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Jack Lunn (Holdings) Limited

Directors' Report and Financial Statements

For the Year Ended

30 September 2005

1473324



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Jack Lunn (Holdings) Limited

Annual report and financial statements for the year ended 30 September 2005

Company Information

Directors	H Lunn R Lunn G Lunn R Farrar A Lunn
Secretary	P McAteer ACA
Registered Office	Progress House 99 Bradford Road Pudsey Leeds West Yorkshire LS28 6AT
Auditors	BDO Stoy Hayward LLP 1 City Square Leeds West Yorkshire LS1 2DP
Bankers	Barclays Bank PLC P O Box 190 1 Park Row Leeds West Yorkshire LS1 5WU
Company Number	1473324

Jack Lunn (Holdings) Limited

Annual report and financial statements for the year ended 30 September 2005

Notice of Annual General Meeting

Notice is given that the twenty third Annual General Meeting of the company will be held at the Registered Office on 13 March 2006 at 10 am for the following purposes:

- To receive and adopt the directors' report and financial statements for the year ended 30 September 2005 together with the report of the auditors.
- To re-elect R Lunn and A Lunn as directors.
- To re-appoint BDO Stoy Hayward LLP as auditors and to authorise the directors to fix their remuneration for the ensuing year.

A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company.

By order of the board 13 March 2006

G Lunn
Secretary

Jack Lunn (Holdings) Limited

Annual report and financial statements for the year ended 30 September 2005

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Jack Lunn (Holdings) Limited

Annual report and financial statements for the year ended 30 September 2005

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

Principal activity and review of the business

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

On 15 March 2005 the group increased its interest in Bandbreeze Limited, which became a subsidiary of the group from that date.

Margins in "Construction" on current work have continued to be satisfactory and together with a reduced overhead, an improved result has been achieved.

The Group is expected to achieve a satisfactory profit in the current financial year and the directors are confident for the future.

Results and Dividends

The profit for the year after taxation and minority interests amounted to £944,977.

Interim dividends of £150,000 were paid during the year. The directors recommend the payment of a final dividend of £175,000.

Post balance sheet events

Subsequent to the year end on 16 January 2006 the group was subject to a demerger under which two subsidiaries, Jack Lunn (Developments) Limited and Joinery Direct Limited left the group. The group will continue to operate the activities of these two companies

Market Value of Investment Properties

The directors examined the properties portfolio at 30 September 2005, and revalued these as appropriate having regard to current market conditions. This revaluation was based on an independent valuation of the portfolio.

Directors and their interests

The following directors have held office since 1 October 2004:

A Grey (deceased 17 November 2004)

H Lunn

R Lunn

D Lunn (resigned 16 January 2006)

G Lunn

R Farrar

B May (appointed 1 February 2005 and resigned 30 September 2005)

A Lunn was appointed a director on 17 January 2006

In accordance with the company's Articles of Association R Lunn, by rotation, and A Lunn, at his first Annual General Meeting, retire and, being eligible, offer themselves for re-election.

Jack Lunn (Holdings) Limited

Annual report and financial statements for the year ended 30 September 2005

Directors and their interests (continued)

The directors beneficial holdings in the shares of the company during the year were as follows:

	Ordinary shares 30 September 2005	of £1 each 1 October 2004
A Grey	-	-
H Lunn	1,375	1,375
R Lunn	7,500	7,500
D Lunn	5,500	5,500
G Lunn	7,500	7,500
R Farrar	-	-
B May	-	-

Employees

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' 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 and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company or 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 company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

This report was approved by the Board on 13 March 2006



G Lunn
Director

Jack Lunn (Holdings) Limited

Independent Auditors' Report To the Shareholders of Jack Lunn (Holdings) Limited

We have audited the financial statements of Jack Lunn (Holdings) Limited for the year ended 30 September 2005 on pages 5 to 29 which have been prepared under the accounting policies set out on pages 13 to 15.

Respective responsibilities of the directors and auditors

As described in the Statement of Director's Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's 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 director's remuneration and other transactions is not disclosed.

We read the director's 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 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 director 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.

Jack Lunn (Holdings) Limited

Independent Auditors' Report To the Shareholders of Jack Lunn (Holdings) Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and company's affairs as at 31 December 2005 and of its result for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP
BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Leeds*

