

Leck Group Limited

Directors' Report and
Accounts

For the year ended 31 July 1999

Company number: 206159



BINDER HAMLYN

DIRECTORS

V. Barker
C.M. Barker
G.R. Horsfield

Chairman

SECRETARY

G.R. Horsfield

REGISTERED OFFICE

Leck House
80 Deansgate Lane
Timperley
Cheshire
WA14 1SP

BANKERS

National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

AUDITORS

Binder Hamlyn
Bank House
9 Charlotte Street
Manchester
M1 4EU

Leck Group Limited

Chairman's statement

The Group experienced a reduction of turnover in the year under review due, in the main, to difficulties obtaining contracts at a viable margin and a general contraction in the amount of work available from Housing Associations in our areas of activity. This has had a detrimental effect on profitability. However, I can report on the plus side that with constant monitoring of direct costs we were able to achieve an increase in gross profit from 10.6% to 11.8% of turnover. This, together with lower interest rates, proved beneficial to our performance.

At the time of writing the demand for contracting in Cumbria and North Lancashire appears to have declined, this being particularly noticeable in relation to the larger type of contract we had previously enjoyed.

It only remains for me to thank all the Group's employees for their efforts and loyalty during the last year.

V. Barker
Chairman

Leck Group Limited

Report of the directors

The directors present their report together with the group accounts for the year ended 31 July 1999.

Principal activities

The principal activities of the group are that of building contractors and property developers.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 of the group for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 group and to enable them to ensure that the accounts 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.

Review of the business

A review of the business is given in the Chairman's Statement on page 1.

Results

The profit for the year after taxation amounted to £102,706. The directors recommend that this amount is transferred to reserves.

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 July 1999.

Charitable and political donations

No political donations were made during the year (1998 - £Nil) and charitable donations amounted to £815 (1998 - £1,490).

Leck Group Limited

Report of the directors (continued)

Year 2000

The group implemented a Year 2000 programme designed to identify, assess and address Year 2000 issues in the group's key business operations. Work was undertaken during 1999 to ensure the critical systems and equipment were Year 2000 compliant. No events have occurred to date or are anticipated, which would indicate to the directors that the Year 2000 issue may lead to an adverse impact on the business.

Directors

The following were directors of the company during the year ended 31 July 1999:

V. Barker
C. M. Barker
G.R. Horsfield

In accordance with the articles of association C. M. Barker retires by rotation, and, being eligible, offers herself for re-election.

Directors' interests

The interests of the directors in shares of the company were:

	Ordinary shares of 5p each	
	1999 Number	1998 Number
V. Barker	928,481	928,015
C.M. Barker	100,000	100,000
G.R. Horsfield	130	130

None of the directors have any interest in the share capital of subsidiary companies.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the annual general meeting.

This report was approved by the board on 27 March 2000.



V. Barker
Director

BINDER HAMLYN

Leck Group Limited

Auditors' report

Andersen Worldwide

Bank House
9 Charlotte Street
Manchester M1 4EU

To the Shareholders of Leck Group Limited:

We have audited the accounts on pages 5 to 23 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 to 13.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 July 1999 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Binder Hamlyn

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

27 March 2000

Leck Group Limited

Group profit and loss account For the year ended 31 July 1999

	Notes	1999 £	1998 £
Turnover		9,491,735	10,689,909
Cost of sales		(8,376,262)	(9,560,197)
Gross profit		1,115,473	1,129,712
Administrative expenses		(1,401,072)	(1,307,165)
Other operating income		514,366	497,438
Operating profit	2	228,767	319,985
Loss on disposal of tangible assets		(3,902)	(3,673)
Investment income		1,377	1,924
Profit on ordinary activities before interest		226,242	318,236
Interest receivable		158	343
Interest payable	3	(98,522)	(154,244)
Profit on ordinary activities before taxation		127,878	164,335
Tax on profit on ordinary activities	6	(25,172)	(34,651)
Profit for the financial year	19	102,706	129,684

There are no recognised gains and losses other than the profit for the year.

Group note of historical cost profits and losses

For the year ended 31 July 1999

Historical cost profits are not materially different from reported profits.

All of the above results derive from continuing activities and there were no acquisitions in the period.

