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Jack Lunn (Holdings) Limited

Report and Financial Statements

Year Ended

30 September 2008

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BDO Stoy Hayward
Chartered Accountants

Jack Lunn (Holdings) Limited

**Annual report and financial statements
for the year ended 30 September 2008**

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Directors

H Lunn
R Lunn
G Lunn
R Farrar
A Lunn

Secretary and registered office

P McAteer ACA, Progress House, 99 Bradford Road, Pudsey, Leeds, LS28 6AT

Company number

1473324

Auditors

BDO Stoy Hayward LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

Bankers

Barclays Bank PLC, PO Box 190, 1 Park Row, Leeds, LS1 5WU

Jack Lunn (Holdings) Limited

Report of the directors for the year ended 30 September 2008

The directors present their report together with the audited financial statements for the year ended 30 September 2008.

Results and dividends

The profit and loss account is set out on pages 6 to 7 and shows the profit for the year.

Principal activities, review of business and future developments

The principal activities of the group continue to be those of contracting; the development, sale and letting of properties; and house building.

Review of business and future developments

Turnover for the year has fallen from £36,343,745 to £17,340,180. Of this drop in turnover, £16,947,674 relates to various discontinued businesses included in the comparative year. Profit before tax and minority interest has increased, from £1,620 to £427,769. Shareholders' Funds on the Consolidated Balance Sheet have reduced from £18,855,797 to £17,784,310, mainly due to a revaluation of our property portfolio to reflect the changing market conditions.

The construction turnover fell by 23% during the year to £15,627,637. This is as a result of several factors, but mainly:

a slowdown in the construction industry activity generally, and, more significantly, the balancing of our resources to enable a large 3 year PFI contract to be efficiently controlled.

Despite this fall in turnover, our construction subsidiary showed an increase in margins and profit before tax.

The property investment business, Jack Lunn (Properties) Limited, had an increase in rental income. Profit before tax (excluding investment sales) has increased from £9,683 to £63,906.

During the year the group acquired a 33 1/3 % shareholding in Leeds Independent Living Accommodation Company Holdings Limited, an SPV relating to the PFI Contract referred to above.

The directors are satisfied with the above results which have been achieved in a very challenging year for the Group. This is a credit to our management and all employees.

Prospects for the future remain positive and the construction business has a healthy order book.

The directors are confident in producing good results for the current year.

Principal risks and uncertainties

The directors of the business carry out risk profiles as to the nature/type of work, location, management resources, labour availability, tender conditions, contract programme, clients' financial status and payment mechanism.

For Construction the the directors, being well aware of operating in a high risk industry, give careful consideration to all aspects of the various risk factors, and prospective contracts are either rejected or priced in accordance with the risks associated with the project under consideration.

With respect to property acquisition, each property or site is appraised having due consideration to the location and anticipated demand, along with any competition in the vicinity. In addition market research is carried out, which also covers rental levels in the area and likely rental growth prospects.

Jack Lunn (Holdings) Limited

Report of the directors for the year ended 30 September 2008 (continued)

The main financial risks arising from the group's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the Board of Directors and were not considered to be significant at the balance sheet date. The group's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of long term and short term debt finance to ensure the company has sufficient funds for its operations.

The business enjoys excellent relations with professionals in all areas in which it operates and the directors are of the opinion that there will be good opportunities for the business to grow organically.

Market value of land and buildings

The directors examined the properties portfolio at 30 September 2008, and revalued these as appropriate having regard to current market conditions.

Employee involvement

Within the bounds of commercial confidentiality, staff are kept informed of matters that affect the progress of the group and that are of interest to them as employees. The group maintains regular communication with employees through project meetings and site briefings.

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work for employees who become disabled, to promote their career development within the group.

Directors

The directors of the company during the year were:

H Lunn
R Lunn
G Lunn
R Farrar
A Lunn

The directors who retire by rotation are R Lunn and A Lunn who, being eligible, offer themselves for re-election.

Jack Lunn (Holdings) Limited

Report of the directors for the year ended 30 September 2008 (continued)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 group and company and of the profit or loss of the group for that year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



P McAteer ACA

Secretary

Date: 6 July 2009

Jack Lunn (Holdings) Limited

Independent auditor's report

To the shareholders of Jack Lunn (Holdings) Limited

We have audited the group and parent company financial statements (the "financial statements") of Jack Lunn (Holdings) Limited for the year ended 30 September 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the consolidated note of historical cost profits and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions 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 report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and 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.

