

LEANDER CONSTRUCTION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2002

COMPANY REGISTRATION NUMBER 2701705



A02
COMPANIES HOUSE

ABZQRF3

0478
28/11/03

LEANDER CONSTRUCTION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2
Independent auditors' report to the shareholders	3 to 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 10
The following pages do not form part of the financial statements	
Detailed profit and loss account	12
Notes to the detailed profit and loss account	13

LEANDER CONSTRUCTION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

I H Prain
E Q Shephard

COMPANY SECRETARY

I H Prain

REGISTERED OFFICE

Sandringham
Guildford Road
Woking
Surrey
GU22 7QL

AUDITORS

Menzies
Chartered Accountants
& Registered Auditors
Sandringham
Guildford Road
Woking
Surrey
GU22 7QL

BANKERS

National Westminster Bank Plc
6 High Street
Teddington
Middx
TW11 8EP

LEANDER CONSTRUCTION LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2002

The directors present their report and the financial statements of the company for the year ended 31 March 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year comprised the supply of contractual building services.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2002	At 1 April 2001
I H Prain	1,000	1,000
E Q Shephard	1,000	1,000

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 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, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Menzies as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Sandringham
Guildford Road
Woking
Surrey
GU22 7QL

Signed by order of the directors



I H Prain
Company Secretary

Approved by the directors on 26 Nov 2002

LEANDER CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2002

We have audited the financial statements on pages 5 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT 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. However the evidence available to us was limited in respect to the reliability of the provision necessary as a consequence of the ongoing PAYE/NIC compliance visit more fully detailed in note 10. Furthermore there were no alternative audit procedures that we could adopt to satisfy ourselves that the provision included represented a reasonable estimate.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the company's ability to continue as a going concern, in particular the presently recorded net liabilities position reported in these financial statements together with the uncertainty over the ongoing PAYE/NIC compliance visit and the potential ramifications on the company's ability to continue as a going concern. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion has not been qualified in this respect.

LEANDER CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 MARCH 2002

QUALIFIED OPINION arising from limitation in audit scope

Except for any adjustment that might have been found to be necessary had we been able to obtain sufficient reliable evidence to support the provision necessary as a consequence of the ongoing PAYE/NIC compliance visit, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

In respect alone of the limitation on our work relating to the appropriateness of this provision

- we have not obtained all the information and explanations that we considered necessary for the purpose of the audit; and
- we were unable to determine whether proper accounting records have been maintained.

Sandringham
Guildford Road
Woking
Surrey
GU22 7QL

21/03/2003

Menzie

MENZIES
Chartered Accountants
& Registered Auditors

LEANDER CONSTRUCTION LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2002

	Note	2002 £	2001 £
TURNOVER		3,893,308	4,835,905
Cost of sales		3,235,220	4,387,598
GROSS PROFIT		658,088	448,307
Administrative expenses		534,317	565,334
OPERATING PROFIT/(LOSS)	3	123,771	(117,027)
Interest receivable		3,641	10,637
Interest payable and similar charges		(2,957)	(880)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		124,455	(107,270)
Tax on profit/(loss) on ordinary activities	4	48,487	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		75,968	(107,270)

The notes on pages 7 to 10 form part of these financial statements.

LEANDER CONSTRUCTION LIMITED

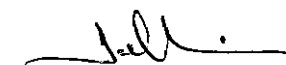
BALANCE SHEET

31 MARCH 2002

	Note	2002 £	£	2001 £	£
FIXED ASSETS					
Tangible assets	5		-		29,821
CURRENT ASSETS					
Stocks		90,011		111,053	
Debtors	6	287,145		259,168	
Cash at bank and in hand		136,539		180,764	
		<u>513,695</u>		<u>550,985</u>	
CREDITORS: Amounts falling due within one year	7	<u>657,877</u>		<u>796,986</u>	
NET CURRENT LIABILITIES			(144,182)		(246,001)
TOTAL ASSETS LESS CURRENT LIABILITIES			(144,182)		(216,180)
CREDITORS: Amounts falling due after more than one year	8		-		3,970
			<u>(144,182)</u>		<u>(220,150)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	12		2,000		2,000
Profit and loss account	13		(146,182)		(222,150)
DEFICIENCY			<u>(144,182)</u>		<u>(220,150)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 24th/03 and are signed on their behalf by:


I H Prain

LEANDER CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

1. GOING CONCERN

At 31 March 2002 the company has Net Liabilities of £144,182 (2001: £220,150) following a profit for the year of £75,968 (2001: Loss £(107,270)). The company has continued to trade since this date and the directors have confidence that the company can return to profitability over a period of time due to its reputation within the Construction Industry and the unquantifiable asset of its staff.

The ramifications of the matters referred to as a contingent liability in note 10 is an additional strain on the company's finances and a diversion of management time. The directors continue to believe that an acceptable settlement will be reached that will enable the company to continue as a going concern.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents the invoiced value of work done on contracts during the year, excluding Value Added Tax, adjusted for work in progress at the beginning and end of the year.

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 & Machinery	- 25% Reducing Balance
Furniture and equipment	- 25% Reducing Balance
Motor Vehicles	- 25% Reducing Balance
Computer Equipment	- 25% Straight Line

Work in progress

The value of contracts in progress, less amounts received on account, is included in work-in-progress payments in excess of contract value are included in creditors.

Profit is attributed to contracts on a prudent basis when it is considered the outcome can be assessed with reasonable certainty, provisions being made for any foreseeable losses.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Assets financed under finance leases are capitalised in the balance sheet at their fair value and are depreciated over the shorter of the term of the lease and their estimated useful economic lives.

