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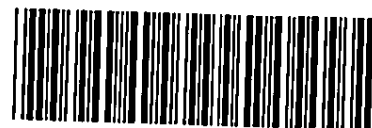
Jack Lunn (Holdings) Limited

Report and Financial Statements

Year Ended

30 September 2007

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BDO Stoy Hayward
Chartered Accountants

Jack Lunn (Holdings) Limited

Annual report and financial statements for the year ended 30 September 2007

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Directors

H Lunn
R Lunn
G Lunn
R Farrar
A Lunn

Secretary and registered office

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

Company number

1473324

Auditors

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

Bankers

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

Jack Lunn (Holdings) Limited

Report of the directors for the year ended 30 September 2007

The directors present their report together with the audited financial statements for the year ended 30 September 2007

Results and dividends

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

Interim dividends totalling £17 71 per share were paid to 'B' ordinary shareholders during the year. The directors do not recommend the payment of a final dividend

Principal activities

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 16 June 2007 the group sold its interest in a subsidiary undertaking, Irwins Limited

On 21 June 2007 the group sold its interest in a subsidiary undertaking, Bandbreeze Limited and its wholly owned subsidiary, LBS (Fire Services) Limited together with its interest in Facilities Management Solutions Limited

Review of business

Turnover for the year has fallen by 19% to £36,343,745. Much of this relates to the disposal of various businesses during the year. Profit after tax and minority interest has increased, from £85,654 to £688,101. Shareholders' Funds on the Consolidated Balance Sheet have improved from £17,784,310 to £18,855,797.

The construction business continues to produce excellent results with turnover up by 33% to £20,206,060 and with pre-tax profits of £623,386 compared to £600,167 last year.

The property investment businesses had a net decrease in rental income of £128,855 although both divisions continued to increase their portfolios with significant increases in the year. Profit before tax (excluding investment sales) has decreased by £185,177. The acquisitions have all been financed in the short term by bank overdraft facilities. It is the Directors' intention that these will be refinanced by longer term borrowings.

Principal risks and uncertainties

The Directors of the business, including those of its various subsidiaries carry out risk profiles as to the nature and type of work, location, management resources, labour availability, tender conditions, contract programme, clients financial status and the payment mechanism

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

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

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

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

Market value of Investment Properties

The directors examined the properties portfolio at 30 September 2007, and revalued these as appropriate having regard to current market conditions

Employee involvement

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

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

Directors

The directors of the company during the year were

H Lunn
R Lunn
G Lunn
R Farrar
A Lunn

In accordance with the company's Articles of Association H Lunn and R Farrar retire by rotation at the Annual General Meeting and, 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 group and company and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

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

Auditors

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

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

On behalf of the board



G Lunn

Director

Date 7 April 2008

To the shareholders of Jack Lunn (Holdings) Limited

We have audited the group and parent company financial statements (the "financial statements") of Jack Lunn (Holdings) Limited for the year ended 30 September 2007 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

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

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 30 September 2007 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 September 2007,
- 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 *10 APRIL 2008*

Jack Lunn (Holdings) Limited

Consolidated profit and loss account for the year ended 30 September 2007

	Note	Continuing operations 2007 £	Discontinued operations 2007 £	Total 2007 £	Total 2006 £
Turnover	3	19,655,049	16,688,696	36,343,745	44,939,751
Cost of sales		17,188,435	15,810,636	32,999,071	34,990,958
Gross profit		2,466,614	878,060	3,344,674	9,948,793
Administrative expenses		1,726,257	1,586,877	3,313,134	8,455,028
		740,357	(708,817)	31,540	1,493,765
Other operating income		72,556	-	72,556	72,443
Group operating profit/(loss)	4	812,913	(708,817)	104,096	1,566,208
Share of operating (loss)/profit in					
- Joint ventures		(11,804)	-	(11,804)	-
- Associated undertakings		275,106	-	275,106	205,429
Profit on disposal of subsidiary - group	24	-	645,264	645,264	-
(Loss)/profit on disposal of investment properties- Group		-	-	-	(66,586)
- Associated undertakings		-	-	-	43,007
Profit/(loss) on ordinary activities before interest and other income		1,076,215	(63,553)	1,012,662	1,748,058
Other interest receivable and similar income					
- Group	7			197,196	83,945
- Associated undertakings				2,787	-
Interest payable and similar charges					
- Group	8			(896,420)	(1,263,364)
- Joint ventures				(4,078)	-
- Associated undertakings				(310,527)	(231,211)
Profit on ordinary activities before taxation (carried forward)				1,620	337,428

The notes on pages 13 to 40 form part of these financial statements

Jack Lunn (Holdings) Limited

Consolidated profit and loss account for the year ended 30 September 2007 (Continued)