Date: 13 March 2006

Jack Lunn (Holdings) Limited

Group Profit and Loss Account for the year ended 30 September 2005

	Notes	2005 £	2004 £
Turnover	2	57,668,566	50,610,990
Change in stocks of finished goods and work in progress		5,369,484	(262,744)
Other operating income		<u>128,998</u>	<u>78,998</u>
		<u>63,167,048</u>	<u>50,427,244</u>
Raw materials and consumables		(50,106,818)	(38,147,863)
Staff costs	24	(9,435,669)	(8,618,017)
Depreciation and amortisation		(340,241)	(262,986)
Other operating charges		<u>(1,365,671)</u>	<u>(1,047,772)</u>
		<u>(61,248,399)</u>	<u>(48,076,638)</u>
Group Operating Profit		1,918,649	2,350,606
Share of operating profit in associates		200,808	248,559
Interest receivable		41,046	94,210
Profit on disposal of investment properties	4	54,774	138,701
Loss on disposal of subsidiary undertakings		-	(90,992)
Interest payable and similar charges	5	<u>(1,106,949)</u>	<u>(1,038,518)</u>
Profit on ordinary activities before taxation	3	1,108,328	1,702,566
Tax credit/(charge) on profits on ordinary activities	6	<u>8,667</u>	<u>(602,063)</u>
Profit on ordinary activities after taxation		1,116,995	1,100,503
Minority interests		<u>(172,018)</u>	<u>(520,737)</u>
Profit for the year		944,977	579,766
Dividend	7	<u>(325,000)</u>	<u>(150,000)</u>
Retained profit for the year	19	<u>619,977</u>	<u>429,766</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 10 to 29 form part of these financial statements.

Jack Lunn (Holdings) Limited**Statement of Total Recognised Gains and Losses for the year ended 30 September 2005**

	Notes	2005 £	2004 £
Profit for the financial year		944,977	579,766
Unrealised revaluation surplus on properties	19	<u>3,435,049</u>	<u>3,309,172</u>
Total recognised gains and losses relating to the year		<u>4,380,026</u>	<u>3,888,938</u>
Total gains and losses recognised since last financial statements		<u>4,380,026</u>	<u>3,888,938</u>

Note of Historical Cost Profits and Losses

	2005 £	2004 £
Reported profit on ordinary activities before taxation	1,108,328	1,702,566
Realisation of property revaluation gains of previous years	<u>-</u>	<u>755,956</u>
Historical cost profit on ordinary activities before taxation	<u>1,108,328</u>	<u>2,458,522</u>
Historical cost profit for the year retained after taxation, minority interests and dividends	<u>619,977</u>	<u>1,185,722</u>

The notes on pages 10 to 29 form part of these financial statements.

Jack Lunn (Holdings) Limited

Group Balance Sheet as at 30 September 2005

	Notes	£	2005 £	£	2004 £
Intangible fixed assets	8		151,886		-
Tangible fixed assets					
Investment properties	9		33,061,583		21,148,002
Other fixed assets	10		788,263		574,742
Investments	11(A)		<u>852,087</u>		<u>537,663</u>
			34,853,819		22,260,407
Current assets					
Stocks and work in progress	12	7,067,841		1,708,259	
Debtors	13	12,281,522		9,303,730	
Cash at bank and in hand		<u>374,238</u>		<u>3,383,353</u>	
		19,723,601		14,395,342	
Creditors: amounts falling due within one year	14	<u>17,849,602</u>		<u>10,991,123</u>	
Net current (liabilities)/assets			<u>1,873,999</u>		<u>3,404,219</u>
Total assets less current liabilities			36,727,818		25,664,626
Creditors: amounts falling due after more than one year	15		12,691,954		5,800,214
Provisions for liabilities and charges	17		<u>111,500</u>		<u>77,500</u>
			<u>23,924,364</u>		<u>19,786,912</u>
Capital and reserves					
Called up share capital	18		25,000		25,000
Reserves	19		<u>23,048,136</u>		<u>18,993,110</u>
Shareholders' funds - equity interests	20		23,073,136		19,018,110
Minority interests			<u>851,228</u>		<u>768,802</u>
			<u>23,924,364</u>		<u>19,786,912</u>

The financial statements were approved by the Board on 13 March 2006.



G Lunn
Director

The notes on pages 10 to 29 form part of these financial statements.

Jack Lunn (Holdings) Limited**Balance Sheet as at 30 September 2005**

	Notes	2005	2004
		£	£
Fixed assets			
Investments	11(B)	205,086	205,086
Current assets			
Debtors: amounts falling due within one year	13	744,911	1,018,389
Debtors: amounts falling due after more than one year	13	1,706,621	1,502,916
Cash at bank		<u>2,451,532</u>	<u>100,253</u>
			2,621,558
Creditors: amounts falling due within one year	14	<u>(594,325)</u>	<u>(152,298)</u>
Net current assets		<u>1,857,207</u>	<u>2,469,260</u>
Net assets		<u>2,062,293</u>	<u>2,674,346</u>
Capital and reserves			
Called up share capital	18	25,000	25,000
Profit and loss account		<u>2,037,293</u>	<u>2,649,346</u>
Shareholders' funds – equity interests	20	<u>2,062,293</u>	<u>2,674,346</u>

The financial statements were approved by the Board on 13 March 2006



G Lunn
Director

The notes on pages 10 to 29 form part of these financial statements.

