

**NPK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

Financial Statements

for the year ended 30 September 1999



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**NPK HOLDINGS LIMITED AND ITS
SUBSIDIARY COMPANIES**

Company Information

Company Number: 1346

Directors

P J Schwind (Chairman)
J R M Keatley
M M Phizacklea MBA FCA
P H Franks AMICE

Secretary

J R M Keatley

Registered Office

31 Market Hill
Royston
Herts
SG8 9JS

Auditors

Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge
CB1 2LA

Bankers

Barclays Bank Plc
23 High Street
Royston
Herts
SG8 9AB

NPK HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the above-named Company will be held at 31 Market Hill, Royston, Hertfordshire, SG8 9JS on 5 January 2000 at 12.00 noon for the following purposes:

1. To receive and adopt the report of the Directors and the Financial Statements for the year ended 30 September 1999.
2. To declare a dividend on the ordinary shares.
3. To re-elect as Director Mr P H Franks who retires by rotation.
4. To re-appoint Peters Elworthy & Moore as Auditors.
5. As special business to consider and if thought fit pass the following resolutions:

Special Resolutions

- A. THAT the authorised share capital of the Company be increased from £300,000 to £1,000,000 by the creation of 700,000 10% Redeemable Cumulative Preference Shares of £1 each having rights set out in Resolution B below.
- B. THAT the Company's Articles of Association be and are hereby amended by the deletion of clause 4.1 of the Articles and its substitution by the following wording:

"4.1 The share capital of the Company is £1,000,000 divided into 300,000 ordinary shares of £1 each ("the Ordinary Shares") and 700,000 10% Redeemable Cumulative Preference Shares of £1 each ("Preference Shares"), such Preference Shares to have the rights and powers set out in paragraphs (a) and (e) below.

(a) Rights as to Profits, Capital and Voting

(i) Income:

The Preference Shares shall entitle the holders thereof in priority to any dividend or return of capital on any other class of shares to a fixed cumulative preferential dividend on the capital for the time being paid up thereon at the rate of 10p per Preference Share per annum less deductions that the Company is obliged to make by statute in force at the date of payment, such dividend to be payable not less frequently than once in each calendar year. The first dividend payment shall be made on 6 January 2000 at the rate of 10p per Preference Share and an additional dividend payment shall (notwithstanding any other provision of this article) be made 16 November 2000 at the rate of 10p per Preference Share and thereafter dividend payments shall be made on 16 November or such other date in each calendar year as the directors shall nominate from time to time.

(ii) Capital:

The Preference Shares shall entitle the holders thereof on a winding up or on a reduction of capital involving a return of capital in priority to any return of capital on any other class of shares, to repayment of the capital paid up or credited as paid up thereon together with a sum equal to any arrears or accruals of the fixed cumulative preferential dividend thereon calculated down to the date of repayment whether or not such dividend shall have been declared or earned.

(iii) Voting:

The Preference Shares shall not entitle the holders to receive notice of or to attend or vote at any general meeting of the Company unless either (i) at the date of the notice convening the meeting the dividend on the Preference Shares has not been paid for at least 18 months or (ii) the business of the meeting includes any resolution for winding up the Company or directly or adversely modifying or abrogating any of the special rights or privileges attached to the Preference

NPK HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

Shares in which case the holders thereof shall only be entitled to vote at the relevant meeting in respect of such resolution(s).

(iv) *Other Rights:*

The Preference Shares shall not confer on the holders thereof any further rights to participate in the profits or assets of the Company or to vote.

(b) *Further issues of preference shares:*

The Company may, without any consent or sanction of the holders of Preference Shares, create and issue further preference shares either ranking *pari passu* and identically in all respects and so as to form one class with the existing Preference Shares or ranking *pari passu* therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend (if any) or otherwise differing from the Preference Shares.

(c) *Separate Class Rights:*

If the Company shall have issued and there shall be outstanding any further preference shares ranking *pari passu*, but not identically in all respects and so as to form one class with the Preference Shares, then such further preference shares shall be deemed to constitute a separate class of shares for the purposes of the Articles of the Company.

