

**LANSON DEVELOPMENTS  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2003



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Company no 3248750

# LANSON DEVELOPMENTS LIMITED

## FINANCIAL STATEMENTS

For the year ended 30 September 2003

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Company registration number: 3248750

Registered office: 37 Reins House  
Honley  
Huddersfield  
West Yorkshire  
HD9 6LS

Directors: J R Cookson  
P V Carolan  
K N Hardman

Secretary: J D Sheffield

Bankers: Yorkshire Bank plc  
4 Victoria Place  
Manor Road  
Leeds  
West Yorkshire  
LS11 5RE

Solicitors: Shulmans  
120 Wellington Street  
Leeds  
West Yorkshire  
LS1 4LT

Ludgate Morrell  
39 Market Street  
Huddersfield  
West Yorkshire  
HD1 2HL

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants  
St Johns Centre  
110 Albion Street  
Leeds  
West Yorkshire  
LS2 8LA

# LANSON DEVELOPMENTS LIMITED

## FINANCIAL STATEMENTS

For the year ended 30 September 2003

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# LANSON DEVELOPMENTS LIMITED

## REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 September 2003.

### Principal activities

The company is principally engaged in the construction of residential property.

### Business review

There was a loss for the year after taxation amounting to £197,071 (2002: profit £248,730). The directors do not recommend payment of a dividend. Whilst this result was a disappointment, the directors have every confidence in prospects for the current year, given the number of developments which are nearing completion.

### Directors

The present membership of the Board is set out below. All directors served throughout the year unless otherwise stated.

The interests of the directors and their families in the shares of the company as at 1 October 2002 and 30 September 2003, or the date of their appointment to the Board if later, were as follows:

	<b>Ordinary shares</b>	
	<b>30 September 2003</b>	<b>1 October 2002</b>
J R Cookson	1	1
P V Carolan (appointed 28th November 2003)	1	-
K N Hardman (appointed 12th August 2003)	-	-

### Directors' responsibilities for the financial statements

United Kingdom 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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**LANSON DEVELOPMENTS LIMITED**

**REPORT OF THE DIRECTORS**

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**Auditors**

Grant Thornton, having offered themselves for reappointment as auditors, shall be deemed to be reappointed for the next financial year in accordance with section 386 of the Companies Act 1985.

**BY ORDER OF THE BOARD**



J D Sheffield  
Secretary

4 February 2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
LANSON DEVELOPMENTS LIMITED**

We have audited the financial statements of Lanson Developments Limited for the year ended 30 September 2003 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 19. 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**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

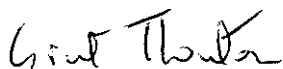
**Basis of opinion**

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



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
LEEDS**

10 February 2004

# **LANSON DEVELOPMENTS LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiary, it qualifies as a medium-sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The principal accounting policies of the company are set out below. These policies have remained unchanged from the previous year.

### **TURNOVER**

Turnover is the total amount receivable by the company for sales of residential dwellings in respect of which legal completion has taken place. Turnover excludes VAT and trade discounts.

### **INCOME FROM INVESTMENTS**

Investment income comprises dividends declared during the accounting period and interest receivable from joint venture investments.

### **INVESTMENTS**

Investments in joint ventures are included at cost less amounts written off.

### **STOCKS AND WORK IN PROGRESS**

Stocks and work in progress are stated at the lower of cost and net realisable value.

### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### **RETIREMENT BENEFITS**

#### **Defined Contribution Pension Scheme**

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

### **LEASED ASSETS**

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

# LANSON DEVELOPMENTS LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2003

	Note	2003 £	2002 £
<b>Turnover</b>	1	<b>2,751,236</b>	4,686,087
Cost of sales		<b>(2,408,594)</b>	(4,182,372)
Gross profit		<b>342,642</b>	503,715
Administrative expenses		<b>(371,622)</b>	(138,124)
Other operating income		<b>-</b>	4,580
<b>Operating loss</b>		<b>(28,980)</b>	370,171
Income from other fixed asset investments	4	<b>-</b>	50,000
Interest payable and similar charges	2	<b>(198,091)</b>	(105,988)
<b>Loss on ordinary activities before taxation</b>	1	<b>(227,071)</b>	314,183
Tax on loss on ordinary activities	5	<b>30,000</b>	(65,453)
<b>Loss transferred from reserves</b>	12	<b>(197,071)</b>	248,730

There were no recognised gains or losses other than the loss for the financial year.



