

CFO

**J R Cookson (Contracting) Limited**  
Financial statements  
For the period from 6 April 2003 to  
30 September 2004

Grant Thornton 



**Company No. 3356070**

## Officers and professional advisers

<b>Company registration number</b>	3356070
<b>Registered office</b>	Waverley Edgerton Road Huddersfield West Yorkshire HD3 3AR
<b>Directors</b>	J R Cookson M H R I Wilson
<b>Secretary</b>	J D Sheffield
<b>Solicitors</b>	Robert Muckle Norham House New Bridge Street West Newcastle Upon Tyne NE1 8AS
<b>Auditors</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors St Johns Centre 110 Albion Street Leeds LS2 8LA

## **Contents**

<b>Report of the directors</b>	3 - 4
<b>Report of the independent auditors</b>	5 - 6
<b>Accounting policies</b>	7 - 8
<b>Profit and loss account</b>	9
<b>Balance sheet</b>	10
<b>Cash flow statement</b>	11
<b>Notes to the financial statements</b>	12 - 20

## **Report of the directors**

The directors present their report and the financial statements of the company for the period from 6 April 2003 to 30 September 2004.

### **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 period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

### **Directors**

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

J R Cookson

K N Hardman (Appointed 12 August 2003, died 9 June 2004)

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

M H R I Wilson was appointed as a director on 5 January 2005

### **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 period and of the profit or loss for the period 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**

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004. Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



J R Cookson  
Director  
21 February 2005

## 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 period from 6 April 2003 to 30 September 2004 which comprise the accounting policies, profit and loss account, balance sheet, 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 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 2004 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Grant Thornton UK LLP*

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
LEEDS

*23 February 2005*

## 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:

Motor vehicles	- 25% reducing balance
Furniture and fittings	- 15% reducing balance

### **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.

### **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.

## Profit and loss account

	Note	30 Sept 04 £	Year to 5 April 03 £
Turnover	1	19,305,067	7,944,328
Cost of sales		16,152,898	6,531,164
Gross profit		3,152,169	1,413,164
Other operating charges	2	3,107,415	1,459,814
Other operating income		(114,387)	(107,500)
<b>Operating profit</b>	3	<b>159,141</b>	<b>60,850</b>
Interest receivable		15,982	81,855
Interest payable and similar charges	6	(36,825)	(13,967)
<b>Profit on ordinary activities before taxation</b>		<b>138,298</b>	<b>128,738</b>
Tax on profit on ordinary activities	7	32,727	43,238
<b>Retained profit for the financial period</b>		<b>105,571</b>	<b>85,500</b>
Balance brought forward		341,983	256,483
Balance carried forward		447,554	341,983

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 period as set out above.

## Balance sheet

	Note	30 Sept 04 £	5 April 03 £
<b>Fixed assets</b>			
Tangible assets	8	<u>167,261</u>	<u>178,400</u>
<b>Current assets</b>			
Debtors	9	3,269,988	2,575,141
Cash in hand		<u>804</u>	<u>199</u>
		<u>3,270,792</u>	<u>2,575,340</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>2,953,900</u>	<u>2,312,347</u>
<b>Net current assets</b>		<u>316,892</u>	<u>262,993</u>
<b>Total assets less current liabilities</b>		<u>484,153</u>	<u>441,393</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>32,683</u>	<u>92,216</u>
		<u>451,470</u>	<u>349,177</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	13	<u>3,816</u>	<u>7,094</u>
		<u>447,654</u>	<u>342,083</u>
<b>Capital and reserves</b>			
Called-up equity share capital	15	100	100
Profit and loss account		<u>447,554</u>	<u>341,983</u>
<b>Shareholders' funds</b>	17	<u>447,654</u>	<u>342,083</u>

These financial statements were approved by the directors on 21 February 2005 and are signed on their behalf by:



J R Cookson  
Director

## Cash flow statement

	Note	30 Sept 04 £	Year to 5 April 03 £
Net cash inflow/(outflow) from operating activities	18	454,675	(288,025)
Returns on investments and servicing of finance	18	(20,843)	67,888
Taxation	18	(31,914)	(29,886)
Capital expenditure and financial investment	18	6,640	(9,256)
Cash inflow/(outflow) before financing		<u>408,558</u>	<u>(259,279)</u>
Financing	18	(149,646)	(64,752)
Increase/(decrease) in cash	18	<u>258,912</u>	<u>(324,031)</u>

