

Registered no: 3133137

Bovis Tanvec Limited
(formerly Tanvec Limited)
Annual report
for the period ended 30 June 1999



Bovis Tanvec Limited

Annual report for the period ended 30 June 1999

	Pages
Directors' report	1-2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6-13

**Directors' report
for the period ended 30 June 1999**

The directors present their report and the audited financial statements for the period ended 30 June 1999.

Principal activities

The principal activity of the company is that of providing specialised pharmaceutical consulting and regulatory affairs advice and design, construction and project management services to the pharmaceutical, biotechnology and high technology industries.

Review of business, results and dividends

The results for the period from 21 July 1998 to 30 June 1999, as disclosed on page 4, show a profit after taxation of £500,847 (Period from 1 June 1997 to 20 July 1998: loss after taxation of £101,336). An interim dividend of 70.0p (1998: nil) per £1 ordinary share amounting to £595,000 was paid during the period. A second interim dividend of 11.1p (1998: nil) per £1 ordinary share amounting to £95,000 was also paid during the period. The directors do not recommend the payment of a final dividend.

The directors believe that both the level of business and the period end financial position were satisfactory and look forward to continuing profitability in the future.

Subsequent events

The company formally changed its name to Bovis Tanvec Limited on 18 October 1999.

Directors and directors' interests

The directors who served during the period under review and up to the date of this report were:

J F Haggett
P H Janssenwillen
P J Wilkinson

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

The above directors are also directors of Bovis Tanvec Group Limited, the company's ultimate holding company at 30 June 1999. Their interests in the share capital of that company are disclosed in the financial statements of that company.

Year 2000

The Directors have considered the potential impact of the Year 2000 computer systems compliance problem and have conducted a review of the company's systems which are used for both internal administration and also for delivering services to clients. The results of the review indicate that millennium compliance will be achieved, as far as it is possible to predict given the inherent uncertainties of the problem. The costs of compliance to date and in the future are not considered to be material, as the company and its holding company have a policy of maintaining up to date and efficient systems and all new hardware and software purchased since 1997 has been compliant. Full compliance was achieved and verified before the end of 1999 and no problems associated with the year 2000 have been experienced.

The potential impact of factors beyond the control of the directors has also been considered, although it is difficult to assess the effects of suppliers and clients experiencing problems. The position will be closely monitored during Year 2000.

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 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.

On behalf of the board



J F Haggett
Company secretary

**Report of the auditors to the members of
Bovis Tanvec Limited**

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the financial statements.

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 at 30 June 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Reading

11 February 2000

**Profit and loss account
for the period ended 30 June 1999**

	Notes	Period from 21 July 1998 to 30 June 1999 £	Period from 1 June 1997 to 20 July 1998 £
Turnover	2	12,581,730	22,432,743
Cost of sales		(5,787,627)	(14,432,295)
Gross profit		6,794,103	8,000,448
Administration expenses		(6,206,459)	(8,100,377)
Operating profit/(loss)		587,644	(99,929)
Income from shares in group undertakings		27,000	-
Interest receivable	5	12,144	-
Interest payable and similar charges	6	(53,941)	(1,322)
Profit/(loss) on ordinary activities before taxation	3	572,847	(101,251)
Tax on profit/(loss) on ordinary activities	7	(72,000)	(85)
Profit/(loss) for the financial period		500,847	(101,336)
Dividends	8	(690,000)	-
Loss for the financial period	16	(189,153)	(101,336)
Retained profit brought forward		194,812	296,148
Retained profit carried forward		5,659	194,812

The above results all relate to continuing operations.

The company has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalents.

Balance sheet at 30 June 1999

	Notes	30 June 1999 £	20 July 1998 £
Fixed assets			
Tangible fixed assets	9	452,685	971,650
Investments	10	867,263	867,263
		1,319,948	1,838,913
Current assets			
Debtors: amounts due after one year	11	-	236,839
Debtors: amounts due within one year	12	3,002,857	6,103,451
		3,002,857	6,340,290
Creditors: amounts falling due within one year	13	(3,462,950)	(6,575,626)
Net current liabilities		(460,093)	(235,336)
Total assets less current liabilities		859,855	1,603,577
Creditors: amounts falling due after more than one year	14	(3,696)	(558,265)
Net assets		856,159	1,045,312
Capital and reserves			
Called up share capital	15	850,500	850,500
Profit and loss account		5,659	194,812
Equity shareholders' funds	16	856,159	1,045,312

The financial statements on pages 4 to 13 were approved by the board of directors on
and were signed on its behalf by:

10 February 2000



J F Haggett
Director

**Notes to the financial statements
for the period ended 30 June 1999****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

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 S228 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.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own published consolidated financial statements.