Jack Lunn (Holdings) Limited

Group Cash Flow Statement for the year ended 30 September 2005

	Note	2005	2004
		£	£
Net cash (outflow)/inflow from operating activities	1A	(4,117,587)	3,145,239
Returns on investments and servicing of finance			
Interest received		48,675	90,665
Interest paid		(966,888)	(772,625)
Minority dividends paid		<u>(38,400)</u>	<u>(38,400)</u>
Net cash outflow from returns on investments and servicing of finance		(956,613)	(720,360)
Taxation		(266,016)	(109,048)
Capital expenditure and financial investment			
Additions to investment properties		(5,791,249)	(26,021)
Purchase of tangible fixed assets		(403,965)	(138,975)
Sale of tangible fixed assets and investment properties		<u>587,423</u>	<u>1,983,592</u>
Net cash (outflow)/inflow from capital expenditure and servicing of finance		(5,607,791)	1,818,596
Acquisitions and disposals			
Acquisition of subsidiary undertaking	4A	(66,958)	-
Receipt on disposal of subsidiary undertaking		-	515,373
Net cash disposed of in subsidiary undertaking		-	(1,312,603)
Net cash acquired on acquisition of subsidiary undertaking	4A	<u>109,570</u>	-
Net cash inflow/(outflow) from acquisitions and disposals		42,612	(797,230)
Equity dividends paid		(150,000)	(150,000)
Net cash (outflow)/inflow before management of liquid resources and financing		(11,055,395)	3,187,197
Financing			
Net loan advances/(repayments)		2,961,435	(1,242,654)
Capital element of hire purchase payments		<u>94,953</u>	<u>(201,174)</u>
Net cash inflow/(outflow) from financing	3A	3,056,388	(1,443,828)
(Decrease)/increase in cash in the year	3A	(7,999,007)	1,743,369

The notes on pages 10 to 29 form part of these financial statements.

Jack Lunn (Holdings) Limited

Notes to the Group Cash Flow Statement for the year ended 30 September 2005

1A Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2005 £	2004 £
Operating profit	1,918,649	2,350,606
Depreciation and amortisation	340,241	262,986
(Profit)/Loss on disposal of fixed assets	(15,928)	8,049
(Increase)/decrease in stocks	(5,359,582)	266,203
Increase in debtors	(2,629,532)	(2,062,957)
Increase/(decrease) in creditors	1,628,565	(1,445,917)
Net cash (outflow)/inflow from operating activities	(4,117,587)	3,145,239

2A Analysis of net debt

	At 1 October 2004 £	Cash Flow £	Acquisitions £	At 30 September 2005 £
Net cash:				
Cash in hand and at bank	3,383,353	(3,009,115)	-	374,238
Bank loans and overdrafts	(1,133)	(4,989,892)	-	(4,991,025)
	3,382,220	(7,999,007)	-	(4,616,787)
Debt:				
Mortgage loans	(5,926,493)	(3,018,993)	(3,912,452)	(12,857,938)
Loan stock	-	70,140	(70,140)	-
Director's loans	(92,098)	(12,582)	-	(104,680)
Hire purchase obligations	(203,557)	(94,953)	-	(298,510)
	(6,222,148)	(3,056,388)	(3,982,592)	(13,261,128)
Net debt	(2,839,928)	(11,055,395)	(3,982,592)	(17,877,915)

Jack Lunn (Holdings) Limited**Notes to the Group Cash Flow Statement for the year ended 30 September 2005****3A Reconciliation of net cash flow to movement in net debt**

	2005 £	2004 £
Increase in cash in the year	(7,999,007)	1,743,369
Cash outflow from decrease in debt	<u>(3,126,528)</u>	<u>1,443,828</u>
Change in net debt resulting from cash flows	(11,125,535)	3,187,197
New hire purchase contracts	-	(144,592)
Mortgage loans acquired with subsidiary	<u>(3,912,452)</u>	-
Movement in net debt in year	(15,037,987)	3,042,605
Opening net debt	<u>(2,839,928)</u>	<u>(5,882,533)</u>
Closing net debt	<u>(17,877,915)</u>	<u>(2,839,928)</u>

4A Acquisition of subsidiary undertaking

Net assets acquired	2005 £	2004 £
Fixed assets	3,684,629	-
Debtors	185,260	-
Cash at banks and in hand	109,570	-
Creditors	(41,929)	-
Bank loans	(3,912,452)	-
Loan stocks	(204,768)	-
Deferred tax	<u>(25,000)</u>	-
	(204,690)	-
Pre acquisition deficit held	66,233	-
Minority interest acquired	51,193	-
Goodwill on acquisition	<u>154,222</u>	-
Net assets acquired	<u>66,958</u>	-
Satisfied by		
Cash for shares	<u>66,958</u>	-

The subsidiary undertaking acquired of during the year contributed £159,606 (2004:£nil) to group net operating cash inflows, paid £94,911 (2004:£nil) in respect of net returns on investments and servicing of finance and utilised £nil (2004:£nil) for capital expenditure.