Leck Group Limited

Group balance sheet as at 31 July 1999

	Notes	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	7		2,616,613		2,644,269
Investments	8		71,193		73,257
			<u>2,687,806</u>		<u>2,717,526</u>
Current assets					
Stocks	9	3,628,503		4,147,789	
Debtors	10	599,556		584,114	
Investments	11	6,709		6,709	
Cash at bank and in hand		371,952		72,498	
		<u>4,606,720</u>		<u>4,811,110</u>	
Creditors: Amounts falling due within one year	12	<u>(3,537,860)</u>		<u>(3,828,528)</u>	
Net current assets			<u>1,068,860</u>		<u>982,582</u>
Total assets less current liabilities			<u>3,756,666</u>		<u>3,700,108</u>
Creditors: Amounts falling due after more than one year	13		(425,054)		(471,952)
Provisions for liabilities and charges					
Deferred taxation	14		(10,106)		(9,356)
Other provisions	15		(37,760)		(37,760)
Net assets			<u>3,283,746</u>		<u>3,181,040</u>
Capital and reserves					
Called-up share capital	16		52,972		52,972
Revaluation reserve	17		242,259		242,259
Other reserves	18		64,165		64,165
Profit and loss account	19		<u>2,924,350</u>		<u>2,821,644</u>
Equity shareholders' funds			<u>3,283,746</u>		<u>3,181,040</u>

The accounts on pages 5 to 23 were approved by the Board on 27 March 2000.



V. Barker
Director

Leck Group Limited

Company balance sheet as at 31 July 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Investments	8		334,481		336,545
Current assets					
Debtors	10	3,047,025		2,642,116	
Cash at bank		13,824		15,191	
		<u>3,060,849</u>		<u>2,657,307</u>	
Creditors: Amounts falling due within one year	12	<u>(718,555)</u>		<u>(721,177)</u>	
Net current assets			<u>2,342,294</u>		<u>1,936,130</u>
Total assets less current liabilities			<u>2,676,775</u>		<u>2,272,675</u>
Creditors: Amounts falling due after more than one year	13		<u>(370,000)</u>		<u>(370,000)</u>
Net assets			<u>2,306,775</u>		<u>1,902,675</u>
Capital and reserves					
Called-up share capital	16		52,972		52,972
Other reserves	18		66,027		66,027
Profit and loss account	19		<u>2,187,776</u>		<u>1,783,676</u>
Equity shareholders' funds			<u>2,306,775</u>		<u>1,902,675</u>

The accounts on pages 5 to 23 were approved by the board on 27 March 2000.



V. Barker
Director

Leck Group Limited

Group cash flow statement
For the year ended 31 July 1999

	Notes	1999 £	1998 £
Net cash inflow from operating activities	(i)	809,580	661,386
Returns on investments and servicing of finance	(ii)	(96,987)	(151,977)
Taxation	(iii)	(24,249)	(6,736)
Capital expenditure	(iv)	(71,437)	(26,773)
Net cash inflow before financing		<u>616,907</u>	<u>475,900</u>
 Financing	(v)	 (49,439)	 (71,832)
Increase in cash in the year	(vi)	<u>567,468</u>	<u>404,068</u>

Leck Group Limited

Notes to the group cash flow statement For the year ended 31 July 1999

(i) Reconciliation of operating profit to net cash inflow from operating activities

	1999 £	1998 £
Operating profit	228,767	319,985
Depreciation and amounts written off intangible assets	97,255	80,147
Loss on disposal of tangible fixed assets	3,902	-
Decrease in stocks	519,286	102,946
(Increase) Decrease in debtors	(15,442)	4,191
(Decrease) Increase in creditors	(24,188)	154,117
Net cash inflow from operating activities	<u>809,580</u>	<u>661,386</u>

(ii) Returns on investments and servicing of finance

	1999 £	1998 £
Interest received	158	343
Interest paid	(98,522)	(154,244)
Dividend received	1,377	1,924
Net cash outflow	<u>(96,987)</u>	<u>(151,977)</u>

(iii) Taxation

	1999 £	1998 £
UK corporation tax paid	(24,249)	(6,736)
Net cash outflow	<u>(24,249)</u>	<u>(6,736)</u>

