

**PINNACLE HOUSING LIMITED**  
**(formerly Johnson Fry Housing Limited)**  
**AND SUBSIDIARY UNDERTAKINGS**

**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**

**for the period ended 31 October 1996**



**Company number 2246643**

**PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS**  
**COMPANY PROFILE**

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**DIRECTORS**

OH Inskip  
T Saunders  
N Medhurst  
RA Otten  
L Childs  
J Swinney

**SECRETARY**

T Saunders ACA

**REGISTERED OFFICE**

17 Gay Street  
Bath BA1 2PH

**AUDITORS**

Coopers & Lybrand  
Bull Wharf  
Redcliff Street  
Bristol BS1 6QR

**BANKERS**

Bank of Scotland  
St Andrew Square  
Edinburgh EH2 2YR

Midland Bank  
45 Milsom Street  
Bath BA1 1DU

# **PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS**

## **DIRECTORS' REPORT**

**for the period ended 31 October 1996**

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### **FINANCIAL STATEMENTS**

The directors present their report and the group financial statements for the period ended 31 October 1996.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for the period. In preparing those financial statements, the directors are required to:

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

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The company's principal activity is housing management.

The activities of the company's subsidiary undertakings are set out in Note 11(2) to the financial statements.

The group's business developed satisfactorily during the period and at the end of the period the group was in a good position to continue this development.

### **RESULTS AND DIVIDENDS**

The group profit for the period after taxation and minority interest amounted to £1,840,580. During the period a dividend of £7,450,000 was paid to Johnson Fry PLC.

# **PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS**

## **DIRECTORS' REPORT**

**for the period ended 31 October 1996**

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### **FIXED ASSETS**

The directors are of the opinion that the current combined market value of the group's freehold offices at 17 Gay Street and 40 Gay Street, Bath is approximately £520,000. A write down of £405,544 was made during the period to reflect the current market value.

### **DIRECTORS**

The directors during the period were as follows:

OH Inskip	(Chairman)
CA Fry	(resigned 13 January 1997)
NP Hare	(resigned 1 April 1997)
T Saunders	
RA Otten	
B Bonny	(appointed 22 March 1996, resigned 17 December 1996)
D Waddington OBE	(appointed 2 February 1996, resigned 17 December 1996)

L Childs and J Swinney were both appointed as directors on 2 December 1996 and NJ Medhurst was appointed a director on 17 February 1997.

### **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

None of the directors who held office at 31 October 1996 had any beneficial interests in the shares of the company during the financial period.

The beneficial interests of CA Fry and OH Inskip in the shares of group companies are shown in the financial statements of Johnson Fry Holdings plc.

The beneficial interests of other directors in the 10p ordinary shares of Johnson Fry Holdings PLC at the beginning and end of the financial period were as follows:

	Shares		Options to acquire shares	
	1996	1995	1996	1995
NP Hare	28,075	28,075	99,356	219,356
T Saunders	-	-	27,565	27,565
RA Otten	-	-	45,891	45,891

During the period NP Hare exercised options over 120,000 shares.

No other director had any interest in the shares or debentures of any group companies during the period.

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## DIRECTORS' REPORT

for the period ended 31 October 1996

As stated below, the company's entire issued share capital was purchased by the management team, supported by Savills Finance Holdings plc, on 15 January 1997.

The interests as defined by the Companies Act 1985, of the Directors in the shares of Pinnacle Group Limited are as follows:

	31 October 1996		31 December 1995	
	Ordinary	Preference	Ordinary	Preference
OH Inskip	137,500	1,422,369	-	-
NP Hare	6,250	28,120	-	-
T Saunders	13,500	60,750	-	-
RA Otten	10,000	45,000	-	-

### POST BALANCE SHEET EVENTS

On 15 January 1997 the shares of Johnson Fry Housing Limited were acquired by Pinnacle Group Limited, a company formed by the Johnson Fry Housing Limited management team and new external investors.