	Note	Total 2007 £	Total 2006 £
Profit on ordinary activities before taxation (<i>brought forward</i>)		1,620	337,428
Taxation on profit on ordinary activities	9	290,245	(370,595)
Profit/(loss) on ordinary activities after taxation		291,865	(33,167)
Minority interest		396,236	118,821
Profit for the financial year		688,101	85,654

The notes on pages 13 to 40 form part of these financial statements

Jack Lunn (Holdings) Limited**Consolidated statement of total recognised gains and losses and consolidated note of historical cost profits and losses for the year ended 30 September 2007**

	2007 £	2006 £
Consolidated statement of total recognised gains and losses		
Profit/(loss) for the financial year		
- group	736,617	67,899
- joint venture	(15,882)	-
- associated undertakings	(32,634)	17,755
	<hr/>	<hr/>
Unrealised surplus on revaluation of properties	688,101	85,654
	646,081	1,216,221
	<hr/>	<hr/>
Total recognised gains and losses for the financial year	1,334,182	1,301,875
	<hr/>	<hr/>
	2007 £	2006 £
Consolidated note of historical cost profits and losses		
Reported profit on ordinary activities before taxation	1,620	337,428
Realisation of property revaluation gains of previous years	-	3,271,997
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	1,620	3,609,425
	<hr/>	<hr/>
Historical cost profit for the year after taxation and minority interest	688,101	3,357,651
	<hr/>	<hr/>

The notes on pages 13 to 40 form part of these financial statements

Jack Lunn (Holdings) Limited
Consolidated balance sheet at 30 September 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Intangible assets	12		-		142,542
Tangible assets	13		27,984,356		24,718,567
Investments in joint ventures					
- Share of gross assets		1,086,155		-	
- Share of gross liabilities		(1,077,037)		-	
		<u>9,118</u>		<u>-</u>	
Investments in associates		1,605,006		1,323,793	
Other investments		236,000		-	
		<u>1,850,124</u>		<u>1,323,793</u>	
Fixed asset investments	14		1,850,124		1,323,793
			<u>29,834,480</u>		<u>26,184,902</u>
Current assets					
Stocks	15	1,100,996		1,099,821	
Debtors-due within one year	16	4,401,331		10,839,028	
Debtors-due after more than one year	16	275,000		226,000	
		<u>4,676,331</u>		<u>11,065,028</u>	
Total debtors		4,676,331		11,065,028	
Cash at bank and in hand		-		273,136	
		<u>5,777,327</u>		<u>12,437,985</u>	
Creditors: amounts falling due within one year	17	12,752,047		12,452,305	
		<u>12,752,047</u>		<u>12,452,305</u>	
Net current liabilities			(6,974,720)		(14,320)
			<u>(6,974,720)</u>		<u>(14,320)</u>
Total assets less current liabilities			22,859,760		26,170,582
Creditors: amounts falling due after more than one year	18	3,632,463		7,486,365	
Provisions for liabilities	19	371,500		167,500	
		<u>371,500</u>		<u>167,500</u>	
			4,003,963		7,653,865
			<u>18,855,797</u>		<u>18,516,717</u>

The notes on pages 13 to 40 form part of these financial statements

Jack Lunn (Holdings) Limited**Consolidated balance sheet at 30 September 2007 (Continued)**

	Note	2007 £	2007 £	2006 £	2006 £
Capital and reserves					
Called up share capital	20		25,000		25,000
Revaluation reserve	21		15,118,383		14,472,302
Profit and loss account	21		3,712,414		3,287,008
Shareholders' funds	22		18,855,797		17,784,310
Minority interests			-		732,407
			18,855,797		18,516,717

The financial statements were approved by the board of directors and authorised for issue on 7 April 2008



G Lunn
Director

The notes on pages 13 to 40 form part of these financial statements

Jack Lunn (Holdings) Limited

Company balance sheet at 30 September 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Fixed asset investments	14		835,100		203,986
Current assets					
Debtors-due within one year	16	2,461,667		65,880	
Debtors-due after more than one year	16	1,742,256		1,752,785	
Total debtors		4,203,923		1,818,665	
Cash at bank and in hand		-		68,970	
		4,203,923		1,887,635	
Creditors: amounts falling due within one year	17	1,477,846		335,314	
Net current assets			2,726,077		1,552,321
Total assets less current liabilities			3,561,177		1,756,307
Capital and reserves					
Called up share capital	20		25,000		25,000
Profit and loss account	21		3,536,177		1,731,307
Shareholders' funds	22		3,561,177		1,756,307

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

7 APRIL 2008



G Lunn
Director

The notes on pages 13 to 40 form part of these financial statements

Jack Lunn (Holdings) Limited
Consolidated cash flow statement for the year ended 30 September 2007

