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JACK LUNN (HOLDINGS) LTD

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999**



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COMPANY NUMBER : 1473324

JACK LUNN (HOLDINGS) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

DIRECTORS

R Lunn Chairman
H Lunn
D Lunn
G Lunn
R Farrar

SECRETARY

M A Greenough FCA

REGISTERED OFFICE

Progress House
99 Bradford Road
Pudsey
West Yorkshire
LS28 6AT

AUDITORS

John Gordon Walton & Co.
Yorkshire House
Greek Street
Leeds
West Yorkshire
LS1 5ST

BANKERS

Barclays Bank PLC
Leeds Business Centre
P O Box 100
28 Park Row
Leeds
West Yorkshire
LS1 1PA

JACK LUNN (HOLDINGS) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

Notice is given that the eighteenth Annual General Meeting of the company will be held at the Registered Office on 17 March 2000 at 11.45am for the following purposes:

- To receive and adopt the directors' report and financial statements for the year ended 30 September 1999 together with the report of the auditors.
- To re-elect D Lunn and R Farrar as directors.
- To re-appoint John Gordon Walton & Co. 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, 18 February 2000.



M A Greenough FCA
Secretary

DIRECTORS' REPORT

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 30 September 1999.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

PRINCIPAL ACTIVITIES 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.

The group's activities remained unchanged from last year. The directors consider the results for the year, as set out on pages 7 to 21, to be satisfactory in view of the present economic climate.

RESULTS AND DIVIDENDS

The profit for the year after taxation and minority interests amounted to £113,515. The directors recommend that this amount be dealt with as follows:

Ordinary dividends	£
Final proposed £4.00 per share	100,000
Transfer to reserves	<u>13,515</u>
	<u>113,515</u>

DIRECTORS' REPORT

MARKET VALUE OF INVESTMENT PROPERTIES

The directors examined the properties in the property portfolio at 30 September 1999, and revalued these as appropriate having regard to current market conditions.

DIRECTORS

The directors during the past year were as follows:

R Lunn
D Lunn
G Lunn
H Lunn
R Farrar

D Lunn and R Farrar retire by rotation at the annual general meeting and offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

The directors' beneficial interests in the shares of the company were as follows:

	Ordinary shares £1 each	
	30 September 1999	1 October 1998
R Lunn	7,500	7,500
D Lunn	5,500	5,500
G Lunn	7,500	7,500
H Lunn	1,375	1,375
R Farrar	-	-

None of the directors have any beneficial interests in the shares of other group companies.

YEAR 2000

As discussed at length in the media, many computers and microchips only recognise dates using the last two digits of the year, and will need to be modified or replaced to record the Year 2000. The company depends on a computerised accounting system to prepare the accounts and record transactions. In addition, the company could be affected by the systems used by its suppliers and customers and as a result could be at risk if other parties do not deal adequately with the Year 2000 issue.

The directors have assessed the risks to the company resulting from Year 2000 and are currently implementing an action plan.

It is impossible to guarantee that no Year 2000 problems will remain, however, the directors feel that the company will be able to deal promptly with any failures that may occur.

JACK LUNN (HOLDINGS) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

DIRECTORS' REPORT

AUDITORS

In accordance with Section 385(2) of the Companies Act 1985, a resolution proposing that John Gordon Walton & Co. be re-appointed as auditors will be put to the Annual General Meeting.

This report was approved by the Board on 2 February 2000.



G Lunn
Director

JACK LUNN (HOLDINGS) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

AUDITORS' REPORT

to the shareholders of Jack Lunn (Holdings) Limited.

We have audited the financial statements on pages 7 to 21 which have been prepared under the historical cost convention, as modified to include the revaluation of investment properties, and the accounting policies set out on pages 12 and 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 September 1999 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



John Gordon Walton & Co.
Chartered Accountants & Registered Auditors
Yorkshire House
Greek Street
Leeds
LS1 5ST
18 February 2000.

