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## Jack Lunn (Properties) Limited

Report and Financial Statements

Year Ended

30 September 2008

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**BDO** Stoy Hayward  
Chartered Accountants

# **Jack Lunn (Properties) 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, West Yorkshire, LS28 6AT

## **Company number**

690539

## **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 (Properties) Limited**

## **Report of the directors for the year ended 30 September 2008**

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

### **Results**

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend payment of an ordinary dividend.

### **Principal activities**

The company's principal activity is that of property investment.

### **Directors**

The directors of the company during the year were:

H Lunn  
R Lunn  
G Lunn  
R Farrar  
A Lunn  
O J Mountain (retired 4 September 2008)  
T H Edlin (retired 31 December 2007)

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

### **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 company and of the profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Jack Lunn (Properties) Limited

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

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### 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.

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

### By order of the board

  
P McAteer ACA

### Secretary

Date: 16 June 2009

# Jack Lunn (Properties) Limited

## Independent auditor's report

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### To the shareholders of Jack Lunn (Properties) Limited

We have audited the financial statements of Jack Lunn (Properties) Limited for the year ended 30 September 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the 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 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 (Properties) Limited

### Independent auditor's report (*continued*)

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#### *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 company's affairs as at 30 September 2008 and of its profit for the year then ended;
- 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: *16 June 2009*.

# Jack Lunn (Properties) Limited

## Profit and loss account for the year ended 30 September 2008

	Note	2008 £	2007 £
<b>Turnover</b>	2	1,568,485	1,333,751
Cost of sales		266,442	135,734
<b>Gross profit</b>		<b>1,302,043</b>	<b>1,198,017</b>
Administrative expenses		585,726	627,381
		716,317	570,636
Other operating income		36,180	35,948
<b>Operating profit</b>	3	<b>752,497</b>	<b>606,584</b>
Profit on disposal of subsidiary undertaking		-	746,496
<b>Profit on ordinary activities before interest and other income</b>		<b>752,497</b>	<b>1,353,080</b>
Other interest receivable and similar income		808	15,412
Interest payable and similar charges	4	(689,399)	(612,313)
<b>Profit on ordinary activities before taxation</b>		<b>63,906</b>	<b>756,179</b>
Taxation on profit on ordinary activities	5	5,121	3,267
<b>Profit on ordinary activities after taxation</b>		<b>58,785</b>	<b>752,912</b>

All amounts relate to continuing activities.

The notes on pages 8 to 17 form part of these financial statements.

# Jack Lunn (Properties) Limited

## Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 30 September 2008

	Note	2008 £	2007 £
<b>Statement of total recognised gains and losses</b>			
Profit for the financial year		58,785	752,912
Unrealised deficit on revaluation of properties	14	(1,252,772)	-
<b>Total recognised gains and losses for the financial year</b>		<b>(1,193,987)</b>	<b>752,912</b>
<b>Note of historical cost profits and losses</b>			
Reported profit on ordinary activities before taxation		63,906	756,179
Realisation of property revaluation gains of previous years		427,292	-
<b>Historical cost profit on ordinary activities before taxation</b>		<b>491,198</b>	<b>756,179</b>
<b>Historical cost profit for the year after taxation</b>		<b>486,077</b>	<b>752,912</b>

The notes on pages 8 to 17 form part of these financial statements.



# Jack Lunn (Properties) Limited

## Balance sheet at 30 September 2008

	Note	2008 £	2008 £	2007 £	2007 £
<b>Fixed assets</b>					
Tangible assets	6		25,483,264		27,777,632
Investment in associates	7		333		-
			<u>25,483,597</u>		<u>27,777,632</u>
<b>Current assets</b>					
Debtors	8	366,640		137,342	
Creditors: amounts falling due within one year	9	6,748,760		6,241,222	
		<u>6,748,760</u>		<u>6,241,222</u>	
<b>Net current liabilities</b>			(6,382,120)		(6,103,880)
<b>Total assets less current liabilities</b>			<u>19,101,477</u>		<u>21,673,752</u>
Creditors: amounts falling due after more than one year	10	3,935,115		5,313,403	
Provisions for liabilities	11	121,500		121,500	
		<u>3,935,115</u>		<u>5,313,403</u>	
			<u>4,056,615</u>		<u>5,434,903</u>
			<u>15,044,862</u>		<u>16,238,849</u>
<b>Capital and reserves</b>					
Called up share capital	13		1,000,000		1,000,000
Revaluation reserve	14		9,955,008		11,635,072
Profit and loss account	14		4,089,854		3,603,777
			<u>15,044,862</u>		<u>16,238,849</u>
<b>Shareholders' funds</b>	15		<u>15,044,862</u>		<u>16,238,849</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board of directors and authorised for issue on 16 June 2009



G Lunn  
Director

The notes on pages 8 to 17 form part of these financial statements.