On 31 January 1997 the company changed its name from Johnson Fry Housing Limited to Pinnacle Housing Limited.

### DONATIONS

During the period the company made direct charitable donations of £206. In addition the company met the administrative expenses of The Quest Trust, a registered charity, the main aim of which is to find and support ways of improving the quality of life on disadvantaged housing estates. The administrative expenses concerned amounted to £61,349. No political donations were made during the period.

### AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that Coopers & Lybrand be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 21 April 1997.



Director

## **AUDITORS' REPORT**

**to the members of Pinnacle Housing Limited**

We have audited the financial statements on pages 5 to 23.

### **Respective responsibilities of directors and auditors**

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

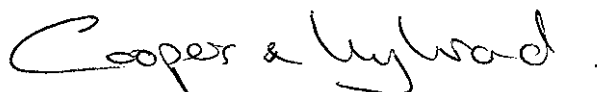
### **Basis of opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 October 1996 and of the profit, total recognised gains and losses and cash flows of the group for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



**Chartered Accountants and Registered Auditors  
Bristol**

24 April 1997

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period ended 31 October 1996

		1 January 1996 to 31 October 1996	1 January 1995 to 31 December 1995
	Notes	£	£
<b>Turnover</b>			
Continuing operations		12,244,837	12,891,623
Discontinued operations	3	1,059,946	2,009,939
	2	13,304,783	14,901,562
Cost of sales		(9,444,910)	(10,351,167)
<b>Gross profit</b>	2	3,859,873	4,550,395
Administrative expenses		(2,264,992)	(2,278,632)
Other operating income		171,294	632,676
<b>Operating profit</b>			
Continuing operations		1,502,960	2,326,127
Discontinued operations	3	263,215	578,312
	4	1,766,175	2,904,439
Interest receivable and similar income	6	168,355	159,669
Interest payable and similar charges	7	(52,266)	(65,503)
<b>Profit on ordinary activities before taxation</b>		1,882,264	2,998,605
Tax on profit on ordinary activities	9	(72,931)	(576,858)
<b>Profit on ordinary activities after taxation</b>		1,809,333	2,421,747
Minority interest		31,247	(6,247)
<b>Profit attributable to shareholders</b>		1,840,580	2,415,500
Dividends	8	(7,450,000)	-
<b>Retained (loss)/profit for the period</b>	18	(5,609,420)	2,415,500

There are no recognised gains or losses for the financial period other than as stated in the profit and loss account, therefore no separate statement of total recognised gains and losses has been presented.

See note 3 for further details of discontinued operations.

Notes on pages 9 to 23 form part of these financial statements.

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## CONSOLIDATED BALANCE SHEET

as at 31 October 1996

	Notes	1996	1995
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	10	837,441	1,171,734
Investments	11	2,150	2,256
		<b>839,591</b>	<b>1,173,990</b>
<b>CURRENT ASSETS</b>			
Work in progress	12	68,342	2,116,267
Debtors	13	1,463,931	4,473,186
Cash at bank and in hand		212,745	656,329
		<b>1,745,018</b>	<b>7,245,782</b>
<b>CREDITORS: amounts falling due within one year</b>	14	<b>(1,883,477)</b>	<b>(2,123,288)</b>
<b>Net current (liabilities)/assets</b>		<b>(138,459)</b>	<b>5,122,494</b>
<b>Total assets less current liabilities</b>		<b>701,132</b>	<b>6,296,484</b>
<b>CREDITORS: amounts falling due after more than one year</b>	15	<b>(599,133)</b>	<b>(617,628)</b>
<b>Net assets</b>		<b>101,999</b>	<b>5,678,856</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	50,000	1,000
Profit and loss account	18	51,989	5,671,409
<b>Total equity shareholder's funds</b>	22	<b>101,989</b>	<b>5,672,409</b>
Minority interest - equity		10	6,447
		<b>101,999</b>	<b>5,678,856</b>

The financial statements on pages 5 to 23 were approved by the Board on 21 April 1997.