Jack Lunn (Holdings) Limited

Independent auditor's report (*continued*)

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 30 September 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 September 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors
Leeds*

Date: *6 July 2009*

Jack Lunn (Holdings) Limited

Consolidated profit and loss account for the year ended 30 September 2008

	Note	2008 £	2007 £
Turnover: Group and share of joint venture		17,765,180	36,343,745
Less: share of joint venture turnover		(425,000)	-
Turnover	3	17,340,180	36,343,745
Cost of sales		14,284,694	32,999,071
Gross profit		3,055,486	3,344,674
Administrative expenses		2,050,343	3,313,134
		1,005,143	31,540
Other operating income		143,792	72,556
Group operating profit	4	1,148,935	104,096
Share of operating profit/(loss) in:			
- Joint venture		25,345	(11,804)
- Associated undertaking		332,294	275,106
Profit on disposal of operation - group		-	645,264
Loss on disposal of fixed assets - associated undertaking		(17,434)	-
Profit on ordinary activities before interest and other income		1,489,140	1,012,662
Other interest receivable and similar income:			
- Group	7	146,007	197,196
- Joint venture		18,034	-
- Associated undertaking		2,853	2,787
Interest payable and similar charges:			
- Group	8	(854,113)	(896,420)
- Joint venture		(30,772)	(4,078)
- Associated undertaking		(343,380)	(310,527)
Profit on ordinary activities before taxation carried forward		427,769	1,620

The notes on pages 13 to 34 form part of these financial statements.

Jack Lunn (Holdings) Limited

Consolidated profit and loss account for the year ended 30 September 2008 *(continued)*

	Note	Total 2008 £	Total 2007 £
Profit on ordinary activities before taxation brought forward		427,769	1,620
Taxation on profit on ordinary activities	9	(262,302)	290,245
Profit on ordinary activities after taxation		165,467	291,865
Minority interest		-	396,236
Profit for the financial year	21	165,467	688,101

All amounts relate to continuing activities.

The notes on pages 13 to 34 form part of these financial statements.

Jack Lunn (Holdings) Limited

Consolidated statement of total recognised gains and losses and consolidated note of historical cost profits and losses for the year ended 30 September 2008

	Note	2008 £	2007 £
Consolidated statement of total recognised gains and losses			
Profit for the financial year			
- group		179,952	736,617
- joint venture		11,182	(15,882)
- associated undertaking		(25,667)	(32,634)
		<hr/>	<hr/>
Unrealised (deficit)/surplus on revaluation of properties	21	165,467 (1,081,904)	688,101 646,081
		<hr/>	<hr/>
Total recognised gains and losses for the financial year		(916,437)	1,334,182
		<hr/>	<hr/>
Consolidated note of historical cost profits and losses			
Reported profit on ordinary activities before taxation		427,769	1,620
Realisation of property revaluation gains of previous years		587,258	-
		<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation		1,015,027	1,620
		<hr/>	<hr/>
Historical cost profit for the year after taxation and minority interest		752,725	688,101
		<hr/>	<hr/>

The notes on pages 13 to 34 form part of these financial statements.

Jack Lunn (Holdings) Limited

Consolidated balance sheet at 30 September 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	12		25,720,756		27,984,356
Investments in joint ventures					
- share of gross assets		4,233,020		1,086,155	
- share of gross liabilities		(4,212,720)		(1,077,037)	
		<u>20,300</u>		<u>9,118</u>	
Investments in associates		1,579,672		1,605,006	
Other investments		<u>236,000</u>		<u>236,000</u>	
Fixed asset investments	13		1,835,972		1,850,124
			<u>27,556,728</u>		<u>29,834,480</u>
Current assets					
Stocks	14	1,109,806		1,100,996	
Debtors	15	5,151,252		4,676,331	
Cash at bank and in hand		<u>1,316,455</u>		<u>-</u>	
		7,577,513		5,777,327	
Creditors: amounts falling due within one year	16	<u>14,781,811</u>		<u>12,752,047</u>	
Net current liabilities			(7,204,298)		(6,974,720)
Total assets less current liabilities			20,352,430		22,859,760
Creditors: amounts falling due after more than one year	17	2,191,570		3,632,463	
Provisions for liabilities	18	<u>371,500</u>		<u>371,500</u>	
			<u>2,563,070</u>		<u>4,003,963</u>
			<u>17,789,360</u>		<u>18,855,797</u>

The notes on pages 13 to 34 form part of these financial statements.

Jack Lunn (Holdings) Limited

Consolidated balance sheet at 30 September 2008 (continued)

	Note	2008 £	2008 £	2007 £	2007 £
Capital and reserves					
Called up share capital	20		25,000		25,000
Revaluation reserve	21		13,449,221		15,118,383
Profit and loss account	21		4,315,139		3,712,414
			<hr/>		<hr/>
Shareholders' funds	22		17,789,360		18,855,797
			<hr/>		<hr/>

The financial statements were approved by the board of directors and authorised for issue on

6 July 2009



G Lunn
Director

The notes on pages 13 to 34 form part of these financial statements.