JACK LUNN (HOLDINGS) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Notes	1999 £	1998 £
Turnover	2	22,772,538	19,397,330
Change in stocks of finished goods and work in progress		(1,076,158)	(1,131,384)
Other operating income		36,749	38,503
		<u>21,733,129</u>	<u>18,304,449</u>
Raw materials and consumables		(14,874,703)	(12,614,167)
Staff costs	20	(4,853,025)	(3,693,888)
Depreciation	7	(226,141)	(158,525)
Other operating charges		(543,415)	(375,214)
		<u>(20,497,284)</u>	<u>(16,841,794)</u>
Operating profit		1,235,845	1,462,655
Interest receivable		38,972	29,238
Interest payable and similar charges		(930,243)	(942,702)
Profit on ordinary activities before taxation	3	344,574	549,191
Tax charge on profits on ordinary activities	4	(162,428)	(117,286)
Profit on ordinary activities after taxation		182,146	431,905
Minority interests		(68,631)	(43,222)
Profit for the year		113,515	388,683
Proposed dividend	5	(100,000)	(120,000)
Retained profit for the year	16	<u>13,515</u>	<u>268,683</u>

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Notes	1999 £	1998 £
Profit for the financial year		13,515	388,683
Unrealised revaluation surplus on properties	6	641,870	444,431
Total recognised gains and losses		<u>655,385</u>	<u>831,114</u>

JACK LUNN (HOLDINGS) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

**GROUP BALANCE SHEET
AS AT 30 SEPTEMBER 1999**

	Notes	1999		1998	
		£	£	£	£
TANGIBLE FIXED ASSETS					
Investment properties	6		21,554,205		18,821,127
Other fixed assets	7		586,123		402,485
			<u>22,140,328</u>		<u>19,223,612</u>
CURRENT ASSETS					
Stocks and work in progress	9	913,218		1,971,412	
Debtors	10	4,916,490		3,631,099	
Cash at bank and in hand		661,062		357,763	
		<u>6,490,770</u>		<u>5,960,274</u>	
CREDITORS - amounts falling due within one year	11	(7,586,232)		(4,875,890)	
Net current (liabilities)/ assets			(1,095,462)		1,084,384
Total assets less current liabilities			<u>21,044,866</u>		<u>20,307,996</u>
CREDITORS - amounts falling due after more than one year	12		(7,100,441)		(7,096,122)
Net assets			<u>13,944,425</u>		<u>13,211,874</u>
CAPITAL AND RESERVES					
Called up share capital	15		25,000		25,000
Reserves	16		13,639,441		12,977,472
Shareholders' funds (Equity interests)	17		13,664,441		13,002,472
Minority interest			279,984		209,402
			<u>13,944,425</u>		<u>13,211,874</u>

The financial statements on pages 7 to 21 were approved by the Board on 2 February 2000.



G Lunn
Director

JACK LUNN (HOLDINGS) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

BALANCE SHEET
AS AT 30 SEPTEMBER 1999

	Notes	1999		1998	
		£	£	£	£
FIXED ASSETS					
Investments	8		664,087		725,361
CURRENT ASSETS					
Debtors	10	3,270,361		2,919,905	
Cash at bank and in hand		<u>2,550</u>		<u>1,133</u>	
		3,272,911		2,921,038	
CREDITORS - amounts falling due within one year					
	11	<u>(1,104,709)</u>		<u>(1,094,035)</u>	
Net current assets			2,168,202		1,827,003
Net assets			<u>2,832,289</u>		<u>2,552,364</u>
CAPITAL AND RESERVES					
Called up share capital	15		25,000		25,000
Profit and loss account			<u>2,807,289</u>		<u>2,527,364</u>
Shareholders' funds	17		<u>2,832,289</u>		<u>2,552,364</u>
(Equity interests)					

The financial statements on pages 7 to 21 were approved by the Board on 2 February 2000.