T Saunders  
Director



# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## COMPANY BALANCE SHEET as at 31 October 1996

	Notes	1996	1995
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	10	784,620	1,144,752
Investments	11	357,250	2,980
		<b>1,141,870</b>	<b>1,147,732</b>
<b>CURRENT ASSETS</b>			
Work in progress	12	68,342	26,466
Debtors	13	1,320,446	5,909,657
Cash at bank and in hand		141,249	435,160
		<b>1,530,037</b>	<b>6,371,283</b>
<b>CREDITORS: amounts falling due within one year</b>	14	<b>(1,805,222)</b>	<b>(1,510,474)</b>
<b>Net current (liabilities)/assets</b>		<b>(275,185)</b>	<b>4,860,809</b>
<b>Total assets less current liabilities</b>		<b>866,685</b>	<b>6,008,541</b>
<b>CREDITORS: amounts falling due after more than one year</b>	15	<b>(599,133)</b>	<b>(617,628)</b>
<b>Net assets</b>		<b>267,552</b>	<b>5,390,913</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	50,000	1,000
Profit and loss account	18	217,552	5,389,913
<b>Total equity shareholder's funds</b>		<b>267,552</b>	<b>5,390,913</b>

The financial statements on pages 5 to 23 were approved by the Board on 21 April 1997



**T Saunders**  
Director

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## CONSOLIDATED CASHFLOW STATEMENT for the period ended 31 October 1996

	Notes	£	1996 £	£	1995 £
<b>Net cash inflow from operating activities</b>	19		6,715,716		1,410,100
<b>Returns on investments and servicing of finance</b>					
Interest received		197,954		151,718	
Interest paid		(52,266)		(65,502)	
Dividends paid		(7,450,000)		-	
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>			(7,304,312)		86,216
<b>Taxation</b>					
UK taxation repaid/(paid)			519,718		(1,570,568)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(191,760)		(240,262)	
Sale/(purchase) of fixed asset investments		106		(970)	
Sale of tangible fixed assets		9,697		216,135	
Acquisition of businesses and assets	23	(20,000)		(252,500)	
<b>Net cash outflow from investing activities</b>			(201,957)		(277,597)
<b>Net cash outflow before financing</b>			(270,835)		(351,849)
<b>Financing</b>					
Issue of ordinary share capital		49,000		-	
New bank and building society loans		-		240,000	
Repayment of amounts borrowed		(215,688)		(370,754)	
<b>Net cash outflow from financing</b>	21		(166,688)		(130,754)
<b>Decrease in cash and cash equivalents</b>	20		(437,523)		(482,603)

# **PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **1 ACCOUNTING POLICIES**

#### **Accounting convention**

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards.

#### **Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 October 1996. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

#### **Goodwill**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is written off immediately against reserves.

#### **Turnover**

Turnover represents fees and commissions receivable for housing management services.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation, less depreciation. Depreciation is provided on all tangible fixed assets, and the group's freehold properties, at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and equipment	- over 3 to 5 years
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No depreciation or amortisation is provided in respect of the group's freehold properties. These properties are Grade I and II Listed buildings and are maintained in a state of good repair. Accordingly the directors consider that their useful lives are so long and residual value so high that any depreciation charge to the profit and loss account would be insignificant.

During the period the freehold property was revalued on an open market basis by Cluttons and a subsequent write down of £405,544 was made during the financial period.

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### 1 ACCOUNTING POLICIES (*continued*)

#### Leasing commitments

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

#### Investments

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

#### Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

#### Pension costs

Employees participate in a defined contribution pension scheme. The company's pension contributions are charged against income in the year in which the contributions are made.

### 2 TURNOVER AND GROSS PROFIT

In the opinion of the directors the group is involved in only one class of business, housing management. All income and profits arise from within the United Kingdom.

