

**LANSON DEVELOPMENTS
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2002

LANSON DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 2002

Company registration number: 3248750

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

Director: J R Cookson

Secretary: J D Sheffield

Bankers: Yorkshire Bank plc
2 Infirmary Street
Leeds
LS1 2UL

Solicitors: Shulmans
120 Wellington Street
Leeds
LS1 4LT

Ludgate Morrell
39 Market Street
Huddersfield
HD1 2HL

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

LANSON DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 2002

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LANSON DEVELOPMENTS LIMITED

REPORT OF THE DIRECTOR

The director presents his report together with financial statements for the year ended 30 September 2002.

Principal activities

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

Business review

There was a profit for the year after taxation amounting to £248,730 (2001: profit £197,029). The director does not recommend payment of a dividend.

Director

The present membership of the Board is set out below. The director served throughout the year.

The interests of the director in the shares of the company as at 30 September 2002 and 1 October 2001, were as follows:

	Ordinary shares	
	30 September 2002	1 October 2001
J R Cookson	1	1

Director's responsibilities for the financial statements

Company law in the United Kingdom requires the director 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 director is 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 director is 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.

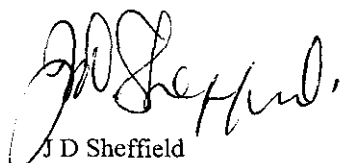
LANSON DEVELOPMENTS LIMITED

REPORT OF THE DIRECTOR

Auditors

Grant Thornton were appointed auditors in September 2002 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



J D Sheffield
Secretary

25 April 2003

**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 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 21. 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 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 the director and auditors

The director's responsibilities for preparing the director's report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of director's 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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read other information contained in the director's 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.

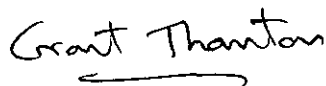
Basis of opinion

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 director 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LEEDS**

20 May 2003

LANSON DEVELOPMENTS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, 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 have remained unchanged from the previous year apart from Financial Reporting Standard 19, Deferred Tax, which became mandatory during the accounting period.

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.

JOINT VENTURES

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.

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 2002

	Note	2002 £	2001 £
Turnover	1	4,686,087	5,416,792
Cost of sales		(4,182,372)	(4,868,728)
Gross profit		503,715	548,064
Administrative expenses		(138,124)	(247,809)
Other operating income		4,580	5,430
Operating profit		370,171	305,685
Income from other fixed asset investments	4	50,000	-
Interest payable and similar charges	2	(105,988)	(59,358)
Profit on ordinary activities before taxation	1	314,183	246,327
Tax on profit on ordinary activities	5	(65,453)	(49,298)
Profit transferred to reserves	14	248,730	197,029

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

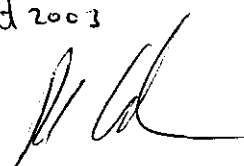
LANSON DEVELOPMENTS LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2002

	Note	2002 £	2001 £
Fixed assets			
Investments	7	25,001	25,001
		<u>25,001</u>	<u>25,001</u>
Current assets			
Stocks	9	1,510,601	1,372,383
Debtors	10	485,205	255,561
		<u>1,995,806</u>	<u>1,627,944</u>
Creditors: amounts falling due within one year	11	<u>(804,014)</u>	<u>(905,833)</u>
Net current assets		<u>1,191,792</u>	<u>722,111</u>
Total assets less current liabilities		<u>1,216,793</u>	<u>747,112</u>
Creditors: amounts falling due after more than one year	12	<u>(539,329)</u>	<u>(318,378)</u>
		<u>677,464</u>	<u>428,734</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	677,462	428,732
Shareholders' funds	15	<u>677,464</u>	<u>428,734</u>

The financial statements were approved by the Board of Directors on 25 April 2003

J R Cookson
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 2002

	Note	2002 £	2001 £
Net cash outflow from operating activities	16	(198,519)	(543,397)
Returns on investments and servicing of finance			
Interest paid		(48,415)	(59,358)
Dividends from joint venture		50,000	-
Taxation		(61,730)	(10,024)
Acquisitions and disposals			
Purchase of investment in joint ventures		-	(25,001)
Financing			
Repayment of borrowings	17	220,951	301,378
Decrease in cash	17	(37,713)	(336,402)

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 2002

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:	2002	2001
	£	£
Auditors' remuneration	6,250	2,075
Other operating lease rentals	8,250	-
	14,500	2,075
Other operating income includes:		
Rental Income	4,580	5,430

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
On bank loans and overdrafts	105,988	59,358

3 DIRECTOR AND EMPLOYEES

Staff costs during the year were as follows:	2002	2001
	£	£
Wages and salaries	75,061	-
Social security costs	7,448	-
	82,509	-

The average number of employees of the company during the year was 3 (2001: 0).
In 2001 all staff costs were re-charged by J R Cookson (Contracting) Limited during the year.