# LANSON DEVELOPMENTS LIMITED

## BALANCE SHEET AT 30 SEPTEMBER 2003

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Investments	6	1	25,001
		<u>1</u>	<u>25,001</u>
<b>Current assets</b>			
Stocks	7	7,343,425	1,510,601
Debtors	8	356,127	758,168
		<u>7,699,552</u>	<u>2,268,769</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(6,614,664)</u>	<u>(1,076,977)</u>
<b>Net current assets</b>		<u>1,084,888</u>	<u>1,191,792</u>
<b>Total assets less current liabilities</b>		<u>1,084,889</u>	<u>1,216,793</u>
<b>Creditors: amounts falling due after more than one year</b>	10	<u>(604,496)</u>	<u>(539,329)</u>
		<u>480,393</u>	<u>677,464</u>
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Profit and loss account	12	480,391	677,462
		<u>480,393</u>	<u>677,464</u>
<b>Shareholders' funds</b>	13	<u>480,393</u>	<u>677,464</u>

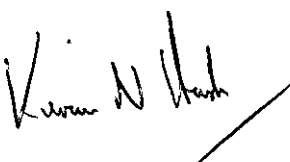
The financial statements were approved by the Board of Directors on 4 February 2004

J R Cookson



Director

K N Hardman



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**LANSON DEVELOPMENTS LIMITED****CASH FLOW STATEMENT**

For the year ended 30 September 2003

	<b>Note</b>	<b>2003 £</b>	<b>2002 £</b>
<b>Net cash outflow from operating activities</b>	<b>14</b>	<b>(3,237,118)</b>	<b>(198,519)</b>
<b>Returns on investments and servicing of finance</b>			
Interest paid		(154,999)	(48,415)
Non-equity dividends paid		-	50,000
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(154,999)</b>	<b>1,585</b>
<b>Taxation</b>		<b>(52,988)</b>	<b>(61,730)</b>
<b>Acquisitions and disposals</b>			
Sale of investments		25,000	-
<b>Net cash inflow from acquisitions and disposals</b>		<b>25,000</b>	<b>-</b>
<b>Financing</b>			
Repayment of borrowings	17	65,167	220,951
<b>Net cash inflow from financing</b>		<b>65,167</b>	<b>220,951</b>
<b>Decrease in cash</b>	<b>15</b>	<b>(3,354,938)</b>	<b>(37,713)</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

# LANSON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2003

### 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after:

	2003 £	2002 £
Auditors' remuneration	5,000	6,250
Other operating lease rentals	8,250	8,250
Other operating income includes: Rental Income	-	4,580

### 2 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
On bank loans and overdrafts	89,251	48,275
Other interest payable and similar charges	108,840	57,713
	198,091	105,988

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2003 £	2002 £
Wages and salaries	88,735	75,061
Social security costs	10,647	7,448
Other pension costs	1,500	-
	100,882	82,509

The average number of employees of the company during the year was 3 (2002: 3).

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Emoluments	6,865	-

**LANSON DEVELOPMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 2003

**4 INCOME FROM OTHER FIXED ASSET INVESTMENTS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Dividend from shares in joint venture	-	50,000
	<u>-</u>	<u>50,000</u>

**5 TAX ON LOSS ON ORDINARY ACTIVITIES**

The tax credit represents:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Corporation tax at 20% (2002: 20%)	(30,000)	53,412
Adjustment in respect of prior period	-	12,041
Tax on loss on ordinary activities	<u>(30,000)</u>	<u>65,453</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20% (2002: 20%). The differences are explained as follows:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before taxation	<u>(227,071)</u>	<u>314,183</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2002: 20%)	(45,414)	62,837
Effect of:		
Expenses not deductible for tax purposes	3,000	219
Dividends not taxable	-	(10,000)
Adjustments in respect of prior periods	-	12,041
Marginal rate	-	356
Tax losses not utilised	12,414	-
Current tax charge for period	<u>(30,000)</u>	<u>65,453</u>

# LANSON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2003

### 6 FIXED ASSETS INVESTMENTS

	Shares in joint venture companies
	£
Cost and Net Book Amount	
At 1 October 2002	25,001
Disposals	(25,000)
At 30 September 2003	1

	Country of registration	Class of share capital held	Proportion held	Nature of business	Capital and reserves £	Profit for the year £
<b>Joint ventures</b>						
Lanson Properties Limited	England & Wales	Ordinary Shares	50%	Property Development	94	18,148

Lanson Properties Limited has a year end of 31 July 2003.

### 7 STOCKS

	2003 £	2002 £
Land	1,599,022	612,500
Short-term work in progress	5,744,403	898,101
	<u>7,343,425</u>	<u>1,510,601</u>

Interest on capital borrowed to finance production is included in short term work in progress to the extent of £67,431 (2002 £Nil).