Jack Lunn (Holdings) Limited**Notes to the Group Cash Flow Statement for the year ended 30 September 2005**

5A Disposal of subsidiary undertaking

Net assets disposed of	2005 £	2004 £
Fixed assets	-	1,133
Stocks	-	495,155
Debtors	-	45,044
Cash in hand and at bank	-	1,312,603
Creditors	-	(664,984)
Bank overdrafts	-	-
Mortgage loans	-	-
	-	1,188,951
Less: retained interest in associated undertaking	-	-
Minority interest	-	(582,586)
Net assets disposed of	-	<u>606,365</u>
Satisfied by		
Cash	-	515,373
Loss on disposal	-	<u>90,992</u>
	-	<u>606,365</u>

Subsidiary undertakings disposed of during the year contributed £nil (2004:£590,000) to group net operating cash inflows, received £nil (2004:£10,000) in respect of net returns on investments and servicing of finance and utilised £nil (2004:£1,000) for capital expenditure.

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005

1 Accounting Policies

The financial statements are prepared under the historical cost convention.

The following principal accounting policies have been applied.

Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

Group accounts

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries, all of which are made up to 30 September 2005, using the acquisition method of accounting. A separate profit and loss account dealing with the results of the company only has not been presented in accordance with the exemption conferred by S230 Companies Act 1985.

Turnover

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

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract. Foreseen losses are written off immediately.

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.

Investment properties

In accordance with the applicable accounting standard, SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. Although the Companies Act would normally require the systematic annual depreciation of these properties, the directors believe that this policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view. These properties are maintained in a state of good repair and accordingly the directors consider that the lives of the assets are so long and residual values, based on prices prevailing at the time of valuation, are so high that any depreciation charge to the profit and loss account would be insignificant.

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

Investment properties (continued)

No provision is made for any capital gains tax that may arise in the event of actual sales being effected at these revalued amounts.

Investment properties under construction are carried at cost and not depreciated.

Other tangible fixed assets and depreciation

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and equipment	20% - 25% reducing balance basis
Fixtures and fittings	20% - 33% reducing balance basis
Motor vehicles	25% reducing balance basis

Investments

Fixed asset investments are stated at cost, less provision for permanent diminution in value.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals paid under operating lease are charged against income on a straight line basis over the period of the lease.

Stocks and work in progress

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. Excess progress payments are included in creditors as payments on account.

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

Pension costs

The pension costs charged in the financial statements represent the contributions payable by the company and group during the period in accordance with FRS 17.

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 company 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 company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Segmental Information

	Turnover		Profit before taxation	
	2005	2004	2005	2004
	£	£	£	£
Contracting, house building, joinery manufacture, and property development	55,877,464	48,800,300	678,509	1,184,305
Property income	<u>1,791,102</u>	<u>1,810,690</u>	<u>429,819</u>	<u>518,261</u>
	<u>57,668,566</u>	<u>50,610,990</u>	<u>1,108,328</u>	<u>1,702,566</u>

Geographical market - all turnover is earned in the United Kingdom.

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

3 Profit on Ordinary Activities before Taxation	2005	2004
	£	£
Operating profit is stated after charging:		
Auditors' remuneration - audit	42,480	36,005
Auditors' remuneration - non-audit	22,650	12,435
(Profit)/loss on disposal of tangible fixed assets	<u>(15,928)</u>	<u>8,049</u>
4 Profit on Disposal of Investment Property	2005	2004
	£	£
Group	49,441	(4,858)
Share of associates	<u>5,333</u>	<u>143,559</u>
	<u>54,774</u>	<u>138,701</u>
5 Interest Payable	2005	2004
	£	£
On bank loans and overdrafts:		
Group	157,018	11,171
Share of associates	147,690	265,893
On hire purchase contracts	17,817	19,735
On mortgage loans	<u>776,795</u>	<u>741,719</u>
	<u>1,106,949</u>	<u>1,038,518</u>
6 Taxation	2005	2004
	£	£
Domestic current year taxation		
UK corporation tax		
Group	162,500	601,378
Share of associates	3,464	27,758
Adjustment for prior years	<u>(20,931)</u>	<u>(952)</u>
Current tax charge	145,333	628,184
Deferred tax		
Credit arising on movement in deferred tax assets	(163,000)	(3,000)
Charge/(credit) arising on movement in deferred tax liabilities		
Group	9,000	(30,500)
Share of associates	-	7,379
	<u>(154,000)</u>	<u>(26,121)</u>
	<u>(8,667)</u>	<u>602,063</u>

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

6 Taxation (Continued)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>1,108,328</u>	<u>1,702,566</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2003:30%)	<u>332,498</u>	<u>510,770</u>
Effects of:		
Non deductible expenses	11,524	15,963
Capital allowances in excess of depreciation	(43,006)	(34,272)
Other short term timing differences	-	1,066
Loss on disposal of subsidiary	-	27,298
Tax losses utilised	(137,061)	(140,781)
Tax losses not utilised	16,580	-
Movement on unrealised inter group trading profits	-	25,483
Indexation on capital disposal	(2,501)	-
Realised reserves and revaluations net of indexation	-	152,389
Marginal relief	(444)	(8,127)
Adjustments to previous periods	(26,792)	(952)
Other tax adjustments	<u>(5,465)</u>	<u>10,803</u>
	<u>(187,165)</u>	<u>117,414</u>
Current tax charge	<u>145,333</u>	<u>628,184</u>

Estimated trading losses of £2,890,000 (2004: £2,625,000) and capital losses of £60,000 (2004: £60,000) are available within the group for carry forward against future profits.