(iv) Capital expenditure and financial investment

	1999 £	1998 £
Purchase of tangible assets	(73,691)	(39,202)
Sale of tangible assets	2,254	12,429
Net cash outflow	<u>(71,437)</u>	<u>(26,773)</u>

Leck Group Limited

Notes to the group cash flow statement For the year ended 31 July 1999

(v) Financing

	1999 £	1998 £
Purchase of own shares	-	(930)
Debt due beyond one year		
Capital element of hire purchase payments	(49,439)	(70,902)
Net cash outflow	<u>(49,439)</u>	<u>(71,832)</u>

(vi) Analysis and reconciliation of net debt

	31 July 1998 £	Cashflow £	Non-cash changes £	31 July 1999 £
Cash at bank and in hand	72,498	299,454	-	371,952
Bank overdraft	(711,300)	268,014	-	(443,286)
	<u>(638,802)</u>	<u>567,468</u>	<u>-</u>	<u>(71,334)</u>
Debt due within one year	(500,000)	-	-	(500,000)
Debt due after one year	(370,000)	-	-	(370,000)
Hire purchase agreements	(155,687)	49,439	(3,902)	(110,150)
Net debt	<u>(1,664,489)</u>	<u>616,907</u>	<u>(3,902)</u>	<u>(1,051,484)</u>

	1999 £	1998 £
Increase in cash in year	567,468	404,068
Cash outflow from decrease in debt and hire purchase finance	49,439	70,902
Change in net debt resulting from cash flows	616,907	474,970
New hire purchase agreements	(3,902)	(181,488)
Movement in net debt in the year	613,005	293,482
Net debt at beginning of year	(1,664,489)	(1,957,971)
Net debt at end of year	<u>(1,051,484)</u>	<u>(1,664,489)</u>

Leck Group Limited

Notes to the accounts For the year ended 31 July 1999

1 Accounting policies

a) Basis of preparation

The accounts have been prepared under the historical cost convention with the exception of certain land and buildings, oil wells and chief rents which have been included at a valuation and in accordance with applicable accounting standards.

b) Basis of consolidation

The group accounts include the accounts of Leck Group Limited and all subsidiary undertakings on the basis of audited accounts made up to 31 July 1999. No profit and loss account is presented for Leck Group Limited as permitted by Section 230 of the Companies Act 1985.

c) Turnover

Turnover comprises completed sales and the value of contracting work performed which includes attributable profit in respect of long term contracts.

d) Depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

The principal annual rates in use are:-

Freehold buildings	-	1% on cost or valuation
Plant and machinery	-	20% on net book value or cost
Motor vehicles	-	25% to 33.33% on net book value

e) Investment properties

Investment properties are included in the accounts at open market value and in accordance with Statement of Standard Accounting Practice No. 19 are not depreciated or amortised. This departure from the requirements of the Companies Act 1985 is necessary for the accounts to give a true and fair view in accordance with applicable accounting standards.

Investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Notes to the accounts (continued)

1 Accounting policies (continued)

f) Stocks and work in progress

Stocks of raw materials, land and houses for resale are valued at the lower of cost and net realisable value.

Short term contracts and developments included in work in progress are valued at the lower of direct cost and net realisable value and after deducting progress payments received.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

g) Long term contracts

Amounts recoverable on long term contracts are stated at cost plus attributable profit less provision for any known or anticipated losses and payments on account and are included in debtors. Payments on account in excess of amounts recoverable are included in creditors.

h) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided to the extent that a liability is likely to arise in the foreseeable future.

i) Goodwill

Goodwill arising on acquisitions in the year ended 31 December 1997 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

j) Hire purchase

Assets purchased under hire purchase agreements are included in tangible assets at the commencement of the agreement at cost and the interest charges are charged to the profit and loss account on a straight line basis over the period of each agreement. Cost is the amount for which the asset could have been purchased at the start of the agreement.

k) Pension costs

Pension costs are charged to the profit and loss account as incurred.