### 8 DEBTORS

	2003 £	2002 £
Trade debtors	-	100,231
Amounts owed by related undertakings	278,972	417,810
Other debtors	47,155	92,701
Loans to directors	-	147,426
Taxation recoverable	30,000	-
	<u>356,127</u>	<u>758,168</u>

**LANSON DEVELOPMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 2003

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003 £	2002 £
Bank loans and overdrafts	3,856,429	501,491
Trade creditors	216,604	149,171
Amounts owed to related undertakings	634,136	244,619
Corporation tax	-	52,988
Social security and other taxes	3,783	2,208
Other creditors	284,221	126,500
Accruals and deferred income	1,619,491	-
	<u>6,614,664</u>	<u>1,076,977</u>

**10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2003 £	2002 £
Other loans	-	499,649
Bank loans	5,032	9,680
Loans from directors	599,464	30,000
	<u>604,496</u>	<u>539,329</u>

**Bank loans and overdrafts**

The bank loans and overdrafts are secured by fixed and floating charges over the company's assets.

Borrowings are repayable as follows:

	2003 £	2002 £
Within one year		
Bank and other borrowings	3,856,429	501,491
After one and within two years		
Bank and other borrowings	604,496	506,285
After two and within five years		
Bank and other borrowings	-	33,044
	<u>4,460,925</u>	<u>1,040,820</u>

# LANSON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2003

### 11 SHARE CAPITAL

	2003 £	2002 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 12 RESERVES

	Profit and loss account £
At 1 October 2002	677,462
Retained loss for the year	<u>(197,071)</u>
At 30 September 2003	<u>480,391</u>

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Loss for the financial year	<u>(197,071)</u>	248,730
Net decrease in shareholders' funds	<u>(197,071)</u>	248,730
Shareholders' funds at 1 October 2002	<u>677,464</u>	428,734
Shareholders' funds at 30 September 2003	<u>480,393</u>	<u>677,464</u>

### 14 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating loss	(28,980)	370,171
Increase in stocks	(5,832,824)	(138,218)
Decrease in debtors	432,041	(502,607)
Increase in creditors	<u>2,192,645</u>	<u>72,135</u>
Net cash outflow from continuing operating activities	<u>(3,237,118)</u>	<u>(198,519)</u>

# LANSON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2003

### 15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £	2002 £
Decrease in cash in the year	(3,354,938)	(37,713)
Cash inflow from financing in the year	(65,167)	(220,951)
Change in net debt resulting from cashflows	(3,420,105)	(258,664)
Movement in net debt in the year	(3,420,105)	(258,664)
Net debt at 1 October 2002	(1,040,820)	(782,156)
Net debt at 30 September 2003	(4,460,925)	(1,040,820)

### 16 ANALYSIS OF CHANGES IN NET DEBT

	At 1 October 2002 £	Cash flow £	At 30 September 2003 £
Overdrafts	(501,491)	(3,354,938)	(3,856,429)
Debt	(539,329)	(65,167)	(604,496)
	(1,040,820)	(3,420,105)	(4,460,925)

### 17 LEASING COMMITMENTS

Operating lease payments amounting to £- (2002: £8,250) are due within one year. The leases to which these amounts relate expire as follows:

	2003 Land and buildings £	2002 Land and buildings £
Between one and five years	-	8,250
	-	8,250



# LANSON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2003

### 18 RELATED PARTY TRANSACTIONS

At the year-end there was a debt due to J R Cookson of £4,774 (2002: £30,000) and a debt due to P V Carolan of £599,463 (2002: £499,549).

During the previous year, Mr Cookson purchased properties from the company for £204,450. This contributed to an overdrawn loan account of £147,426, which was returned to credit during the present year by the full settlement of the property transaction.

Transactions with other related parties, by virtue of common directorship, were as follows:

During the year, the company purchased services on normal commercial terms from J R Cookson (Contracting) Limited and J R Cookson Developments Limited to the value of £4,441,274 (2002: £2,954,356) and £666,445 (2002: £369,619) respectively.

On 16th April 2003 the company disposed of its 50% investment in MIL Developments Limited to Lanson Estates Limited, a related company. This investment was sold for £25,000 which represented its original cost to the company. The directors believe, after taking suitable advice, that this represented the market value of this investment at that date.

Balances with other related parties, by virtue of common directorship, were as follows:

	2003 Amounts due from £	2003 Amounts due to £	2002 Amounts due from £	2002 Amounts due to £
Lanson Estates Limited	185	161,277	-	-
Lounge 68 Limited	3,854	-	-	-
MIL Developments Limited	113,567	-	121,597	-
J R Cookson Developments Limited	-	-	-	244,619
Lanson Properties Limited	-	-	23,250	-
J R Cookson (Contracting) Limited	161,366	472,859	272,963	-
	<u>278,972</u>	<u>634,136</u>	<u>417,810</u>	<u>244,619</u>

### 19 ULTIMATE CONTROLLING PARTY

The directors consider that there is no ultimate controlling related party of this company.