

Company Number 12255

HMG PROPERTIES LIMITED

ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2001



PARKER GRADWELL & CO.

Chartered Accountants and Registered Auditors

17 Chapel Street, Hyde, Cheshire, SK14 1LF

HMG PROPERTIES LIMITED
REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the company for the year ended 28th February 2001.

PRINCIPAL ACTIVITY

The principal activity of the company is property investment and there has been no change in this activity during the year.

BUSINESS REVIEW

The company has continued its withdrawal from the residential sector during the year.

RESULTS

The results of the year's activities appear on pages 4 and 5. The profit on ordinary activities before taxation is £11,719 (2000 - £339,941) of which property sales comprise £(4,117) (2000 - £320,744).

DIVIDENDS

A dividend of £11,785 (2000 - £12,312) on the ordinary shares and £880 (2000 - £880) on the preference shares has been paid to the holding company.

PROPERTY REVALUATIONS

Investment properties are included in the balance sheet at their open market value. The Portfolio was revalued at the year end by Mr. A.J. Murray FRICS, who is Chief Executive of the Holding Company.

DIRECTORS

The directors who served during the year were as follows :-

T.W. Marshall	P. Mitchell	A.J. Murray
R.G. Murray	R.H. Murray	S.B. Murray

No director has any interest in the share capital of the company.

T.W. Marshall and R.G. Murray retire from the Board by rotation and being eligible, offer themselves for re-election.

AUDITORS

Pursuant to the provisions of Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. Messrs. Parker Gradwell & Co. will therefore continue in office.

Approved by the Board of Directors on 14th May 2001 and signed on their behalf by :



I.C. THOMAS, F.C.A.,
Secretary

HMG PROPERTIES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITY

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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

HMG PROPERTIES LIMITED
AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention as modified by the revaluation of freehold and long leasehold properties and the accounting policies set out on page 7.

Respective responsibilities of Directors and Auditors

As described on page 2 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.

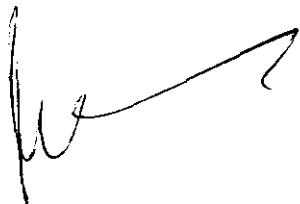
Basis of opinion

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 judgments made by the directors in the preparation of the financial statements, and 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 company's affairs at 28th February 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PARKER GRADWELL & CO.

Chartered Accountants and Registered Auditors

17 Chapel Street, Hyde, Cheshire.

14th May 2001

HMG PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28TH FEBRUARY 2001

	<u>Note</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
TURNOVER - Gross rental income	2	<u>42,096</u>	<u>55,793</u>
Net rental income		17,980	20,963
Administrative expenses		<u>2,144</u>	<u>3,240</u>
OPERATING PROFIT	3	15,836	17,723
(Loss) profit on sale of fixed assets	4	<u>(4,117)</u>	<u>320,744</u>
Interest receivable and similar income		11,719 <u>-</u>	338,467 <u>1,474</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,719	339,941
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	<u>3,171</u>	<u>14,226</u>
PROFIT FOR THE FINANCIAL YEAR		8,548	325,715
DIVIDENDS (Including dividends on non-equity shares)	6	<u>12,665</u>	<u>13,192</u>
RETAINED (LOSS) PROFIT FOR THE YEAR		<u>(4,117)</u>	<u>312,523</u>

The accompanying notes are an integral part of these financial statements

HMG PROPERTIES LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 28TH FEBRUARY 2001

	<u>2001</u> £	<u>2000</u> £
Profit for the financial year	8,548	325,715
Unrealised surplus on revaluation of properties	<u>263,863</u>	<u>255,851</u>
	<u>272,411</u>	<u>581,566</u>

NOTE OF HISTORICAL COST PROFIT AND LOSSES
FOR THE YEAR ENDED 28TH FEBRUARY 2001

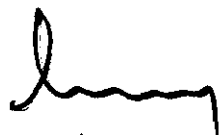
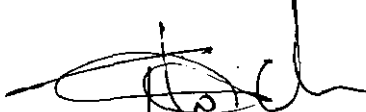
Reported profit on ordinary activities before taxation	11,719	339,941
Realisation of property revaluation gains of previous years	—	<u>556,295</u>
Historical cost profit on ordinary activities before taxation	<u>11,719</u>	<u>896,236</u>
Reported (loss) profit on ordinary activities after taxation and dividends	(4,117)	312,523
Realisation of property revaluation gains of previous years	-	556,295
Taxation on past property revaluations	—	<u>(90,830)</u>
Historical cost (loss) profit for the year retained after taxation and dividends	<u>(4,117)</u>	<u>777,988</u>