Notes to the accounts (continued)

1 Accounting policies (continued)

1) Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

2 Operating profit

Operating profit on ordinary activities before taxation is stated after charging:

	1999 £	1998 £
Depreciation and amounts written off tangible assets		
- owned	49,652	45,091
- held under hire purchase agreements	45,539	35,056
Auditors' remuneration	13,000	12,000
Hire of plant	310,038	394,713
and after crediting:		
Dividends on listed investments	478	755
Royalties	-	282
Rents receivable	<u>507,628</u>	<u>488,049</u>

3 Interest payable

	1999 £	1998 £
Bank interest	53,992	108,667
Hire purchase interest	9,975	6,747
Other short term interest	34,555	38,830
	<u>98,522</u>	<u>154,244</u>

4 Directors' emoluments

Remuneration:

The remuneration of the directors was as follows:

	1999 £	1998 £
Emoluments (including benefits in kind)	289,675	216,521
Company contributions to money purchase pension schemes	89,676	84,342
	<u>379,351</u>	<u>300,863</u>

Notes to the accounts (continued)

4 Directors' emoluments (continued)

The number of directors who were members of pension schemes was as follows:

	1999 Number	1998 Number
Money purchase schemes	<u>3</u>	<u>3</u>

The above amounts for remuneration include the following in respect of the highest paid director

	1999 £	1998 £
Emoluments	218,256	151,233
Company contributions to money purchase pension scheme	78,146	78,146
	<u>296,402</u>	<u>229,379</u>

5 Employees

(a) Number of employees

The average number of employees of the group during the year was:

	1999 Number	1998 Number
Office and management	29	31
Construction	98	96
	<u>127</u>	<u>127</u>

(b) Employment costs

	1999 £	1998 £
Staff costs during the year amounted to:		
Wages and salaries	2,033,848	1,882,076
Social security costs	189,327	172,464
Other pension costs	103,414	93,592
	<u>2,326,589</u>	<u>2,148,132</u>

Notes to the accounts (continued)

6 Tax on profit on ordinary activities

Based on the profit on ordinary activities:

	1999 £	1998 £
Corporation tax	25,957	26,060
Transfer to deferred taxation	750	8,900
Tax credit on investment income	51	151
	<hr/> 26,758	<hr/> 35,111
Prior year adjustment		
Corporation tax	(1,586)	(460)
	<hr/> 25,172	<hr/> 34,651

Full provision for deferred taxation would have decreased the charge for the year by £2,500 (1998 - increase of £4,000).

Notes to the accounts (continued)

7 Tangible assets

Group

	Investment properties £	Other properties £	Plant, machinery and motor vehicles £	Total £
Cost or valuation				
At 31 July 1998	2,081,118	210,267	954,612	3,245,997
Additions	-	-	73,691	73,691
Disposals	-	-	(39,399)	(39,399)
At 31 July 1999	<u>2,081,118</u>	<u>210,267</u>	<u>988,904</u>	<u>3,280,289</u>
Valuation 1999	1,725,000	-	-	1,725,000
Valuation 1976	-	58,500	-	58,500
Cost	<u>356,118</u>	<u>151,767</u>	<u>988,904</u>	<u>1,496,789</u>
At 31 July 1999	<u>2,081,118</u>	<u>210,267</u>	<u>988,904</u>	<u>3,280,289</u>
Depreciation				
At 31 July 1998	-	14,470	587,258	601,728
Charge	-	2,107	93,084	95,191
Disposals	-	-	(33,243)	(33,243)
At 31 July 1999	<u>-</u>	<u>16,577</u>	<u>647,099</u>	<u>663,676</u>
Net book value				
At 31 July 1999	<u>2,081,118</u>	<u>193,690</u>	<u>341,805</u>	<u>2,616,613</u>
At 31 July 1998	<u>2,081,118</u>	<u>195,797</u>	<u>367,354</u>	<u>2,644,269</u>
Assets on hire purchase included in the above:				
At 31 July 1999	<u>-</u>	<u>-</u>	<u>150,747</u>	<u>150,747</u>
At 31 July 1998	<u>-</u>	<u>-</u>	<u>184,916</u>	<u>184,916</u>

Notes to the accounts (continued)

7 Tangible assets (continued)

Investment properties consist of:

	1999 £	1998 £
Freehold property	1,670,029	1,670,029
Long leasehold property	411,089	411,089
	<u>2,081,118</u>	<u>2,081,118</u>

The investment properties have been valued by the directors.