	Note	2007 £	2007 £	2006 £	2006 £
Net cash outflow from operating activities	27		(541,850)		(325,814)
Returns on investments and servicing of finance					
Interest received		197,196		83,945	
Interest paid other		(887,636)		(1,249,111)	
Interest paid hire purchase		(8,784)		(14,253)	
Minority dividends paid		-		(38,400)	
Net cash outflow from returns on investment and servicing of finance			(699,224)		(1,217,819)
Taxation					
Corporation tax paid			(320,495)		(90,600)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(6,475,377)		(278,206)	
Payments to acquire fixed asset investments		(236,000)		-	
Receipts from sale of tangible fixed assets		42,465		2,160,121	
Net cash (outflow)/inflow from capital expenditure and financial investment			(6,668,912)		1,881,915
Acquisitions and disposals					
Payment to acquire interest in joint venture		(25,000)		-	
Receipt on disposal of subsidiaries		1,096,249		-	
Net overdraft disposed of with subsidiaries		436,610		-	
Net overdraft disposed of upon demerger		-		9,243,073	
Net cash inflow from acquisitions and disposals			1,507,859		9,243,073
Dividends paid			(300,000)		(175,000)
Cash (outflow)/inflow before financing			(7,022,622)		9,315,755
Financing					
Loans repaid	29	(683,777)		(4,712,513)	
Capital element of finance leases repaid	29	(167,450)		(57,454)	
Net cash outflow from financing			(851,227)		(4,769,967)
(Decrease)/increase in cash	28		(7,873,849)		4,545,788

The notes on pages 13 to 40 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Basis of consolidation

The consolidated financial statements incorporate the results of Jack Lunn (Holdings) Limited and all of its subsidiary undertakings as at 30 September 2007 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Turnover

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

Goodwill

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

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

Depreciation

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

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

Investment properties

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

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

Valuation of investments

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

1 Accounting policies (continued)

Stocks

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

Long term contracts

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

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

Dividends

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

Deferred taxation

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

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

Deferred tax balances are not discounted.

1 Accounting policies (*continued*)

Leased assets

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

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

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

Pension costs

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

Change of format

The presentation of the profit and loss account has been changed to the Companies Act prescribed Format 1, as in the opinion of the directors, this format shows a better reflection of the results of the year. There is no effect on the profit or net assets of the current or comparative year.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)

2 Corresponding figures

The analysis between continuing and discontinued operations for the year ended 30 September 2006 is shown below. Activities discontinued in the year ended 30 September 2007 are shown as part of discontinued activities.

	Continuing £	Discontinued £	Total £
Turnover	13,823,254	31,116,497	44,939,751
Cost of sales	10,223,611	24,767,347	34,990,958
Gross profit	3,599,643	6,349,150	9,948,793
Administrative expenses	2,126,947	6,328,081	8,455,028
	1,472,696	21,069	1,493,765
Other operating income	72,443	-	72,443
Operating profit	1,545,139	21,069	1,566,208

3 Turnover

	2007 £	2006 £
Analysis by class of business		
Contracting, house building, joinery manufacture, and property development	35,097,368	43,488,642
Property income (group)	624,030	979,100
Property income (associates)	622,347	472,009
	36,343,745	44,939,751

Turnover arises solely within the United Kingdom

Jack Lunn (Holdings) LimitedNotes forming part of the financial statements for the year ended 30 September 2007 (*Continued*)**4 Operating profit**

	2007 £	2006 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	105,068	407,225
(Profit)/loss on disposal of tangible fixed assets	(3,904)	1,282
Audit services - company and consolidated accounts	9,600	9,600
Other services - auditing of companies associates under legislation	32,000	45,550
- other taxation services	9,550	11,150
	<u> </u>	<u> </u>

5 Employees

Staff costs (including directors) consist of

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Wages and salaries	6,307,334	7,753,027	31,055	52,300
Social security costs	608,245	701,737	3,667	3,452
Other pension costs	289,399	380,865	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	7,204,978	8,835,629	34,722	55,752
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

	Group 2007 Number	Group 2006 Number	Company 2007 Number	Company 2006 Number
Administrative	59	72	5	6
Construction	145	186	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	204	258	5	6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6 Directors' remuneration

	2007 £	2006 £
Directors' emoluments	337,153	392,741
Company contributions to money purchase pension schemes	88,539	133,169
	<u> </u>	<u> </u>

There were 2 (2006 - 2) directors in the company's defined contribution pension scheme during the year

The total amount payable to the highest paid director in respect of emoluments was £158,728 (2006 - £156,817) Company pension contributions of £79,112 (2006 - £79,112) were made to a money purchase scheme on his behalf

7 Other interest receivable and similar income - Group

	2007 £	2006 £
Bank deposits	11,202	11,340
Loans to associated undertakings	170,582	42,217
Other interest	15,412	30,388
	<u> </u>	<u> </u>
	197,196	83,945
	<u> </u>	<u> </u>

