

J R Cookson (Contracting) Limited

Financial statements

For the year ended 30 September 2005

Grant Thornton 



Company No. 3356070

Officers and professional advisers

Company registration number	3356070
Registered office	Waverley Edgerton Road Huddersfield West Yorkshire HD3 3AR
Directors	J R Cookson M H R I Wilson PV Carolan M Delieu
Secretary	GM Berryman-Smart
Solicitors	Shulmans 120 Wellington Street Leeds LS11 5AE
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors St Johns Centre 110 Albion Street Leeds LS2 8LA

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 September 2005.

Principal activities and business review

The principal activity of the company during the year was in the building of residential housing and general construction work.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The operating profit of £87,274 is after absorbing £188,548 of set up costs in respect of a new modular bathroom manufacturing capability established during the year.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

J R Cookson	
M Delieu	(Appointed 12 August 2005)
M H R I Wilson	(Appointed 5 January 2005)
PV Carolan	(Appointed 24 October 2005)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Directors' responsibilities

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 at the end of the year and of the profit or loss for the year then ended. 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

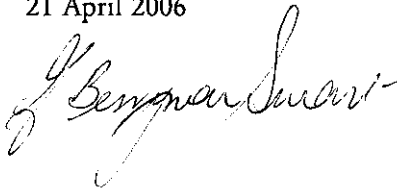
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

GM Berryman-Smart
Secretary
21 April 2006

A handwritten signature in cursive script, appearing to read 'GM Berryman-Smart', written in dark ink.

Report of the independent auditors to the members of J R Cookson (Contracting) Limited

We have audited the financial statements of J R Cookson (Contracting) Limited for the year ended 30 September 2005 which comprise the accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 20. 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 report of the directors 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 report of the directors 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 report of the directors 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.

Report of the independent auditors to the members of J R Cookson (Contracting) Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 September 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LEEDS

21 April 2006

Accounting policies

Basis of accounting

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

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant, furniture and equipment	-	20% or 25%
Motor vehicles	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Long term contracts

Profit on individual contracts is taken only when their outcome can be foreseen with reasonable certainty, based on the lower of the percentage margin earned to date and that prudently forecast at completion, taking account of agreed claims. Full provision is made for all known or expected losses on individual contracts, taking a prudent view of future claims income, immediately such losses are foreseen. The amount by which the recorded turnover is in excess of payments on account is classed as "amounts recoverable on contracts" and separately disclosed within debtors.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax in the future.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Profit and loss account

	Note	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Turnover	1	17,866,200	19,305,067
Cost of sales		14,538,214	16,152,898
Gross profit		3,327,986	3,152,169
Other operating charges	2	3,240,712	3,107,415
Other operating income	2	-	(114,387)
Operating profit	3	87,274	159,141
Interest receivable		9,353	15,982
Interest payable and similar charges	6	(34,145)	(36,825)
Profit on ordinary activities before taxation		62,482	138,298
Tax on profit on ordinary activities	7	(8,410)	32,727
Retained profit for the financial year		70,892	105,571

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	8	<u>293,419</u>	<u>167,261</u>
Current assets			
Stocks	9	127,348	-
Debtors	10	5,358,728	3,269,988
Cash at bank and in hand		255	804
		<u>5,486,331</u>	<u>3,270,792</u>
Creditors: amounts falling due within one year	11	<u>5,167,879</u>	<u>2,953,900</u>
Net current assets		<u>318,452</u>	<u>316,892</u>
Total assets less current liabilities		<u>611,871</u>	<u>484,153</u>
Creditors: amounts falling due after more than one year	12	<u>93,325</u>	<u>32,683</u>
		<u>518,546</u>	<u>451,470</u>
Provisions for liabilities and charges			
Deferred taxation	14	-	3,816
		<u>518,546</u>	<u>447,654</u>
Capital and reserves			
Called-up equity share capital	16	100	100
Profit and loss account		<u>518,446</u>	<u>447,554</u>
Shareholders' funds	18	<u>518,546</u>	<u>447,654</u>

These financial statements were approved by the directors on 21 April 2006 and are signed on their behalf by:


J R Cookson
Director

Cash flow statement

	Note	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Net cash (outflow)/inflow from operating activities	19	(176,219)	454,675
Returns on investments and servicing of finance	19	(24,792)	(20,843)
Taxation	19	(21,594)	(31,914)
Capital expenditure and financial investment	19	(262,017)	6,640
Cash (outflow)/inflow before financing		(484,622)	408,558
Financing	19	49,166	(149,646)
(Decrease)/increase in cash	19	(435,456)	258,912

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

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
United Kingdom	<u>17,866,200</u>	<u>19,305,067</u>

