Beechcroft Developments Limited

Directors' report and financial statements

Registered number 1798684

18 week period ended 1 May 2003



3.3.04

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Directors' report

The directors present their report together with financial statements for the 18 week period ended 1 May 2003

Principal activities

The company is principally engaged in property development and the construction of retirement housing.

Business review

The directors consider the results for the period in line with expectations. There was a loss for the period after taxation amounting to £1,179,000 *(2002: profit £244,000)*. The directors do not recommend payment of a dividend *(2002: £nil)* and the loss has therefore been transferred to reserves.

At the close of business on 1 May the entire share capital of Beechcroft Limited, the parent company of the Beechcroft Group, was purchased by Beechcroft UK Limited, a company established primarily for this purpose. On 30 June 2003 Beechcroft Limited changed its name to Beechcroft UK Limited and Beechcroft UK Limited changed its name to Beechcroft Limited.

Directors and directors' interests

The directors who held office during the period were as follows:

AJH Ewer	(resigned 1 May 2003)
HJD Thornton	(resigned 1 May 2003)
CR Thompson	
KE Stanley	
PL Strange	(resigned 11 April 2003)

After the period end, F Geekie and GJ Holliday were appointed as directors on 6 January 2004.

No director has any direct interest in the shareholding of the company.

B Thompson a connected party of CR Thompson held 6,938 shares in John Laing plc the ultimate parent undertaking at the period end.

None of the other directors held shares of other group undertakings at the period end, other than AJH Ewer whose interests in John Laing plc are disclosed in the financial statements of that company.

Auditors

On 22 April 2003, KPMG Audit Plc resigned as auditors. Grant Thornton were appointed and then resigned on 3 October 2003. KPMG LLP were subsequently appointed to fill the casual vacancy.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

CR Thompson
Director

1 Church Lane
Wallingford
Oxon
OX10 0DX

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
Altius House
1 North Fourth Street
Central Milton Keynes
Buckinghamshire
MK9 1NE

Report of the independent auditors' to the members of Beechcroft Developments Limited

We have audited the financial statements on pages 4 to 16.

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 directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of opinion

We conducted our audit in accordance with 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 1 May 2003 and of its loss for the 18 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

27/2/04

Chartered Accountants
Registered Auditor

Profit and loss account

for the 18 week period ended 1 May 2003

	Note	**18 week period ended 1 May 2003 £000**	2002 £000
Turnover	*1*	**2,256**	17,290
Cost of sales		**(2,572)**	(13,452)
Gross (loss)/profit		**(316)**	3,838
Administrative expenses		**(860)**	(1,823)
Operating (loss)/profit	*2*	**(1,176)**	2,015
Interest receivable and similar income	*3*	**-**	1
Interest payable and similar charges	*4*	**-**	(1,664)
(Loss)/profit on ordinary activities before taxation		**(1,176)**	352
Tax on (loss)/profit on ordinary activities	*7*	**(3)**	(108)
(Loss)/profit for the financial period	*15*	**(1,179)**	244

There were no recognised gains or losses other than the (loss)/profit for the financial period.

A statement of movements on reserves is given in note 15.

All activities in the current period are classed as continuing.

Balance sheet

as at 1 May 2003

	Note	2003 £000	2002 £000
Fixed assets			
Tangible assets	*8*	**518**	513
Investments	*9*	**9**	5
		527	518
Current assets			
Stock and work in progress	*10*	**30,427**	29,792
Debtors	*11*	**4,739**	2,796
Cash at bank and in hand		**400**	-
		35,566	32,588
Creditors: amounts falling due within one year	*12*	**(35,082)**	(30,919)
Net current assets		**484**	1,669
Total assets less current liabilities		**1,011**	2,187
Provisions for liabilities and charges	*13*	**(5)**	(2)
		1,006	2,185
Capital and reserves			
Called up share capital	*14*	**141**	141
Share premium account	*15*	**334**	334
Profit and loss account	*15*	**531**	1,710
Equity shareholders' funds	*16*	**1,006**	2,185

These financial statements were approved by the board of directors on 27 February 2004 and were signed on its behalf by:

CR Thompson
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. Accordingly, the financial statements present information about the company as an individual undertaking.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the company in its own published consolidated financial statements.