8 Interest payable and similar charges - Group

	2007 £	2006 £
Bank loans and overdrafts	500,985	184,091
All other loans (excluding loans from group companies)	386,651	1,065,020
Finance leases and hire purchase contracts	8,784	14,253
	<u> </u>	<u> </u>
	896,420	1,263,364
	<u> </u>	<u> </u>

Jack Lunn (Holdings) Limited**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)****9 Taxation on profit on ordinary activities**

	2007 £	2006 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	2,850	320,500
Adjustment in respect of previous periods	(95)	(2,375)
	<hr/>	<hr/>
Total current tax	2,755	318,125
<i>Deferred tax</i>		
Origination and reversal of timing differences	(293,000)	56,000
Share of associated undertaking's deferred tax	-	(3,000)
	<hr/>	<hr/>
Movement in deferred tax provision	(293,000)	53,000
Share of associated undertaking's corporation tax charge	-	(530)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	(290,245)	370,595
	<hr/> <hr/>	<hr/> <hr/>

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

	2007 £	2006 £
Profit on ordinary activities before tax	1,620	337,428
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	486	101,228
Effect of		
Expenses not deductible for tax purposes	1,350	60,022
Capital allowances for period in (excess of)/less than depreciation	(38,565)	56,508
Utilisation of tax losses	(150,011)	(219,409)
Realised reserves and revaluations net of indexation	-	339,842
Adjustment to tax charge in respect of previous periods	(95)	(2,375)
Gain not taxable on disposal of subsidiary undertakings	(103,879)	-
Movement on unrealised inter group trading profits	99,670	(7,515)
Increase in losses carried forward	203,279	2,403
Marginal relief	-	399
Other tax adjustments	(9,480)	(12,978)
	<hr/>	<hr/>
Current tax charge for period	2,755	318,125
	<hr/> <hr/>	<hr/> <hr/>

9 Taxation on profit on ordinary activities (continued)

Estimated trading losses of £900,000 (2006: £1,200,000) and capital losses of £1,000 (2006: £60,000) are available within the group for carry forward against future profits

The directors have recognised a deferred tax asset of £275,000 (2006: £226,000) in respect of accelerated capital allowances, trading losses and short term timing differences expected to crystallise in the foreseeable future. This amount has been disclosed separately to the deferred tax liability given that no right of set-off exists.

The amounts unprovided are detailed at note 19

10 Dividends

	2007 £	2006 £
Ordinary shares		
Interim dividends paid of £17.71 (2006: £10.33) per 'B' ordinary share	300,000	175,000
Distribution in specie	-	6,590,701
	<hr/> 300,000 <hr/>	<hr/> 6,765,701 <hr/>

11 Profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £2,104,870 (2006: £5,929,971) which is dealt with in the financial statements of the parent company.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements for the year ended 30 September 2007 (*Continued*)

12 Intangible assets

Group	Goodwill on consolidation £
<i>Cost</i>	
At 1 October 2006	154,222
Disposal of subsidiary undertaking	(154,222)
	<hr/>
At 30 September 2007	-
	<hr/>
<i>Amortisation</i>	
At 1 October 2006	11,680
Disposal of subsidiary undertaking	(11,680)
	<hr/>
At 30 September 2007	-
	<hr/>
<i>Net book value</i>	
At 30 September 2007	-
	<hr/>
At 30 September 2006	142,542
	<hr/>

13 Tangible fixed assets

Group

	Freehold investment properties £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>					
At 1 October 2006	24,933,123	597,724	909,788	386,395	26,827,030
Additions	6,538,721	4,729	113,223	23,211	6,679,884
Disposals	-	(122,206)	(113,896)	(6,635)	(242,737)
Disposal of subsidiary	(4,062,031)	(334,941)	(545,841)	(189,026)	(5,131,839)
Revaluations	332,232	-	-	-	332,232
At 30 September 2007	27,742,045	145,306	363,274	213,945	28,464,570
<i>Depreciation</i>					
At 1 October 2006	752,567	421,150	580,571	354,175	2,108,463
Provided for the year	-	17,877	73,237	13,954	105,068
Disposals	-	(20,000)	(75,685)	(6,635)	(102,320)
Disposal of subsidiary	(752,567)	(288,280)	(418,449)	(171,701)	(1,630,997)
At 30 September 2007	-	130,747	159,674	189,793	480,214
<i>Net book value</i>					
At 30 September 2007	27,742,045	14,559	203,600	24,152	27,984,356
At 30 September 2006	24,180,556	176,574	329,217	32,220	24,718,567

The investment properties held at 30 September 2007 were valued by the directors on an open market basis