Jack Lunn (Holdings) Limited

Company balance sheet at 30 September 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Fixed asset investments	13		835,100		835,100
Current assets					
Debtors	15	5,128,360		4,203,923	
Creditors: amounts falling due within one year	16	<u>2,168,913</u>		<u>1,477,846</u>	
Net current assets			<u>2,959,447</u>		<u>2,726,077</u>
Total assets less current liabilities			<u>3,794,547</u>		<u>3,561,177</u>
Capital and reserves					
Called up share capital	20		25,000		25,000
Profit and loss account	21		<u>3,769,547</u>		<u>3,536,177</u>
Shareholders' funds	22		<u>3,794,547</u>		<u>3,561,177</u>

The financial statements were approved by the board of directors and authorised for issue on

6 July 2009



G Lunn
Director

The notes on pages 13 to 34 form part of these financial statements.

Jack Lunn (Holdings) Limited

Consolidated cashflow statement for the year ended 30 September 2008

	Note	2008 £	2007 £
Net cash inflow/(outflow) from operating activities	26	2,173,872	(541,850)
Returns on investments and servicing of finance	27	(708,106)	(699,224)
Taxation	27	(81,250)	(320,495)
Capital expenditure and financial investment	27	1,226,746	(6,668,912)
Acquisitions and disposals	27	-	1,507,859
Dividends paid	27	(150,000)	(300,000)
		<hr/>	<hr/>
Cash inflow/(outflow) before use of financing		2,461,262	(7,022,622)
Financing	27	(307,433)	(851,227)
		<hr/>	<hr/>
Increase/(Decrease) in cash	28	2,153,829	(7,873,849)
		<hr/>	<hr/>

The notes on pages 13 to 34 form part of these financial statements.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements for the year ended 30 September 2008

1 Accounting policies

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

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of Jack Lunn (Holdings) Limited and all of its subsidiary undertakings as at 30 September 2008 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents amounts receivable for goods, services and rents, net of value added tax and trade discounts..

Goodwill

In accordance with Financial Reporting Standard 10 "Goodwill and Intangible Assets", positive and negative goodwill arising on consolidation is capitalised as an asset and amortised over its useful economic life. Previously, positive goodwill arising on consolidation was written off to reserves in the year of acquisition and negative goodwill arising on consolidation was credited directly to capital reserves.

The directors have taken advantage of the transitional arrangements in FRS10 and have not reinstated goodwill previously eliminated against reserves. On any subsequent disposals, the goodwill will be charged or credited to the profit and loss account.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	- 20-25% reducing balance basis
Motor vehicles	- 25% reducing balance basis
Fixtures and fittings	- 20 - 30% reducing balance basis

Investment properties

In accordance with SSAP 19 investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (*continued*)

1 Accounting policies (*continued*)

Stocks

Stocks and work in progress, other than long term contracts, are valued at the lower of cost and net realisable value.

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account.

Long term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

1 Accounting policies (continued)

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Corresponding figures

The analysis between continuing and discontinued operations for the year ended 30 September 2007 is shown below. Acquisitions made in the year ended 30 September 2007 are shown as part of continuing activities and activities discontinued in the year ended 30 September 2008 are shown as part of discontinued activities.

	Continuing £	Discontinued £	Total £
Turnover	19,655,049	16,688,696	36,343,745
Cost of sales	17,188,435	15,810,636	32,999,071
	<hr/>	<hr/>	<hr/>
Gross profit	2,466,614	878,060	3,344,674
Administrative expenses	1,726,257	1,586,877	3,313,134
	<hr/>	<hr/>	<hr/>
	740,357	(708,817)	31,540
Other operating income	72,556	-	72,556
	<hr/>	<hr/>	<hr/>
Operating profit/(loss)	812,913	(708,817)	104,096
	<hr/>	<hr/>	<hr/>

3 Turnover

	2008 £	2007 £
Analysis by class of business:		
Contracting, house building, joinery manufacture and property development	15,837,056	35,097,368
Property income	1,503,124	1,246,377
	<hr/>	<hr/>
	17,340,180	36,343,745
	<hr/>	<hr/>

Turnover arises solely within the United Kingdom.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

4 Operating profit

	2008 £	2007 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	102,741	105,068
Profit on disposal of tangible fixed assets	(39,850)	(3,904)
Hire of other assets - operating leases	18,664	13,661
Auditors' remuneration:		
Audit services - company and consolidated accounts	11,000	9,600
Other services - auditing of companies associates under legislation - other taxation services	31,000 10,025	32,000 9,550