### 3 DISCONTINUED OPERATIONS

	1996	1995
	£	£
Turnover	1,059,946	2,009,939
Cost of sales	(548,560)	(1,488,545)
Gross profit	511,386	521,394
Administrative expenses	(248,171)	(49,819)
Other operating income	-	106,737
Operating profit	263,215	578,312

The discontinued operations relate to the trade of the companies disposed of in the period (note 23(2)).

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### 4 OPERATING PROFIT

is stated after charging/(crediting):

	1996 £	1995 £
Profit on sale of fixed assets	-	(9,906)
Operating lease rentals	116,415	125,845
Depreciation - owned assets	120,812	131,171
Write down in the company's freehold properties	405,544	-
Management charge	553,847	295,962
Profit sharing	-	186,758

### 5 AUDITORS' REMUNERATION

The amount payable to Coopers & Lybrand in respect of audit services provided to the group was **£33,000** (1995: £22,000) and to the company was **£27,000** (1995: £7,750).

### 6 INTEREST RECEIVABLE AND SIMILAR INCOME

	1996 £	1995 £
Interest receivable from fellow subsidiary undertaking	154,947	154,648
Interest receivable from others	13,408	5,021
	<b>168,355</b>	<b>159,669</b>

### 7 INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
On bank overdrafts repayable:		
Within five years not by instalments	10,922	14,922
On other loans		
Wholly or partly in more than five years	41,344	50,581
	<b>52,266</b>	<b>65,503</b>

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

8	DIVIDENDS	1996 £	1995 £
	First interim paid of £4,151.20 per share	4,151,200	-
	Second interim paid of £848.80 per share	848,800	-
	Third interim paid of £49.00 per share	2,450,000	-
		<b>7,450,000</b>	-

The second interim dividend was paid outside the group ACT election.

9	TAXATION	1996 £	1995 £
	<b>UK current year taxation</b>		
	Corporation tax at 33%	86,773	-
	Group relief payable	-	880,534
	<b>Prior years</b>		
	UK Corporation Tax	(13,842)	(303,676)
	<b>Tax on profit on ordinary activities</b>	<b>72,931</b>	<b>576,858</b>

No provision for taxation is required in respect of the period, due to the availability of group relief at nil consideration. Under the terms of the sale and purchase agreement, Johnson Fry Holdings PLC has provided a full tax indemnity for any taxation due from Pinnacle Housing Limited or any of its subsidiary undertakings in respect of the period ended 31 October 1996.

The current year charge relates to the results to the date of disposal of Johnson Fry Property Sales Limited and Oulton Drive Residential Estate Limited (note 23(2)).

The company and group have no potential liabilities for deferred taxation.

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### 10 TANGIBLE FIXED ASSETS

<b>(1) Group</b>	<b>Freehold land and buildings £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost/valuation</b>			
1 January 1996	925,544	519,456	1,445,000
Additions	-	201,760	201,760
Disposals	-	(10,318)	(10,318)
Revaluation	(405,544)	-	(405,544)
<b>31 October 1996</b>	<b>520,000</b>	<b>710,898</b>	<b>1,230,898</b>
<b>Depreciation</b>			
1 January 1996	-	273,266	273,266
Charge for the period	-	120,812	120,812
Disposals	-	(621)	(621)
<b>31 October 1996</b>	<b>-</b>	<b>393,457</b>	<b>393,457</b>
<b>Net book value - owned assets</b>			
<b>31 October 1996</b>	<b>520,000</b>	<b>317,441</b>	<b>837,441</b>
<b>31 December 1995</b>	<b>925,544</b>	<b>246,190</b>	<b>1,171,734</b>

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### 10 TANGIBLE FIXED ASSETS *(continued)*