(d) *Application of surplus assets on a winding up:*

In the winding up of the Company the surplus assets shall be applied to the following purposes and in the following order of priority:-

- (i) to the repayment of capital paid up or credited as paid up on the Preference Shares (and on any further preference shares ranking *pari passu* therewith as regards priority in respect of capital) together also with any arrears or accruals of fixed dividend in accordance with the rights of all such shares;
- (ii) to the repayment of the capital paid up or credited as paid up on the Ordinary Shares and any surplus assets shall be divided amongst the holders of the Ordinary Shares in proportion to the number of Ordinary Shares held by them respectively.

(e) *Redemption*

Subject to the provisions of pt V, Ch VII of the Companies Act 1985 the Preference Shares shall be redeemed at par at any time in whole or in part at the option of the Company."

C. THAT upon the recommendation of the Directors it is desirable to capitalise the sum of up to £170.073 being part of the amount standing to the credit of the Company's reserves and accordingly that the Directors be authorised and directed to appropriate the said sum for distribution to the holders of the Ordinary Shares of £1 each on the Register at the close of business on the date of this resolution in proportion to the amounts paid up on the issued Ordinary Shares of £1 each then held by them respectively and to apply such sum on behalf of such holders in paying up in full up to 170.073 of unissued Preference Shares of £1 each in the capital of the Company, such shares to be allotted and distributed, credited as fully paid up, to and amongst such holders in the proportion of three Preference Shares for every five Ordinary Shares held on that date; but so that (a) no such holders shall be entitled to a fraction of a Preference Share and (b) this authority shall expire five years from the date hereof.

D. THAT the provisions of article 4.2 of the Company's Articles of Association be disapplied for the purposes of the allotment of Preference Shares referred to at resolution C above.

**NPK HOLDINGS LIMITED AND ITS
SUBSIDIARY COMPANIES**

E. THAT the Company's Articles of Association be and are hereby amended by the addition of the following wording as new paragraph 9.A.

"9.A. The directors may at their absolute discretion refuse to register any transfer which would result in the transferor or the transferee holding:

9.A.1 less than 37 Ordinary Shares; or

9.A.2 less than 22 Preference Shares:

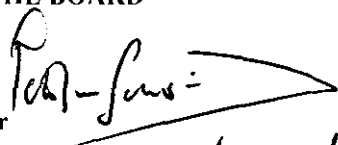

unless the shares being transferred comprise of all that class of shares held by the transferor, and the transferee will following such transfer meet the minimum shareholding requirements set out in subparagraphs 9.A.1 and 9.A.2 above."

6. To transact any other business which may be properly transacted at an Annual General Meeting.

Dated: 16th November, 1999

BY ORDER OF THE BOARD

Secretary/Director

NOTE: Any member of the Company, entitled to attend the above meeting, may appoint one proxy to attend and vote in his/her stead, and such proxy need not be a member of the Company. Any such proxies must be lodged with the Company at its registered office at least 48 hours prior to the time appointed for the meeting.

Registered Office: 31 Market Hill
Royston
Herts
SG8 9JS

NPK HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

Index

Page No.

1 and 2	Directors' Report
3	Auditors' Report
4	Consolidated Profit and Loss Account
5	Consolidated Balance Sheet
6	Company Balance Sheet
7	Statement of Total Recognised Gains and Losses
8 to 14	Notes to the Financial Statements

NPK HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

Directors' Report

for the year ended 30 September 1999

The directors submit their report together with the audited financial statements of the group for the year ended 30 September 1999.

Directors' Statement

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 of the profit or loss 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;

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time the financial position of the group 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.

Principal Activity and Business Review

The Group earned profits of £396,288 with all sides of the company's business making an increased contribution.

During recent years the Company's profile has changed. Reliance on rents has been, and is likely to continue to be, reduced. It is anticipated that, in future, a greater proportion of the company's revenue will derive from share transactions, a traditional source, and housebuilding. Both of the latter are cyclical by their nature and greater fluctuations in contribution are likely to be experienced. The Board has therefore decided to capitalise £170,073 of the company's reserves by the issue of Preference Shares on the basis of three preference shares for every five Ordinary Shares currently held. The new shares will carry a dividend of 10% at an annual cost to the company of £17,007.

Dividend

The dividend recommended is 18p per share (1998: 18p per share).

Directors

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	1999	1998
P J Schwind	-	275
J R M Keatley	57,776	57,601
M M Phizacklea	-	-
P H Franks	-	-

Mr P H Franks retires by rotation, and being eligible, offers himself for re-election at the Annual General Meeting.