G Lunn
Director

JACK LUNN (HOLDINGS) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

**GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1999**

	Notes	1999 £	1998 £
Net cash inflow from operating activities	1	2,864,021	2,717,603
Returns on investments and servicing of finance			
Interest received		38,972	29,238
Interest paid		(930,243)	(942,702)
Net cash outflow from returns on investments and servicing of finance		(891,271)	(913,464)
Taxation		(101,664)	(135,870)
Capital expenditure and financial investment			
Additions to investment properties		(2,096,505)	(569,836)
Purchase of tangible fixed assets		(445,187)	(208,297)
Sale of tangible fixed assets and investment properties		48,045	45,225
Net cash outflow from capital expenditure and servicing of finance		(2,493,647)	(732,908)
Equity dividends paid		(120,000)	(120,000)
Net cash (outflow)/inflow before management of liquid resources and financing		(742,561)	815,361
Management of liquid resources			
Reduction/(increase) in treasury deposits		500,000	(500,000)
Reduction in time deposits		23,350	-
	3	523,350	(500,000)
Financing			
Net loan instalments paid		(46,133)	(71,024)
New hire purchase contracts		276,305	65,662
Capital element of hire purchase/finance lease payments		(107,840)	(41,572)
Net cash inflow/(outflow) from financing	3	122,332	(46,934)
(Decrease)/increase in cash in the year	3	(96,879)	268,427

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1999

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit	1,235,845	1,462,655
Depreciation charges	226,141	158,525
(Profit) on disposal of fixed assets	(7,340)	(14,746)
Group loss on disposal of investments	27,735	-
Decrease in stocks	1,058,194	1,108,121
(Increase) in debtors	(1,285,391)	(744,579)
Increase in creditors	1,608,837	747,627
	<u>2,864,021</u>	<u>2,717,603</u>

2. ANALYSIS OF NET DEBT

	1 Oct 1998 £	Cash flow £	Other non-cash changes £	30 Sept 1999 £
Net cash:				
Cash at bank and in hand	(165,587)	826,649	-	661,062
Bank loans and overdrafts	(690,550)	(923,528)	-	(1,614,078)
	<u>(856,137)</u>	<u>(96,879)</u>	<u>-</u>	<u>(953,016)</u>
Liquid resources:				
Treasury deposits	500,000	(500,000)	-	-
Other time deposits	23,350	(23,350)	-	-
	<u>523,350</u>	<u>(523,350)</u>	<u>-</u>	<u>-</u>
Debt:				
Mortgage loans	(7,139,229)	91,961	-	(7,047,268)
Director's loans	(118,253)	(45,828)	-	(164,081)
Finance lease obligations	(104,993)	107,840	(276,305)	(273,458)
	<u>(7,362,475)</u>	<u>153,973</u>	<u>(276,305)</u>	<u>(7,484,807)</u>
Net debt	<u>(7,695,262)</u>	<u>(466,256)</u>	<u>(276,305)</u>	<u>(8,437,823)</u>

3. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £	1998 £
(Decrease)/increase in cash in the year	(96,879)	268,427
Cash (inflow)/outflow from (decrease)/increase in deposits	(523,350)	500,000
Cash outflow from decrease in debt	153,973	112,596
Change in net debt resulting from cash flows	<u>(466,256)</u>	<u>881,023</u>
New hire purchase contracts	(276,305)	(65,662)
Movement in net debt in year	<u>(742,561)</u>	<u>815,361</u>
Opening net debt	(7,695,262)	(8,510,623)
Closing net debt	<u>(8,437,823)</u>	<u>(7,695,262)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties.

Turnover

Turnover represents the amounts receivable for sales and rents, exclusive of value added tax, in the year.

Investment properties

In accordance with 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.

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

Other tangible fixed assets and depreciation

Other tangible fixed assets are depreciated on the reducing balance basis at rates calculated by reference to their expected useful lives. The annual rates applied are:

Motor vehicles	25%
Plant and equipment	20% to 25%
Fixtures and fittings	20%

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments, and are 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 outstanding balance of the net obligation in each period.

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

Stocks and work in progress

Stocks and work in progress, including land and buildings under development, part-exchange properties and completed developments, are stated at the lower of cost and estimated net realisable value. Cost includes the direct cost of labour and materials. Net realisable value is taken as estimated selling price less all further costs to completion. Progress payments received and receivable are deducted from work in progress.

In the case of long term contracts, turnover is accounted for when it is considered that the outcome can be assessed with reasonable certainty before its conclusion. Attributable profit is then recognised in the profit and loss account as the difference between the reported turnover, based on architects' certificates and related costs for that contract. Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done after provisions for contingencies and future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in the creditors as payments on account.

Pension costs

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with SSAP 24.