Turnover and profit

Turnover, which excludes VAT, represents the invoiced sales value of land and properties.

Turnover and profit on house sales is recognised at the point of legal completion.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	25% reducing balance
Office furniture and equipment	15% straight line
Computer equipment	10-25% straight line

Investments

Investments in subsidiaries are stated at cost less any permanent diminution in value.

Stocks and work in progress

Land is stated at net realisable value based on its present condition. Property in the course of developments is stated at the lower of direct cost and net realisable value. Direct cost comprises the cost of land, and development and construction costs to date, less transfers to profit and loss account in respect of sales made, and excludes both development overheads and interest payable.

Notes *(continued)*

1 Accounting policies *(continued)*

Transfers to profit and loss account in respect of sales made are calculated as a proportion of total estimated sales for each development applied to the estimated total costs. Net realisable value is the selling price less all further costs to completion and anticipated selling costs.

Pension costs

Contributions paid by the company, for the benefit of employees, to pension schemes operated by the ultimate holding company have been based upon the recommendations of independent actuaries; these have been charged against profits on a systematic basis over the expected remaining service lives of participating employees. Differences between the amount charged in the profit and loss account and payments made are treated as assets and liabilities in the balance sheet. Deferred tax is accounted for on these assets and liabilities.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

Payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

2 Operating loss

	18 week period ending 1 May 2003 £000	2002 £000
Operating loss is stated after charging:		
Auditors' remuneration	**9**	18
Depreciation and amortisation:		
Tangible fixed assets, owned	**16**	18
Tangible fixed assets, held under finance leases and hire purchase contracts	**-**	9
Loss on disposal of fixed assets	**2**	-
Other operating leases rentals	**8**	4

3 Interest receivable and similar income

	18 week period ended 1 May 2003 £000	2002 £000
Interest from other group companies	**-**	1

Notes *(continued)*

4 Interest payable and similar charges

	18 week period ended 1 May 2003 £000	2002 £000
On bank loans and overdrafts	-	14
Other loans payable to group companies	-	1,649
Hire purchase interest	-	1
	-	1,664

5 Staff numbers and costs

Until 1 October 2002, the majority of employees of John Laing plc and its subsidiaries had contracts of employment with John Laing Services Limited, a subsidiary of John Laing plc. On 1 October 2002 these contracts of employment were transferred to Beechcroft Developments Limited. The staff costs and average staff numbers disclosed below relate to direct employees of the company and to the employees of John Laing Services Limited who are engaged in the operations of, and whose costs have been recharged to, the company.

The average number of employees, including directors, of the company during the period was 38 *(2002: 25)*.

The aggregate payroll costs of these persons were as follows:

	18 week period ended 1 May 2003 £000	2002 £000
Administrative		
Wages and salaries	**350**	1,024
Compensation for loss of office	**29**	-
Social security costs	**41**	98
Other pension costs	**27**	94
	447	1,216
Direct Costs		
Wages and salaries	**123**	335
Social security costs	**9**	21
Other pension costs	**7**	21
	139	377

Notes *(continued)*

6 Remuneration of directors

Remuneration in respect of directors was as follows:

	18 week period ended 1 May 2003 £000	2002 £000
Directors' emoluments	**105**	308
Loss of office	**28**	-
Pension contributions to defined benefit scheme	**4**	11
	137	319

The amounts set out above include remuneration in respect of the highest paid director as follows:

	18 week period ended 1 May 2003 £000	2002 £000
Directors' emoluments	**48**	137
Benefits in kind	**-**	-
	48	137

During the period, 2 directors participated in defined benefit schemes *(2002:2)*.

7 Tax on loss on ordinary activities

Analysis of charge in period

	18 week period ended 1 May 2003 £000	2002 £000
UK corporation tax		
Current tax on income for the period	**-**	98
Adjustments in respect of prior periods	**-**	-
Total current tax	**-**	98
Deferred tax		
Origination/reversal of timing differences	**3**	10
Tax on loss on ordinary activities	**3**	108

The losses in the period have been surrendered for group relief for which no payment has been received.

Notes *(continued)*

7 Tax on loss on ordinary activities *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is higher *(2002: lower)* than the standard rate of corporation tax in the UK 30% *(2002: 30%)*. The differences are explained below.