2 Other operating income and charges

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Administrative expenses	3,240,712	3,107,415
Other operating income	-	(114,387)
	<u>3,240,712</u>	<u>2,993,028</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Depreciation of owned fixed assets	61,204	15,833
Depreciation of assets held under finance leases and hire purchase agreements	75,560	66,005
(Profit)/Loss on disposal of fixed assets	(905)	4,404
Auditors' remuneration:		
Audit fees	<u>9,500</u>	<u>6,750</u>

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	Year to 30 Sep 05 No	Period from 6 Apr 03 to 30 Sep 04 No
Number of production staff	137	50
Number of administrative staff	38	23
	<u>175</u>	<u>73</u>

The aggregate payroll costs of the above were:

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Wages and salaries	3,754,516	2,159,917
Social security costs	402,801	228,842
Other pension costs	15,680	23,345
	<u>4,172,997</u>	<u>2,412,104</u>

5 Directors

Remuneration in respect of directors was as follows:

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Emoluments receivable	<u>33,333</u>	<u>84,482</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Year to 30 Sep 05 No	Period from 6 Apr 03 to 30 Sep 04 No
Money purchase schemes	<u>1</u>	<u>1</u>

6 Interest payable and similar charges

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Finance charges	16,861	23,550
Other similar charges payable	17,284	13,275
	<u>34,145</u>	<u>36,825</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2004 - 30%)	14,161	40,349
Adjustment in respect of prior period	(18,755)	(4,344)
Total current tax	(4,594)	36,005
Deferred tax:		
Origination and reversal of timing differences		
Capital allowances	(3,816)	(3,278)
Tax on profit on ordinary activities	(8,410)	<u>32,727</u>

(b) Factors affecting current tax charge

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Profit on ordinary activities before taxation	<u>62,482</u>	<u>138,298</u>
Profit on ordinary activities by rate of tax of 19% (2004: 30%)	11,872	41,489
Expenses not deductible	921	4,855
Depreciation in excess of capital allowances	2,836	4,671
Group relief claimed	(1,468)	-
Adjustment in respect of prior year tax liability	(18,755)	(10,666)
Adjustment in respect of lower rate of corporation tax applying	-	(4,344)
Total current tax (note 7(a))	<u>(4,594)</u>	<u>36,005</u>

8 Tangible fixed assets

	Plant & Machinery £	Motor vehicles £	Furniture and fittings £	Total £
Cost				
At 1 October 2004	-	263,494	68,008	331,502
Additions	96,665	132,556	42,773	271,994
Disposals	-	(51,402)	-	(51,402)
At 30 September 2005	<u>96,665</u>	<u>344,648</u>	<u>110,781</u>	<u>552,094</u>
Depreciation				
At 1 October 2004	-	134,561	29,680	164,241
Charge for the year	32,762	81,075	22,927	136,764
On disposals	-	(42,330)	-	(42,330)
At 30 September 2005	<u>32,762</u>	<u>173,306</u>	<u>52,607</u>	<u>258,675</u>
Net book value				
At 30 September 2005	<u>63,903</u>	<u>171,342</u>	<u>58,174</u>	<u>293,419</u>
At 30 September 2004	<u>-</u>	<u>128,933</u>	<u>38,328</u>	<u>167,261</u>

Included within the net book value of £293,419 is £167,422 (2004 - £127,418) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £75,560 (2004 - £66,005).

9 Stocks

	2005 £	2004 £
Raw materials	<u>127,348</u>	<u>-</u>

10 Debtors

	2005 £	2004 £
Trade debtors	34,693	181,165
Amounts owed by group undertakings	564	239,133
Amounts owed by related parties	980,198	2,295,386
Taxation recoverable	86,405	-
Other debtors	3,744,620	443,382
Prepayments and accrued income	512,248	110,922
	<u>5,358,728</u>	<u>3,269,988</u>

Included in other debtors are amounts recoverable on contracts of £3,390,762 (2004: £320,899).

11 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	609,421	174,514
Trade creditors	3,313,854	2,275,668
Amounts owed to group undertakings	442,625	-
Amounts owed to related parties	256,552	90,526
Corporation tax	14,161	40,349
Other taxation	262,030	36,958
Amounts due under finance leases and hire purchase agreements	57,372	68,848
Other creditors	63,403	2,125
Accruals and deferred income	148,461	264,912
	<u>5,167,879</u>	<u>2,953,900</u>

The bank overdraft is secured by a fixed and floating charge over all the assets of the company including a fixed charge over book debts.

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate.