## 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:

	30 Sept 04 £	Year to 5 April 03 £
United Kingdom	<u>19,305,067</u>	<u>7,944,328</u>

### 2 Other operating income and charges

	30 Sept 04 £	Year to 5 April 03 £
Administrative expenses	3,107,415	1,459,814
Other operating income	(114,387)	(107,500)
	<u>2,993,028</u>	<u>1,352,314</u>

### 3 Operating profit

Operating profit is stated after charging:

	30 Sept 04 £	Year to 5 April 03 £
Depreciation of owned fixed assets	15,833	10,149
Depreciation of assets held under finance leases and hire purchase agreements	66,005	39,867
Loss on disposal of fixed assets	4,404	2,850
Auditors' remuneration:		
Audit fees	<u>6,750</u>	<u>5,500</u>

**4 Particulars of employees**

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

	<b>30 Sept 04</b>	Year to 5 April 03
	<b>No</b>	<b>No</b>
Number of production staff	<b>50</b>	35
Number of administrative staff	<b>23</b>	19
	<b><u>73</u></b>	<u>54</u>

The aggregate payroll costs of the above were:

	<b>30 Sept 04</b>	Year to 5 April 03
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,159,917</b>	1,026,325
Social security costs	<b>228,842</b>	90,767
Other pension costs	<b>23,345</b>	17,230
	<b><u>2,412,104</u></b>	<u>1,134,322</u>

**5 Directors**

Remuneration in respect of directors was as follows:

	<b>30 Sept 04</b>	Year to 5 April 03
	<b>£</b>	<b>£</b>
Emoluments receivable	<b>89,223</b>	46,782
Value of company pension contributions to money purchase schemes	<b>–</b>	12,000
	<b><u>89,223</u></b>	<u>58,782</u>

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

	<b>30 Sept 04</b>	Year to 5 April 03
	<b>No</b>	<b>No</b>
Money purchase schemes	<b><u>1</u></b>	<u>1</u>

**6 Interest payable and similar charges**

	30 Sept 04	Year to 5 April 03
	£	£
Finance charges	23,550	11,000
Other similar charges payable	13,275	2,967
	<u>36,825</u>	<u>13,967</u>

**7 Taxation on ordinary activities**

(a) Analysis of charge in the period

	30 Sept 04	Year to 5 April 03
	£	£
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 30% (2003 - 30%)	40,349	36,258
Adjustment in respect of prior period	(4,344)	(114)
Total current tax	<u>36,005</u>	<u>36,144</u>
Deferred tax:		
Origination and reversal of timing differences (note 13)		
Capital allowances	(3,278)	7,094
Tax on profit on ordinary activities	<u>32,727</u>	<u>43,238</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	30 Sept 04	Year to 5 April 03
	£	£
Profit on ordinary activities before taxation	<u>138,298</u>	<u>128,738</u>
Profit/(loss) on ordinary activities by rate of tax	41,489	38,621
Expenses not deductible for tax purposes	4,855	2,672
Depreciation in excess of capital allowances	4,671	1,260
Adjustment in respect of lower rate of corporation tax applying	(10,666)	(6,295)
Adjustments to tax charge in respect of previous periods	(4,344)	(114)
Total current tax (note 7(a))	<u>36,005</u>	<u>36,144</u>

**8 Tangible fixed assets**

	<b>Motor vehicles £</b>	<b>Furniture and fitting £</b>	<b>Total £</b>
Cost			
At 6 April 2003	268,449	43,739	312,188
Additions	88,960	24,269	113,229
Disposals	(93,915)	—	(93,915)
At 30 September 2004	<u>263,494</u>	<u>68,008</u>	<u>331,502</u>
Depreciation			
At 6 April 2003	117,385	16,403	133,788
Charge for the period	68,561	13,277	81,838
On disposals	(51,385)	—	(51,385)
At 30 September 2004	<u>134,561</u>	<u>29,680</u>	<u>164,241</u>
Net book value			
At 30 September 2004	<u>128,933</u>	<u>38,328</u>	<u>167,261</u>
At 5 April 2003	<u>151,064</u>	<u>27,336</u>	<u>178,400</u>

Included within the net book value of £167,261 is £127,418 (2003 - £139,566) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £66,005 (2003 - £39,867).