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

5 Employees

Staff costs (including directors) consist of:

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Wages and salaries	3,684,018	6,307,334	26,875	31,055
Social security costs	376,520	608,245	2,744	3,667
Other pension costs	184,292	289,399	-	-
	<u>4,244,830</u>	<u>7,204,978</u>	<u>29,619</u>	<u>34,722</u>

The average number of employees (including directors) during the year was as follows:

	Group 2008 Number	Group 2007 Number	Company 2008 Number	Company 2007 Number
Administrative	40	59	5	5
Construction	75	145	-	-
	<u>115</u>	<u>204</u>	<u>5</u>	<u>5</u>

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

6 Directors' remuneration

	2008 £	2007 £
Directors' emoluments	346,760	337,153
Company contributions to money purchase pension schemes	89,396	88,539
	<u>436,156</u>	<u>425,692</u>

There were 2 directors in the group's defined contribution pension scheme during the year (2007 - 2).

The total amount payable to the highest paid director in respect of emoluments was £170,787 (2007 - £158,728). Company pension contributions of £79,112 (2007 - £79,112) were made to a money purchase scheme on his behalf.

7 Other interest receivable and similar income

	2008 £	2007 £
Bank deposits	-	11,202
Loans to associate companies and joint ventures	124,817	170,582
Other interest	21,190	15,412
	<u>146,007</u>	<u>197,196</u>

8 Interest payable and similar charges

	2008 £	2007 £
Bank loans and overdrafts	486,586	500,985
All other loans (excluding loans from group companies)	359,455	386,651
Finance leases and hire purchase contracts	8,072	8,784
	<u>854,113</u>	<u>896,420</u>

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

9 Taxation on profit on ordinary activities

	2008 £	2007 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	48,225	2,850
Adjustment in respect of previous periods	-	(95)
	<hr/>	<hr/>
Total current tax	48,225	2,755
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	138,316	(293,000)
Adjustment in respect of previous periods	74,336	-
	<hr/>	<hr/>
Movement in deferred tax provision	212,652	(293,000)
	<hr/>	<hr/>
<i>Other tax</i>		
Share of joint venture's tax charge	1,425	-
	<hr/>	<hr/>
Taxation on profit on ordinary activities	262,302	(290,245)
	<hr/>	<hr/>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	427,769	1,620
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2007 - 30%)	89,831	486
Effect of:		
Expenses not deductible for tax purposes	7,862	1,350
Capital allowances for period in (excess of)/less than depreciation	(24,468)	(38,565)
Utilisation of tax losses	(110,318)	(150,011)
Adjustment to tax charge in respect of previous periods	-	(95)
Chargeable gains	51,652	-
Gain not taxable on disposal of subsidiary undertakings	-	(103,879)
Movement on unrealised inter group trading profits	32,785	99,670
Increase in losses carried forward	1,530	203,279
Short term timing differences	801	-
Other tax adjustments	1,197	(9,480)
Tax related to associates and joint ventures	(2,647)	-
	<hr/>	<hr/>
Current tax charge for the year	48,225	2,755
	<hr/>	<hr/>

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (*continued*)

9 Taxation on profit on ordinary activities (*continued*)

Estimated trading losses of £86,000 (2007: £900,000) and capital losses of £17,500 (2007: £1,000) are available within the group for carry forward against future profits.

The directors have recognised a deferred tax asset of £62,348 (2007: £275,000) in respect of accelerated capital allowances, trading losses and short term timing differences expected to crystallise in the foreseeable future. This amount has been disclosed separately to the deferred tax liability given that no right of set-off exists.

The amounts unprovided are detailed in note 18.

10 Dividends

	2008 £	2007 £
Ordinary shares		
Interim paid of £6 (2007 - £12) per share	150,000	300,000

11 Profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £383,370 (2007 - £2,104,870) which is dealt with in the financial statements of the parent company.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (*continued*)

12 Tangible fixed assets

Group

	Freehold investment properties £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>					
At 1 October 2007	27,742,045	145,306	363,274	213,945	28,464,570
Additions	140,418	-	106,811	36,394	283,623
Disposals	(1,172,700)	-	(68,122)	(47,148)	(1,287,970)
Revaluations	(1,252,772)	-	-	-	(1,252,772)
At 30 September 2008	25,456,991	145,306	401,963	203,191	26,207,451
<i>Depreciation</i>					
At 1 October 2007	-	130,747	159,674	189,793	480,214
Provided for the year	-	6,834	74,194	21,713	102,741
Disposals	-	-	(49,112)	(47,148)	(96,260)
At 30 September 2008	-	137,581	184,756	164,358	486,695
<i>Net book value</i>					
At 30 September 2008	25,456,991	7,725	217,207	38,833	25,720,756
At 30 September 2007	27,742,045	14,559	203,600	24,152	27,984,356

The historical cost of investment property is:

	Group 2008 £	Group 2007 £
Cost	13,623,025	14,238,917

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

12 Tangible fixed assets (continued)

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows:

	Group 2008 £	Group 2007 £
<i>Net book value</i>		
Motor vehicles	203,278	189,586
	<hr/>	<hr/>
<i>Depreciation charged</i>		
Motor vehicles	67,768	63,198
	<hr/>	<hr/>

The investment properties held at 30 September 2008 were valued by an independent Chartered Surveyor in accordance with RICS valuation standards on an open market basis.

