

Skemtech Ltd

**Directors' report and financial
statements**

Registered number 3353521

31 December 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company in the year under review was that of property developers and managers.

Business review

The results for the year and financial position of the company are as shown in the annexed financial statements.

Dividends

No dividends will be distributed for the year ended 31 December 2002 (2001: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

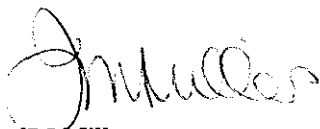
JF Carter
ME Collier

The directors who held office during the year did not hold any beneficial interest in the issued share capital of the company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



JM Miller
Secretary

Sceptre House
Sceptre Way
Bamber Bridge
PRESTON
PR5 6AW

25 June 2003

Statement of directors' responsibilities

Company law requires the 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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Preston PR2 2YF
United Kingdom

Independent auditor's report to the members of Skemtech Ltd

We have audited the financial statements on pages 4 to 9.

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 directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 directors' 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 directors' remuneration and transactions with the company is not disclosed.

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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

KPMG LLP

4 June 2003

Profit and loss account
for the year ended 31 December 2002

	Note	2002 £	2001 £
Turnover		-	-
Administrative expenses		(7,609)	(38,442)
Other operating income		143,735	128,936
Operating profit		<u>136,126</u>	<u>90,494</u>
Interest receivable and similar income	2	833	6,000
Interest payable and similar charges		-	(72)
Profit on ordinary activities before taxation		<u>136,959</u>	<u>96,422</u>
Tax on ordinary activities	3	(12,628)	(32,838)
Profit for the financial year after taxation		<u>124,331</u>	<u>63,584</u>
Retained profit brought forward		211,824	148,240
Retained profit carried forward		<u><u>336,155</u></u>	<u><u>211,824</u></u>

Statement of total recognised gains and losses
for the year ended 31 December 2002

	2002 £	2001 £
Profit for the financial year	124,331	63,584
Surplus on revaluation of fixed assets	65,000	50,000
Total recognised gains and losses relating to the year	<u><u>189,331</u></u>	<u><u>113,584</u></u>

Balance sheet
at 31 December 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	4	1,065,000	1,000,000
Current assets			
Debtors	5	69,895	91,103
Cash at bank		170,156	30,489
		<u>240,051</u>	<u>121,592</u>
Creditors: amounts falling due within one year	6	<u>(76,571)</u>	<u>(85,898)</u>
Net current assets		163,480	35,694
Total assets less current liabilities		<u>1,228,480</u>	<u>1,035,694</u>
Creditors: amounts falling due after more than one year	7	(490,128)	(490,128)
Provisions for liabilities and charges	8	(34,867)	(31,412)
Net assets		<u>703,485</u>	<u>514,154</u>
Capital and reserves			
Called up share capital	9	100	100
Revaluation reserve	10	367,230	302,230
Profit and loss account	10	336,155	211,824
Shareholders' funds		<u>703,485</u>	<u>514,154</u>

These financial statements were approved by the board of directors on 2 June 2003 and were signed on its behalf by:

Director

James Skemtech

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000) and under the historical cost accounting rules modified to include the revaluation of land and buildings.

Under the Financial Reporting Standard for Smaller Entities the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Tangible fixed assets

No depreciation has been provided in respect of freehold properties due to the long economic lives of investment properties and the high estimated residual values meaning the depreciation charge is immaterial. The directors consider that this accounting policy results in the accounts showing a true and fair view.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2002 £	2001 £
Auditors' remuneration	1,750	500

No directors received any remuneration from the company during the year.

Notes (continued)

3 Taxation

The tax charge on the profit on ordinary activities for the year was as follows:

	2002 £	2001 £
UK corporation tax at 30% (2001: 30%)	3,849	19,556
Under/(over) provision in prior year	5,324	(1,545)
Deferred tax charge	3,455	14,827
	<u>12,628</u>	<u>32,838</u>

Factors affecting the tax charge for the current year

	2002 £
Profit on ordinary activities before taxation	136,959
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	41,088
Expenses not deductible for tax purposes	2,339
Difference between capital allowances and depreciation	(3,455)
Group relief	(33,972)
Marginal rate relief	(2,151)
Prior period charge	5,324
Corporation tax charge for the year	<u>9,173</u>

4 Tangible fixed assets

	Freehold Property £
<i>Cost</i>	
At beginning of year	1,000,000
Surplus on revaluation	65,000
At end of year	<u>1,065,000</u>
<i>Net book value</i>	
At 31 December 2002	<u>1,065,000</u>
At 31 December 2001	<u>1,000,000</u>

Freehold properties are held at valuation. All such assets were valued at 31 December 2002 on the basis of existing use value by GVA Grimley, Chartered Surveyors. The net book value of freehold properties on a historical cost basis is £697,770.

Notes (continued)

5 Debtors

	2002 £	2001 £
Trade debtors	15,920	32,788
Other debtors	53,975	58,315
	<u>69,895</u>	<u>91,103</u>

6 Creditors: amounts falling due within one year

	2002 £	2001 £
Corporation tax	3,849	19,556
Amounts due to parent company	24,880	-
Amounts due to subsidiary company	11,197	-
Other creditors	15,835	28,393
Accruals	20,810	37,949
	<u>76,571</u>	<u>85,898</u>

7 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Debenture loans	490,128	490,128

No date for the redemption of the debentures has been set.

8 Provisions for liabilities and charges

The amounts provided for deferred taxation are set out below and relate to the timing differences between depreciation and capital allowances:

	2002 £	2001 £
Deferred taxation	34,867	31,412

9 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
Ordinary shares of 10p each	100	100
<i>Allotted, called up and full paid</i>		
Ordinary shares of 10p each	100	100

Notes *(continued)*

10 Reserves

	Profit and loss account £	Revaluation reserve £	Total £
Balance at 1 January 2002	211,824	302,230	514,054
Profit for the year	124,331	-	124,331
Surplus on revaluation	-	65,000	65,000
	<u>336,155</u>	<u>367,230</u>	<u>703,385</u>