Investments

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

Deferred taxation

Deferred taxation is provided on the liability method on all short term timing differences. Provision is only made if the directors consider that there is a probability of a liability arising in the foreseeable future.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries, all of which are made up to 30 September 1999. The net difference between the cost of shares and the value attributed to the net assets at the date of acquisition is shown in reserves as capital reserve arising on consolidation. 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.

Goodwill

In accordance with Financial Reporting Standard 10 "Goodwill and Intangible Assets", 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.

Compliance with accounting standards

The financial statements have been prepared in accordance with UK applicable Accounting Standards.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

2. SEGMENTAL INFORMATION

	Turnover		Profit before taxation	
	1999 £	1998 £	1999 £	1998 £
Contracting, house building, joinery manufacture, and property development	20,948,720	17,664,156	(360,691)	(171,732)
Property income	1,823,818	1,733,174	705,265	720,923
	<u>22,772,538</u>	<u>19,397,330</u>	<u>344,574</u>	<u>549,191</u>

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

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £	1998 £
After charging:		
Depreciation - owned assets	126,635	105,067
Depreciation - assets held under finance leases	99,506	53,458
Write-down of stock and work in progress	-	25,146
Auditors' remuneration - audit	28,675	23,825
Auditors' remuneration - non-audit	6,175	7,425
Interest payable on bank loans	88,865	93,040
Interest payable on hire purchase and lease contracts	17,151	14,826
Interest on other borrowings	823,707	834,836
Other interest	520	-
Loss on disposal of investments	<u>27,735</u>	<u>-</u>

4. TAXATION

	1999 £	1998 £
UK current year taxation		
UK Corporation tax at 30.5% (1998: 31.5%)	162,700	109,300
Prior years		
UK Corporation tax	(272)	7,986
Taxation charge for year	<u>162,428</u>	<u>117,286</u>

Trading losses of approximately £1,000 and capital losses of approximately £62,000 are available within the group to carry forward.

5. DIVIDENDS

	1999 £	1998 £
Proposed of £4.00 (1998: £4.80) per ordinary share	<u>100,000</u>	<u>120,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

6. INVESTMENT PROPERTIES - GROUP

	Freehold £	Long leasehold £	Total £
1 October 1998	18,421,127	400,000	18,821,127
Additions	1,196,505	900,000	2,096,505
Disposals	(5,297)	-	(5,297)
Surplus on revaluation	341,870	300,000	641,870
30 September 1999	19,954,205	1,600,000	21,554,205

The amount of land and buildings as determined according to historical cost accounting rules is:

	Freehold £ 1999	Freehold £ 1998	Long leasehold £ 1999	Long leasehold £ 1998
Cost	11,676,405	10,485,197	1,156,671	256,671

Investment properties held at 30 September 1999, have been valued by the directors on an open market basis. Included in freehold properties is an amount of £673,534 (1998: £820,520) relating to properties under construction.

Also 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 £1,537,794 (1998: £1,537,794).

7. TANGIBLE FIXED ASSETS - GROUP

	Plant and equipment £	Fixtures and fittings	Motor vehicles £	Total £
Cost				
1 October 1998	528,677	241,133	605,395	1,375,205
Additions	84,760	29,007	331,420	445,187
Disposals	(20,032)	(7,036)	(139,342)	(166,410)
30 September 1999	593,405	263,104	797,473	1,653,982
Depreciation				
1 October 1998	443,463	192,169	337,088	972,720
Charge for the year	46,943	21,227	157,971	226,141
Disposals	(11,454)	(5,337)	(114,211)	(131,002)
30 September 1999	478,952	208,059	380,848	1,067,859
Net book value				
30 September 1999	114,453	55,045	416,625	586,123
30 September 1998	85,214	48,964	268,307	402,485

The net book value of assets held under lease and hire purchase contracts included above is £312,114 (1998: £115,114).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

8. INVESTMENTS - COMPANY

	£
Cost	
At 1 October 1998	725,361
Disposals	61,274
At 30 September 1999	<u>664,087</u>
Net book value at 30 September 1999	<u>664,087</u>
Net book value at 30 September 1998	<u>725,361</u>