#### (2) Company

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost/valuation</b>			
1 January 1996	925,544	482,166	1,407,710
Additions	-	137,745	137,745
Revaluation	(405,544)	-	(405,544)
Transfers from group company	-	24,806	24,806
<b>31 October 1996</b>	<b>520,000</b>	<b>644,717</b>	<b>1,164,717</b>
<b>Depreciation</b>			
1 January 1996	-	262,958	262,958
Charge for the period	-	108,763	108,763
Transfers from group company	-	8,376	8,376
<b>31 October 1996</b>	<b>-</b>	<b>380,097</b>	<b>380,097</b>
<b>Net book value - owned assets</b>			
<b>31 October 1996</b>	<b>520,000</b>	<b>264,620</b>	<b>784,620</b>
<b>31 December 1995</b>	<b>925,544</b>	<b>219,208</b>	<b>1,144,752</b>



# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### 11 FIXED ASSET INVESTMENTS

#### (1) Summary

	Group £	Company £
<b>Subsidiary undertakings at cost (see note 11(2))</b>		
1 January 1996	-	824
Additions	-	354,289
Disposals	-	(19)
<b>31 October 1996</b>	-	355,094
<b>Other unlisted investments at cost</b>		
1 January 1996	2,256	2,156
Additions	-	-
Disposals	(106)	-
<b>31 October 1996</b>	<b>2,150</b>	<b>2,156</b>
<b>Total</b>		
<b>31 October 1996</b>	<b>2,150</b>	<b>357,250</b>
31 December 1995	2,256	2,980

#### (2) Principal subsidiary undertakings

All subsidiary undertakings are registered in England and Wales and operate within the United Kingdom. The principal subsidiary undertakings during the period were:

Company	Principal Activity	Class of shares held	Holding %
Gas Check Limited	Gas service engineers	£1 Ordinary	80
Independent Counselling Services Limited	Arrears counselling	£1 Ordinary	100
Amber House Limited	Housing management	£1 Ordinary	90

On 28 February 1997 the investments in Gas Check Limited and Independent Counselling Services Limited were transferred to the company's holding company, Pinnacle Group Limited.

During the period the company disposed of a number of subsidiary companies which are listed in note 23(2).

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

12	WORK IN PROGRESS	Group		Company	
		1996 £	1995 £	1996 £	1995 £
	Work in progress	68,342	2,116,267	68,342	26,466
<hr/>					
13	DEBTORS	Group		Company	
		1996 £	1995 £	1996 £	1995 £
	Trade debtors	447,868	849,377	369,872	508,806
	Amounts owed by fellow subsidiary undertakings	578	2,112,720	578	2,112,720
	Amounts owed by subsidiary undertakings	-	-	105,113	2,409,497
	Other debtors	498,671	364,693	451,379	124,492
	Prepayments and accrued income	304,614	640,520	181,304	250,395
	ACT recoverable	212,200	505,876	212,200	503,747
<hr/>					
		1,463,931	4,473,186	1,320,446	5,909,657
<hr/>					
14	CREDITORS: amounts falling due within one year	Group		Company	
		1996 £	1995 £	1996 £	1995 £
	Loans (Note 16)	20,116	217,309	20,116	17,309
	Bank overdraft	-	6,061	-	6,061
	Trade creditors	185,273	160,763	64,807	118,945
	Amounts owed to subsidiary undertakings	-	-	161,615	14
	ACT payable	212,200	-	212,200	-
	Other taxes and social security	339,628	355,033	313,873	336,848
	Other creditors	70,641	217,756	68,468	211,542
	Accruals and deferred income	1,055,619	1,166,366	964,143	819,755
<hr/>					
		1,883,477	2,123,288	1,805,222	1,510,474
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# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### 15 CREDITORS: amounts falling due after more than one year

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Loans (see note 16)	599,133	617,628	599,133	617,628

### 16 LOANS

#### (1) Analysis

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Secured	619,249	834,937	619,249	634,937

