>	<u>2002</u>
		<u>£</u>	<u>£</u>
<u>GROSS PROFIT</u>		385,605	404,397
Administrative expenses		(327,373)	(302,307)
<u>OPERATING PROFIT</u>	3	58,232	102,090
Profit on ordinary activities before interest		58,232	102,090
Interest payable and similar charges	5	(56,409)	(48,206)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		1,823	53,884
Tax on profit on ordinary activities	6	(2,270)	(14,294)
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		(447)	39,590
<u>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</u>		(447)	39,590
Dividends		-	-
<u>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR</u>		(447)	39,590
<u>RETAINED PROFITS BROUGHT FORWARD</u>		356,333	316,743
<u>RETAINED PROFITS CARRIED FORWARD</u>		355,886	356,333
		=====	=====

The only recognised loss for the period is the loss for the period of £447, (2002 : Profit £39,590).

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 2003**

	<u>Note</u>	£	<u>2003</u> £	£	<u>2002</u> £
<u>FIXED ASSETS</u>					
Tangible assets	7		1,194,705		878,989
<u>CURRENT ASSETS</u>					
Stocks	8	8,398		10,766	
Debtors	9	1,172,330		1,079,373	
Cash at bank and in hand		25		37	
		1,180,753		1,090,176	
<u>CREDITORS</u>					
Amounts falling due within one year	10	1,838,521		1,481,645	
<u>NET CURRENT LIABILITIES</u>					
			(657,768)		(391,469)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>					
			536,937		487,520
<u>CREDITORS</u>					
Amounts falling due after more than one year	11		142,475		103,764
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>					
	13		38,573		27,420
<u>NET ASSETS</u>					
			355,889		356,336
<u>CAPITAL AND RESERVES</u>					
Called up share capital	14		3		3
Profit and loss account			355,886		356,333
<u>SHAREHOLDERS' FUNDS</u>					
	15		355,889		356,336

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 26/1/04

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 2003**

	<u>Note</u>	<u>2003</u> £	<u>2002</u> £
Net cash inflow from operating activities	18	365,548	172,888
Returns on investments and servicing of finance	19	(56,409)	(48,206)
Taxation		(11,258)	(4,890)
Capital expenditure	19	(466,721)	(203,252)
Increase/(decrease) in cash		<u>(168,840)</u> =====	<u>(83,460)</u> =====

Reconciliation of net cash flow to movement in net debt	20		
Increase/(decrease) in cash in the period		<u>(168,840)</u>	<u>(83,460)</u>
Change in net debt		(168,840)	(83,460)
Net debt at 31 st March 2002		<u>(527,226)</u>	<u>(443,766)</u>
Net debt at 31 st March 2003		<u>(696,066)</u> =====	<u>(527,226)</u> =====

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31ST MARCH 2003****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.

(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 2003****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>2003</u> £	<u>2002</u> £
Directors' fees	-	-
Directors' emoluments	44,165	44,165
Company contributions to money purchase pension schemes	6,668	8,666
Total Directors' emoluments	50,833	52,831
Auditors' remuneration and expenses	4,150	4,000
Depreciation of owned assets	60,897	47,786
Depreciation of assets held under finance leases and hire purchase contracts	91,427	81,156
Loss on sale of tangible fixed assets	-	4,269
Hire of plant and machinery – Operating leases	47,584	24,494
	=====	=====
and after crediting: -		
Profit on sale of tangible fixed assets	1,319	-
	=====	=====

One Director, (2002 : 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 31, (2002 : 29).

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

	<u>2003</u> £	<u>2002</u> £
Wages and salaries	599,289	571,711
Social security	52,372	49,767
Other pension costs	6,668	8,666
	658,329	630,144
	=====	=====

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2003****5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>2003</u> £	<u>2002</u> £
Interest payable - Bank loans and overdrafts and other loans repayable within five years	34,501	31,217
Finance charges payable – Finance leases and hire purchase contracts	21,908	16,989
	<u>56,409</u> =====	<u>48,206</u> =====

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

	<u>2003</u> £	<u>2002</u> £
Current tax:		
UK Corporation tax on profits of the period	(8,883)	11,258
Total current tax [note 6(b)]	<u>(8,883)</u> =====	<u>11,258</u> =====
Deferred tax:		
Origination and reversal of timing differences	11,153	3,036
Total deferred tax (note 13)	<u>11,153</u> =====	<u>3,036</u> =====
Tax on profit on ordinary activities	<u>2,270</u> =====	<u>14,294</u> =====

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK 19%, (2002 : lower).

