

Company Registration No. 658423 (England and Wales)

COLVIN-SMITH (CONSTRUCTION) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2003



COLVIN-SMITH (CONSTRUCTION) LIMITED

COMPANY INFORMATION

Directors	H A Colvin-Smith D A Colvin-Smith
Secretary	B Pentland
Company number	658423
Registered office	Unit 2, Glassworks Business Units Lemington Newcastle upon Tyne NE15 8SE
Auditors	Haines Watts 9 Portland Terrace Jesmond Newcastle Upon Tyne NE2 1QQ
Bankers	Barclays Bank Plc The Newcastle West Group 446 Westgate Road Newcastle upon Tyne NE4 9BN

COLVIN-SMITH (CONSTRUCTION) LIMITED

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COLVIN-SMITH (CONSTRUCTION) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2003

The directors present their report and financial statements for the year ended 31 October 2003.

Principal activities

The principal activity of the company continued to be that of builders and developers.

Directors

The following directors have held office since 1 November 2002:

H A Colvin-Smith
D A Colvin-Smith

In accordance with the company's Articles of Association, Mrs D A Colvin-Smith retires by rotation and, being eligible, offers herself for re-election.

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 1p each	
	31 October 2003	1 November 2002
H A Colvin-Smith	-	-
D A Colvin-Smith	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Haines Watts be reappointed as auditors of the company will be put to the Annual General Meeting.

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 of the company 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;
- 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 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



B Pentland
Secretary

COLVIN-SMITH (CONSTRUCTION) LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF COLVIN-SMITH (CONSTRUCTION) LIMITED

We have audited the financial statements of Colvin-Smith (Construction) Limited on pages 3 to 7 for the year ended 31 October 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

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

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 October 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Haines Watts
Chartered Accountants
Registered Auditor

Haines Watts
9 Portland Terrace
Newcastle Upon Tyne
NE2 1QQ
18 August 2004

COLVIN-SMITH (CONSTRUCTION) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2003

	Notes	2003 £	2002 £
Turnover		307,812	227,689
Cost of sales		(89,618)	(148,382)
Gross profit		218,194	79,307
Administrative expenses		(60,662)	(50,572)
Operating profit	2	157,532	28,735
Other interest receivable and similar income		18	295
Interest payable and similar charges		-	(3)
Profit on ordinary activities before taxation		157,550	29,027
Tax on profit on ordinary activities	3	13	(1,850)
Profit on ordinary activities after taxation		157,563	27,177
Dividends		(150,000)	-
Retained profit for the year	9	7,563	27,177

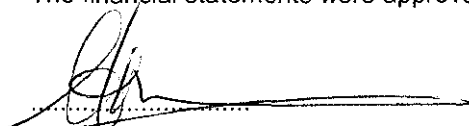
COLVIN-SMITH (CONSTRUCTION) LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	4		398,200		398,200
Current assets					
Stocks	5	38,937		85,325	
Debtors	6	217,538		111,435	
Cash at bank and in hand		38,122		86,373	
		<u>294,597</u>		<u>283,133</u>	
Creditors: amounts falling due within one year	7	<u>(477,456)</u>		<u>(473,555)</u>	
Net current liabilities			(182,859)		(190,422)
Total assets less current liabilities			<u>215,341</u>		<u>207,778</u>
Capital and reserves					
Called up share capital	8		1,000		1,000
Profit and loss account	9		214,341		206,778
Shareholders' funds			<u>215,341</u>		<u>207,778</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 13 August 2004.


H A Colvin-Smith
Director

COLVIN-SMITH (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover and profits

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

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.3 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:

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

2	Operating profit	2003 £	2002 £
	Operating profit is stated after charging:		
	Auditors' remuneration	4,145	2,000
		<u> </u>	<u> </u>
3	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	(13)	1,650
	Adjustment for prior years	-	200
		<u> </u>	<u> </u>
	Current tax charge	<u>(13)</u>	<u>1,850</u>

COLVIN-SMITH (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2003

4 Tangible fixed assets

	Investment properties £
Cost	
At 1 November 2002 & at 31 October 2003	398,200

5 Stocks	2003 £	2002 £
Stocks	-	3,221
Long term contract balances:		
- Net cost less foreseeable losses	38,937	82,104
	<u>38,937</u>	<u>85,325</u>

6 Debtors	2003 £	2002 £
Trade debtors	2,115	10,675
Other debtors	215,423	100,760
	<u>217,538</u>	<u>111,435</u>

7 Creditors: amounts falling due within one year	2003 £	2002 £
Trade creditors	-	4,115
Taxation and social security	478	2,079
Other creditors	476,978	467,361
	<u>477,456</u>	<u>473,555</u>

COLVIN-SMITH (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2003

8	Share capital	2003 £	2002 £
	Authorised		
	100,000 Ordinary shares of 1p each	1,000	1,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	100,000 Ordinary shares of 1p each	1,000	1,000
		<u> </u>	<u> </u>

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 November 2002	206,778
Retained profit for the year	7,563
	<u> </u>
Balance at 31 October 2003	214,341
	<u> </u>

10 Control

The ultimate parent company is Colvinaire Limited, a company registered in Scotland.

11 Related party transactions

Turnover includes £Nil (2002: £1,070) generated from North Eastern Motors Limited, £7,907 (2002 - £Nil) generated from Colvinaire Properties Limited and £646 (2002 - £2,136) generated from Enginotech Limited.

Other creditors includes an amount due to Colvinaire Properties Limited of £264,845 (2002: £327,297) and an amount due to Colvinaire Limited of £191,177 (2002 - £96,477).

Other debtors include amounts due from Colvin-Smith (Pipework) of £49,541 (2002 - £49,541), £Nil (2002 - £43,812) due from Ponteland Holdings Limited, £154,150 (2002 £Nil) due from Enginotech and £1,000 (2002 £Nil) due from North Eastern Motors.

Mr H A Colvin-Smith and Mrs D A Colvin-Smith were directors of all of these companies during the year.

Colvin-Smith (Construction) Limited has guaranteed the overdraft in Enginotech Limited, a fellow group company. At the year end the overdraft in Enginotech Limited stood at £299,820.