# Jack Lunn (Properties) Limited

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

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

#### *Turnover*

Turnover represents amounts receivable for rents net of VAT.

#### *Depreciation*

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

Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 33% straight line

#### *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.

#### *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 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.



# Jack Lunn (Properties) 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 company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

## 2 Turnover

Turnover arises solely within the United Kingdom.

## 3 Operating profit

	2008 £	2007 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	9,314	12,291
Profit on disposal of tangible fixed assets	(41,311)	-
Audit services	5,550	5,000
	<u>          </u>	<u>          </u>

## 4 Interest payable and similar charges

	2008 £	2007 £
Bank loans and overdrafts	329,674	224,284
On mortgage loans	359,455	386,651
Finance leases and hire purchase contracts	270	1,378
	<u>          </u>	<u>          </u>
	689,399	612,313
	<u>          </u>	<u>          </u>

# Jack Lunn (Properties) Limited

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

## 5 Taxation on profit on ordinary activities

	2008 £	2007 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	15,375	-
Adjustment in respect of previous periods	-	(69)
Group relief	(10,254)	3,336
	<hr/>	<hr/>
Total current tax	5,121	3,267
	<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	63,906	756,179
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2007 - 30%)	13,420	226,854
Effect of:		
Expenses not deductible for tax purposes	39	127
Capital allowances for period in (excess)/deficit of depreciation	(8,727)	304
Tax losses surrendered to/(by) group companies	10,218	(3,336)
(Receipt)/payment for group relief	(10,254)	3,336
Adjustment to tax charge in respect of previous periods	-	(69)
Profit on sale of subsidiary undertaking not taxable	-	(223,949)
Short term timing differences	801	-
Other tax adjustments	(376)	-
	<hr/>	<hr/>
Current tax charge for the year	5,121	3,267
	<hr/>	<hr/>

# Jack Lunn (Properties) Limited

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

## 6 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>				
At 1 October 2007	27,742,045	56,089	4,933	27,803,067
Additions	140,418	-	-	140,418
Disposals	(1,172,700)	-	-	(1,172,700)
Revaluations	(1,252,772)	-	-	(1,252,772)
At 30 September 2008	<b>25,456,991</b>	<b>56,089</b>	<b>4,933</b>	<b>25,518,013</b>
<i>Depreciation</i>				
At 1 October 2007	-	22,786	2,649	25,435
Provided for the year	-	8,326	988	9,314
At 30 September 2008	-	<b>31,112</b>	<b>3,637</b>	<b>34,749</b>
<i>Net book value</i>				
At 30 September 2008	<b>25,456,991</b>	<b>24,977</b>	<b>1,296</b>	<b>25,483,264</b>
At 30 September 2007	27,742,045	33,303	2,284	27,777,632

The historical cost of investment property is:

	2008 £	2007 £
Cost	<b>15,501,983</b>	16,106,973

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:

	2008 £	2007 £
<i>Net book value</i>		
Motor vehicles	<b>24,977</b>	33,303
<i>Depreciation charged</i>		
Motor vehicles	<b>8,326</b>	11,101

# Jack Lunn (Properties) Limited

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

## 6 Tangible fixed assets *(continued)*

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.

Also 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).

## 7 Fixed asset investments

	Associated undertakings £
<i>Cost or valuation</i>	
Additions and at 30 September 2008	333

### *Associated undertakings*

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>Associated undertakings</i>				
Leeds Independent Living Accommodation Company Holdings Limited	England and Wales	Ordinary	33.33 %	Property development

# Jack Lunn (Properties) Limited

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

## 8 Debtors

	2008 £	2007 £
Trade debtors	206,989	14,557
Amounts owed by group undertakings	36,614	-
Amounts owed by associated undertakings	3,850	-
Other debtors	-	73,383
Prepayments and accrued income	119,187	49,402
	<u>366,640</u>	<u>137,342</u>

All amounts shown under debtors fall due for payment within one year.