The historical cost of investment property is

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Cost	14,238,917	11,762,227	-	-

Jack Lunn (Holdings) Limited**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)**

13 Tangible fixed assets (continued)

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

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
<i>Net book value</i>				
Motor vehicles	189,586	174,761	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation charged</i>				
Motor vehicles	63,198	136,229	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

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 £2,146,013 (2006 £3,146,013)

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements for the year ended 30 September 2007 (*Continued*)

14 Fixed asset investments

Group	Joint ventures	Associated	Other	Total
	£	undertakings	investments	£
		£	£	
<i>Cost</i>				
Additions and at 30 September 2007	25,000	-	236,000	261,000
<i>Share of net assets</i>				
At 1 October 2006	-	1,323,793	-	1,323,793
Loss for the year	(15,882)	(32,636)	-	(48,518)
Revaluation movement	-	313,849	-	313,849
At 30 September 2007	(15,882)	1,605,006	-	1,589,124
<i>Net book value</i>				
At 30 September 2007	9,118	1,605,006	236,000	1,850,124
At 30 September 2006	-	1,323,793	-	1,323,793

Company	Group	Joint	Associated	
	undertakings	ventures	undertakings	i)
	£	£	£	
<i>Cost</i>				
At 1 October 2006	672,986	-	50,000	
Additions	-	25,000	-	
Disposals	(148,886)	-	-	
At 30 September 2007	524,100	25,000	50,000	
<i>Provisions</i>				
At 1 October 2006	519,000	-	-	
Write back of provision	(519,000)	-	-	
At 30 September 2007	-	-	-	
<i>Net book value</i>				
At 30 September 2007	524,100	25,000	50,000	
At 30 September 2006	153,986	-	50,000	

Subsidiary undertakings, associated undertakings and other investments

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

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>				
Jack Lunn (Leeds) Limited	England & Wales	Ordinary	100%	Holding company
Jack Lunn (Properties) Limited	England & Wales	Ordinary	100%	Property investment
Jack Lunn (Homes) Limited	England & Wales	Ordinary	100%	Residential property development
<i>Joint ventures</i>				
Byre Developments Limited	England & Wales	Ordinary A	50%	Residential development
<i>Associated undertakings</i>				
Lunn Healthcare Properties Limited	England & Wales	Ordinary A	50%	Property investment, specifically custom designed medical centres

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.

Lunn Healthcare Properties Limited owns the whole of the ordinary share capital of Lunn Healthcare Facilities Limited, a company registered in England & Wales. The principal activities of Lunn Healthcare Facilities Limited are property development and investment, specifically custom designed medical centres.

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)

Associates and joint ventures

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

	Joint Ventures - Total		Associates - Total	
	30 September 2007	30 September 2006	30 September 2007	30 September 2006
	£	£	£	£
<i>Share of turnover of associates</i>	-	-	311,174	236,005
<i>Share of assets</i>				
Share of fixed assets	-	-	6,946,321	5,120,140
Share of current assets	1,086,154	-	1,204,874	688,702
	1,086,154	-	8,151,195	5,808,842
<i>Share of liabilities</i>				
Due within one year	(1,077,036)	-	(2,389,849)	(2,661,599)
Due after one year	-	-	(4,156,340)	(1,823,450)
	(1,077,036)	-	(6,546,189)	(4,485,049)
<i>Share of net assets</i>	9,118	-	1,605,006	1,323,793

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)

14 Fixed asset investments (continued)

Included above are the following individually significant associates and joint ventures

	Lunn Healthcare Group Associates	
	30 September 2007	30 September 2006
	£	£
Turnover	311,174	236,005
Profit before taxation	(32,634)	17,225
Taxation	-	530
	<hr/>	<hr/>
Profit after taxation	(32,634)	17,755
	<hr/>	<hr/>
Fixed assets	6,946,321	5,120,140
Current assets	1,204,874	688,702
Liabilities due within one year	(2,389,849)	(2,661,599)
Liabilities due after one year	(4,156,340)	(1,823,450)
	<hr/>	<hr/>
Share of net assets	1,605,006	1,323,793
	<hr/>	<hr/>

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

15 Stocks

	Group 2007	Group 2006	Company 2007	Company 2006
	£	£	£	£
Raw materials and consumables	16,975	62,110	-	-
Work in progress and land and buildings under development	1,084,021	1,037,711	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,100,996	1,099,821	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

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

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)