**9 Debtors**

	<b>30 Sept 04 £</b>	<b>5 April 03 £</b>
Trade debtors	181,165	330,521
Amounts owed by group undertakings	239,133	—
Amounts owed by related undertakings	2,295,386	1,056,583
Other debtors	443,382	1,154,011
Prepayments and accrued income	110,922	34,026
	<u>3,269,988</u>	<u>2,575,141</u>

Included in other debtors are amounts recoverable on contracts of **320,899** 1,071,909



**10 Creditors: amounts falling due within one year**

	30 Sept 04 £	5 April 03 £
Bank loans and overdrafts (secured)	174,514	432,821
Trade creditors	2,275,668	1,152,669
Amounts owed to group undertakings	—	6,390
Amounts owed to related undertakings	90,526	431,745
Corporation tax	40,349	36,258
PAYE and social security	36,958	42,585
Amounts due under finance leases and hire purchase agreements	68,848	77,218
Other creditors	2,125	93,683
Accruals and deferred income	264,912	38,978
	<u>2,953,900</u>	<u>2,312,347</u>

**11 Creditors: amounts falling due after more than one year**

	30 Sept 04 £	5 April 03 £
Amounts due under finance leases and hire purchase agreements	<u>32,683</u>	<u>92,216</u>

**12 Commitments under finance leases and hire purchase agreements**

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

	30 Sept 04 £	5 April 03 £
Amounts payable within 1 year	68,848	77,218
Amounts payable between 1 and 2 years	25,327	66,557
Amounts payable between 3 and 5 years	7,356	25,659
	<u>101,531</u>	<u>169,434</u>

**13 Deferred taxation**

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

	30 Sept 04 £	Year to 5 April 03 £
Provision brought forward	7,094	—
Profit and loss account movement arising during the period	(3,278)	7,094
Provision carried forward	<u>3,816</u>	<u>7,094</u>

**13 Deferred taxation (continued)**

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

	30 Sept 04	5 April 03
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>3,816</u>	<u>7,094</u>

**14 Related party transactions**

During the period the company undertook transactions with related parties, by virtue of common directorships, as follows:

	Sales		Management charges	
	2004	2003	2004	2003
	£	£	£	£
Lanson Estates Limited	1,289,949	649,512	45,000	20,000
Lounge 68 Limited	237,426	—	—	—
Lanson Properties Limited	—	121,660	—	—
Cookson Plant Hire Limited	—	31,484	22,500	53,500
MIL Developments Limited	134,499	1,042,983	—	—
J R Cookson Developments Limited	941,913	997,406	—	5,000
Lanson Developments Limited	12,873,897	2,100,621	46,887	30,000

	Purchases	
	2004	2003
	£	£
Cookson Plant Hire Limited	363,322	214,102
Lanson Developments Limited	—	31,697

Balances owed by (to) related parties were as follows:

	2004	2003
	£	£
Lanson Estates Limited	256,281	99,293
Lounge 68 Limited	214,263	—
Lanson Properties Limited	—	328
Cookson Plant Hire Limited	(90,526)	(69,192)
MIL Developments Limited	346,178	956,962
J R Cookson Developments Limited	239,069	(6,390)
J R Cookson (Holdings) Limited	64	—
Lanson Developments Limited	1,478,664	(362,553)

The company also carried out work on behalf of Mr J R Cookson to the value of £ 135,014.