The differences are explained below:

	<u>2003</u> £	<u>2002</u> £
Profit on ordinary activities before tax	1,823	53,884
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%, (2002 : 20%)	346	10,777

Effects of:

Expenses not deductible for tax purposes	1,924	3,517
Capital allowances for period in excess of depreciation	(11,153)	(3,036)
Current tax charge for period [note 6(a)]	<u>(8,883)</u> =====	<u>11,258</u> =====

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2003****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 2002	411,636	792,025	274,096	38,419	72,793	1,588,969
Adjustment	-	(3,982)	-	-	-	(3,982)
Additions	168,821	242,304	59,029	1,767	-	471,921
Disposals	-	(49,692)	(355)	-	-	(50,047)
At 31st March 2003	580,457	980,655	332,770	40,186	72,793	2,006,861
<u>Depreciation</u>						
At 1st April 2002	1,776	458,826	171,958	24,057	53,363	709,980
Adjustment	-	(3,982)	-	-	-	(3,982)
Charge for the year	4,959	102,850	35,726	3,929	4,860	152,324
Eliminated on disposals	-	(45,824)	(342)	-	-	(46,166)
At 31st March 2003	6,735	511,870	207,342	27,986	58,223	812,156
<u>NET BOOK VALUE</u>						
At 31st March 2002	409,860	333,199	102,138	14,362	19,430	878,989
At 31st March 2003	573,722	468,785	125,428	12,200	14,570	1,194,705

The cost of depreciable assets included in land and buildings at 31st March 2003 was £248,149, (2002 : £42,763).

Included in the total net book value of tangible fixed assets held at 31st March 2003 was £452,941, (2002 : £330,327) 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 2003****8. STOCKS**

	<u>2003</u> £	<u>2002</u> £
Consumables	8,398	10,766
	=====	=====

9. DEBTORS – ALL RECEIVABLE WITHIN ONE YEAR

	<u>2003</u> £	<u>2002</u> £
Trade debtors	1,137,264	1,048,188
Other debtors	8,886	3
Prepayments and accrued income	26,180	31,182
	-----	-----
	1,172,330	1,079,373
	=====	=====

10. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2003</u> £	<u>2002</u> £
Bank loans and overdrafts	696,091	527,263
Trade creditors	798,818	686,342
Other creditors	46,216	58,072
Corporation tax	-	11,258
Other tax and social security	76,573	58,847
Obligations under finance leases and hire purchase contracts	213,363	135,863
Accruals and deferred income	7,460	4,000
	-----	-----
	1,838,521	1,481,645
	=====	=====

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>2003</u> £	<u>2002</u> £
Obligations under finance leases and hire purchase contracts	142,475	103,764
	=====	=====

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2003****12. BORROWINGS****Analysis of Maturity of Debt**

	<u>2003</u> £	<u>2002</u> £
Bank loans and overdraft:		
Within one year or on demand	696,091 =====	527,263 =====
Obligations under finance leases and hire purchase contracts:		
Within one year or on demand	213,363	135,863
Between one and two years	109,477	85,312
Between two and five years	32,998 =====	18,452 =====

13 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred Taxation</u> £
Balance at 1st April 2002	27,420
Charge for the year	11,153
Balance at 31st March 2003	38,573 =====
Deferred tax:	
	<u>2003</u> £
Accelerated capital allowances	38,573 =====
	<u>2002</u> £
	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 2003****15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2003</u> £	<u>2002</u> £
(Loss)/profit for the financial year	(447)	39,590
Net (reduction in)/addition to Shareholders' funds	(447)	39,590
Opening Shareholder's funds	356,336	316,746
<u>CLOSING SHAREHOLDERS' FUNDS</u>	<u>355,889</u> =====	<u>356,336</u> =====

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 £6,668, (2002 : £8,666).

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>2003</u> £	<u>2002</u> £
Operating profit	58,232	102,090
Depreciation charges	152,324	128,942
Loss/(Profit) on sale of tangible fixed assets	(1,319)	4,269
Decrease/(increase) in stocks	2,368	(9,319)
(Increase)/decrease in debtors	(84,074)	(132,945)
Increase/(decrease) in creditors	238,017	79,851
Net cash inflow from operating activities	<u>365,548</u> =====	<u>172,888</u> =====

SMITH'S DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) – YEAR ENDED 31ST MARCH 2003****19. GROSS CASH FLOWS**

	£	£
Returns on investments and servicing of finance		
Interest received	-	-
Interest paid	(56,409)	(48,206)
	<u>(56,409)</u>	<u>(48,206)</u>
	=====	=====
Capital expenditure		
Payments to acquire tangible fixed assets	(471,921)	(223,727)
Receipts from sales of tangible fixed assets	5,200	20,475
	<u>(466,721)</u>	<u>(203,252)</u>
	=====	=====

20. ANALYSIS OF CHANGES IN NET DEBT

	<u>At 1st April</u> <u>2002</u> £	<u>Cash Flows</u> £	<u>At 31st March</u> <u>2003</u> £
Cash in hand, at bank	37	(12)	25
Overdrafts and loans	(527,263)	(168,828)	(696,091)
	<u>(527,226)</u>	<u>(168,840)</u>	<u>(696,066)</u>
	=====	=====	=====
TOTAL	(527,226)	(168,840)	(696,066)