	18 week period ended 1 May 2003 £000	2002 £000
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	**(1,176)**	352
Current tax at 30% (2002 : 30%)	**(353)**	106
Effects of:		
Expenses not deductible for tax purposes	**-**	2
Capital allowances for period in excess of depreciation	**(3)**	(10)
Group relief surrendered for no consideration	**356**	-
Total current tax charge (see above)	**-**	98

8 Tangible fixed assets

	Freehold Land and Buildings £000	Office furniture & equipment £000	Computer software £000	Computer equipment £000	Total £000
Cost					
At beginning of period	404	59	36	167	666
Additions	-	1	16	6	23
Disposals	-	-	-	(2)	(2)
At end of period	404	60	52	171	687
Depreciation					
At beginning of period	-	38	-	115	153
Provided in the period	-	1	8	7	16
Eliminated on disposals	-	-	-	-	-
At end of period	-	39	8	122	169
Net book value					
At 1 May 2003	**404**	**21**	**44**	**49**	**518**
At 31 December 2002	404	21	36	52	513

Notes *(continued)*

9 Fixed assets investments

	Shares in group undertakings £000
Cost	
At 1 January 2003	5
Additions	4
At 1 May 2003	**9**

	Country of incorporation	**Class of share capital held**	**Proportion held**	**Nature of business**	**Capital and reserves** £000	**Profit/(loss) for the financial period** £000
Subsidiaries						
Beechcroft Construction Limited	England and Wales	Ordinary shares	100%	Dormant	-	Nil
Beachcroft Developments Limited	England and Wales	Ordinary shares	100%	Dormant	-	Nil
Lisa Estates Limited	England and Wales	Ordinary shares	100%	Dormant	(3)	Nil
Angloid IV Limited	England and Wales	Ordinary shares	100%	Property holding company	(30)	Nil

On 30 January 2003, the company acquired the whole share capital of Angloid IV Limited for consideration of £4,000.

Notes *(continued)*

10 Stocks

	2003 £000	2002 £000
Developments in progress:		
Costs to date less transfers to cost of sales in respect of units sold	**29,698**	28,046
Other sites:		
Land purchase costs and pre-development expenditure	**729**	1,746
	30,427	29,792

11 Debtors

	2003 £000	2002 £000
Trade debtors	**93**	2,133
Amounts owed by group undertakings	**4,381**	106
Other debtors	**242**	540
Prepayments and accrued income	**23**	17
	4,739	2,796

12 Creditors: amounts falling due within one year

	2003 £000	2002 £000
Bank loans and overdraft	**-**	741
Payments received on account	**341**	250
Trade creditors	**1,275**	1,131
Amounts owed to group undertakings	**31,590**	25,641
Group Relief Payable/Corporation tax	**97**	98
Social security and other taxes	**13**	15
Other creditors	**120**	137
Accruals and deferred income	**1,646**	2,906
	35,082	30,919

Notes *(continued)*

13 Provisions for liabilities and charges

	Deferred taxation £000
At beginning of period	2
Charge to the profit and loss for the period	3
At end of period	5

The elements of deferred taxation are as follows:

	2003 £000	2002 £000
Difference between accumulated depreciation and amortisation and capital allowances	**5**	2

Notes *(continued)*

14 Called up share capital

	2003 £000	2002 £000
Authorised		
1,642,678 ordinary shares of 10p each	**164**	164
106,030 preferred ordinary shares of 1p each	**1**	1
2 C shares of £1 each	**-**	-
	165	*165*
Allotted, called up and fully paid		
1,400,000 ordinary shares of 10p each	**140**	140
100,451 preferred ordinary shares of 1p each	**1**	1
	141	141

The ordinary shares are entitled to 9.6265% voting rights, distributions of profits and of capital. The preferred ordinary shares are entitled to 90.3735% of voting rights, distributions of profits and of capital. The C shares, that are currently unissued, would entitle the holder to 10% of voting rights, and a 10% share of company profits, surplus assets on liquidation, reduction in capital or otherwise per share.