## 9 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts (secured)	4,503,778	5,480,007
Mortgage loans (secured)	1,445,049	120,013
Trade creditors	127,980	85,592
Amounts owed to group undertakings	3,336	176,479
Taxation and social security	146,441	-
Obligations under finance lease and hire purchase contracts	-	4,520
Other creditors	522,176	374,611
	<u>6,748,760</u>	<u>6,241,222</u>

In 2007, the company acquired certain properties during the year which have been financed in the short term by its overdraft facility. It is the Directors' intention that these will subsequently be refinanced by longer term borrowings.

## 10 Creditors: amounts falling due after more than one year

	2008 £	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
Amounts owed to group undertakings	1,808,816	1,742,056
	<u>3,935,115</u>	<u>5,313,403</u>



# Jack Lunn (Properties) Limited

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

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

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 amount due to the parent company has no fixed date for repayment.

### 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	5,948,827	5,600,020	-	4,520
In more than one year but not more than two years	1,038,080	1,445,048	-	-
In more than two years but not more than five years	127,175	1,120,226	-	-
In more than five years	961,044	1,006,073	-	-
	2,126,299	3,571,347	-	-

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

## 11 Provisions for liabilities

	Deferred taxation £
At 1 October 2007 and 30 September 2008	121,500

# Jack Lunn (Properties) Limited

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

## 11 Provisions for liabilities (continued)

### Deferred taxation

	2008 £	2007 £
Accelerated capital allowances	121,500	121,500

The deferred tax unprovided on disposal of properties at net book value at a rate of 28% (2007: 28%) is approximately £950,000 (2007: £1,400,000).

## 12 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the funds and amounted to £7,974 (2007: £9,885).

## 13 Share capital

	2008 £	2007 £
<i>Authorised</i>		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000

	2008 £	2007 £
<i>Allotted, called up and fully paid</i>		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000

## 14 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 October 2007	11,635,072	3,603,777
Revaluation deficit	(1,252,772)	-
Profit for the year	-	58,785
Transfers	(427,292)	427,292
At 30 September 2008	9,955,008	4,089,854

# Jack Lunn (Properties) Limited

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

## 15 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the year	58,785	752,912
Other net recognised gains and losses relating to the year		
- Unrecognised deficit on revaluation of properties	(1,252,772)	-
Net (deductions from)/additions to shareholders' funds	(1,193,987)	752,912
Opening shareholders' funds	16,238,849	15,485,937
Closing shareholders' funds	15,044,862	16,238,849

## 16 Contingent liabilities

The company has given an unlimited cross guarantee and debenture to Barclays Bank Plc to secure the borrowings of the parent undertaking and fellow subsidiary undertakings. At 30 September 2008 these borrowings amounted to £10,592,763 (2007: £6,477,271).

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 £9,879,091 (2007: £2,976,794).

## 17 Directors' remuneration

	2008 £	2007 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	97,557	174,291
Company contributions to money purchase pension schemes	7,974	9,885
Compensation for loss of office	5,000	-

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

# Jack Lunn (Properties) Limited

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

## 18 Employees

Staff costs (including directors) consist of:

	2008 £	2007 £
Wages and salaries	127,984	169,443
Social security costs	12,044	19,806
Other pension costs	7,974	9,885
	<u>148,002</u>	<u>199,134</u>

The average number of employees (including directors) during the year was 8 (2007 - 8).

## 19 Control

At 30 September 2008 the company was controlled by the shareholders of Jack Lunn (Holdings) Limited including Mr R Lunn and Mr G Lunn and their families.

## 20 Ultimate parent company and parent undertaking of larger group

The ultimate parent company is Jack Lunn (Holdings) Limited, a company registered in England and Wales.

Copies of the group financial statements can be obtained from the Registrar of Companies, Companies Registration Office, Crown Way, Maundy, Cardiff, CF14 3UZ.

## 21 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.

During the previous year the company charged interest of £14,899 on loan stock advanced to Bandbreeze Limited, which was a subsidiary undertaking during that period.