The directors have accrued a deferred tax asset of £223,000 (2004: £61,000) in respect of accelerated capital losses, trading losses and short term timing differences expected to crystallise in the foreseeable future. The amounts unprovided are detailed at note 17.

The group share of trading losses in associated undertakings available for carry forward against future profits amounts to £nil (2004: £346,000).

7 Dividends

	2005 £	2004 £
Interim ordinary dividend paid	150,000	150,000
Final ordinary dividend proposed	<u>175,000</u>	<u>~</u>
	<u>325,000</u>	<u>150,000</u>

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

8 Intangible assets – Group

	Goodwill on consolidation £	Total £
Cost		
At 1 October 2004	-	-
Additions	<u>154,222</u>	<u>154,222</u>
At 30 September 2005	<u>154,222</u>	<u>154,222</u>
Amortisation		
At 1 October 2004	-	-
Provided for the year	<u>2,336</u>	<u>2,336</u>
At 30 September 2005	<u>2,336</u>	<u>2,336</u>
Net Book value		
At 30 September 2005	<u>151,886</u>	<u>151,886</u>
At 30 September 2004	<u>-</u>	<u>-</u>

9 Investment Properties - Group

	Freehold £	Long Leasehold £	Total £
Cost or Valuation			
At 1 October 2004	20,498,002	650,000	21,148,002
Additions	5,791,249	-	5,791,249
On acquisition of subsidiary	4,062,031	-	4,062,031
Surplus on revaluation	3,017,218	-	3,017,218
Disposals	<u>(465,467)</u>	<u>-</u>	<u>(465,467)</u>
At 30 September 2005	<u>32,993,033</u>	<u>650,000</u>	<u>33,643,033</u>
Depreciation			
On acquisition of subsidiary	524,438	-	524,438
Charge for year	<u>57,012</u>	<u>-</u>	<u>57,012</u>
At 30 September 2005	<u>581,450</u>	<u>-</u>	<u>581,450</u>
Net Book value			
At 30 September 2005	<u>32,411,583</u>	<u>650,000</u>	<u>33,061,583</u>
At 30 September 2004	<u>20,498,002</u>	<u>650,000</u>	<u>21,148,002</u>

Comparable historical cost for the land and buildings included at valuation:

Cost			
At 1 October 2004	10,140,637	256,671	10,397,308
Additions	5,791,249	-	5,791,249
On acquisition of subsidiary	4,062,031	-	4,062,031
Disposals	<u>(465,467)</u>	<u>-</u>	<u>(465,467)</u>
At 30 September 2005	<u>19,528,450</u>	<u>256,671</u>	<u>19,785,121</u>

The investment properties held at 30 September 2005 were valued by the directors on an open market basis. This revaluation was based on an independent valuation of the portfolio.

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

9 Investment Properties – Group (continued)

Included in freehold properties are two properties occupied by group companies. The directors believe it is not practicable to quantify the value attributable to group occupation. The total value of these two properties is £3,146,013 (2004: £2,896,013).

10 Tangible Fixed Assets - Group	Plant & equipment £	Fixtures & fittings £	Motor vehicles £	Total £
Cost:				
At 1 October 2004	781,079	427,582	921,466	2,130,127
Additions	148,689	19,902	235,374	403,965
On acquisition of subsidiary	192,304	1,000	-	193,304
Disposals	(20,000)	(25,687)	(240,935)	(286,622)
At 30 September 2005	<u>1,102,072</u>	<u>422,797</u>	<u>915,905</u>	<u>2,440,774</u>
Depreciation				
At 1 October 2004	608,445	379,190	567,750	1,555,385
Charge for the year	79,365	32,348	169,180	280,893
On acquisition of subsidiary	46,628	-	-	46,628
Disposals	(20,000)	(25,687)	(184,348)	(230,035)
At 30 September 2005	<u>714,078</u>	<u>385,851</u>	<u>552,282</u>	<u>2,217,880</u>
Net Book value				
At 30 September 2005	<u>387,994</u>	<u>36,947</u>	<u>363,323</u>	<u>788,263</u>
At 30 September 2004	<u>172,634</u>	<u>48,392</u>	<u>353,716</u>	<u>574,742</u>

Included above are assets held under hire purchase contracts as follows:

	Plant & Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
Net Book Values				
At 30 September 2005	<u>139,637</u>	<u>-</u>	<u>281,255</u>	<u>420,992</u>
At 30 September 2004	<u>66,022</u>	<u>-</u>	<u>239,381</u>	<u>305,403</u>
Depreciation charge for the year				
At 30 September 2005	<u>34,915</u>	<u>-</u>	<u>130,702</u>	<u>165,617</u>
At 30 September 2004	<u>21,456</u>	<u>-</u>	<u>113,123</u>	<u>134,579</u>

11A Investments - Group

	2005 £	2004 £
Share of net assets in associated undertaking	852,087	403,035
Loan stock in associated undertaking	<u>-</u>	<u>134,628</u>
	<u>852,087</u>	<u>537,663</u>

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

11A Investments – Group (continued)

Holdings of more than 20%

The group holds more than 20% of the share capital of the following companies:

Company	Country of registration of incorporation	Class	Shares held %
Participating interests			
Lunn Healthcare Properties Limited	England & Wales	Ordinary A	50.0

Lunn Healthcare Properties Limited owns the whole of the Ordinary share capital of Lunn Healthcare Facilities Limited, a company registered in England.

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial period were as follows:

	Period ended	Capital and reserves	Profit for the year
Lunn Healthcare Properties Limited	30 September 2005	209,500	109,500
Lunn Healthcare Facilities Limited	30 September 2005	925,261	7,401

The principal activities of the companies are as follows:

Lunn Healthcare Properties Limited	property investment, specifically custom designed medical centres
Lunn Healthcare Facilities Limited	Property development and investment, specifically custom designed medical centres

An analysis of the group's share of turnover and net assets in associated undertakings for the year ended 30 September 2005 is shown below:

	2005 £	2004 £
Share of turnover	<u>154,603</u>	<u>539,266</u>
Share of assets		
Fixed assets	2,197,500	4,286,186
Current assets	<u>2,463,004</u>	<u>249,129</u>
	<u>4,660,504</u>	<u>4,535,315</u>
Share of liabilities		
Creditors: amounts falling due within one year	2,705,640	1,153,469
Creditors: amounts falling due after more than one year	1,102,777	2,968,973
Provision for liabilities and charges	-	9,838
	<u>(3,808,417)</u>	<u>4,132,280</u>
Share of net assets	<u>852,087</u>	<u>403,035</u>

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

11B Investments - Company

Shares in group undertakings

Cost

At 1 October 2004 and at 30 September 2005

724,086

Provision

At 1 October 2004 and at 30 September 2005

519,000

Net Book Value

At 30 September 2005

205,086

At 30 September 2004

205,086

The companies included above, all of which are registered in England, are:

Name of Company	Nature of Business	Class of Shares Held	Percentage
Jack Lunn (Leeds) Limited	Holding company	Ordinary	100%
Jack Lunn (Properties) Limited	Property investment	Ordinary	100%
Joinery Direct Limited	Joinery manufacturers	Ordinary	100%
Jack Lunn (Developments) Limited	Property development	Ordinary	100%
Facilities Management Solutions Limited	Provision of management services	Ordinary	100%
Jack Lunn (Homes) Limited	Residential property development	Ordinary	100%
Irwins Limited	Building contractors and joinery manufacturers	'A' Ordinary	51%
Jack Lunn (Group Services) Limited	Dormant	Ordinary	100%

Jack Lunn (Leeds) Limited owns the whole of the ordinary share capital of Jack Lunn (Construction) Limited, a company registered in England. Jack Lunn (Construction) Limited operates as a building contractor.

Jack Lunn (Properties) Limited owns 74.99% of the ordinary share capital of Bandbreeze Limited, a company registered in England. Bandbreeze Limited operates as a holding company (see note 22).

Bandbreeze Limited owns the whole of the ordinary share capital of LBS (Fire Services) Limited, a company registered in England. LBS (Fire Services) Limited operates as a developer of property and facilities management under a private finance initiative contract.

Joinery Direct Limited and Jack Lunn (Developments) Limited left the group on 16 January 2006 (see note 28).

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

12 Stocks and Work in Progress

	Group	
	2005	2004
	£	£
Raw materials and consumables	57,203	67,105
Work in progress, and land and buildings under development	5,754,628	583,364
Completed developments	<u>1,256,010</u>	<u>1,057,790</u>
	<u>7,067,841</u>	<u>1,708,259</u>

13 Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts falling due within one year				
Trade debtors	8,927,582	6,723,666	-	-
Amounts owed by subsidiary undertakings	-	-	704,251	948,771
Amounts owed by associated undertaking	243,757	229,514	-	29,405
Amounts recoverable on contracts	1,939,499	1,984,864	-	-
Other debtors	646,522	212,782	40,660	40,213
Prepayments and accrued income	301,162	92,904	-	-
Deferred tax asset	<u>223,000</u>	<u>60,000</u>	-	-
	<u>12,281,522</u>	<u>9,303,730</u>	<u>744,911</u>	<u>1,018,389</u>

The deferred tax asset is recoverable in more than one year.