**NPK HOLDINGS LIMITED AND ITS
SUBSIDIARY COMPANIES**

Directors' Report

for the year ended 30 September 1999

Property

Investment properties are stated at their current market value of £3,019,345. In the opinion of the directors, the current market value of the Group's other freehold land and buildings is in excess of £50,000.

Political and Charitable Contributions

The group made a political contribution of £500 to the Conservative Party and various charitable contributions totalling £848 during the year.

Year 2000

The directors have considered the potential impact of the Year 2000 on the business and are confident all significant risks and uncertainties have been addressed.

Auditors

The Auditors, Peters Elworthy & Moore, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board



J R M Keatley
Secretary
Date: 16 November 1999

**NPK HOLDINGS LIMITED AND ITS
SUBSIDIARY COMPANIES**

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 30 September 1999

We have audited the financial statements on pages 4 to 14 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 page 8.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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.

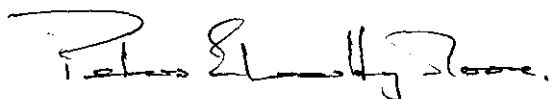
Basis of Opinion

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 the affairs of the company and the group as at 30 September 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PETERS ELWORTHY & MOORE
Chartered Accountants and
Registered Auditor

CAMBRIDGE
Date: 18 November 1999

**NPK HOLDINGS LIMITED AND ITS
SUBSIDIARY COMPANIES**

Consolidated Profit and Loss Account

for the year ended 30 September 1999

	Notes	1999 £	1999 £	1998 £	1998 £
Turnover	2		924,335		654,857
Other external charges			<u>359,937</u>		<u>166,049</u>
			564,398		488,808
Staff costs	3	81,773		85,706	
Depreciation		5,788		17,288	
Other operating charges		<u>53,053</u>		<u>52,434</u>	
			140,614		155,428
Operating profit	4		423,784		333,380
Other interest receivable	5		<u>1,535</u>		<u>512</u>
			425,319		333,892
Interest payable	6		<u>29,031</u>		<u>31,090</u>
Profit on Ordinary Activities before Taxation			396,288		302,802
Tax on profit on ordinary activities	7		<u>94,228</u>		<u>56,683</u>
Profit on Ordinary Activities after Taxation			302,060		246,119
Proposed dividend of 18p per share (1998: 18p)			<u>(51,030)</u>		<u>(51,030)</u>
Retained profit transferred to reserves			<u>251,030</u>		<u>195,089</u>

All amounts relate to continuing activities.

**NPK HOLDINGS LIMITED AND ITS
SUBSIDIARY COMPANIES**

Consolidated Balance Sheet

as at 30 September 1999

	Notes	1999 £	1999 £	1998 £	1998 £
Fixed Assets					
Intangible assets	8		7,754		7,958
Tangible assets	9a		3,054,161		3,049,471
Investments	10		<u>1,419,047</u>		<u>949,751</u>
			4,480,962		4,007,180
Current Assets					
Stocks	11	7,232		7,232	
Debtors	12	11,392		16,023	
Cash in hand		<u>152</u>		<u>310</u>	
		18,776		23,565	
Creditors: Amounts falling due within one year:	13	<u>(678,224)</u>		<u>(591,484)</u>	
Net Current Liabilities			<u>(659,448)</u>		<u>(567,919)</u>
Total Assets Less Current Liabilities			3,821,514		3,439,261
Provisions for liabilities and charges					
Deferred Taxation	14		<u>(200)</u>		<u>(200)</u>
			<u>3,821,314</u>		<u>3,439,061</u>
Capital and Reserves					
Share capital	15		283,500		283,500
Investment revaluation reserve	16		(5,646)		(152,603)
Profit and loss account	16		<u>3,543,460</u>		<u>3,308,164</u>
Equity Shareholders' funds	17		<u>3,821,314</u>		<u>3,439,061</u>