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) Ltd	Holding company	Ordinary	100%
Jack Lunn (Properties) Ltd	Letting of property	Ordinary	100%
Jack Lunn (Joinery) Ltd	Joinery manufacturers	Ordinary	100%
Jack Lunn (Homes) Ltd	Residential property development	Ordinary	100%
Jack Lunn (Developments) Ltd	Property development	Ordinary	100%
Jack Lunn (Group Services) Ltd	Dormant	Ordinary	100%
Lunn Healthcare Facilities Ltd	Healthcare property development	Ordinary	100%
Irwins Ltd	Building contractors	'A' Ordinary	51%

In addition, Jack Lunn (Leeds) Ltd owns the whole of the ordinary share capital of Jack Lunn (Construction) Ltd. This company, which is registered in England, operates as a building contractor.

9. STOCKS AND WORK IN PROGRESS

	Group	
	1999	1998
	£	£
Raw materials and consumables	58,998	35,134
Work in progress, and land and buildings under development	478,749	489,730
Part exchange properties	60,943	87,776
Completed developments	314,528	1,358,772
	<u>913,218</u>	<u>1,971,412</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

10. DEBTORS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Trade debtors	2,468,194	2,007,116	-	-
Amounts owed by subsidiary undertakings	-	-	3,248,530	2,918,058
Amounts recoverable on contracts	2,089,619	1,482,371	-	-
Other debtors	32,399	27,878	19,984	-
Prepayments and accrued income	326,278	113,734	1,847	1,847
	<u>4,916,490</u>	<u>3,631,099</u>	<u>3,270,361</u>	<u>2,919,905</u>

11. CREDITORS: Amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank overdrafts	1,614,078	690,550	-	-
Loans (see note 13)	98,792	92,582	-	-
Obligations under hire purchase and finance lease contracts	121,493	55,518	-	-
Trade creditors	3,448,673	2,284,015	-	-
Amounts owed to subsidiary undertakings	-	-	828,958	839,287
Directors' loans	164,081	118,253	164,081	118,253
Corporation tax	140,700	79,936	-	-
Other creditors	79,966	47,931	11,670	16,495
Other taxes and social security costs	410,200	307,355	-	-
Accruals and deferred income	1,389,049	1,079,750	-	-
Proposed dividend	119,200	120,000	100,000	120,000
	<u>7,586,232</u>	<u>4,875,890</u>	<u>1,104,709</u>	<u>1,094,035</u>

The bank and other 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

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

	Group	
	1999	1998
	£	£
Loans (see note 13)	6,948,476	7,046,647
Obligations under hire purchase and finance lease contracts	151,965	49,475
	<u>7,100,441</u>	<u>7,096,122</u>
Obligations under finance leases and hire purchase contracts	1999	1998
	£	£
Repayable within one year	137,617	62,055
Repayable between one and five years	170,444	56,297
	<u>308,061</u>	<u>118,352</u>
Finance charges and interest allocated to future accounting periods	(34,603)	(13,359)
	<u>273,458</u>	<u>104,993</u>
Included in liabilities falling due within one year	(121,493)	(55,518)
	<u>151,965</u>	<u>49,475</u>

13. LOANS: Amounts falling due after more than one year

	1999	1998
	£	£
12.4797% mortgage repayable in half yearly instalments to 2001	690,000	722,200
13.96% mortgage loan repayable in 2002	1,320,000	1,320,000
11.54% mortgage loan repayable in 2007	744,606	764,497
13.69% mortgage loan repayable in 2009	1,241,639	1,256,178
13.72% mortgage loan repayable in 2009	1,651,858	1,672,300
13.88% mortgage loan repayable in 2011	1,300,373	1,311,472
Amounts payable after one year	<u>6,948,476</u>	<u>7,046,647</u>

	1999	1998
	£	£
Loan repayments		
Amounts payable by instalments:		
within one year	98,792	92,582
between one and two years	764,808	99,487
between two and five years	277,612	941,723
over five years	736,886	836,267
	<u>1,878,098</u>	<u>1,970,059</u>
Amounts payable over five years and not payable by instalments	5,169,170	5,169,170
	<u>7,047,268</u>	<u>7,139,229</u>
Less included in current liabilities	(98,792)	(92,582)
	<u>6,948,476</u>	<u>7,046,647</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.