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts falling due in more than one year				
Amounts owed by subsidiary undertaking	<u>-</u>	<u>-</u>	<u>1,706,621</u>	<u>1,502,916</u>

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

14 Creditors: Amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	4,991,025	1,133	250,986	-
Mortgage loans (notes 15 & 16)	319,782	204,105	-	-
Obligations under hire purchase contracts (note 15)	144,712	125,731	-	-
Trade creditors	9,946,175	8,140,753	-	-
Payments received on account	-	41,915	-	-
Amounts owed to subsidiary and associated undertakings	-	-	1,387	-
Directors' loans	104,680	92,098	104,680	92,098
Corporation tax	164,975	289,122	-	-
Other creditors	64,236	10,346	9,988	10,346
Other taxes and social security costs	594,352	897,560	-	-
Accruals and deferred income	1,306,265	1,149,960	52,284	49,854
Proposed dividend	213,400	38,400	175,000	-
	<u>17,849,602</u>	<u>10,991,123</u>	<u>594,325</u>	<u>152,298</u>

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.

15 Creditors: Amounts falling due after more than one year

	Group	
	2005	2004
	£	£
Mortgage loans (note 16)	12,538,156	5,722,388
Obligations under hire purchase contracts	<u>153,798</u>	<u>77,826</u>
	<u>12,691,954</u>	<u>5,800,214</u>

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

15 Creditors: Amounts falling due after more than one year (Continued)

Obligations under hire purchase contracts	2005	2004
	£	£
Repayable within one year	144,712	125,731
Repayable between one and two years	108,275	77,826
Repayable between two and five years	<u>45,523</u>	<u>-</u>
	298,510	203,557
Included in liabilities falling due within one year	<u>(144,712)</u>	<u>(125,731)</u>
	<u>153,798</u>	<u>77,826</u>

Hire purchase creditors are secured on the assets to which they relate.

16 Loans: Amounts falling due after more than one year

	2005	2004
	£	£
11.54% mortgage loan repayable in 2007	576,441	611,464
13.69% mortgage loan repayable in 2009	1,109,354	1,138,099
13.72% mortgage loan repayable in 2009	1,465,653	1,506,140
13.88% mortgage loan repayable in 2011	817,244	832,893
8.25% mortgage loan repayable in half yearly instalments to 2011	310,500	379,500
6.21% mortgage loan repayable in 2018	1,225,039	1,254,292
Libor + 1.25% mortgage loan repayable 2035	1,612,500	-
6.32% mortgage loan repayable 2035	1,612,500	-
Base rate + 1.1% to 5.0% bank loan repayable in instalments to 2027	<u>3,808,925</u>	<u>-</u>
Loans payable after one year	<u>12,538,156</u>	<u>5,722,388</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.

Loan Maturity Analysis	2005	2004
	£	£
Amounts payable by instalments:		
within one year	319,782	204,105
between one and two years	325,896	218,154
between two and five years	957,215	647,840
over five years	<u>3,742,036</u>	<u>568,383</u>
	5,344,929	1,638,482
Amounts not payable by instalments:		
between one and two years	556,248	-
between two and five years	2,291,154	1,868,750
over five years	<u>4,665,607</u>	<u>2,419,261</u>
	12,857,938	5,926,493
Less included in current liabilities	<u>(319,782)</u>	<u>(204,105)</u>
	<u>12,538,156</u>	<u>5,722,388</u>

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

17 Provisions for Liabilities and Charges - Group

	Deferred taxation £
Balance at 1 October 2004	77,500
On acquisition of subsidiary	25,000
Profit and loss account	<u>9,000</u>
	<u>111,500</u>
Balance at 30 September 2005	

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	Not provided		Provided	
	2005	2004	2005	2004
	£	£	£	£
Accelerated capital allowances	(84,000)	(125,600)	277,500	112,500
Trading losses	(632,000)	(769,600)	(85,000)	-
Short term timing differences	-	-	(81,000)	(35,000)
On disposal of properties at net book value	2,215,000	2,305,000	-	-
Capital losses	<u>(18,000)</u>	<u>(18,000)</u>	-	-
Net deferred tax liabilities	<u>1,481,000</u>	<u>1,391,800</u>	<u>111,500</u>	<u>77,500</u>

Discounting has not been applied to the calculation of deferred tax liabilities.

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

18 Share Capital

	2005 £	2004 £
Authorised		
100,000 Ordinary shares £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

19 Reserves - Group	Share of Associates Revaluation reserve £	Revaluation reserve £	Profit and loss account £	Total Reserves £
Balance at 1 October 2004	519,624	12,573,405	5,900,081	18,993,110
Profit for the year	-	-	619,977	619,977
Revaluation during the year	<u>327,831</u>	<u>3,107,218</u>	-	<u>3,435,049</u>
Balance at 30 September 2005	<u>847,455</u>	<u>15,680,623</u>	<u>6,520,058</u>	<u>23,048,136</u>

Positive goodwill previously eliminated against reserves amounted to £37,305 (2004:£37,305).