12 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Amounts due under finance leases and hire purchase agreements	<u>93,325</u>	<u>32,683</u>

13 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	2005 £	2004 £
Amounts payable within 1 year	57,372	68,848
Amounts payable between 1 and 2 years	8,100	25,327
Amounts payable between 3 and 5 years	85,225	7,356
	<u>150,697</u>	<u>101,531</u>

14 Deferred taxation

The movement in the deferred taxation provision during the year was:

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Provision brought forward	3,816	7,094
Profit and loss account movement arising during the year	(3,816)	(3,278)
Provision carried forward	<u>-</u>	<u>3,816</u>

14 Deferred taxation (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005	2004
	£	£
Excess of taxation allowances over depreciation on fixed assets	—	3,816

15 Related party transactions

At the year end there was debt due from JR Cookson, and members of his family, of £345,619 (2004: £nil). The amounts outstanding at the year end were also the maximum amounts outstanding during the year. The company carried out work on behalf of Mr J R Cookson to the value of £395,255 (2004: £135,014).

During the period sales to related parties, by virtue of common directorship, were as follows:

	2005	2004
	£	£
Lanson Estates Limited	1,467,863	1,289,949
Lounge 68 Limited	5,043	237,426
MIL Developments Limited	48,422	134,499
J R Cookson (Development) Limited	231,279	941,913
Lanson Developments Limited	12,873,897	12,873,897

Purchases from related parties, by virtue of common directorship, were as follows:

	2005	2004
	£	£
Lounge 68 Limited	1,975	-
Cookson Plant Hire Limited	572,216	363,322

Balances with related parties at 30 September 2005, by virtue of common directorships, were as follows:

	2005	2004
	£	£
Lanson Estates Limited	(126,588)	256,281
Lounge 68 Limited	8,433	214,283
MIL Developments Limited	79,025	346,178
Cookson Plant Hire Limited	(399,480)	(90,526)
J R Cookson (Development) Limited	(43,145)	239,069
J R Cookson (Holdings) Limited	564	-
Lanson Securities Limited	65	-
Lanson Developments Limited	876,771	1,478,664
Life Homes Limited	(17,239)	-

16 Share capital

Authorised share capital:

	2005 £	2004 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2005 No	£	2004 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

17 Profit and loss account

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Balance brought forward	447,554	341,983
Retained profit for the financial year	<u>70,892</u>	<u>105,571</u>
Balance carried forward	<u>518,446</u>	<u>447,554</u>

18 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	70,892	105,571
Opening shareholders' equity funds	<u>447,654</u>	<u>342,083</u>
Closing shareholders' equity funds	<u>518,546</u>	<u>447,654</u>

19 Notes to the statement of cash flows

Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Operating profit	87,274	159,141
Depreciation	136,764	81,838
(Profit)/Loss on disposal of fixed assets	(905)	4,404
Increase in stocks	(127,348)	-
Increase in debtors	(2,002,335)	(694,847)
Increase in creditors	<u>1,730,331</u>	<u>904,139</u>
Net cash (outflow)/inflow from operating activities	<u>(176,219)</u>	<u>454,675</u>

19 Notes to the statement of cash flows (continued)

Returns on investments and servicing of finance

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Interest received	9,353	15,982
Interest paid	(17,284)	(13,275)
Interest element of finance leases and hire purchase	(16,861)	(23,550)
Net cash outflow from returns on investments and servicing of finance	<u>(24,792)</u>	<u>(20,843)</u>

Taxation

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Taxation	<u>(21,594)</u>	<u>(31,914)</u>

Capital expenditure

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Payments to acquire tangible fixed assets	(271,994)	(31,486)
Receipts from sale of fixed assets	9,977	38,126
Net cash (outflow)/inflow from capital expenditure	<u>(262,017)</u>	<u>6,640</u>

Financing

	Year to 30 Sep 05 £	Period from 6 Apr 03 to 30 Sep 04 £
Capital element of finance leases and hire purchase	49,166	(149,646)
Net cash inflow/(outflow) from financing	<u>49,166</u>	<u>(149,646)</u>

19 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2005 £	2004 £
(Decrease)/increase in cash in the period	(435,456)	258,912
Cash outflow in respect of finance leases and hire purchase	(49,166)	149,646
Change in net debt resulting from cash flows	(484,622)	408,558
New finance leases	—	(81,743)
Movement in net debt in the period	(484,622)	326,815
Net debt at 1 October 2004	(275,241)	(602,056)
Net debt at 30 September 2005	(759,863)	(275,241)

Analysis of changes in net debt

	At 1 Oct 2004 £	Cash flows £	At 30 Sep 2005 £
Net cash:			
Cash in hand and at bank	804	(549)	255
Overdrafts	(174,514)	(434,907)	(609,421)
	(173,710)	(435,456)	(609,166)
Debt:			
Finance leases and hire purchase agreements	(101,531)	(49,166)	(150,697)
Net debt	(275,241)	(484,622)	(759,863)

20 Ultimate parent company

The ultimate parent company is J R Cookson (Holdings) Limited, incorporated in Great Britain.

Ultimate control is vested in Mr J R Cookson by virtue of his majority shareholding in J R Cookson (Holdings) Limited.