Other properties consist of:

	1999 £	1998 £
Freehold property	75,894	76,797
Long leasehold property	117,796	119,000
	<u>193,690</u>	<u>195,797</u>

For properties included at valuation :

	Investment properties £	Other properties £
Historical cost		
At 31 July 1998 and 31 July 1999	<u>1,876,464</u>	<u>193,862</u>
Depreciation and provision for diminution in value - based on historic cost		
At 31 July 1998	-	9,456
Charge for the year	-	1,645
At 31 July 1999	<u>-</u>	<u>11,101</u>
Net historical cost value		
At 31 July 1999	<u>1,876,464</u>	<u>182,761</u>
At 31 July 1998	<u>1,876,464</u>	<u>184,406</u>

Notes to the accounts (continued)

7 Tangible assets (continued)

The net book value of plant, machinery and motor vehicles includes £150,747 (1998 - £184,916) in respect of assets held under hire purchase contracts. The depreciation charged on these assets in the year was £45,539 (1998 - £35,056).

8 Fixed asset investments

	Freehold and leasehold oil wells £	Listed investments £	Unlisted investments £	Chief rents £	Total £
Group					
Cost or valuation					
At 31 July 1998 and 31 July 1999	2,064	19,815	50,538	840	73,257
Provision for impairment					
At 31 July 1998	-	-	-	-	-
Increase	2,064	-	-	-	2,064
At 31 July 1999	2,064	-	-	-	2,064
Net book value					
At 31 July 1999	-	19,815	50,538	840	71,193
At 31 July 1998	2,064	19,815	50,538	840	73,257

	Freehold and leasehold oil wells £	Listed investments £	Unlisted investments £	Shares in subsidiary undertakings £	Total £
Company					
Cost or valuation					
At 31 July 1998 and 31 July 1999	2,064	19,815	49,998	284,808	356,685
Provision for impairment					
At 31 July 1998	-	-	-	20,140	20,140
Increase	2,064	-	-	-	2,064
At 31 July 1999	2,064	-	-	20,140	22,204
Net book value					
At 31 July 1999	-	19,815	49,998	264,668	334,481
At 31 July 1998	2,064	19,815	49,998	264,668	336,545

Notes to the accounts (continued)

8 Fixed asset investments (continued)

With the exception of the freehold and leasehold oil wells and chief rents, investments are stated at cost.

The freehold and leasehold oil wells are at net book value in 1947 less cash received of £7,255 on disposals since and the chief rents are at a valuation in 1970.

At 31 July 1999 the market value of the listed investments held by the company was £18,890 (1998 - £12,714).

The company owns the whole of the issued share capital, all comprising ordinary shares, of the following companies, all of which are incorporated in England:

Leck Construction Limited
 J.A. Payne Limited
 Thirkrest Limited
 Handforce Limited - non trading
 John Westall Limited - non trading
 Chaddock Homes Limited - non trading

Except where stated the subsidiaries trade as building contractors and property developers.

9 Stocks

	<u>Group</u>	
	1999	1998
	£	£
Raw materials	10,922	10,772
Land and houses for resale	1,653,325	1,966,422
Developments	1,486,037	1,664,383
Short term contracts	4,939,091	4,357,091
	<u>8,089,375</u>	<u>7,998,668</u>
Payments received on account	(4,460,872)	(3,850,879)
	<u>3,628,503</u>	<u>4,147,789</u>

Notes to the accounts (continued)

10 Debtors

	<u>Group</u>		<u>Company</u>	
	1999	1998	1999	1998
	£	£	£	£
Trade debtors	266,020	264,768	-	-
Amounts recoverable on long term contracts	156,556	189,947	-	-
Amounts owed by subsidiaries	-	-	3,031,863	2,640,344
Other debtors	130,142	82,998	15,162	1,772
Prepayments and accrued income	46,838	46,401	-	-
	<u>599,556</u>	<u>584,114</u>	<u>3,047,025</u>	<u>2,642,116</u>

11 Current asset investments

Investments consist of deposits with financial institutions.