16 Debtors

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Amounts receivable within one year				
Trade debtors	2,048,931	8,135,081	33,135	-
Amounts owed by group undertakings	-	-	778,028	65,491
Amounts owed by associated undertakings	976,135	57,013	965,655	-
Directors' loan accounts	510,000	-	510,000	-
Other debtors	339,894	238,165	174,512	-
Prepayments and accrued income	49,739	148,354	337	389
Amounts recoverable on contracts	476,632	2,190,415	-	-
Corporation tax recoverable	-	70,000	-	-
	<u>4,401,331</u>	<u>10,839,028</u>	<u>2,461,667</u>	<u>65,880</u>
Amounts receivable after more than one year				
Amounts owed by group undertakings	-	-	1,742,256	1,752,785
Deferred tax asset (see below)	275,000	226,000	-	-
	<u>275,000</u>	<u>226,000</u>	<u>-</u>	<u>-</u>
Total debtors	<u>4,676,331</u>	<u>11,065,028</u>	<u>4,203,923</u>	<u>1,818,665</u>

Group

	Deferred taxation £
At 1 October 2006	226,000
Credited to profit and loss account	291,000
Movement on disposal of subsidiaries	(242,000)
	<u>275,000</u>
At 30 September 2007	<u>275,000</u>

Jack Lunn (Holdings) Limited**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)****17 Creditors: amounts falling due within one year**

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Bank loans and overdrafts	7,944,848	344,135	1,243,420	-
Mortgage loans	120,013	786,756	-	-
Trade creditors	3,691,204	9,136,642	-	-
Amounts owed to group undertakings	-	-	-	203,583
Corporation tax	-	390,500	-	-
Other taxation and social security	149,354	461,492	-	-
Obligations under finance lease and hire purchase contracts	65,141	148,345	-	-
Directors' loans	184,294	69,695	184,294	69,695
Other creditors	13,356	112,035	9,924	62,036
Accruals and deferred income	583,837	1,002,705	40,208	-
	<u>12,752,047</u>	<u>12,452,305</u>	<u>1,477,846</u>	<u>335,314</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

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

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

18 Creditors: amounts falling due after more than one year

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Mortgage loans	3,571,347	7,393,654	-	-
Obligations under finance lease and hire purchase contracts	61,116	92,711	-	-
	<u>3,632,463</u>	<u>7,486,365</u>	<u>-</u>	<u>-</u>

18 Creditors: amounts falling due after more than one year (Continued)

Maturity of debt

Group	Loans and overdrafts 2007 £	Loans and overdrafts 2006 £	Finance leases 2007 £	Finance leases 2006 £
In one year or less, or on demand	8,064,861	1,130,891	65,141	148,345
In more than one year but not more than two years	1,445,048	223,892	41,946	69,066
In more than two years but not more than five years	1,120,226	2,896,500	19,170	23,645
In more than five years	1,006,073	4,273,262	-	-
	3,571,347	7,393,654	61,116	92,711
			Group 2007 £	Group 2006 £
13 69% mortgage loan repayable in 2009			1,041,072	1,077,151
13 72% mortgage loan repayable in 2009			1,369,436	1,420,282
6 21% mortgage loan repayable in 2018			1,160,839	1,193,928
Base rate + 1 1% to 5 0% bank loan repayable in instalments to 2027			-	3,702,293
			3,571,347	7,393,654
Loan maturity analysis				
			Group 2007 £	Group 2006 £
Not wholly repayable within 5 years by instalments			458,467	3,537,803
Not wholly repayable within 5 years, not by instalments			735,461	735,461
Wholly repayable within 5 years			2,497,432	3,907,146
Less included in current liabilities			(120,013)	(786,756)
			3,571,347	7,393,654

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

19 Provisions for liabilities

Group	Deferred taxation £	Other provisions £	Total £
At 1 October 2006	167,500	-	167,500
(Credited)/charged to profit and loss account	(2,000)	250,000	248,000
Movement on disposal of subsidiaries	(44,000)	-	(44,000)
	<hr/>	<hr/>	<hr/>
At 30 September 2007	121,500	250,000	371,500
	<hr/>	<hr/>	<hr/>
<i>Deferred taxation</i>			

Group	2007 £	Unprovided 2006 £	2007 £	Provided 2006 £
Accelerated capital allowances	-	(82,000)	121,500	277,500
Short term timing differences	-	-	-	(41,000)
On disposal of properties at net book value	1,500,000	1,500,000	-	-
Capital losses	(1,000)	(1,000)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,499,000	1,417,000	121,500	236,500
Unutilised tax losses	(48,000)	(361,000)	-	(69,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,451,000	1,056,000	121,500	167,500
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

Jack Lunn (Holdings) Limited**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)****20 Share capital**

	2007	2006
	£	£
<i>Authorised</i>		
'A' Ordinary shares of £1 each	8,062	8,062
'B' Ordinary shares of £1 each	91,938	91,938
	<hr/>	<hr/>
	100,000	100,000
	<hr/>	<hr/>
	2007	2006
	£	£
<i>Allotted, called up and fully paid</i>		
'A' Ordinary shares of £1 each	8,062	8,062
'B' Ordinary shares of £1 each	16,938	16,938
	<hr/>	<hr/>
	25,000	25,000
	<hr/>	<hr/>

