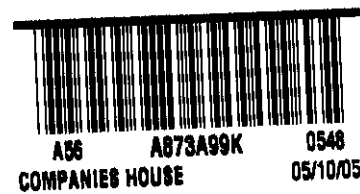


**J R Smart (Builders) Limited**

**Directors' report and financial  
statements**

**Registered number 1148586**

**31 December 2004**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### Principal activities

The principal activity of the company continues to be the development and construction of buildings.

### Business review

The results for the year are shown on page 4. Turnover was £9,096,912 (2003: £9,121,768) and resulted in a profit before taxation of £3,656,253 (2003: £790,873).

### Dividend paid

The directors did not pay a dividend. (2003: £351).

### Directors and directors' interests

The directors who held office during the financial year had the following interests in the shares of the company as recorded in the register of directors' share and debenture interests throughout the year:

#### Ordinary shares of £1 each

J R Smart (Chairman)	751
J E Smart (Deceased)	375
AG Smart	374
GE Smart	-

### Auditors

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

By order of the board

  
A G Smart  
Secretary

7/8 Park Place  
Cardiff  
CF10 3DP

20 September 2005

## 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.



KPMG LLP

Marlborough House  
Fitzalan Court  
Fitzalan Road  
Cardiff  
CF24 0TE  
United Kingdom

## **Independent auditors' report to the members of JR Smart (Builders) Limited**

We have audited the financial statements on pages 4 to 13.

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 audit 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 2004 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

20 September

2005

**Profit and loss account**  
*for the year ended 31 December 2004*

	<i>Note</i>	2004 £	2003 £
<b>Turnover</b>		<b>9,096,912</b>	9,121,768
Cost of sales		<b>(4,690,774)</b>	(5,189,132)
<b>Gross profit</b>		<b>4,406,138</b>	3,932,636
Administrative expenses		<b>(891,730)</b>	(3,657,451)
Rent receivable		<b>456,622</b>	619,403
<b>Operating profit</b>		<b>3,971,030</b>	894,588
Interest receivable and similar income		<b>916</b>	1,247
Interest payable and similar charges	5	<b>(315,693)</b>	(104,962)
<b>Profit on ordinary activities before taxation</b>	2-5	<b>3,656,253</b>	790,873
Tax on profit on ordinary activities	6	<b>(1,115,796)</b>	(237,449)
<b>Profit on ordinary activities after taxation</b>		<b>2,540,457</b>	553,424
Dividend		<b>-</b>	(351)
<b>Profit for the financial year</b>		<b>2,540,457</b>	553,073
<b>Retained profit brought forward</b>		<b>5,092,851</b>	4,539,778
<b>Retained profit carried forward</b>		<b>7,633,308</b>	5,092,851

All amounts relate to continuing operations.

There are no recognised gains and losses other than the profit for the years reported above. There is also no difference between the profit on ordinary activities before taxation or the retained profit for either of the financial years stated above and their historical cost equivalents.

**Balance sheet**  
*at 31 December 2004*

	Note	2004		2003	
		£	£	£	£
Tangible assets	7		132,214		87,365
Investments	8		9,100		9,100
			<hr/>		<hr/>
			141,314		96,465
<b>Current assets</b>					
Stocks	9	14,532,396		9,339,881	
Debtors	10	345,962		524,702	
Cash at bank and in hand		220		430	
		<hr/>		<hr/>	
		14,878,578		9,865,013	
<b>Creditors:</b> amounts falling due within one year	11	(7,385,084)		(4,867,127)	
		<hr/>		<hr/>	
<b>Net current assets</b>					
Due within one year		7,493,494		4,797,886	
Due after one year		-		200,000	
		<hr/>		<hr/>	
		7,493,494		4,997,886	
		<hr/>		<hr/>	
<b>Net assets</b>		7,634,808		5,094,351	
		<hr/>		<hr/>	
<b>Capital and reserves</b>					
Called up share capital	13	1,500		1,500	
Profit and loss account		7,633,308		5,092,851	
		<hr/>		<hr/>	
<b>Equity shareholders' funds</b>	14	7,634,808		5,094,351	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on 26 September 2005 and were signed on its behalf by:

JR Smart  
 Director

**Cash flow statement**  
*for the year ended 31 December 2004*

	<i>Note</i>	2004 £	2003 £
Cash flow from operating activities		(2,790,583)	2,721,366
Returns on investments and servicing of finance	18	(298,309)	(100,050)
Taxation		(614,532)	(1,314,240)
Capital expenditure and financial investment	18	(68,945)	(8,750)
Equity dividends paid		-	(59,678)
		<hr/>	<hr/>
<b>(Decrease)/increase in cash in the year</b>		<b>(3,772,369)</b>	<b>1,238,648</b>
		<hr/>	<hr/>

**Reconciliation of operating profit to net cash flow from operating activities**

	2004 £	2003 £
Operating profit	3,971,030	894,588
Depreciation charges	24,082	30,232
Profit on sale of fixed assets	14	-
(Increase)/decrease in stocks	(5,192,515)	243,166
(Increase)/decrease in debtors	(21,230)	99,681
(Decrease)/increase in creditors	(1,571,964)	1,453,699
	<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(2,790,583)</b>	<b>2,721,366</b>
	<hr/>	<hr/>

**Reconciliation of net cash flow to movement in net debt (Note 19)**

	2004 £	2003 £
Increase in cash in the year, being movement in net debt in the year	(3,772,369)	1,238,648
Net debt at the start of the year	(2,560,442)	(3,799,090)
	<hr/>	<hr/>
<b>Net debt at the end of the year</b>	<b>(6,332,811)</b>	<b>(2,560,442)</b>
	<hr/>	<hr/>



## **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 applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

#### ***Fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Leasehold improvements	-	life of lease
Fixtures and fittings	-	15% per annum reducing balance
Plant and machinery	-	25% per annum reducing balance
Motor vehicles	-	25% per annum reducing balance

#### ***Stocks - work in progress and property held for resale***

Stocks are stated at the lower of cost and net realisable value. Cost comprises land, materials, direct labour and an appropriate proportion of construction overheads.

#### ***Investments***

Other investments are shown at cost less provision for permanent diminution in value.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Pension costs***

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### ***Turnover***

Turnover comprises the value of sales (excluding VAT) of properties and related services.

**Notes (continued)**

**2 Profit on ordinary activities before taxation**

*Profit on ordinary activities before taxation is stated after charging:*

	2004 £	2003 £
Depreciation	24,082	30,232
Auditors' remuneration - audit fees	12,000	8,000
- other services	12,000	21,000
	<hr/>	<hr/>

**3 Remuneration of directors**

	2004 £	2003 £
Directors' emoluments:		
Remuneration	341,352	1,088,757
Benefits in kind	74,813	67,777
Pension contributions	132,529	1,999,500
	<hr/>	<hr/>
	548,694	3,156,034
	<hr/>	<hr/>

The total emoluments of the highest paid director were £235,895 (2003: £1,025,600) and company pension contributions of £nil (2003: £1,415,000) were made to a defined contribution pension scheme on their behalf.

Retirement benefits are accruing to 4 directors (2003: 4 directors) under a defined contribution pension scheme.

**4 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2004	2003
Administration	4	5
Site workers	5	5
	<hr/>	<hr/>
	9	10
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2004 £	2003 £
Wages and salaries	474,262	1,202,068
Social security costs	65,734	159,246
Other pension costs	132,529	1,999,500
	<hr/>	<hr/>
	672,525	3,360,814
	<hr/>	<hr/>

## Notes (continued)

### 5 Interest payable and similar charges

	2004 £	2003 £
Bank overdraft	315,693	104,962

### 6 Taxation

The charge for taxation comprises:

	2004 £	2003 £
<b>UK Corporation tax</b>		
Current tax on income for the year	915,956	646,244
Adjustments in respect of prior years	(130)	16,397
Total current tax	915,826	662,641
Deferred tax (see note 12)		
Origination of timing differences	199,970	(425,192)
Tax on profit on ordinary activities	1,115,796	237,449

#### *Factors affecting the tax charge for the year:*

The current tax charge for the year is lower (2003: higher) than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	3,656,253	790,873
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30 %)	1,096,876	237,262
Expenses not allowable for tax purposes	19,050	18,073
Depreciation in excess of capital allowances and other differences not recognised	30	3,114
Spreading of pension contribution	(200,000)	400,000
Utilisation of tax losses transferred	-	(12,205)
Adjustment to tax in respect of previous year	(130)	16,397
Current tax for the year	915,826	662,641