As a wholly owned subsidiary, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Tangible fixed assets

Tangible fixed assets owned by the company are stated at their purchase price, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values over the expected useful economic life of the assets concerned. The principal annual rates used are as follows:

	%
Motor vehicles	33 on reducing balance
Computers and electronic equipment	33 straight line
Furniture & other equipment	25 on reducing balance

Finance leases and hire purchases

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases and hire purchases. The lease rentals are split between capital and interest. The capital element reduces the outstanding obligation and the interest element is charged to the profit and loss account. Depreciation is charged on the asset value so as to write off the asset over its useful economic life. Costs in respect of operating leases are charged on a straight line basis over the lease term.

Fixed asset investment

Fixed asset investments are stated at cost less amounts written off to reflect any impairment in value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Post-retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Contract balances

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

The directors consider the disclosure of segmental analysis to be prejudicial to the company's interests.

3 Profit/(loss) on ordinary activities before taxation

	1999 £	1998 £
This is stated after charging/(crediting):		
Auditors' remuneration: audit services	30,000	35,000
Exchange (gains)/losses	(375)	13,521
Hire of plant and machinery	12,964	68,986
Hire of other assets	59,209	75,027
Depreciation – owned assets	228,518	-
– finance leased and hire purchased assets	132,675	-
Loss on disposal of tangible fixed assets	18,470	-
Operating lease charges – land and buildings	350,051	-
– motor vehicles	50,515	-

4 Staff numbers and costs

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

	1999 Number	1998 Number
Technical and professional	132	130
Administration	19	18
	151	148

The aggregate payroll costs of these persons were as follows:

	1999 £	1998 £
Wages and salaries	4,305,545	4,836,651
Social security costs	427,423	477,854
Other pension costs	69,428	58,329
	4,802,396	5,372,834

Directors emoluments included above are as follows:

	1999 £	1998 £
Directors' emoluments	183,152	259,538
Company contributions to money purchase pension schemes	6,722	5,639
	189,874	265,177

The company contributes to money purchase pension schemes on behalf of 3 directors (1998: 4 directors).

The emoluments of the highest paid director were £66,332 (1998: £71,522) and company pension contributions of £2,410 (1998: £2,445) were made to a money purchase scheme on his behalf.

5 Interest receivable

	1999 £	1998 £
Interest receivable on cash and bank balances	12,144	-

6 Interest payable and similar charges

	1999 £	1998 £
On bank loans and overdrafts	18,834	1,311
Penalty interest on late payment of Corporation Tax	-	11
Finance leases and hire purchases	35,107	-
	53,941	1,322

7 Tax on profit/(loss) on ordinary activities

	1999 £	1998 £
Taxation on profit/(loss) for the period:		
UK Corporation tax at 31% (1998: 31%)	72,000	-
Under provision in respect of prior years	-	85
	72,000	85

The tax charge for the period has been reduced because of group relief received from a fellow subsidiary undertaking. No payment for this group relief is to be made by the company.

Deferred Taxation:

At 30 June 1999, the company had a deferred tax asset of £30,750 (1998: nil), which has not been recognised in these accounts. An analysis of the asset is set out below:

	1999 £	1998 £
Difference between accumulated depreciation and capital allowances	21,750	-
Short term timing differences	9,000	-
	30,750	-

8 Dividends

	1999 £	1998 £
Equity – ordinary		
1st interim paid: 70.0p (1998: Nil) per £1 share	595,000	-
2nd interim paid: 11.1 p (1998: Nil) per £1 share	95,000	-
	690,000	-

9 Tangible fixed assets

	Motor vehicles £	Computers and electronic equipment £	Furniture & equipment £	Total £
Cost or valuation				
At 21 July 1998	505,905	181,445	284,300	971,650
Additions	185,588	172,972	6,044	364,604
Disposals	(651,873)	(260)	-	(652,133)
At 30 June 1999	39,620	354,157	290,344	684,121
Depreciation				
At 21 July 1998	-	-	-	-
Charge for the year	141,855	147,385	71,953	361,193
Disposals	(129,750)	(7)	-	(129,757)
At 30 June 1999	12,105	147,378	71,953	231,436
Net book value				
At 30 June 1999	27,515	206,779	218,391	452,685
At 20 July 1998	505,905	181,445	284,300	971,650