Included in investment properties is a property part occupied by group companies. The directors believe it is not applicable to quantify the value attributable to group occupation. The total value of the property is £1,869,191 (2007: £2,146,013).

13 Fixed asset investments

Group

	Joint ventures £	Associated undertakings £	Other investments - other than loans £	Total £
<i>Cost or valuation</i>				
At 1 October 2007	25,000	-	236,000	261,000
Additions	-	333	-	333
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2008	25,000	333	236,000	261,333
<i>Share of retained profits</i>				
At 1 October 2007	(15,882)	1,605,006	-	1,589,124
Profit/(loss) for the year	11,182	(25,667)	-	(14,485)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2008	(4,700)	1,579,339	-	1,574,639
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 September 2008	20,300	1,579,672	236,000	1,835,972
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2007	9,118	1,605,006	236,000	1,850,124
	<hr/>	<hr/>	<hr/>	<hr/>

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

13 Fixed asset investments (continued)

Company

	Group undertakings £	Joint ventures £	Associated undertakings £	Other investments - other than loans £	Total £
<i>Cost or valuation</i>					
At 1 October 2007 and 30 September 2008	524,100	25,000	50,000	236,000	835,100

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>				
Jack Lunn (Leeds) Limited	England & Wales	Ordinary	100%	Holding company
Jack Lunn (Properties) Limited	England & Wales	Ordinary	100%	Property investment
Jack Lunn (Homes) Limited	England & Wales	Ordinary	100%	Residential property development
Jack Lunn (Construction) Limited	England & Wales	Ordinary	100%	Building contractor.
Jack Lunn (Developments) Limited	England & Wales	Ordinary	100%	Dormant
<i>Joint ventures</i>				
Byre Developments Limited	England & Wales	Ordinary A	50%	Residential property development
Ryancliff (Morley) Limited	England & Wales	Ordinary A	50%	Residential property development
<i>Associated undertakings</i>				
Lunn Healthcare Properties Limited	England & Wales	Ordinary	50%	Property investment, specifically custom designed medical centres
Lunn Healthcare Facilities Limited	England & Wales	Ordinary	50%	Property development and investment, specifically custom designed medical centres
Leeds Independent Living Accommodation Company Holdings Limited	England & Wales	Ordinary A	33 1/3 %	Residential property development

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

13 Fixed asset investments (continued)

Jack Lunn (Leeds) Limited owns the whole of the ordinary share capital of Jack Lunn (Construction) Limited. Byre Developments Limited owns the whole of the ordinary share capital of Ryanclyff (Morley) Limited. The shareholding in Leeds Independent Living Accommodation Company Holdings Limited is held by Jack Lunn (Properties) Limited. Lunn Healthcare Properties Limited owns the whole of the ordinary share capital of Lunn Healthcare Facilities Limited.

Associates and joint ventures

The company had the following aggregate interests in associates and joint ventures:

	Joint ventures - Total		Associates - Total	
	2008	2007	2008	2007
	£	£	£	£
Share of turnover of associates	425,000	-	388,218	311,174
Share of assets				
Share of fixed assets	(114,857)	-	8,724,724	6,946,321
Share of current assets	4,347,877	1,086,154	3,831,795	1,204,874
	4,233,020	1,086,154	12,556,519	8,151,195
Share of liabilities				
Due within one year	(3,695,648)	(1,077,036)	(1,994,865)	(2,389,849)
Due after one year	(517,072)	-	(8,981,982)	(4,156,340)
	(4,212,720)	(1,077,036)	(10,976,847)	(6,546,189)
Share of net assets	20,300	9,118	1,579,672	1,605,006

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

13 Fixed asset investments (continued)

Included above are the following individually significant associates and joint ventures:

	Byre Developments Group Joint Venture		Lunn Healthcare Group Associates	
	2008	2007	2008	2007
	£	£	£	£
Turnover	425,000	-	388,218	311,174
Profit before tax	12,607	(15,882)	(25,667)	(32,634)
Tax	1,425	-	-	-
Profit after tax	11,182	(15,882)	(25,667)	(32,634)
Fixed assets	(114,857)	-	7,429,389	6,946,321
Current assets	4,347,877	1,086,154	1,569,090	1,204,874
Liabilities due within one year	(3,695,648)	(1,077,036)	(1,553,137)	(2,389,849)
Liabilities due after one year	(517,072)	-	(5,866,008)	(4,156,340)
Share of net assets	20,300	9,118	1,579,334	1,605,006

Lunn Healthcare Group comprises Lunn Healthcare Properties Limited and Lunn Healthcare Facilities Limited.