ON BEHALF OF THE BOARD



**J R M Keatley
Director**

Approved by the Board on 16 November 1999

NPK HOLDINGS LIMITED

Balance Sheet

as at 30 September 1999

	Notes	1999 £	1999 £	1998 £	1998 £
Fixed Assets					
Intangible assets	8		7,754		7,958
Tangible assets	9b		3,053,481		3,048,452
Investments	10		<u>1,427,839</u>		<u>1,234,031</u>
			4,489,074		4,290,441
Current Assets					
Stocks	11	7,232		7,232	
Debtors	12	8,976		10,961	
Cash in hand		<u>152</u>		<u>310</u>	
		16,360		18,503	
Creditors: Amounts falling due within one year:	13	<u>(684,120)</u>		<u>(594,250)</u>	
Net Current Liabilities			<u>(667,760)</u>		<u>(575,747)</u>
			<u>3,821,314</u>		<u>3,714,694</u>
Capital and Reserves					
Share capital	15		283,500		283,500
Investment revaluation reserve	16		(5,646)		(152,603)
Profit and loss account			<u>3,543,460</u>		<u>3,583,797</u>
Equity Shareholders' funds	17		<u>3,821,314</u>		<u>3,714,694</u>

ON BEHALF OF THE BOARD



J R M Keatley
Director

Approved by the Board on 16 November 1999

**NPK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

Statement of Total Recognised Gains and Losses

for the year ended 30 September 1999

	1999 £	1998 £
Profit for the financial year	302,060	246,119
Unrealised surplus/(deficit) on revaluation of investments	<u>131,223</u>	<u>(235,194)</u>
Total gains recognised since last annual report	<u><u>433,283</u></u>	<u><u>10,625</u></u>

NPK HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES

Notes to the Financial Statements

for the year ended 30 September 1999

1 Accounting Policies

Accounting Convention

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention, as modified by the revaluation to market value of investment properties and listed investments.

Fixed Assets

Investment properties are stated at current market value. Depreciation is calculated to write off the cost of tangible and intangible fixed assets, other than freehold land and investment properties, over their estimated useful lives by equal annual instalments at the following rates:

Freehold buildings	- 2% on cost
Plant and equipment	- 10% on cost
Motor vehicles	- 25% on cost
Manor and market rights	- 2% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value.

Listed Investments

Listed investments are stated at market value and unlisted investments at cost.

Investment Revaluation Reserve

Movements in the market value of listed investments and investment properties are taken to the Investment Revaluation Reserve. Where there is a permanent diminution in the value of investments, the deficit is taken immediately to the profit and loss account. Temporary diminutions in the value of investments are carried forward in the investment revaluation reserve, the deficit being shown in the statement of total recognised gains and losses as a movement on the investment revaluation reserve.

Basis of Consolidation

The consolidated financial statements include the results, assets and liabilities of the holding company and its subsidiaries made up to 30 September 1999. As permitted by section 228(7) of the Companies Act 1985 a profit and loss account for the holding company is not presented. The retained loss for the year attributable to the holding company was £24,603 (1998: profit £194,789).

Cash Flow Statement

In the opinion of the directors the group qualifies as a small group and accordingly a cash flow statement is not required.

Pensions

The Group operates a defined contribution scheme, the assets of which are held separately from those of the Group. In addition the Group pays pensions to former employees. Both costs are written off in the year in which they are incurred.

**NPK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to the Financial Statements

for the year ended 30 September 1999

2 Turnover

The turnover and operating profit for the year were derived from the group's principle activity and this was carried out wholly in the UK.

	Group	
	1999	1998
	£	£
Rental income from properties	364,893	331,499
Income from listed investments	34,388	26,351
Income from unlisted investments	47,162	10,783
Proceeds from sale of listed investments	294,111	140,574
Proceeds from sale of unlisted investments	183,781	-
Proceeds from sale of development property	-	145,650
	<u>924,335</u>	<u>654,857</u>

3 Staff Costs

Staff costs including directors' remuneration comprise:

	Group	
	1999	1998
	£	£
Wages and salaries	68,182	66,631
Social security costs	6,924	6,580
Other pension costs	6,667	12,495
	<u>81,773</u>	<u>85,706</u>

The average number of persons, including directors, employed during the year was:

	Number	Number
Office and management	<u>5</u>	<u>5</u>

Staff costs include the following information in respect of directors:

	1999	1998
	£	£
Aggregate emoluments	60,970	60,770
Pension contributions	-	6,296
	<u>60,970</u>	<u>67,066</u>

4 Operating Profit

Operating profit is shown after charging:

	1999	1998
	£	£
Depreciation of tangible and intangible fixed assets	5,788	17,288
Staff costs (note 3)	81,773	85,706
Auditors' remuneration	3,500	3,100
Profit on disposal of fixed assets	-	(5,600)

