

Bovis Lend Lease Pharmaceutical Limited

**Directors' report and financial
statements**

Registered number 3133137

30 June 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2002.

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.

Results, dividends and business review

The results for the year ended 30 June 2002, as disclosed on page 4, show a profit of £1,027,434 (2001: £700,933). The directors do not recommend the payment of a dividend.

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

Directors and directors' interests

The directors who held office during the year were as follows:

JF Haggett
PJ Wilkinson
GB Forbes (appointed 1 June 2002)
PD Leonard (appointed 1 June 2002)

None of the directors serving at the end of the financial year held any disclosable interest in group undertakings as recorded in the register of directors' interests.

Auditors

Our auditors KPMG have indicated to the directors that their business has transferred to a limited liability partnership, KPMG LLP. Accordingly, they resigned as auditors of the company on 10 June 2002 and the directors appointed KPMG LLP to fill the casual vacancy arising. A resolution for the appointment of KPMG LLP as auditors of the company is to be proposed at a forthcoming General Meeting.

Approved by the board and signed on its behalf

JF Haggett
Director



27 March 2003

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.



PO Box 695
8 Salisbury Square
London EC4Y 8BB

Independent auditors' report to the members of Bovis Lend Lease Pharmaceutical Limited

We have audited the financial statements on page 4 to 14.

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 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 30 June 2002 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 Auditors

15 April

2003

Profit and loss account
for the year ended 30 June 2002

	Note	2002 £	2001 (Restated-note 1) £
Turnover	2	46,673,120	19,354,894
Cost of sales		(31,784,857)	(8,269,513)
Gross profit		14,888,263	11,085,381
Administration expenses		(13,577,324)	(10,048,729)
Operating profit		1,310,939	1,036,652
Interest receivable	6	176,257	3,600
Interest payable and similar charges	7	(1,508)	(5,808)
Profit on ordinary activities before taxation	3	1,485,688	1,034,444
Tax on profit on ordinary activities	8	(458,254)	(333,511)
Retained profit for the financial year		1,027,434	700,933
Retained profit brought forward		1,221,151	520,218
Retained profit carried forward		2,248,585	1,221,151

No operations were acquired or discontinued during the year (2001: none). There is no material difference between the results disclosed in the profit and loss account and the result given on an unmodified historic cost basis.

Balance sheet
At 30 June 2002

	Notes	2002 £	2001 (Restated-note 1) £
Fixed assets			
Tangible fixed assets	9	742,823	615,569
Investments	10	867,263	867,263
		<u>1,610,086</u>	<u>1,482,832</u>
Current assets			
Cash at bank and in hand		3,609,422	27,811
Debtors	11	20,785,941	8,734,244
		<u>24,395,363</u>	<u>8,762,055</u>
Creditors: amounts falling due within one year	12	<u>(22,906,364)</u>	<u>(8,173,236)</u>
Net current assets		<u>1,488,999</u>	<u>588,819</u>
Total assets less current liabilities		<u>3,099,085</u>	<u>2,071,651</u>
Capital and reserves			
Called up share capital	13	850,500	850,500
Profit and loss account		2,248,585	1,221,151
Equity shareholders' funds	14	<u>3,099,085</u>	<u>2,071,651</u>

The financial statements on pages 4 to 14 were approved by the board of directors on *27 March 2003* and were signed on its behalf by:

JF Haggett
 Director



GB Forbes
 Director



27 March 2003

Statement of total recognised gains and losses
For the year ended 30 June 2002

	2002	2001
	£	£
Profit for financial year	1,027,434	700,933
Prior year adjustment (See Note 1)	64,000	-
Total gains and losses recognised since last annual report	1,091,434	700,933

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, except in relation to the changes in accounting policy described below.

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention.

The related party transactions note included in the consolidated financial statements of the ultimate parent undertaking complies with the conditions of Financial Reporting Standard 8 'Related Party Transactions'. The company is therefore exempt under Financial Reporting Standard 8 from the requirement to prepare a separate note.

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 its parent undertaking includes the company in its own published consolidated financial statements.

As the company is 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).