15 Share premium account and reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2003 as previously stated	334	1,710
Retained loss for the period	-	(1,179)
At 1 May 2003	334	531

16 Reconciliation of movements in shareholders' funds

	2002 £000	2001 £000
Loss/(profit) for the financial period	**(1,179)**	244
Equity shareholders' funds at beginning of period	**2,185**	1,941
Equity shareholders' funds at end of period	**1,006**	2,185

Notes *(continued)*

17 Leasing commitments

Operating lease payments relating to land and buildings amounting to £22,000 *(2002: £nil)* are due within 2 to 5 years. These relate to a property lease

18 Capital commitments

The company had no capital commitments at 1 May 2003 or 31 December 2002.

19 Contingent liabilities

Beechcroft Developments Limited is a party of the Group Facilities Agreement (GFA) made between the Group's bankers and noteholders and John Laing plc and certain of its subsidiaries, which became effective on 22 October 2001. This provides banking and other facilities to John Laing plc and certain of its subsidiaries until 31 August 2004. As part of these arrangements Beechcroft Developments Limited, along with certain other Group subsidiaries, is an Obligor and as a consequence has given a guarantee and security over its assets, except where it is precluded from doing so, in favour of Royal Bank of Scotland who act as the Security Trustee under the GFA.

There were no other contingent liabilities at 1 May 2003 or 31 December 2002.

20 Pension scheme

The company is a member of the John Laing plc Group which operates two pension schemes, which are of the defined benefit type. The assets of these schemes are held in separate trustee administered funds. Contributions to the schemes are assessed in accordance with the advice of a qualified actuary using the projected unit funding method.

The Laing Schemes were closed to new members since 31 December 2001. Staff employed since that date and that are entitled to retirement benefits, can choose to be members of a defined contribution scheme sponsored by the John Laing plc in conjunction with Legal & General Assurance Society Limited.

The company is unable to identify its share of the scheme assets and liabilities. On full adoption of FRS17 'Retirement Benefits' contributions will be accounted for as if it were a defined contribution scheme.

The pension costs disclosed in these accounts are derived from the formal triennial valuations of the schemes as at 31 March 2002. The principal assumptions underlying this valuation for accounting purposes were that the return on the schemes' investments would average 6.0% a year in future, salaries would increase at the rate of 3.75% a year and that RPI would average 2.25% a year. The method and assumptions employed in the valuations used to determine the funding policy differ from those used under SSAP 24. In particular, for the 2002 funding valuations, the asset value adopted was an actuarial value, the salary increase assumption was 4.0% a year.

At the date of the last formal actuarial valuation, the market value of the assets of the schemes was £613.4 million and the actuarial value of those assets represented 95.4% of the benefits that had accrued to members. In particular, The John Laing Pension Fund had a deficit of £35.7 million on the basis used under the funding policy. As a response to the financial position of the Fund, it has been agreed that contributions will recommence from 1 January 2003 at a minimum rate of 18% of pensionable salaries.

The 31 March 2002 actuarial review included a valuation of the scheme assets for FRS17 purposes. The transitional disclosures required under FRS17 are set out in the accounts of the ultimate parent company, John Laing plc. These disclosures show a pension deficit of £100.0 million, net of £48.2 million associated deferred tax, (2001: £9.0 million surplus).

Notes *(continued)*

21 Related party transactions

As a greater than 90% subsidiary of Beechcroft UK Limited, the company has taken advantage of the exemption under Financial Reporting Standard 8, not to provide information on related party transactions with other undertakings within the Beechcroft group, that are more than 90% controlled within the group. Note 22 gives details of how to obtain a copy of the published financial statements of Beechcroft UK Limited.

22 Ultimate parent undertaking

The company is a subsidiary of Beechcroft UK Limited, a company incorporated in the UK. The lowest level of consolidation is that of Beechcroft UK Limited. Copies of the consolidated accounts of Beechcroft UK Limited are available from its registered office at 1 Church Lane, Wallingford, Oxon, OX10 0DX

The ultimate parent company and controlling party is John Laing plc, a company registered in England and Wales.

23 Post balance sheet events

At the close of business on 1 May the entire share capital of Beechcroft Limited, the parent company of the Beechcroft Group, was purchased by Beechcroft UK Limited, a company established primarily for this purpose. On 30 June 2003 Beechcroft Limited changed its name to Beechcroft UK Limited and Beechcroft UK Limited changed its name to Beechcroft Limited.