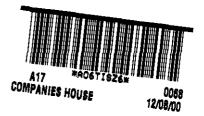
SMITH BAXTER LIMITED ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 2000



CONTENTS

	Page
Auditors' report	1
·	
Abbreviated balance sheet	2
Notes to the abbreviated accounts	3 - 4

AUDITORS' REPORT TO SMITH BAXTER LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 4, together with the financial statements of the company for the year ended 31 January 2000 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of the director and auditors

The director is responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions 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 sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 4 are properly prepared in accordance with those provisions.

Sharles & Co

Registered Auditor

7-8-00

2 Bath Place Rivington Street London EC2A 3JJ

ABBREVIATED BALANCE SHEET AS AT 31 JANUARY 2000

2000			2000		1999)
Notes	£	£	£	£		
2		20,532		660		
	11,965		11,543			
	138,721		122,022			
	12,700		12,338			
	163,386		145,903			
	(61,267)		(57,443)			
		102,119		88,460		
		122,651		89,120		
		(7,578)		<u>.</u>		
		115,073		89,120		
		_ 				
3	•	2		2		
		115,071		89,118		
		115,073		89,120		
		2 11,965 138,721 12,700 163,386 (61,267)	2 20,532 11,965 138,721 12,700 163,386 (61,267) 102,119 122,651 (7,578) 115,073	Notes £ £ £ 2 20,532 11,965 11,543 138,721 122,022 12,700 12,338 163,386 145,903 (61,267) (57,443) 102,119 122,651 (7,578) 115,073 3 2 115,071		

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 27 June 2000

P. D. Smith

Director

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment

33% Straight line

Office furniture & equipment

25% Reducing balance

Motor vehicles

20% Straight line

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Work in progress

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

1.7 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 2000

2	Fixed assets		
			Tangible
			assets £
	Cost		T.
	At 1 February 1999		822
	Additions		23,719
	At 31 January 2000		24,541
	Depreciation		
	At 1 February 1999		162
	Charge for the year		3,847
	At 31 January 2000		4,009
	Net book value		
	At 31 January 2000		20,532
	At 31 January 1999		660
3	Share capital	2000	1999
		£	£
	Authorised		
	1,000 Ordinary shares of £1 each	1,000	1,000 ———
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	2	2

4 Ultimate parent company

The ultimate parent company is KH Holdings Limited, a company registered in England.

The ultimate controlling party is Knapp Hicks and Partners, an un-incorporated partnership of two of the Directors of KH Holdings Limited, by virtue of the fact that 61% of the issued ordinary share capital of that company is owned by these partners or their close family.