Financial Reporting Standard 19 (Deferred Tax) was adopted during the year as described under 'Taxation' below. The impact of applying Financial Reporting Standard 19 as described has been to increase profits attributable to shareholders by £13,933 (2001: decrease £13,000) and to increase reserves by £77,933 (2001: increase £64,000).

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 these assets concerned. The principal annual rates used are as follows:

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

Notes *(continued)*

1 Accounting policies *(continued)*

Finance leases and hire purchase

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 lease commitments are shown as obligations under finance leases and hire purchase contracts. 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 investments

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.

Profits

Profits are brought to account:

- for property construction, progressively at an amount equivalent to general overheads or an amount equivalent to the value of work performed when the outcome of a contract can be reliably determined (the company does not consider that the outcome of a construction contract can be reliably determined until it is at least 50% complete);
- for goods and service, when such goods or services have been supplied or rendered.

Stage of completion is measured by reference to actual costs to date as a percentage of total forecast costs for each contract. Provision is made for losses incurred or foreseen in bringing the contract to completion as soon as they become apparent.

Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation. In accordance with Financial Reporting Standard 19 'Deferred Tax', deferred taxation is provided fully and on a non discounted basis at future corporation tax rates in respect of timing differences between profits computed for taxation and accounts purposes.

2 Turnover

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

Notes (continued)

3 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration: audit services	36,000	35,000
Exchange losses/(gains)	(5,557)	12,483
Hire of plant and machinery	3,671	17,114
Hire of other assets	102,393	26,353
Depreciation – owned assets	369,373	219,749
Loss on disposal of tangible fixed assets	-	1,630
Operating lease charges - land and buildings	525,412	393,109
- motor vehicles	412,342	283,129
	<hr/>	<hr/>

4 Remuneration of directors

	2002 £	2001 £
Directors' emoluments	96,918	176,219
Company contributions to money purchase pension schemes	8,104	12,911
	<hr/>	<hr/>
	105,022	189,130
	<hr/>	<hr/>

The company contributed to money purchase pension schemes on behalf of 1 director (2001: 2 directors).

The emoluments of the highest paid director were £84,045 (2001: £78,228) and company pension contributions of £6,925 (2001: £5,400) were made to a money purchase scheme on his behalf.

5 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	
	2002	2001
Technical and professional	204	170
Administration	42	31
	<hr/>	<hr/>
	246	201
	<hr/>	<hr/>

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Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2002 £	2001 £
Wages and salaries	8,818,187	6,804,283
Social security costs	897,747	712,965
Other pension costs	491,473	111,049
	<u>10,207,407</u>	<u>7,628,297</u>

6 Other interest receivable and similar income

	2002 £	2001 £
Interest receivable on cash and bank balances	<u>176,257</u>	<u>3,600</u>

7 Interest payable and similar charges

	2002 £	2001 £
On bank loans and overdrafts	1,508	4,386
Finance leases and hire purchase contracts	-	1,422
	<u>1,508</u>	<u>5,808</u>

8 Taxation

(a) Tax charge for the year

	2002 £	2001 (Restated-note 1) £
Current tax :		
UK corporation tax on profit for the year at 30%	474,986	313,000
Adjustments in respect of prior years	(2,799)	7,511
	<u>472,187</u>	<u>320,511</u>
Total current taxation		
Deferred tax:		
Origination and reversal of timing differences	(13,933)	13,000
	<u>458,254</u>	<u>333,511</u>

Notes (continued)

8 Taxation (continued)

(b) Factors affecting tax charge for year

The tax assessed for the year is the same as the standard rate of corporation tax (30%):

	2002 £	2001 £
Profit on ordinary activities before tax	1,485,688	1,034,444
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	445,706	310,333
Effects of:		
Permanent differences between accounting profits and taxable profits	15,347	15,667
Origination and reversal of timing differences	13,933	(13,000)
Adjustments in respect of prior years	(2,799)	7,511
Current tax charge for year (note (a))	472,187	320,511

(c) Factors that may affect future tax charges

Future effective tax rates may vary due to adjustments for previous years.