The accompanying notes are an integral part of these financial statements

HMG PROPERTIES LIMITED
BALANCE SHEET AT 28TH FEBRUARY 2001

	<u>Note</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
<u>FIXED ASSETS</u>			
Tangible assets	7	1,164,556	899,574
Investments other than loans	8	<u>40,000</u>	<u>40,000</u>
		1,204,556	939,574
<u>CURRENT ASSETS</u>			
Debtors	9	3,188,681	3,263,312
<u>CREDITORS</u>			
Amounts falling due within one year :			
Other creditors	10	<u>59,754</u>	<u>130,286</u>
NET CURRENT ASSETS		<u>3,128,927</u>	<u>3,133,026</u>
TOTAL ASSETS LESS CURRENT LIABILITIES PROVISION FOR LIABILITIES AND CHARGES	11	<u>4,333,483</u> <u>11,862</u> <u>4,321,621</u>	<u>4,072,600</u> <u>10,725</u> <u>4,061,875</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	12	73,050	73,050
Reserves	13	<u>4,248,571</u>	<u>3,988,825</u>
SHAREHOLDERS' FUNDS (Including non-equity interest)	14	<u>4,321,621</u>	<u>4,061,875</u>

Approved by the Board of Directors on 14th May 2001 and signed on its behalf by :

	A.J. MURRAY	} Directors
	T.W. MARSHALL	

The accompanying notes are an integral part of these financial statements

HMG PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2001

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with the historical cost convention, as modified by the inclusion of freehold and long leasehold properties at their open market value. The principal accounting policies, which the directors have adopted, are set out below.

(b) Freehold Properties

In accordance with SSAP 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a property revaluation reserve. No depreciation or amortisation is provided in respect of freehold properties. This treatment is a departure from the requirement of the Companies Act 1985 concerning the depreciation of fixed assets. The directors consider that as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP 19 for the accounts to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. The revaluation is carried out by A.J. Murray FRICS., who is Chief Executive of the company.

(a) Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation on revaluation gains will only be provided for if there has been a decision that the property is to be sold and it is probable that the liability will crystallise.

The amount of deferred taxation not provided for is shown in the notes to the financial statements.

(d) Acquisitions and Disposals of Properties

Acquisitions and disposals of properties are recognised on the date of completion of the purchase or sale.

(e) Depreciation

Depreciation on furniture and equipment has been charged at the rate of 25% on the reducing balance basis.

(f) Pensions

Pension contributions are charged to the profit and loss account in the period in which they are incurred.

HMG PROPERTIES LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2001

2. TURNOVER - Gross rental income

The turnover and profit on ordinary activities before taxation are attributable to the company's principal activity and are in respect of United Kingdom rental income.

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>

3. OPERATING PROFIT

Operating profit is stated after charging :

Depreciation on furniture and equipment	18	24
Auditors' remuneration	82	118
Pension costs	<u>344</u>	<u>336</u>

4. EXCEPTIONAL ITEMS

Adjustment on previous years sales proceeds	(4,117)	-
Profit on sale of revalued properties	<u>-</u>	<u>320,744</u>
	<u>(4,117)</u>	<u>320,744</u>

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Charge for taxation based on profit for the year :

Corporation tax @ 20% (2000 - 30%)	3,171	5,800
Corporation tax on sale of assets	-	83,720

Adjustment in respect of previous years :

General income	-	(28)
Sale of fixed assets	-	(75,499)
Interest on tax	<u>-</u>	<u>233</u>
	<u>3,171</u>	<u>14,226</u>

6. DIVIDENDS

Preference (non equity shares) 4.2% (2000 - 4.2%)	880	880
Ordinary (equity shares) 22.62% (2000 - 23.63%)	<u>11,785</u>	<u>12,312</u>
	<u>12,665</u>	<u>13,192</u>

HMG PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2001

	<u>2001</u> £	<u>2000</u> £
7. <u>TANGIBLE FIXED ASSETS</u>		
<u>Freehold Property</u>		
Cost at 29th February 2000	209,678	318,633
Sales during the year at cost	<u>-</u>	<u>108,955</u>
	209,678	209,678
Surplus on revaluation of properties	<u>954,822</u>	<u>689,822</u>
At open market value at 28th February 2001	<u>1,164,500</u>	<u>899,500</u>
Revaluation surplus for the year	<u>265,000</u>	<u>235,500</u>
<u>Furniture and Equipment</u>		
Cost at 28th February 2001	<u>8,155</u>	<u>8,155</u>
Depreciation at 29th February 2000	8,081	8,057
Charge for the year	<u>18</u>	<u>24</u>
Depreciation at 28th February 2001	<u>8,099</u>	<u>8,081</u>
Net Book Value at 28th February 2001	<u>56</u>	<u>74</u>
<u>Summary</u>		
Freehold and long leasehold property	1,164,500	899,500
Furniture and equipment	<u>56</u>	<u>74</u>
	<u>1,164,556</u>	<u>899,574</u>
8. <u>INVESTMENTS</u>		
<u>Quoted</u>		
I.O.M. Assurance Ltd. Holiday Property Bond		
Market value £26,681 (2000 - £25,960)	<u>40,000</u>	<u>40,000</u>