#### (2) Maturity

##### Repayable by instalments:

Within one year	20,116	17,309	20,116	17,309
Between one and two years	21,696	18,816	21,696	18,816
Between two and five years	75,671	66,731	75,671	66,731
After more than five years	501,766	532,081	501,766	532,081
	619,249	634,937	619,249	634,937

#### (2) Maturity (continued)

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Not repayable by instalments:				
Within one year or on demand	-	200,000	-	-
	-	200,000	-	-

Interest on the loans is charged at the following rates: a building society loan of **£390,629** (1995: **£398,462**) at the prevailing building society commercial rate (7.49% at the 31<sup>st</sup> October 1996) and the bank loan of **£228,620** (1995: **£236,475**) at 1.75% above 3 month LIBOR.

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### (3) Security

The building society loan of **£390,629** (1995: £398,462), which is not wholly repayable within five years, is secured by a fixed charge over the company's premises at 17 Gay Street, Bath.

The bank loan of **£228,620** (1995: £236,475), which is not wholly repayable within five years, is secured by a fixed charge over the company's premises at 40 Gay Street, Bath.

### 17 CALLED UP SHARE CAPITAL

(1) Authorised	1996		1995	
	Number	£	Number	£
£1 Ordinary shares	50,000	50,000	1,000	1,000
<b>(2) Allotted and fully paid</b>				
£1 Ordinary shares	50,000	50,000	1,000	1,000

During the period 49,000 ordinary shares were issued at par in order to provide additional working capital for the company.

### 18 PROFIT AND LOSS ACCOUNT

	Group £	Company £
1 January 1996	5,671,409	5,389,913
Loss for the period	(5,609,420)	(5,172,361)
Goodwill written off	(10,000)	-
<b>31 October 1996</b>	<b>51,989</b>	<b>217,552</b>

The cumulative amount of goodwill written off against Group reserves is **£352,369** (1995: £342,369) and against Company reserves **£307,369** (1995: £307,369).

Pinnacle Housing Limited has not presented its own profit and loss account as permitted by Section 230(3) of the Companies Act 1985. A profit of **£2,277,639** (1995: £3,106,184) after taxation is dealt with in its financial statements.

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

19	<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>Group</b>	
		1996 £	1995 £
	Operating profit	1,766,174	2,904,439
	Depreciation	120,812	131,171
	Revaluation of freehold property	405,544	-
	(Increase)/decrease in work in progress	2,047,925	(301,277)
	(Increase)/decrease in debtors	598,649	(1,072,803)
	Decrease in creditors	(248,757)	(276,594)
	Decrease/(increase) in amounts due from fellow subsidiary undertaking	2,025,369	35,070
	Profit on disposal of fixed assets	-	(9,906)
	<b>Net cash inflow from operating activities</b>	<b>6,715,716</b>	<b>1,410,100</b>
20	<b>CASH AND CASH EQUIVALENTS</b>	<b>Group</b>	
	<b>(1) Balance of cash and cash equivalents</b>	1996 £	1995 £
	Cash at bank and in hand	212,745	656,329
	Bank overdraft	-	(6,061)
	<b>Balance of cash and cash equivalents</b>	<b>212,745</b>	<b>650,268</b>
	<b>(2) Change in the balance of cash and cash equivalents</b>	<b>Group</b>	
		1996 £	1995 £
	1 January	650,268	1,132,871
	Net cash outflow for period	(437,523)	(482,603)
	<b>Balance of cash and cash equivalents</b>	<b>212,745</b>	<b>650,268</b>

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### 21 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital	Loans	Total
	£	£	£
1 January 1996	1,000	834,937	835,937
Cash inflows/(outflows) from financing	49,000	(215,688)	(166,688)
<b>31 October 1996</b>	<b>50,000</b>	<b>619,249</b>	<b>669,249</b>