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

Jack Lunn (Holdings) Limited**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)****21 Reserves****Group**

	Revaluation reserve £	Profit and loss account £
At 1 October 2006	14,472,302	3,287,008
Revaluation surplus in year - Group	332,232	-
- Associated undertaking	313,849	-
Profit for the year	-	688,101
Dividends	-	(300,000)
Goodwill reinstated on disposal of subsidiary undertaking	-	37,305
	<hr/>	<hr/>
At 30 September 2007	15,118,383	3,712,414
	<hr/>	<hr/>

Revaluation reserve includes an amount of £1,615,255 (2006 £1,301,406) attributable to associated undertakings

Positive goodwill previously eliminated against reserves amounted to £nil (2006 £37,305). The goodwill has now been recognised in the profit and loss account for the year upon the disposal of Irwins Limited

Company

	Profit and loss account £
At 1 October 2006	1,731,307
Profit for the year	2,104,870
Dividends	(300,000)
	<hr/>
At 30 September 2007	3,536,177
	<hr/>

22 Reconciliation of movements in shareholders' funds

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Profit for the year	688,101	85,654	2,104,870	5,929,971
Dividends	(300,000)	(6,765,701)	(300,000)	(6,410,957)
	388,101	(6,680,047)	1,804,870	(480,986)
Other net recognised gains and losses relating to the year	646,081	1,216,221	-	-
Reinstatement of goodwill on disposal	37,305	-	-	-
	1,071,487	(5,463,826)	1,804,870	(480,986)
Net additions to/(deductions from) shareholders' funds				
Opening shareholders' funds as previously stated	17,784,310	23,073,136	1,756,307	2,062,293
Prior year adjustment	-	175,000	-	175,000
	17,784,310	23,248,136	1,756,307	2,237,293
Opening shareholders' funds as restated				
Closing shareholders' funds	18,855,797	17,784,310	3,561,177	1,756,307

The prior period adjustment in 2006 arose on the adoption of FRS21 'Events after the balance sheet date' and resulted in an increase in shareholders funds of £175,000 at 1 October 2005 due to the write back of a dividend proposed as at 30 September 2005

23 Contingent liabilities

The company has given an unlimited cross guarantee and debenture to Barclays Bank PLC to secure the borrowings of certain of its subsidiary and associated undertakings. At 30 September 2007 the net borrowings amounted to £10,713,858 (2006 £5,038,590)

The group has entered into performance bonds in the normal course of business which have been guaranteed by the group's insurers to a total of £2,976,794 (2006 £1,647,255)

24 Discontinued operations

The profit and loss account includes the following amounts attributable to the disposed subsidiary undertakings

	£
Facilities Management Solutions Limited	72,931
Irwins Limited	(282,115)
LBS (Fire Services) Limited and Bandbreeze Limited	854,448
	<hr/>
Profit on disposal of subsidiary undertakings	645,264
	<hr/> <hr/>

On 21 June 2007 the group disposed of Facilities Management Solutions Limited

The profit on disposal of Facilities Management Solutions Limited has been calculated as follows:

	£	£
Cash proceeds		100,000
Net assets disposed of		
Debtors	50,132	
Cash	63,854	
Creditors	(86,917)	
	<hr/>	(27,069)
		<hr/>
Profit on disposal		72,931
		<hr/> <hr/>

The net inflow of cash in respect of the sale of Facilities Management Solutions Limited is as follows

	£
Cash consideration	100,000
Cash transferred on disposal	(63,854)
	<hr/>
Net inflow of cash	36,146
	<hr/> <hr/>

The business sold during the year contributed £33,839 to the group's net operating cash flows and paid £1,598 in respect of taxation

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)

24 Discontinued operations (continued)

On 16 June 2007 the group disposed of its shareholding in Irwins Limited

The profit on disposal of Irwins Limited has been calculated as follows

	£	£
Cash proceeds net of costs of disposal		161,347
Net assets disposed of		
Tangible fixed assets	141,102	
Stocks	3,048	
Debtors	8,275,105	
Deferred tax	242,000	
Overdraft	(894,405)	
Creditors	(6,671,464)	
Other provisions	(299,000)	
		<u>(796,386)</u>
		(635,039)
Goodwill previously eliminated against reserves		37,305
Minority interest		<u>(390,229)</u>
Loss on disposal		<u>(282,115)</u>

The net inflow of cash in respect of the sale of Irwins Limited is as follows

	£
Cash consideration	161,347
Overdraft transferred on disposal	<u>894,405</u>
Net inflow of cash	<u>1,055,752</u>