HMG PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2001

9.	<u>DEBTORS</u>	<u>2001</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
	Amounts falling due within one year :		
	Holding company current account	3,182,639	3,261,136
	Trade debtors	2,078	1,512
	Other debtors	21	435
	Prepayments and accrued income	<u>3,943</u>	<u>229</u>
		<u>3,188,681</u>	<u>3,263,312</u>
10.	<u>OTHER CREDITORS</u>		
	Trade creditors and accruals	3,247	4,036
	Corporation tax	<u>56,507</u>	<u>126,250</u>
		<u>59,754</u>	<u>130,286</u>
11.	<u>PROVISION FOR LIABILITIES AND CHARGES</u>		
	<u>Deferred Taxation</u>		
	Tax on capital gains on planned disposal of properties at balance sheet value	<u>11,862</u>	<u>10,725</u>
	The movement in the provision during the year comprises :		
	At 29th February 2000	10,725	121,906
	Increase (decrease) in provision	1,137	(20,351)
	Previous provision realised in year	<u>-</u>	<u>(90,830)</u>
		<u>11,862</u>	<u>10,725</u>
	The full liability for deferred taxation if the company's properties were sold at the balance sheet value is £160,002 (2000 - £92,212).		
12.	<u>CALLED UP SHARE CAPITAL</u>		
	<u>Authorised</u>		
	<u>Non-Equity Shares</u>		
	540 4.2% cumulative preference shares of £50 each	27,000	27,000
	<u>Equity Shares</u>		
	73,055 ordinary shares of £1 each	<u>73,055</u>	<u>73,055</u>
		<u>100,055</u>	<u>100,055</u>
	<u>Allotted, Issued and Fully Paid</u>		
	419 4.2% cumulative preference shares of £50 each	20,950	20,950
	52,100 ordinary shares of £1 each	<u>52,100</u>	<u>52,100</u>
		<u>73,050</u>	<u>73,050</u>

HMG PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2001

12. CALLED UP SHARE CAPITAL Contd.

The Preference Shares are entitled to a fixed cumulative annual dividend of 4.2% in priority to any dividend payable to the ordinary shareholders.

On the winding up of the company the Preference Shares are repayable at par in priority to any repayment of funds to the ordinary shareholders.

The Preference Shares do not entitle the holders to vote upon any resolution (other than a resolution for winding up the company or reducing its share capital or a resolution varying or abrogating any special rights attached to such shares) unless at the date of the notice convening the Meeting at which such resolution is to be proposed the dividend on the Preference Shares is six months in arrears.

13. RESERVES

	Property Revaluation <u>Reserve</u> £	Profit and <u>Loss Account</u> £	<u>Total</u> £
At 29th February 2000	679,097	3,309,728	3,988,825
Transfer profit and loss account		(4,117)	(4,117)
Revaluation surplus	265,000		265,000
- deferred tax	<u>(1,137)</u>	<u> </u>	<u>(1,137)</u>
At 28th February 2001	<u>942,960</u>	<u>3,305,611</u>	<u>4,248,571</u>

14a. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u> £	<u>2000</u> £
Profit for the financial year	8,548	325,715
Dividends	<u>12,665</u>	<u>13,192</u>
	(4,117)	312,523
Unrealised profit on revaluation of properties	<u>263,863</u>	<u>255,851</u>
Net addition to shareholders' funds	259,746	568,374
Opening shareholders' funds	<u>4,061,875</u>	<u>3,493,501</u>
Closing shareholders' funds	<u>4,321,621</u>	<u>4,061,875</u>

HMG PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 2001

14b. SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>

Shareholders' funds are comprised of :

Equity interests	4,300,671	4,040,925
Non-equity interests	<u>20,950</u>	<u>20,950</u>
	<u>4,321,621</u>	<u>4,061,875</u>

15. POST BALANCE SHEET EVENTS

There are no events arising since the date of the balance sheet which require comment.

16. CAPITAL COMMITMENTS

There are no capital commitments authorised by the directors at 28th February 2001.

17. CONTINGENT LIABILITIES

The company has given a guarantee in respect of its fellow subsidiary company HMG Investments Limited to N.M. Rothschild and Sons Limited for bank loans of £5,741,500 (2000 - £5,924,000).

18. RELATED PARTY DISCLOSURES

Using the exemption available to subsidiary companies related party transactions with Group Companies have not been disclosed.

19. COMPANY STATUS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

20. HOLDING COMPANY

The company is a subsidiary of The Hollins Murray Group Limited, a company incorporated in England and Wales.