Byre Developments Group comprises Byre Developments Limited and Ryanclyffe (Morley) Limited.

14 Stocks

	Group 2008	Group 2007	Company 2008	Company 2007
	£	£	£	£
Raw materials and consumables	16,975	16,975	-	-
Finished goods and goods for resale	1,092,831	1,084,021	-	-
	1,109,806	1,100,996	-	-

There is no material difference between the replacement cost of stocks and the amounts stated above.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

15 Debtors

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Amounts receivable within one year				
Trade debtors	1,785,605	2,048,931	-	33,135
Amounts owed by group undertakings	-	-	778,028	778,028
Amounts owed by joint ventures and associated undertakings	1,989,857	976,135	1,962,615	965,655
Directors' loan accounts	325,000	510,000	325,000	510,000
Corporation tax recoverable	79,204	-	79,204	-
Other debtors	254,646	339,894	174,512	174,512
Prepayments and accrued income	119,372	49,739	185	337
Amounts recoverable on contracts	535,220	476,632	-	-
	<u>5,088,904</u>	<u>4,401,331</u>	<u>3,319,544</u>	<u>2,461,667</u>
Amounts receivable after more than one year				
Amounts owed by group undertakings	-	-	1,808,816	1,742,256
Deferred tax	62,348	275,000	-	-
	<u>62,348</u>	<u>275,000</u>	<u>-</u>	<u>-</u>
Total debtors	<u>5,151,252</u>	<u>4,676,331</u>	<u>5,128,360</u>	<u>4,203,923</u>

The directors' loan account debtor has been repaid since the year end (see note 25).

The deferred tax asset of £62,348 (2007: £275,000) is in respect of accelerated capital allowances of £62,348 (2007: £90,000) and unutilised tax losses of £nil (2007: £185,000).

16 Creditors: amounts falling due within one year

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Bank loans and overdrafts (secured)	7,107,474	7,944,848	1,403,642	1,243,420
Mortgage loans	1,445,049	120,013	-	-
Payments received on account	712,717	-	-	-
Trade creditors	4,241,142	3,691,204	-	-
Amounts owed to group undertakings	-	-	611,193	-
Corporation tax	46,179	-	-	-
Other taxation and social security	288,526	149,354	-	-
Obligations under finance lease and hire purchase contracts	75,655	65,141	-	-
Directors' loans	90,478	184,294	90,478	184,294
Other creditors	45,372	13,356	41,707	9,924
Accruals and deferred income	729,219	583,837	21,893	40,208
	<u>14,781,811</u>	<u>12,752,047</u>	<u>2,168,913</u>	<u>1,477,846</u>

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

16 Creditors: amounts falling due within one year (continued)

The bank loans and overdrafts are secured by a fixed and floating charge over the assets and undertakings of the company and its subsidiary undertakings together with cross guarantees and debentures given by its subsidiary undertakings.

Assets held under hire purchase contracts are secured on the assets to which they relate.

17 Creditors: amounts falling due after more than one year

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
13.69% mortgage loan repayable in 2009	1,000,652	1,041,072	-	-
13.72% mortgage loan repayable in 2009	-	1,369,436	-	-
6.21% mortgage loan repayable in 2018	1,125,647	1,160,839	-	-
Obligations under finance lease and hire purchase contracts	65,271	61,116	-	-
	<u>2,191,570</u>	<u>3,632,463</u>	<u>-</u>	<u>-</u>

Group maturity of debt:

	Loans and overdrafts 2008 £	Loans and overdrafts 2007 £	Finance leases 2008 £	Finance leases 2007 £
In one year or less, or on demand	<u>8,552,523</u>	<u>8,064,861</u>	<u>75,655</u>	<u>65,141</u>
In more than one year but not more than two years	1,038,080	1,445,048	65,271	41,946
In more than two years but not more than five years	127,175	1,120,226	-	19,170
In more than five years	961,044	1,006,073	-	-
	<u>2,126,299</u>	<u>3,571,347</u>	<u>65,271</u>	<u>61,116</u>

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

17 Creditors: amounts falling due after more than one year (continued)

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Loan analysis				
Not wholly repayable within five years by instalments	425,378	458,467	-	-
Not wholly repayable within five years other than by instalments	735,461	735,461	-	-
Wholly repayable within five years	2,410,509	2,497,432	-	-
Included in current liabilities	(1,445,049)	(120,013)	-	-
	<u>2,126,299</u>	<u>3,571,347</u>	<u>-</u>	<u>-</u>

Certain of the above loans are subject to rates of interest less than those shown above for prompt payment of interest on the due dates.