4 INCOME FROM OTHER FIXED ASSET INVESTMENTS

	2002	2001
	£	£
Dividend from shares in joint venture	50,000	-
	50,000	-

LANSON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2002

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2002 £	2001 £
UK Corporation tax at 20.1% (2001: 20%)	53,412	49,265
Adjustments in respect of prior periods: Corporation tax under provided.	12,041	33
Total current tax	65,453	49,298

6 TAX RECONCILIATION

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20% (2001: 20%). The differences are explained as follows:

	2002 £	2001 £
Profit on ordinary activities before tax	314,183	246,327
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2001:20%).	62,837	49,265
Effect of:		
Expenses not deductible for tax purposes	219	-
Dividends not taxable	(10,000)	-
Adjustments in respect of prior periods	12,041	33
Marginal rate	356	-
Current tax charge for period	65,453	49,298

7 FIXED ASSETS INVESTMENTS

	Shares in joint venture companies £
Cost and Net Book Amount At 30 September 2002 and 30 September 2001	25,001

LANSON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2002

	Country of registration	Class of share capital held	Proportion held	Nature of business	Capital and reserves £	Profit /(loss) for the financial year £
Joint ventures						
Lanson Properties Limited	England & Wales	Ordinary Shares	50%	Property Development	73,546	57,583
MIL Developments Limited	England & Wales	Ordinary Shares	50%	Property Development	(239,327)	(288,060)

Lanson Properties Limited and MIL Developments Limited have year ends of 31 July 2002 and 30 June 2002 respectively.

8 SIGNIFICANT JOINT VENTURES

The company's share of the results, assets and liabilities of MIL Developments Limited, at 30 June 2002, was:

	2002 £	2001 £
Turnover	434,685	0
Loss before tax	(288,060)	452
Taxation	0	0
Loss after tax	(288,060)	452
Current Assets	1,065,894	46
Liabilities due within one year	(1,185,558)	(679)

9 STOCKS

	2002 £	2001 £
Land	612,500	455,250
Short-term work in progress	898,101	917,133
	<u>1,510,601</u>	<u>1,372,383</u>

10 DEBTORS

	2002 £	2001 £
Trade debtors	123,481	142,899
Amounts owed by joint ventures	121,597	100,000
Other debtors	92,701	12,662
Loans to directors	147,426	-
	<u>485,205</u>	<u>255,561</u>

LANSON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2002

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans and overdrafts (see note 12)	501,491	463,778
Trade creditors	120,827	359,970
Corporation tax	52,988	49,265
Social security and other taxes	2,208	-
Other creditors	126,500	32,820
	<u>804,014</u>	<u>905,833</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Other loans	499,649	270,000
Bank loans	9,680	17,000
Loans from directors	30,000	31,378
	<u>539,329</u>	<u>318,378</u>

Bank loans and overdrafts

The bank loans and overdrafts are secured by a fixed and floating charge over the company's land and work in progress.

Borrowings are repayable as follows:

	2002 £	2001 £
Within one year		
Bank and other borrowings	501,491	463,778
After one and within two years		
Bank and other borrowings	506,285	276,636
After two and within five years		
Bank and other borrowings	33,044	41,742
	<u>1,040,820</u>	<u>782,156</u>

LANSON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2002

13 SHARE CAPITAL

	2002 £	2001 £
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>

14 RESERVES

	Profit and loss account £
At 1 October 2001	428,732
Retained profit for the year	<u>248,730</u>
At 30 September 2002	<u>677,462</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	<u>248,730</u>	<u>197,029</u>
Net increase in shareholders' funds	<u>248,730</u>	<u>197,029</u>
Shareholders' funds at 1 October 2001	<u>428,734</u>	<u>231,705</u>
Shareholders' funds at 30 September 2002	<u>677,464</u>	<u>428,734</u>

16 NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	370,171	305,685
Increase in stocks	(138,218)	(735,908)
Increase in debtors	(229,644)	(155,284)
Decrease in creditors	<u>(200,828)</u>	<u>42,110</u>
Net cash outflow from continuing operating activities	<u>(198,519)</u>	<u>(543,397)</u>

LANSON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2002

17 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002 £	2001 £
Decrease in cash in the year	(37,713)	(336,402)
Cash inflow from financing in the year	(220,951)	(301,378)
Change in net debt resulting from cashflows	(258,664)	(637,780)
Movement in net debt in the year	(258,664)	(637,780)
Net debt at 1 October 2001	(782,156)	(144,376)
Net debt at 30 September 2002	(1,040,820)	(782,156)

18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 October 2001 £	Cash flow £	At 30 September 2002 £
Overdrafts	(463,778)	(37,713)	(501,491)
Debt	(318,378)	(220,951)	(539,329)
	(782,156)	(258,664)	(1,040,820)

19 LEASING COMMITMENTS

Operating lease payments amounting to £8,250 (2001: £nil) are due within one year. The leases to which these amounts relate expire as follows:

	2002 Land and buildings £	2001 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 2002

20 TRANSACTIONS WITH DIRECTOR

At the year end there was a long term debt of £30,000 (2001: £31,378) due to J R Cookson, the director. During the year, Mr Cookson purchased properties from the company, at market value, for £204,450. This has contributed to an overdrawn loan account of £147,426, which was returned to credit after the year end 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) Ltd and J R Cookson Developments Ltd to the value of £2,954,356 and £369,619 respectively. At the year end there was a balance of £272,963 due from J R Cookson (Contracting) Ltd, by virtue of payments in advance, and a balance of £244,619 due to J R Cookson Developments Ltd.

At the year end there were also amounts due from MIL Developments Ltd of £121,597 and Lanson Properties Ltd of £23,250.

21 ULTIMATE CONTROLLING PARTY

Ultimate control is not vested in any one individual.