Finance charges and interest in connection with finance leases are charged to the profit and loss account on a straight line basis.

Operating lease agreements

Payments under operating leases are charged to the profit and loss account as incurred.

Pension costs

Pension costs represents defined contributions into an independent self administered pension scheme operated on behalf of the directors of the company.

Contributions, which are expected to cover the cost of benefits arising from the current services of employees are charged to the profit and loss account as incurred.

LEANDER CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2002 £	2001 £
Directors' emoluments	70,350	60,000
Directors' pension contributions	14,832	17,922
Staff pension contributions	2,774	1,666
Depreciation of owned fixed assets	9,557	9,276
Depreciation of assets held under hire purchase agreements	2,384	3,960
Profit on disposal of fixed assets	(40,534)	-
Auditors' fees	6,000	4,500
Settlement discount	26,876	-

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2002 £	2001 £
Current tax:		
UK Corporation tax based on the results for the year at 20% (2001 - --%)	15,023	-
Over/under provision in prior year	33,464	-
Total current tax	48,487	-

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc. £
COST	
At 1 April 2001	78,108
Additions	1,586
Disposals	(79,694)
At 31 March 2002	-
DEPRECIATION	
At 1 April 2001	48,287
Charge for the year	11,941
On disposals	(60,228)
At 31 March 2002	-
NET BOOK VALUE	
At 31 March 2002	-
At 31 March 2001	29,821

Hire purchase agreements

Included within the net book value of £Nil is £Nil (2001 - £9,538) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,384 (2001 - £3,960).

LEANDER CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

6. DEBTORS

	2002 £	2001 £
Trade debtors	1,094	11,888
Directors current accounts	47,687	17,941
ACT recoverable against future taxation	–	33,513
Other debtors	238,364	195,826
	<u>287,145</u>	<u>259,168</u>

All amounts included above are considered receivable within one year of the balance sheet date.

Included in other debtors is the amount of £26,233 due from the director E Q Shepherd. The amount due at 1 April 2001 was £17,941 and the maximum amount outstanding during the year was £26,233. Also included in other debtors is the amount of £21,454 due from the director I H Prain which was the maximum amount outstanding during the year. At 1 April 2001, I H Prain was owed £28,094 from the company. These debts were repaid in full on 18 December 2002.

7. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	119,465	41,455
Trade creditors	235,692	301,834
Corporation tax	15,023	–
Other taxation and social security	63,679	230,815
Hire purchase agreements	3,970	5,367
Other creditors	220,048	217,515
	<u>657,877</u>	<u>796,986</u>

8. CREDITORS: Amounts falling due after more than one year

	2002 £	2001 £
Hire purchase agreements	–	3,970

9. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2002 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2002 £	2001 £
Operating leases which expire:		
Within 1 year	22,500	–
Within 2 to 5 years	–	35,757
	<u>22,500</u>	<u>35,757</u>

10. CONTINGENCIES

The company received a routine compliance visit from the PAYE/NIC section of the Inland Revenue in February 2002, following which the Inland Revenue have advised of their disagreement with the company's handling of the National Insurance Contributions status of sub-contractors holding CIS tax certificates and cards. The company disagrees with the Inland Revenue's view and are in the process of responding to their enquiry, though at the present time, no agreement has been reached.

Despite the inherent difficulty in estimating the necessary provision arising in the absence of an agreement with the Revenue, the directors have provided in these financial statements an amount of £30,000 as being their estimate of the likely liability arising out of this enquiry.

The Revenue's current claim amounts to £225,124 an excess over the existing provision of £195,124 and represents a contingent liability at the balance sheet date.

LEANDER CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

11. RELATED PARTY TRANSACTIONS

During the financial year, I H Prain and E Q Shepherd were directors and shareholders of Leander Build Limited and Leander Homes Limited. During the year the company sold construction services of £192,469 (2001: £Nil) to Leander Build Limited. During the year, the company sold all its fixed assets to Leander Build Limited for £60,000. As at 31 March 2002 the company was owed £52,469 (2001: £NIL) by Leander Build Limited and was owed £146,876 (2001:£128,447) by Leander Homes Limited. Since 31 March 2002 Leander Homes Limited has paid £120,000 in full and final settlement of the amount owed, the discount reflecting prompt settlement of an amount that would have been paid over several years. In accordance with good accounting practice the debtor as at 31 March 2002 has been adjusted to reflect actual amount receivable.

During the financial year, both the directors, I H Prain and E Q Shepherd were also trustees and beneficiaries of Leander Trustee Scheme. The company has rented a freehold property at 61 Arragon Road, Twickenham, Middlesex, TW1 3NG from the trustees of the above pension scheme for a four year period commencing 1 June 1997 at an annual rental of £22,500, and the annual amount increased to £30,000 with effect from 1 June 2001, with the rental period ending December 2002.

As at 31 March 2002 the company was owed £21,454 (2001: owed to £28,094) by the director I H Prain, and £26,233 (2001: £17,941) by the director E Q Shepherd. These amounts were repaid on 18 December 2002.

12. SHARE CAPITAL

Authorised share capital:

	2002 £	2001 £
10,000 Ordinary shares of £1 each	10,000	10,000

Allotted, called up and fully paid:

	2002 No	£	2001 No	£
Ordinary shares of £1 each	2,000	2,000	2,000	2,000

13. PROFIT AND LOSS ACCOUNT

	2002 £	2001 £
Balance brought forward	(222,150)	(114,880)
Retained profit/(accumulated loss) for the financial year	75,968	(107,270)
Balance carried forward	(146,182)	(222,150)