The mortgage loans are secured by fixed charges over certain properties held by a subsidiary.

18 Provisions for liabilities

Group

	Deferred taxation £	Other provisions £	Total £
At 1 October 2007 and 30 September 2008	121,500	250,000	371,500

Deferred taxation

Group

	Provided 2008 £	Provided 2007 £	Unprovided 2008 £	Unprovided 2007 £
Accelerated capital allowances	121,500	121,500	-	-
On disposal of properties at net book value	-	-	950,000	1,500,000
Capital losses	-	-	-	(1,000)
	<u>121,500</u>	<u>121,500</u>	<u>950,000</u>	<u>1,499,000</u>
Unutilised tax losses	-	-	(11,000)	(48,000)
	<u>121,500</u>	<u>121,500</u>	<u>939,000</u>	<u>1,451,000</u>

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

18 Provisions for liabilities (continued)

Deferred tax is not provided in respect of revalued investment properties until such time there is a binding contract to sell.

The other provisions comprise potential costs in relation to contracts. The further details required by FRS 12 have not been provided on the grounds that these could be expected to be seriously prejudicial.

19 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £184,292 (2007 - £289,399). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

20 Share capital

	2008 £	2007 £
<i>Authorised</i>		
8,062 "A" Ordinary shares of £1 each	8,062	8,062
91,938 "B" Ordinary shares of £1 each	91,938	91,938
	<hr/>	<hr/>
	100,000	100,000
	<hr/>	<hr/>
	2008 £	2007 £
<i>Allotted, called up and fully paid</i>		
8,062 "A" Ordinary shares of £1 each	8,062	8,062
91,938 "B" Ordinary shares of £1 each	16,938	16,938
	<hr/>	<hr/>
	25,000	25,000
	<hr/>	<hr/>

'A' Ordinary shares have no rights to dividends, voting or attendance at General Meetings, or capital in the event of winding up.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

21 Reserves

Group

	Revaluation reserve £	Profit and loss account £
At 1 October 2007	15,118,383	3,712,414
Revaluation deficit	(1,081,904)	-
Profit for the year	-	165,467
Dividends	-	(150,000)
Transfers	(587,258)	587,258
	<hr/>	<hr/>
At 30 September 2008	13,449,221	4,315,139
	<hr/>	<hr/>

Company

	Profit and loss account £
At 1 October 2007	3,536,177
Profit for the year	383,370
Dividends	(150,000)
	<hr/>
At 30 September 2008	3,769,547
	<hr/>

Revaluation reserve includes an amount of £1,615,255 (2007: £1,615,255) attributable to associated undertakings.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

22 Reconciliation of movements in shareholders' funds

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Profit for the year	165,467	688,101	383,370	2,104,870
Dividends	(150,000)	(300,000)	(150,000)	(300,000)
	<u>15,467</u>	<u>388,101</u>	<u>233,370</u>	<u>1,804,870</u>
Other net recognised gains and losses relating to the year	(1,081,904)	646,081	-	-
Reinstatement of goodwill on disposal	-	37,305	-	-
	<u>(1,066,437)</u>	<u>1,071,487</u>	<u>233,370</u>	<u>1,804,870</u>
Net (deductions from)/additions to shareholders' funds				
Opening shareholders' funds	18,855,797	17,784,310	3,561,177	1,756,307
	<u>17,789,360</u>	<u>18,855,797</u>	<u>3,794,547</u>	<u>3,561,177</u>
Closing shareholders' funds				

23 Contingent liabilities

The company has given an unlimited cross guarantee and debenture to Barclays Bank PLC to secure the borrowings of certain of its subsidiary and associated undertakings. At 30 September 2008 the net borrowings amounted to £13,687,559 (2007: £10,713,858).

The group has entered into performance bonds in the normal course of business which have been guaranteed by the group's insurers to a total of £9,879,091 (2007: £2,976,794).

24 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	Other 2008 £	Other 2007 £
Operating leases which expire:		
Within one year	6,221	-
In two to five years	4,554	10,275
	<u>10,775</u>	<u>10,275</u>

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

25 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Jack Lunn (Holdings) Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

Related party transactions and balances

During the year wholly owned subsidiaries entered into the following transactions with Lunn Healthcare Facilities Limited, a company in which Jack Lunn (Holdings) Limited indirectly holds 50% of its issued share capital.