Reserves - Company

Of the group profit for the year, a loss of £612,053 (2004: profit £119,456) has been dealt with in the financial statements of Jack Lunn (Holdings) Limited.

20 Reconciliation of Movements in Shareholders' Funds

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Profit/(loss) for the financial year	944,977	579,766	(287,053)	269,456
Dividends	(325,000)	(150,000)	(325,000)	(150,000)
Other recognised gains and losses	<u>3,435,049</u>	<u>3,309,172</u>	-	-
Movement in year	4,055,026	3,738,938	(612,053)	119,456
Opening shareholders' funds	<u>19,018,110</u>	<u>15,279,172</u>	<u>2,674,346</u>	<u>2,554,890</u>
Closing shareholders' funds	<u>23,073,136</u>	<u>19,018,110</u>	<u>2,062,293</u>	<u>2,674,346</u>

21 Commitments on behalf of Group companies

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 2005 the net borrowings amounted to £8,982,916 (2004: £1,174,633).

The group has entered into performance bonds in the normal course of business which have been guaranteed by the group's bankers and insurers to a total of £1,968,120 (2004: £2,148,577).

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

22 Acquisitions

Acquisition of Bandbreeze Limited

On March 2005 the group acquired a 25.8% stake in the ordinary share capital of Bandbreeze Limited for £66,985. This increased the group's shareholding from 49.19% to 74.99%.

In calculating the goodwill arising on acquisition, the fair value of net assets of Bandbreeze Limited and its wholly owned subsidiary, LBS Fire Services Limited, have been assessed and no adjustments to the book value were considered necessary.

	Book value £	Fair value £
Fixed assets	3,684,629	3,684,629
Current assets		
Debtors	185,260	185,260
Cash at bank and in hand	109,570	109,570
Total assets	<u>3,979,459</u>	<u>3,979,459</u>
Creditors		
Due within one year	(41,929)	(41,929)
Due after one year	(4,117,220)	(4,117,220)
Provisions	(25,000)	(25,000)
Net assets	<u>(204,690)</u>	<u>(204,690)</u>
		£
Cash consideration		66,958
Net assets acquired		(153,497)
		220,455
Pre-acquisition deficit already accounted for as share of net assets in associate		(66,233)
Goodwill arising on acquisition (note 8)		<u>154,222</u>

23 Directors' Emoluments

	2005 £	2004 £
Emoluments for qualifying services	456,277	484,733
Company pension contributions to money purchase schemes	<u>224,218</u>	<u>108,989</u>
Aggregate emoluments	<u>680,494</u>	<u>593,722</u>

Retirement benefits are accruing to 2 directors (2004: 2) under money purchase pension schemes.

The emoluments of the highest paid director were as follows:

Emoluments for qualifying services	149,500	143,551
Company pension contributions to money purchase scheme	<u>145,105</u>	<u>63,377</u>
	<u>294,605</u>	<u>206,928</u>

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

24 Staff Costs	2005 No.	2004 No.
Number of employees		
The average monthly number of employees (including directors) during the year was:		
Administrative	76	64
Construction	<u>190</u>	<u>181</u>
	<u>266</u>	<u>245</u>
Employment costs	£	£
Wages and salaries	8,225,825	7,619,796
Social security costs	761,287	668,008
Other pension costs	448,557	296,636
Other costs	-	<u>33,577</u>
	<u>9,435,669</u>	<u>8,618,017</u>

25 Pension Costs

The group administers four defined contribution pension schemes in respect of certain employees and a money purchase scheme for certain directors. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £448,557 (2004: £296,636). Contributions totalling £nil (2004: £16,212) were payable to the funds at the year end and are included in creditors.

26 Related Party Transactions

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

During the year wholly owned group undertakings made the following transactions with Irwins Limited, a 51% subsidiary of Jack Lunn (Holdings) Limited.

(a) Sales of £306,925 (2004: £225,260) in respect of contracting services provided.

These transactions were all negotiated on an arm's length basis.

At 30 September 2005 Irwins Limited owed those undertakings £160,509 (2004: £22,998).

During the year wholly owned group undertakings made the following transactions with Lunn Healthcare Facilities Limited, a company in which Jack Lunn (Holdings) Limited effectively holds 50% of the issued share capital.

a) Sales of £1,800,120 (2004: £373,375) in respect of contracting services provided.

These transactions were all negotiated on an arms length basis. At 30 September 2003 Lunn Healthcare Facilities owned these undertakings £243,688 (2004: £229,513).

Jack Lunn (Holdings) Limited

Notes to the Financial Statements for the year ended 30 September 2005 (continued)

27 Control

The company is controlled by its shareholders.

28 Post balance sheet event

Subsequent to the year end on 16 January 2006 the group was subject to a demerger under which two subsidiaries, Jack Lunn Developments Limited and Joinery Direct Limited left the group. The group will continue to operate the activities of these two companies