(d) Deferred taxation

	2002 £	2001 £
Deferred tax at start of year	64,000	77,000
Deferred tax (credit)/charge in the profit and loss account in year	13,933	(13,000)
Deferred tax at end of year	77,933	64,000
Comprising:		
Difference between accumulated depreciation and capital allowances	68,933	55,000
Other short term timing differences	9,000	9,000
	77,933	64,000

Notes (continued)

9 Tangible fixed assets

	Motor Vehicles	Computers and electronic equipment	Furniture & equipment	Total
	£	£	£	£
<i>Cost or valuation</i>				
At beginning of year	6,750	912,729	344,439	1,263,918
Additions	-	324,200	172,427	496,627
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	6,750	1,236,929	516,866	1,760,545
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	4,681	468,241	175,427	648,349
Charge for the year	720	288,776	79,877	369,373
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	5,401	757,017	255,304	1,017,722
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2002	1,349	479,912	261,562	742,823
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2001	2,069	444,488	169,012	615,569
	<hr/>	<hr/>	<hr/>	<hr/>

At 30 June 2002 there were no assets held under finance leases or hire purchase contracts (2001: nil).

10 Fixed asset investments

	<i>Shares in Subsidiary undertakings</i> £
At beginning of year and end of year	867,263
	<hr/>

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.

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

Notes (continued)

11 Debtors

	2002	2001 (Restated-note 1)
	£	£
Trade debtors	12,491,489	3,261,935
Amounts recoverable on contracts	3,750,562	1,644,163
Amounts owed by other group undertakings	3,628,704	3,212,733
Deferred taxation asset (note 8)	77,933	64,000
Other debtors	377,847	299,003
Prepayments and accrued income	459,406	252,410
	<u>20,785,941</u>	<u>8,734,244</u>

12 Creditors: amounts falling due within one year

	2002	2001
	£	£
Payments received on account	6,908,440	4,170,950
Trade creditors	8,557,052	2,073,253
Corporation tax	775,236	427,216
Taxation and social security	-	236,422
Other creditors	239,262	17,034
Accruals and deferred income	6,426,374	1,248,361
	<u>22,906,364</u>	<u>8,173,236</u>

13 Called up share capital

	2002	2001
	£	£
<i>Authorised</i>		
860,000 ordinary shares of £1 each	<u>860,000</u>	<u>860,000</u>
<i>Allotted, called up and fully paid</i>		
850,500 ordinary shares of £1 each	<u>850,500</u>	<u>850,500</u>

Notes (continued)

14 Reconciliation of movements in shareholders' funds

	2002 £	2001 (Restated-note 1) £
Shareholders' funds at 1 July 2001 as previously stated	2,007,651	1,293,718
FRS 19 prior year adjustment (note 1)	64,000	77,000
Restated opening shareholders' funds	2,071,651	1,370,718
Retained profit for the year	1,027,434	700,933
Shareholders' funds at 30 June 2002	3,099,085	2,071,651

15 Financial commitments

At 30 June 2002 the company had the following annual commitments under non-cancellable operating leases expiring as follows:

	2002		2001	
	Motor Vehicles £	Land and Buildings £	Motor Vehicles £	Land and Buildings £
Within 1 year	28,050	274,030	27,621	52,700
Between 2 and 5 years	300,641	-	216,877	-
Over 5 years	-	393,109	-	340,409
	328,691	667,139	244,498	393,109

16 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.

There are claims outstanding which arise under contracts carried out by the company in the ordinary course of business. It is not possible to predict with any certainty the results of these claims but the directors believe, taking into account counter-claims, claims against third parties and provisions in the accounts, that the outcome will not have a material effect on the company's financial position.

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Tanshire Limited, a company incorporated in England and Wales. Its ultimate parent undertaking is Lend Lease Corporation Limited, which is incorporated in Australia.

The largest group in which the results of the company are consolidated is that headed by Lend Lease Corporation Limited. The consolidated financial statements of this group may be obtained from Level 46, Australia Square, George Street, Sydney, Australia.

The smallest group in which they are consolidated is that headed by Lend Lease Europe Holdings Limited, incorporated in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Registrar of Companies, Companies House, Crown Way, Cardiff.