(a) Sales of £61,372 (2007: £70,345) in respect of contracting services provided.

(b) Management charges of £16,250 (2007: £26,000)

(c) Expenses recharged of £35,849 (2007: £160,175)

At 30 September 2008 Lunn Healthcare Facilities Limited owed these undertakings £544,369 (2007: £10,479).

During the year wholly owned subsidiaries entered into the following transactions with Byre Developments Limited, a joint venture company in which Jack Lunn (Holdings) Limited holds 50% of its issued share capital.

(a) Management charges of £16,250 (2007: £26,000)

At 30 September 2008 Byre Developments Limited owed these undertakings £1,445,448 (2007: £912,877).

The above transactions were all negotiated on an arms length basis.

In the previous year wholly-owned group undertakings entered into the following transactions with Irwins Limited, a company which was a subsidiary undertaking during that period.

(a) Purchases of £5,552,956 in respect of contracting services provided.

Loans and transactions concerning directors and officers of the company

Debtor/ (Creditor)	2008 £	2007 £	Maximum Debtor £
A Lunn	325,000	510,000	510,000
H Lunn	(16,025)	(16,025)	-
R Lunn	(44,344)	(91,544)	-
G Lunn	(30,109)	(76,725)	-

The directors' loan account debtor has been repaid since the year end.

Interest is payable at a commercial rate on the outstanding loan.

Mrs C Lunn, the wife of R Lunn was owed £41,707 by the company at 30 September 2008 (2007: £nil).

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (continued)

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

	2008 £	2007 £
Operating profit	1,148,935	104,096
Depreciation of tangible fixed assets	102,741	105,068
Profit on sale of tangible fixed assets	(39,850)	(3,904)
Increase in stocks	(8,810)	(4,223)
Increase in debtors	(608,458)	(2,060,286)
Increase in creditors	1,579,314	768,399
Movement in provisions	-	549,000
Net cash inflow/(outflow) from operating activities	2,173,872	(541,850)

27 Analysis of cash flows for headings netted in the cash flow statement

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	146,007	197,196
Interest paid: other	(846,041)	(887,636)
Interest paid: hire purchase	(8,072)	(8,784)
	(708,106)	(699,224)
Taxation		
Corporation tax paid	(81,250)	(320,495)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(4,481)	(6,475,377)
Payments to acquire fixed asset investments	(333)	(236,000)
Receipts from sale of tangible fixed assets	1,231,560	42,465
	1,226,746	(6,668,912)
Acquisitions and disposals		
Sale of business operations	-	1,096,249
Payment to acquire interest in of joint ventures	-	(25,000)
Net overdraft disposed of with subsidiaries	-	436,610
	-	1,507,859

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 *(continued)*

27 Analysis of cash flows for headings netted in the cash flow statement *(continued)*

	2008 £	2007 £
Financing		
Loans repaid	(213,828)	(683,777)
Capital element of finance leases repaid	(93,605)	(167,450)
	<u>(307,433)</u>	<u>(851,227)</u>

28 Reconciliation of net cash flow to movement in net debt

	2008 £	2007 £
Increase/(decrease) in cash	2,153,829	(7,873,849)
Cash inflow from changes in debt	307,433	1,091,841
	<u>2,461,262</u>	<u>(6,782,008)</u>
Movement in net debt resulting from cash flows		
Inception of finance leases	(108,274)	(102,651)
Loans and finance leases disposed of with subsidiaries	-	3,740,674
	<u>2,352,988</u>	<u>(3,143,985)</u>
Movement in net debt		
Opening net debt	(11,946,759)	(8,802,774)
	<u>(9,593,771)</u>	<u>(11,946,759)</u>
Closing net debt		

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements
for the year ended 30 September 2008 (*continued*)

29 Analysis of net debt

	At 1 October 2007 £	Cash flow £	Other non- cash items £	At 30 September 2008 £
Cash at bank and in hand	-	1,316,455	-	1,316,455
Bank overdrafts	(7,944,848)	837,374	-	(7,107,474)
	<u>(7,944,848)</u>	<u>2,153,829</u>	<u>-</u>	<u>(5,791,019)</u>
Debt due within one year	(304,307)	(1,231,220)	-	(1,535,527)
Debt due after one year	(3,571,347)	1,445,048	-	(2,126,299)
Finance leases	(126,257)	93,605	(108,274)	(140,926)
	<u>(4,001,911)</u>	<u>307,433</u>	<u>(108,274)</u>	<u>(3,802,752)</u>
Total	<u>(11,946,759)</u>	<u>2,461,262</u>	<u>(108,274)</u>	<u>(9,593,771)</u>