12 Creditors: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	1999	1998	1999	1998
	£	£	£	£
Bank loan and overdrafts	943,286	1,211,300	500,000	500,000
Obligations under hire purchase liabilities	55,096	53,735	-	-
Payments on account	199,556	93,928	-	-
Trade creditors	1,731,105	1,918,002	-	-
Amounts owed to subsidiaries	-	-	101,460	101,460
Other creditors	163,940	123,067	87,162	87,363
Corporation tax	25,957	25,784	1,691	2,553
Other taxes and social security	73,697	115,752	8,390	7,822
Accruals	345,223	286,960	19,852	21,979
	<u>3,537,860</u>	<u>3,828,528</u>	<u>718,555</u>	<u>721,177</u>

The bank overdrafts and loan are secured by a specific charge over the group's land and properties together with a fixed and floating charge over the remaining assets of the group.

Notes to the accounts (continued)

13 Creditors: Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	1999	1998	1999	1998
	£	£	£	£
Hire purchase liabilities payable within 2 to 5 years	55,054	101,952	-	-
Loans from pension scheme	370,000	370,000	370,000	370,000
	<u>425,054</u>	<u>471,952</u>	<u>370,000</u>	<u>370,000</u>

A loan of £250,000 (1998 - £250,000) from a pension scheme is secured on a freehold property of a subsidiary company.

14 Deferred taxation

	1999	1998
	£	£
Deferred taxation provided in respect of:		
<u>Group</u>		
Accelerated capital allowances	35,250	36,750
Other timing differences	(25,144)	(27,394)
	<u>10,106</u>	<u>9,356</u>
Movements during the year:		
Beginning of year	9,356	456
Transfer from profit and loss account	750	8,900
End of year	<u>10,106</u>	<u>9,356</u>
Deferred taxation not provided in respect of:		
Capital allowances in respect of investment property	142,000	143,000
Taxation arising if properties included at a valuation are disposed of at balance sheet date	11,000	12,500
	<u>153,000</u>	<u>155,500</u>

Notes to the accounts (continued)

15 Provision for liabilities and charges

Group

Provision for road charges:

	£
At 31 July 1998 and 31 July 1999	37,760

The provision represents the estimated cost of completing a road prior to adoption by the local authority.

16 Share capital

	1999 Number	1998 Number	1999 £	1998 £
<i>Authorised</i>				
Ordinary shares of 5p each	2,700,000	2,700,000	135,000	135,000
<i>Allotted, called-up and fully-paid</i>				
Ordinary shares of 5p each	1,059,444	1,059,444	52,972	52,972

17 Revaluation reserve

Group

	£
At 31 July 1998 and 31 July 1999	242,259

18 Other reserves

	1999 £	1998 £
<u>Group</u>		
Discount arising on acquisition of subsidiary	2,138	2,138
Capital redemption reserve arising on purchase of own shares	62,027	62,027
	64,165	64,165
	£	£

Company

Acquisition reserve arising on allotment of shares under section 131 Companies Act

1985

Capital redemption reserve arising on purchase of own shares

4,000	4,000
62,027	62,027
66,027	66,027

Notes to the accounts (continued)

19 Profit and loss account

	<u>Group</u> £	<u>Company</u> £
At 31 July 1998	2,821,644	1,783,676
Profit for the financial year	102,706	404,100
At 31 July 1999	<u>2,924,350</u>	<u>2,187,776</u>

The cumulative amount of goodwill written off amounts to £81,103 (1998 - £81,103).

20 Reconciliation of movements in equity shareholders' funds

	1999 £	1998 £
Profit for the financial year	102,706	129,684
Purchase of own shares	-	(930)
Net addition to equity shareholders' funds	102,706	128,754
Opening equity shareholders' funds	3,181,040	3,052,286
Closing equity shareholders' funds	<u>3,283,746</u>	<u>3,181,040</u>

21 Pensions

The group operates two defined contribution pension schemes for the benefit of certain eligible employees. The assets of these schemes are held separately from those of the group in independently administered funds.

22 Contingent liabilities

(a) The group has contingent liabilities in respect of contract bonds which at 31 July 1999 amounted to £276,994 (1998 - £269,842).

(b) The company has guaranteed the bank overdrafts of certain subsidiary undertakings. At 31 July 1999 these overdrafts amounted to £178,332 (1998 - £551,300).