
SMHA LIMITED

Company Registration No. 2542944

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**



**Report and financial statements
For the year ended 31 December 2003**

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Company Information

Directors

J M Bishop
D K Mulligan

Joint Secretaries

W R Johnston (Alternate Director to D K
 Mulligan)
C Sheridan

Registered Office

77 Newman Street
London
W1T 3EW
Tel: 020 7307 9200
Fax: 020 7307 9202

Auditors

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St Albans

Principal Bankers

Lloyds TSB Bank Plc
11-15 Monument Street
London
EC3V 9JA

Directors' Report

For the year ended 31 December 2003

The Directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activity and review of developments

The construction activities of the company were discontinued in 1999. No trading took place during 2003 and there is no present intention to recommence trading.

Dividends

The Directors do not recommend the payment of a dividend (2002: Nil).

Directors and their interests

The directors who served during the year are shown on page 1.

The directors have no interests in the shares or debentures of the Company.

Mr J M Bishop is also a director of Morgan Sindall plc and his interests are shown in the accounts of that Company. Mr W R Johnston had a beneficial interest in 7,184 shares in Morgan Sindall plc.

SMHA Limited has adopted new Articles of Association, the provisions of which do not require the Directors to retire by rotation or to retire at the first Annual General Meeting after their appointment.

Auditors

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Directors' Report (continued)
For the year ended 31 December 2003

Statement of Director's 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 as at the end of the financial year 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;
- 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 its 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.

The Directors are responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



W R Johnston
Company Secretary
4 March 2004

**Independent Auditors' Report
To the members of SMHA Limited**

We have audited the financial statements of SMHA Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the principal accounting policies and the related notes 1 to 8. These financial statements have been prepared under 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 auditors' 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, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

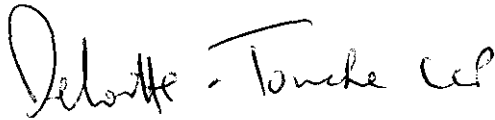
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

Independent Auditors' Report (continued)

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "Deloitte & Touche LLP", is written above the printed name of the firm.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St Albans

 March 2004

Profit and Loss Account
For the year ended 31 December 2003

	Notes	Year ended 31 December 2003 £000	Year ended 31 December 2002 £000
Administrative expenses		(55,838)	-
Loss on ordinary activities before taxation		<u>(55,838)</u>	<u>-</u>
Tax on loss on ordinary activities	1	16,751	-
Loss on ordinary activities after taxation		<u>(39,087)</u>	<u>-</u>

The results for the current and previous financial years derive from continuing operations.

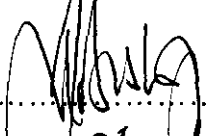
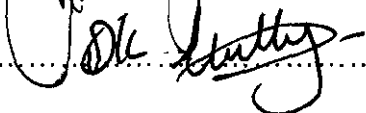
The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

Balance Sheet
As at 31 December 2003

	Notes	31 December 2003 £	31 December 2002 £
Current Assets			
Debtors	2	48,229	87,316
Creditors			
Amounts falling due within one year	3	<u>(3,451,806)</u>	<u>(3,451,806)</u>
Net Current Liabilities		<u>(3,403,577)</u>	<u>(3,364,490)</u>
Capital and Reserves			
Called up share capital	4	143,821	143,821
Share premium		177,894	177,894
Profit and loss account		<u>(3,725,292)</u>	<u>(3,686,205)</u>
Equity Shareholders' Deficit		<u>(3,403,577)</u>	<u>(3,364,490)</u>

These financial statements were approved by the Board of Directors on 4 March 2004.

Signed on behalf of the Board of Directors.

..... J M Bishop

 D K Mulligan


Principal Accounting Policies
For the year ended 31 December 2003

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards.

Cash flow statement

A cash flow statement has not been produced as the Company's ultimate parent undertaking, Morgan Sindall plc, publishes a consolidated cash flow statement.

Turnover

Turnover is defined as the value of goods and services rendered excluding VAT.

Notes to the financial statements
For the year ended 31 December 2003

1. Tax on loss on ordinary activities

Any tax on profit arising will be borne by Morgan Sindall plc. The actual tax charge is the same as the standard rate of 30% and therefore no reconciliation under FRS 19 has been provided.

2. Debtors

	31 December 2003 £	31 December 2002 £
Other debtors	48,229	87,316
	<u>48,229</u>	<u>87,316</u>

3. Creditors

	31 December 2003 £	31 December 2002 £
Amounts falling due within one year:		
Amounts owed to group undertakings	3,451,806	3,451,806
	<u>3,451,806</u>	<u>3,451,806</u>

4. Called up Share Capital

	31 December 2003 £	31 December 2002 £
Authorised		
Ordinary shares of £1 each	<u>160,000</u>	<u>160,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>143,821</u>	<u>143,821</u>

Notes to the financial statements
For the year ended 31 December 2003

5. Directors and employees

During the current or previous years the company had no employees other than its Directors and none of the Directors received any remuneration from the Company.

6. Capital commitments

There were no capital commitments at year-end (2002: £nil)

7. Ultimate parent company

The directors consider that the ultimate parent undertaking and ultimate controlling party of this Company is Morgan Sindall plc, which is incorporated in the United Kingdom. Copies of the group financial statements of this company may be obtained from 77 Newman Street, London, W1T 3EW.

8. Related party transactions

In the ordinary course of business, the company has in previous years traded with its ultimate parent company Morgan Sindall plc, a company registered in England and Wales, together with its subsidiaries. The company is exempt from disclosing details of the transactions because copies of Morgan Sindall plc group financial statements are available from 77 Newman Street, London, W1T 3EW.