## Notes (continued)

### 7 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>					
At beginning of year	13,755	18,820	13,739	240,395	286,709
Additions	-	2,977	-	69,567	72,544
Disposals	-	-	-	(22,004)	(22,004)
At end of year	13,755	21,797	13,739	287,958	337,249
<b>Depreciation</b>					
At beginning of year	12,947	12,332	8,401	165,664	199,344
Charge for the year	808	1,196	1,335	20,743	24,082
Disposals	-	-	-	(18,391)	(18,391)
At end of year	13,755	13,528	9,736	168,016	205,035
<b>Net book value</b>					
At end of year	-	8,269	4,003	119,942	132,214
At beginning of year	808	6,488	5,338	74,731	87,365

### 8 Fixed assets investments

	Shares in group undertaking £	Unlisted Investments £	Total £
<b>Cost</b>			
At beginning and end of year	100	9,000	9,100

#### a) Shares in group undertaking

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. The company has the following subsidiary undertakings:

Company	Country of registration	Holding	Status	Net assets £
JR Smart (Homes) Limited	England and Wales	100%	Non-trading	100
Capital Business Parks Cardiff Limited	England and Wales	100%	Non-trading	-

#### b) Unlisted investments

Investments are unquoted and, in the opinion of the directors, their market value is not materially different from their cost.

**Notes (continued)**

**9 Stocks**

	2004 £	2003 £
Work in progress and property for resale	14,532,396	9,339,881

**10 Debtors**

	2004 £	2003 £
Trade debtors	858	4,411
Prepayments and accrued income	59,836	95,099
Tax recoverable	60,046	-
Deferred tax asset (see note 12)	225,222	425,192
	<u>345,962</u>	<u>524,702</u>

The directors' accounts are repayable by Mr JR Smart on demand.

**11 Creditors: amounts falling due within one year**

	2004 £	2003 £
Bank overdraft	6,333,031	2,560,872
Trade creditors	81,442	122,834
Payments on account	-	583,333
Directors' current account	79,589	690,822
Other creditors	9,970	46,823
Corporation tax	603,908	302,614
Other taxes and social security	6,077	334,739
Accruals and deferred income	271,067	225,090
	<u>7,385,084</u>	<u>4,867,127</u>

The bank overdraft is secured by mortgages over certain assets of the business.

## Notes (continued)

### 12 Deferred tax

	£
Opening balance	425,192
Released to profit and loss account	(199,970)
	<u>225,222</u>

The deferred taxation asset, calculated on the liability method, is made up as follows.

	2004 £	2003 £
Accelerated capital allowances	25,222	25,192
Other timing differences	200,000	400,000
	<u>225,222</u>	<u>425,192</u>

### 13 Called up share capital

	2004 £	2003 £
<i>Authorised, allotted, called up and fully paid</i>		
1,500 ordinary shares of £1 each	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

### 14 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit on ordinary activities after taxation	2,540,457	553,424
Dividends	-	(351)
	<u>2,540,457</u>	<u>553,073</u>
Opening shareholders' funds	5,094,351	4,541,278
	<u>7,634,808</u>	<u>5,094,351</u>
Closing shareholders' funds		

### 15 Pensions

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £132,529 (2003: £1,999,500). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## Notes (continued)

### 16 Related party transactions

Rent of £25,881 (2003: £21,968) was paid to the directors' pension scheme (this rent was at open market value).

Rent of £8,392 (2003: £8,392) was paid to Cardiff RFC Plc of which Mr JR Smart is a director.

At the year end the company owed JR Smart £79,589. This amount is fully repayable to Mr JR Smart and is interest free and unsecured. The year end balance is the maximum amount outstanding in the course of the year.

### 17 Capital commitments

The company exchanged contracts on a site in the year and paid an initial deposit. The company is committed to the balance of the acquisition cost, due on completion of £2million.

### 18 Analysis of cash flows

	2004 £	2003 £
<b>Returns on investment and servicing of finance</b>		
Interest received	916	1,247
Interest paid	(299,225)	(101,297)
	<u>(298,309)</u>	<u>(100,050)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(72,544)	(8,750)
Sale of plant and machinery	3,599	-
	<u>(68,945)</u>	<u>(8,750)</u>

### 19 Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Cash in hand, at bank	430	(210)	220
Overdrafts	(2,560,872)	(3,772,159)	(6,333,031)
<b>Total</b>	<u>(2,560,442)</u>	<u>(3,772,369)</u>	<u>(6,332,811)</u>