Details of security: The above loans are secured by fixed charges over certain properties held by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

14. PROVISIONS FOR LIABILITIES AND CHARGES – GROUP

Deferred tax is calculated at 30% (1998: 30%) analysed over the following timing differences:

	Provided		Unprovided	
	1999	1998	1999	1998
	£	£	£	£
Deferred taxation				
Properties	-	-	337,600	333,000
Accelerated capital allowances	-	-	550,000	536,000
	-	-	887,600	869,000

15. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1999	1998	1999	1998
	Number	Number	£	£
£1 ordinary	100,000	100,000	25,000	25,000

16. RESERVES - GROUP

Following the implementation of Financial Reporting Standard 10 "Goodwill and Intangible Assets", the consolidated balance sheet has been restated and the comparative figures have been amended accordingly.

	Revaluation reserve	Capital reserve on consolidation	Profit and loss account	Total Reserves
	£	£	£	£
At the beginning of the year as previously stated	8,079,259	1,406,657	3,491,556	12,977,472
Prior period adjustment	-	(1,406,657)	1,406,657	-
At the beginning of the year as restated	8,079,259	-	4,898,213	12,977,472
Goodwill reinstated on disposal	-	-	6,584	6,584
Profit for the year	-	-	13,515	13,515
Revaluation surplus	641,870	-	-	641,870
30 September 1999	8,721,129	-	4,918,312	13,639,441

The prior period adjustment relates to negative goodwill arising on consolidation and has been written off directly to the profit and loss reserve under the transitional arrangements.

Positive goodwill previously eliminated against reserves amounted to £37,305 (1998: £43,889).

RESERVES – COMPANY

Of the group profit for the year, a profit of £279,925 (1998: £688,514) has been dealt with in the financial statements of Jack Lunn (Holdings) Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Goodwill reinstated on disposal	6,584	-	-	-
Profit for the financial year	113,515	388,683	379,925	808,514
Dividends	(100,000)	(120,000)	(100,000)	(120,000)
Other recognised gains and losses	641,870	444,431	-	-
Movement in year	661,969	713,114	279,925	688,514
Opening shareholders' funds	13,002,472	12,289,358	2,552,364	1,863,850
Closing shareholders' funds	13,664,441	13,002,472	2,832,289	2,552,364

18. 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 its subsidiary undertakings. At 30 September 1999 these borrowings amounted to £1,200,530 (1998: £337,555).

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 £614,545.

19. DIRECTORS' EMOLUMENTS

	1999	1998
	£	£
Emoluments for qualifying services	344,432	345,792
Company pension contributions to money purchase schemes	89,768	69,639
Aggregate emoluments	434,200	415,431

Retirement benefits are accruing to three directors under money purchase pension schemes.

The emoluments of the highest paid director were as follows:

Emoluments for qualifying services	96,171	90,642
Company pension contributions to money purchase scheme	38,569	30,871
	134,740	121,513

Mr R Farrar also received £nil (1998: £5,000) consulting fees which are not included above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

20. STAFF COSTS

(a) Number of employees

The average monthly number of persons (including directors) employed by the group during the year was:

	1999	1998
Administrative	51	47
Construction	148	111
	<u>199</u>	<u>158</u>

(b) Employment costs

	£	£
Wages and salaries	4,248,667	3,243,529
Social security costs	406,596	295,005
Other pension costs	163,853	127,733
Other costs	33,909	27,621
	<u>4,853,025</u>	<u>3,693,888</u>

21. PENSION COSTS

The group operates a group personal pension scheme in respect of certain employees and a money purchase scheme for certain directors. The assets of the money purchase scheme are held separately from those of the group in an independently administered fund.

22. RELATED PARTY TRANSACTIONS

As the company is a parent company it has taken advantage of the exemption not to disclose transactions with its wholly owned subsidiaries.

At 30 September 1999 the company owed £10,144 (1998: £16,269) to Arthur Lambert & Co. (Leeds) Ltd, which is also controlled by the directors of Jack Lunn (Holdings) Ltd.

23. CONTROL

The company is controlled by its shareholders. Ninety percent of the shares are held equally by Mr R Lunn, Mr G Lunn, and Mr D Lunn and his family.