The business sold during the year absorbed £518,879 from the group's net operating cash flows, paid £26,601 in respect of net returns on investment and servicing of finance and received £1,820 in respect of taxation

Jack Lunn (Holdings) Limited**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)****24 Discontinued operations (continued)**

On 21 June 2007 the group disposed of its 74.99% shares in Bandbreeze Limited

The profit on disposal of Bandbreeze Limited has been calculated as follows

	£	£
Cash proceeds net of costs of disposal		834,902
Net assets disposed of		
Tangible fixed assets	3,359,740	
Debtors	102,746	
Cash	393,941	
Creditors	(4,029,087)	
Provisions for liabilities and charges	(44,000)	
		(216,660)
		1,051,562
Goodwill eliminated on disposal		(142,542)
Minority interest		(54,572)
Profit on disposal		854,448

The net inflow of cash in respect of the sale of Bandbreeze Limited is as follows

	£
Cash consideration	834,902
Cash transferred on disposal	(393,941)
Net inflow of cash	440,961

The business sold during the year contributed £468,754 to the group's net operating cash flows, paid £286,028 in respect of net returns on investment and servicing of finance, paid £1,820 in respect of taxation and utilised £4,728 for capital expenditure

Jack Lunn (Holdings) Limited

Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)

25 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £289,399 (2006 - £380,865). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

26 Related party disclosures

Related party transactions and balances

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.

On 16 June 2007 Jack Lunn (Holdings) Limited disposed of its 51% shareholding in Irwins Limited.

Wholly-owned group undertakings entered into the following transactions with Irwins Limited during the year:

(a) Sales of £5,552,956 (2006: £2,432,242) in respect of contracting services provided.

At 30 September 2007 Irwins Limited was owed £384,018 (2006: £967,708) by those undertakings.

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

(a) Sales of £70,345 (2006: £838,004) in respect of contracting services provided.

At 30 September 2007 Lunn Healthcare Facilities Limited owed these undertakings £10,479 (2006: £57,013).

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

Loans and transactions concerning directors and officers of the company

	2007	2006	Maximum debtor
	£	£	£
Debtor/(creditor)			
A Lunn	510,000	-	510,000
H Lunn	(16,025)	(3,847)	-
R Lunn	(91,544)	(61,124)	-
G Lunn	(76,725)	(4,724)	-

Since the year end the overdrawn loan account with A Lunn has been partly repaid. It is the intention that the outstanding balance will be repaid in full by 30 June 2008. Interest is payable at a commercial rate on the outstanding loan.

27 Reconciliation of operating profit to net cash outflow from operating activities

	2007 £	2006 £
Operating profit	104,096	1,566,208
Depreciation of tangible fixed assets	105,068	430,040
(Profit)/loss on sale of tangible fixed assets	(3,904)	1,282
Increase in stocks	(4,223)	(2,426,674)
(Increase)/decrease in debtors	(2,060,286)	959,241
Increase/(decrease) in creditors	768,399	(855,911)
Movement in provisions	549,000	-
	<hr/>	<hr/>
Net cash outflow from operating activities	(541,850)	(325,814)
	<hr/>	<hr/>

28 Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
(Decrease)/increase in cash	(7,873,849)	4,545,788
Cash outflow from changes in debt	851,227	4,769,967
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	(7,022,622)	9,315,755
Inception of finance leases	(102,651)	-
Loans and finance leases disposed of with subsidiaries	3,740,674	-
	<hr/>	<hr/>
Movement in net debt	(3,384,599)	9,315,755
Opening net debt	(8,562,160)	(17,877,915)
	<hr/>	<hr/>
Closing net debt	(11,946,759)	(8,562,160)
	<hr/>	<hr/>

Jack Lunn (Holdings) Limited**Notes forming part of the financial statements for the year ended 30 September 2007 (Continued)****29 Analysis of net debt**

	At 1 October 2006 £	Cash flow £	Disposals £	Other non- cash items £	At 30 September 2007 £
Cash at bank and in hand	273,136	(273,136)	-	-	-
Bank overdrafts	(344,135)	(7,600,713)	-	-	(7,944,848)
	<u>(70,999)</u>	<u>(7,873,849)</u>	<u>-</u>	<u>-</u>	<u>(7,944,848)</u>
Debt due within one year	(856,451)	446,538	105,606	-	(304,307)
Debt due after one year	(7,393,654)	237,239	3,585,068	-	(3,571,347)
Finance leases	(241,056)	167,450	50,000	(102,651)	(126,257)
	<u>(8,491,161)</u>	<u>851,227</u>	<u>3,740,674</u>	<u>(102,651)</u>	<u>(4,001,911)</u>
Total	<u>(8,562,160)</u>	<u>(7,022,622)</u>	<u>3,740,674</u>	<u>(102,651)</u>	<u>(11,946,759)</u>