### 22 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDER'S FUNDS

	1996 £	1995 £
(Loss)/Profit for the period	(5,609,420)	2,415,500
Goodwill written off	(10,000)	(342,369)
Net (reduction)/increase to shareholder's funds	(5,619,420)	2,073,131
Share capital issued in period	49,000	-
Opening shareholder's funds	5,672,409	3,599,278
<b>Closing shareholder's funds</b>	<b>101,989</b>	<b>5,672,409</b>

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### 23 ACQUISITIONS AND DISPOSALS

#### (1) Acquisitions

On 1 February 1996 the group acquired the business and assets of a letting agency based near Bath for a cash consideration of £20,000. The fair value of tangible fixed assets acquired was £10,000 and the remaining £10,000 represented goodwill.

#### (2) Disposals

On 31 August 1996 the group disposed of the entire issued share capital of Johnson Fry Property Sales Limited, Oulton Drive Residential Estate Limited, JFP (Gledhow) Limited and its 50% interest in Kyledeep Limited. There were no profits or losses on disposal of these companies.

### 24 FINANCIAL COMMITMENTS

#### (1) Operating leases

At 31 October 1996 the group had annual commitments under non-cancellable operating leases as follows:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date:				
Within one year	4,660	13,306	4,680	4,443
Between two and five years	45,750	-	12,000	11,632
Over five years	56,000	-	86,000	-
	106,410	13,306	102,680	16,075

The company's leases of land and buildings expiring in over five years are subject to break clauses at periods of four and five years.

#### (2) Contingent liabilities

In the normal course of business the Group has issued guarantees to various local authorities totalling £24,000. (1995: £36,057).

# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### 25 DIRECTORS

(1) Emoluments	1996	1995
The emoluments of directors of the company were:	£	£
Remuneration (including pension contributions and benefits-in-kind)	336,951	555,057
Compensation for loss of office	-	45,000
	336,951	600,057

### (2) Bandings

Remuneration disclosed above (excluding pension contributions) include amounts paid to:

The chairman	- AW Tait (to 4 August 1995)	-	7,473
	- OH Inskip (from 4 August 1995)	112,266	75,040
The highest-paid director	- OH Inskip	112,266	178,571

Other directors received remuneration (excluding pension contributions) in the following ranges:

	Number	Number
£0 - £5,000	2	1
£10,001 - £15,000	1	-
£55,001 - £60,000	2	-
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£80,001 - £85,000	-	1
£85,001 - £90,000	-	1
£95,001 - £100,000	-	1
£110,001 - £115,000	1	-



# PINNACLE HOUSING LIMITED AND SUBSIDIARY UNDERTAKINGS

## NOTES TO THE FINANCIAL STATEMENTS

### 26 EMPLOYEES

#### (1) Number of employees

The average weekly number of persons (including directors) employed by the group during the period was 161. (1995: 133).

	1996	1995
(2) Employment costs	£	£
Wages and salaries	2,780,181	3,076,433
Social security costs	284,538	270,098
Other pension costs (see note 27)	95,244	93,809
	3,159,963	3,440,340

### 27 PENSIONS

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately in an independently administered fund. The pension charge represents contributions payable by Pinnacle Housing Limited amounting to **£95,244**. (1995: £93,809).

### 28 CONTRACTS WITH RELATED PARTIES

Charles Fry and Owen Inskip have an interest in a building which is let at an annual rent of £32,000 on an arm's length basis to Pinnacle Housing Limited, under a lease dated 21 April 1993. Charles Fry and Owen Inskip are directors of Johnson Fry PLC (the former ultimate parent company) and of the Company. Their interest in this building was disposed of on 27 January 1997.

### 29 ULTIMATE PARENT UNDERTAKING

At 31 October 1996 the company's ultimate parent undertaking was Johnson Fry Holdings PLC.

Copies of Johnson Fry Holdings PLC accounts are available to the public from The Registrar of Companies, Companies House, Cardiff.

With effect from 15 January 1997 the directors regard Pinnacle Group Limited, a company registered in England and Wales, as the company's ultimate parent company