**15 Share capital**

Authorised share capital:

	<b>30 Sept 04</b>	<b>5 April 03</b>
	<b>£</b>	<b>£</b>
1,000 Ordinary shares of £1 each	<b><u>1,000</u></b>	<b><u>1,000</u></b>

Allotted, called up and fully paid:

	<b>30 Sept 04</b>		<b>5 April 03</b>
	<b>No</b>	<b>£</b>	<b>No</b>
Ordinary shares of £1 each	<b><u>100</u></b>	<b><u>100</u></b>	<b><u>100</u></b>

**16 Profit and loss account**

	<b>30 Sept 04</b>	<b>Year to</b>
	<b>£</b>	<b>5 April 03</b>
Balance brought forward	<b>341,983</b>	256,483
Retained profit for the financial period	<b><u>105,571</u></b>	<u>85,500</u>
Balance carried forward	<b><u>447,554</u></b>	<b><u>341,983</u></b>

**17 Reconciliation of movements in shareholders' funds**

	<b>30 Sept 04</b>	<b>5 April 03</b>
	<b>£</b>	<b>£</b>
Profit for the financial period	<b>105,571</b>	85,500
Opening shareholders' equity funds	<b><u>342,083</u></b>	<u>256,583</u>
Closing shareholders' equity funds	<b><u>447,654</u></b>	<b><u>342,083</u></b>

**18 Notes to the statement of cash flows**

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

	<b>30 Sept 04</b>	<b>Year to 5 April 03</b>
	<b>£</b>	<b>£</b>
Operating profit	<b>159,141</b>	60,850
Depreciation	<b>81,838</b>	50,016
Loss on disposal of fixed assets	<b>4,404</b>	2,850
Increase in debtors	<b>(694,847)</b>	(629,602)
Increase in creditors	<b>904,139</b>	227,861
Net cash inflow/(outflow) from operating activities	<b><u>454,675</u></b>	<b><u>(288,025)</u></b>

**Returns on investments and servicing of finance**

	<b>30 Sept 04</b>	<b>Year to 5 April 03</b>
	<b>£</b>	<b>£</b>
Interest received	<b>15,982</b>	81,855
Interest paid	<b>(13,275)</b>	(2,967)
Interest element of finance leases and hire purchase	<b>(23,550)</b>	(11,000)
Net cash (outflow)/inflow from returns on investments and servicing of finance	<b><u>(20,843)</u></b>	<b><u>67,888</u></b>

**Taxation**

	<b>30 Sept 04</b>	<b>Year to 5 April 03</b>
	<b>£</b>	<b>£</b>
Taxation	<b><u>(31,914)</u></b>	<b><u>(29,886)</u></b>

**Capital expenditure**

	<b>30 Sept 04</b>	<b>Year to 5 April 03</b>
	<b>£</b>	<b>£</b>
Payments to acquire tangible fixed assets	<b>(31,486)</b>	(11,256)
Receipts from sale of fixed assets	<b>38,126</b>	2,000
Net cash inflow/(outflow) from capital expenditure	<b><u>6,640</u></b>	<b><u>(9,256)</u></b>

**18 Notes to the statement of cash flows (continued)**

**Financing**

	30 Sept 04	Year to 5 April 03
	£	£
Capital element of finance leases and hire purchase	<u>(149,646)</u>	(64,752)
Net cash outflow from financing	<u>(149,646)</u>	<u>(64,752)</u>

**Reconciliation of net cash flow to movement in net debt**

	30 Sept 04	5 April 03
	£	£
Increase/(decrease) in cash in the period	258,912	(324,031)
Cash outflow in respect of finance leases and hire purchase	149,646	64,752
Change in net debt resulting from cash flows	408,558	(259,279)
New finance leases	<u>(81,743)</u>	<u>(159,831)</u>
Movement in net debt in the period	<u>326,815</u>	<u>(419,110)</u>
Net debt at 6 April 2003	<u>(602,056)</u>	<u>(182,946)</u>
Net debt at 30 September 2004	<u>(275,241)</u>	<u>(602,056)</u>

**Analysis of changes in net debt**

	At 6 April 2003	Cash flows	Other changes	At 30 Sept 2004
	£	£	£	£
Net cash:				
Cash in hand and at bank	199	605	—	804
Overdrafts	<u>(432,821)</u>	<u>258,307</u>	—	<u>(174,514)</u>
	<u>(432,622)</u>	<u>258,912</u>	—	<u>(173,710)</u>
Debt:				
Finance leases and hire purchase agreements	<u>(169,434)</u>	<u>149,646</u>	<u>(81,743)</u>	<u>(101,531)</u>
Net debt	<u>(602,056)</u>	<u>408,558</u>	<u>(81,743)</u>	<u>(275,241)</u>

**19 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.