**NPK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to the Financial Statements

for the year ended 30 September 1999

5	Other Interest Receivable	1999	1998
		£	£
	Other interest	<u>1,535</u>	<u>512</u>
6	Interest Payable	1999	1998
		£	£
	Bank overdraft	<u>29,031</u>	<u>31,090</u>
7	Tax on Profit on Ordinary Activities	1999	1998
		£	£
	Based on profit for the year:		
	U.K. corporation tax at 31%/30% and 20%/21% (1998: 33%/31% and 24%/21%)	90,755	52,085
	Tax credits on franked investment income	<u>3,473</u>	<u>4,602</u>
		94,228	56,687
	Adjustment for prior years	<u>-</u>	<u>(4)</u>
		<u>94,228</u>	<u>56,683</u>
8	Intangible Fixed Assets - Group and Company		1999
			£
	Manor and market rights:		
	Cost at beginning and end of year		<u>10,202</u>
	Accumulated depreciation at beginning of year		2,244
	Charged in year		<u>204</u>
	Accumulated depreciation at end of year		<u>2,448</u>
	Net book value at end of year		<u>7,754</u>
	Net book value at beginning of year		<u>7,958</u>

**NPK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to the Financial Statements

for the year ended 30 September 1999

9 Tangible Fixed Assets

a) Group	Investment Properties £	Freehold Land and Buildings £	Fixtures Fittings and Vehicles £	Total £
Cost or valuation at beginning of year	3,019,345	26,061	187,497	3,232,903
Additions	4,515	-	10,274	14,789
On revaluation	(4,515)	-	-	(4,515)
Cost or valuation at end of year	<u>3,019,345</u>	<u>26,061</u>	<u>197,771</u>	<u>3,243,177</u>
Accumulated depreciation at beginning of year	-	8,354	175,078	183,432
Charged in year	-	417	5,167	5,584
Accumulated depreciation at end of year	<u>-</u>	<u>8,771</u>	<u>180,245</u>	<u>189,016</u>
Net book value at end of year	<u>3,019,345</u>	<u>17,290</u>	<u>17,526</u>	<u>3,054,161</u>
Net book value at beginning of year	<u>3,019,345</u>	<u>17,707</u>	<u>12,419</u>	<u>3,049,471</u>
b) Company	Investment Properties £	Freehold Land and Buildings £	Fixtures Fittings and Vehicles £	Total £
Cost or valuation at beginning of year	3,019,345	26,061	184,105	3,229,511
Additions	4,515	-	10,274	14,789
On revaluation	(4,515)	-	-	(4,515)
Cost or valuation at end of year	<u>3,019,345</u>	<u>26,061</u>	<u>194,379</u>	<u>3,239,785</u>
Accumulated depreciation at beginning of year	-	8,354	172,705	181,059
Charged in year	-	417	4,828	5,245
Accumulated depreciation at end of year	<u>-</u>	<u>8,771</u>	<u>177,533</u>	<u>186,304</u>
Net book value at end of year	<u>3,019,345</u>	<u>17,290</u>	<u>16,846</u>	<u>3,053,481</u>
Net book value at beginning of year	<u>3,019,345</u>	<u>17,707</u>	<u>11,400</u>	<u>3,048,452</u>

The investment properties were valued by Messrs Hirsch & Co. Chartered Surveyors on a market value basis at 31 December 1997. This valuation has been applied to the investment properties as at 30 September 1999, since in the opinion of the directors, there has been no material change in the open market value of these properties since that date. The original cost of investment properties amounted to £3,202,155.

**NPK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to the Financial Statements

for the year ended 30 September 1999

10 Investments	Listed	1999 Unlisted	1999 Total	1998 Total
Listed and unlisted:	£	£	£	£
Cost or market value at beginning of year	455,132	494,619	949,751	936,061
Additions	599,161	189,904	789,065	197,371
Disposals	(261,952)	(95,994)	(357,946)	(94,371)
Repaid	-	(97,560)	(97,560)	-
On revaluation	135,737	-	135,737	(89,310)
	<u>928,078</u>	<u>490,969</u>	<u>1,419,047</u>	<u>949,751</u>

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Listed and unlisted as above	1,419,047	949,751	1,419,047	949,751
Shares in subsidiary companies: Cost less amounts written off at beginning and end of year	-	-	8,792	284,280
	<u>1,419,047</u>	<u>949,751</u>	<u>1,427,839</u>	<u>1,234,031</u>

	1999	1998
	£	£
Subsidiary Companies:		
Nash Fordham and Company Limited 208 Ordinary shares of £1 each Cost less amounts written off	-	-
Royston Market Company Limited 2,000 Ordinary shares of £1 each Cost less amounts written off	8,792	284,280
	<u>8,792</u>	<u>284,280</u>

The above subsidiary companies are wholly owned subsidiaries and are registered in England. Nash Fordham and Company Limited has not traded in the year.