	1999	1998
Assets held under finance leases and hire purchases, and capitalised in:	£	£
Motor Vehicles		
Cost	-	345,725
Aggregate depreciation	-	-
Net book value	-	345,725
Computers and electronic equipment		
Cost	62,096	62,096
Aggregate depreciation	(41,397)	-
Net book value	20,699	62,096
Furniture and equipment		
Cost	66,004	66,004
Aggregate depreciation	(16,501)	-
Net book value	49,503	66,004

10 Fixed asset investments

	Shares in subsidiary undertakings £
Shares at cost at 30 June 1999 and 20 July 1998	867,263

The wholly owned subsidiaries, both registered in England and Wales are:

Pharmaceutical Engineering and Design Limited - a company providing specialist design layout, planning and operational consultancy to the pharmaceutical and allied industries and an independent validation service.

Haremead Limited - a company providing a single source of responsibility for the design, construction and project management of larger or small capital projects for all industries.

11 Debtors: amounts falling due after more than one year

	1999 £	1998 £
Client retentions	-	236,839

12 Debtors: amounts falling due within one year

	1999 £	1998 £
Trade debtors	1,415,621	3,790,619
Amounts recoverable on contracts	987,438	358,256
Amounts owed by Tanshire Holdings Plc	-	240,346
Amounts owed by other group undertakings	264,398	1,453,122
Other debtors	98,802	45,077
Prepayments and accrued income	236,598	216,031
	3,002,857	6,103,451

13 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	323,697	402,189
Payments received on account	170,493	1,196,821
Trade creditors	1,597,842	2,369,435
Obligations under finance leases and hire purchases (note 14)	44,690	189,186
Corporation tax	72,000	-
Taxation and social security	177,357	360,996
Other creditors	174,547	-
Accruals and deferred income	902,324	2,056,999
	3,462,950	6,575,626

14 Creditors: amounts falling due after more than one year

	1999 £	1998 £
Sub-contractor retentions	-	356,725
Obligations under finance leases and hire purchases	3,696	201,540
	3,696	558,265

Finance leases and hire purchases:

The maturity of obligations under finance leases and hire purchases is as follows:

Within one year	44,690	189,186
In more than one year, but not more five years	3,696	201,540
After five years	-	-
	48,386	390,726

15 Called up share capital

	1999 £	1998 £
Authorised		
860,000 ordinary shares of £1 each	860,000	860,000
Allotted, called up and fully paid		
850,500 ordinary shares of £1 each	850,500	850,500

16 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit/(loss) for the financial period	500,847	(101,336)
Dividends	(690,000)	-
	(189,153)	(101,336)
Issue of share capital	-	850,000
	(189,153)	748,664
Opening shareholders' funds	1,045,312	296,648
Closing shareholders' funds	856,159	1,045,312

17 Financial commitments

At 30 June 1999 the company had the following annual commitments under non-cancellable operating leases expiring as follows:

	1999		1998	
	Motor vehicles £	Land and buildings £	Motor vehicles £	Land and buildings £
Land and buildings				
Within 1 year	30,557	-	-	-
Between 2 and 5 years	132,440	52,700	-	52,700
Over 5 years	-	340,409	-	340,409
	162,997	393,109	-	393,109

18 Contingent liabilities

The company has given cross guarantees and floating charges over its assets in respect of facilities granted to group companies. No loss is expected to arise in connection with these arrangements.

19 Ultimate parent company

Tanvec Group Limited, a company incorporated in England and Wales, is the ultimate parent company and ultimate controlling party during this accounting period. The consolidated accounts of this company are available to the public and may be obtained by writing to: Tanshire House, Shackleford Road, Elstead, Surrey, GU8 6LB.

On 2 August 1999 the ultimate parent company and ultimate controlling party became The Peninsular and Oriental Steam Navigation Company.

On 27 October 1999 the ultimate parent company and ultimate controlling party became Lend Lease Corporation Limited, a company incorporated in Australia.