11 Stocks	1999	1998
	£	£
Trading land	<u>7,232</u>	<u>7,232</u>

**NPK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to the Financial Statements

for the year ended 30 September 1999

12 Debtors	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Due within one year:				
Other debtors	8,661	9,946	6,245	4,884
Prepayments	2,731	6,077	2,731	6,077
	<u>11,392</u>	<u>16,023</u>	<u>8,976</u>	<u>10,961</u>

13 Creditors: Amounts falling due within one year	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Bank overdraft	426,344	374,828	426,344	374,828
Amounts owed to group Company	-	-	28,264	21,870
Corporation tax	82,191	52,493	71,162	40,774
Other taxes and social security costs	3,039	2,891	3,039	2,891
Other	55,188	55,188	55,188	55,188
Accruals and deferred income	60,432	55,054	49,093	47,669
Proposed dividend	51,030	51,030	51,030	51,030
	<u>678,224</u>	<u>591,484</u>	<u>684,120</u>	<u>594,250</u>

The bank overdraft is secured by a debenture over the freehold properties of the Company and there exists a cross guarantee and debenture between NPK Holdings Limited and its subsidiaries.

14 Provisions for Liabilities and Charges	Group		Company	
	1999 £	1998 £	1999 £	1998 £
The movement on deferred taxation is as follows:				
Accelerated capital allowances	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>

15 Share Capital	Group and Company	
	1999 £	1998 £
Authorised:		
300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
Allotted, called up and fully paid:		
283,500 Ordinary shares of £1 each	<u>283,500</u>	<u>283,500</u>

**NPK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

Notes to the Financial Statements

for the year ended 30 September 1999

16 Reserves

	Investment Revaluation Reserve £	Profit and Loss £
At 1 October 1998	(152,603)	3,308,164
Profit for the year	-	251,030
Realised losses transferred from investment revaluation reserve	15,734	(15,734)
Surplus on revaluation of assets	131,223	-
	<u>(5,646)</u>	<u>3,543,460</u>
At 30 September 1999	<u>(5,646)</u>	<u>3,543,460</u>

17 Reconciliation of the Movement in Shareholders' Funds

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Profit for the financial year	302,060	246,119	26,427	245,819
Dividends	(51,030)	(51,030)	(51,030)	(51,030)
	251,030	195,089	(24,603)	194,789
Other recognised gains/(losses) relating to the year	131,223	(235,194)	131,223	(235,194)
Addition/(Reduction) to shareholders' funds	382,253	(40,105)	106,620	(40,405)
Opening shareholders' funds	3,439,061	3,479,166	3,714,694	3,755,099
Closing shareholders' funds	<u>3,821,314</u>	<u>3,439,061</u>	<u>3,821,314</u>	<u>3,714,694</u>

18 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. In addition, the Group pays pensions to former employees. The pension cost charge represents contributions payable by the Group to the fund amounting to £2,221 and pension payments of £4,435 (1998: £8,516 and £3,979 respectively).

19 Related Party Transactions

The shares of the Company are owned by numerous individuals. Mr J R M Keatley, a director of the Company, owns 20.4% of the shares of the Company and has a significant influence over the operating and financial policies of NPK Holdings Limited and its subsidiary companies.

Mr J R M Keatley is also a director of Ashtenne Residential Capital Limited. During the year NPK Holdings Limited received gross interest of £47,162 from its investment in the loan stock of the company.

During the year, repairs were carried out on some of the investment properties. Mr P H Franks, a director of NPK Holdings Limited, carried out the repairs through his business, Franks Construction. NPK Holdings Limited reimbursed Franks Construction at cost for the repair costs incurred during the year, to the sum of £112.

Last year the holding company purchased freehold land for the sum of £14,464. Mr P H Franks has a 50% interest in this freehold land and reimbursed the company the sum of £7,232 in the year, which represents 50% of the original cost.