

THE MILL COMPANY LIMITED

REPORT & ACCOUNTS

YEAR ENDED : 31 MARCH 1999



THE MILL COMPANY LIMITED

Directors

L P Smith
P F Baldwin
C D Proctor-Smith
J S Vorley
K A Vorley

Secretary

P F Baldwin

Registered Office

1 Carr Road
Nelson

Registered Number

00032795

REPORT and ACCOUNTS

YEAR ENDED : 31 MARCH 1999

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THE MILL COMPANY LIMITED
REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the accounts for the year ended 31 March 1999.

PRINCIPAL ACTIVITY

The principal activity of the company is the letting of its premises. In addition the company's maintenance staff carry out building work for other organisations.

REVIEW OF BUSINESS

A summary of the results of the year is given on page 4 of the accounts.

Rental income increased by 25% following the company's premises becoming fully occupied but income from building work done fell by 10%, with the result that total income rose by 12%.

However there was an increase in total expenses of 9% and this coupled with a fall in investment income produced a small rise in pre-tax profits.

Some of the company's tenants have suffered difficult trading conditions causing rental arrears however it is hoped that the position will improve during the following year.

The building continued to be uninsured because the insurance premium required was too high to pass on to tenants.

DIVIDENDS

An interim dividend of 25p per share was paid during the year.

In view of the company's financial position the directors do not recommend the payment of a final dividend.

DIRECTORS

The directors and the number of shares in which they were interested, including family interests, during the year are as follows:

	<u>31.3.99</u>	<u>31.3.98</u>
L P Smith	8,098	8,098
P F Baldwin	45	45
C D Proctor-Smith	200	200
R H Reed	150	150
K A Vorley	2,994	2,994

On 5 July 1999 Mr R H Reed retired as a director. The Board wish to record their appreciation for the valuable contribution he has made to the company over many years.

Mr J S Vorley was appointed a director on 5 August 1999, his appointment being subject to confirmation at the Annual General Meeting.

The directors retiring by rotation are Mr P F Baldwin and Mr C D Proctor-Smith who, being eligible, offer themselves for re-election.

THE MILL COMPANY LIMITED**REPORT OF THE DIRECTORS cont. 1****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 the company and of the profit or loss of the company 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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint the auditors, Messrs Stansfield Westmore will be proposed at the Annual General Meeting.

CLOSE COMPANY

The company falls within the definition of a close company under the Income and Corporation Taxes Act 1988.

On behalf of the Board,


P F BALDWIN

Secretary

Approved by the Board : 16 November 1999

REPORT OF THE AUDITORS

TO THE MEMBERS OF THE MILL COMPANY LIMITED

We have audited the accounts on pages 4 to 9 which have been prepared in accordance with the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

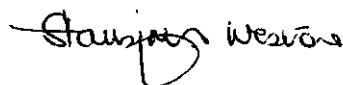
BASIS OF OPINION

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 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 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 the company's affairs as at 31 March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



STANSFIELD WESTMORE

CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

COLNE: 16 NOVEMBER 1999

THE MILL COMPANY LIMITED

PROFIT & LOSS ACCOUNT

YEAR ENDED : 31 MARCH 1999

<u>1998</u> £		<u>Note</u>	£	£
61,236	TURNOVER	2		68,405
29,162	Establishment expenses		32,849	
<u>26,375</u>	Administrative expenses		<u>27,592</u>	
<u>(55,537)</u>				<u>(60,441)</u>
5,699	OPERATING PROFIT	3		7,964
1,262	Profit on disposal of investments			681
<u>6,925</u>	Income from fixed asset investments			<u>5,720</u>
13,886	PROFIT on ordinary activities before taxation			14,365
<u>(3,087)</u>	TAXATION	5		<u>(3,029)</u>
10,799	PROFIT on ordinary activities after taxation			11,336
7,223	DIVIDENDS 1 st interim dividend paid of 25p per share		7,223	
<u>4,333</u>	Proposed 2 nd interim dividend of 15p per share			
<u>(11,556)</u>				<u>(7,223)</u>
(757)				4,113
185,041	RETAINED PROFITS brought forward			184,284
<u>184,284</u>	RETAINED PROFITS carried forward			<u>188,397</u>

There are no recognised gains or losses other than as disclosed above and there have been no discontinued activities or acquisitions in the current or preceding period.


THE MILL COMPANY LIMITED

BALANCE SHEET

AS AT : 31 MARCH 1999

1998 £		Note	£	£
	FIXED ASSETS			
160,061	Tangible assets	6	205,239	
<u>20,319</u>	Investments	7	<u>21,402</u>	226,641
180,380				
	CURRENT ASSETS			
540	Stock		500	
90,692	Debtors	8	99,628	
<u>31,050</u>	Cash at bank		<u>13,671</u>	
122,282			113,799	
	CREDITORS: amounts falling due			
(26,175)	within one year	9	(19,392)	
96,107	NET CURRENT ASSETS			94,407
276,487	NET ASSETS			321,048
	CAPITAL & RESERVES			
14,445	Called-up share capital	10		14,445
77,758	Revaluation reserve	11		118,206
184,284	Profit and loss account			188,397
276,487	SHAREHOLDERS' FUNDS	12		321,048

Approved by the Board : 16 November 1999



L P SMITH

Director

THE MILL COMPANY LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED : 31 MARCH 1999

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts have been prepared under the historical cost convention.

b) Tangible Fixed Assets

Depreciation is no longer provided on freehold land and buildings which have been revalued, on the basis of existing tenancies, in accordance with the provisions of Statement of Standard Accounting Practice No. 19.

Depreciation is provided on a straight line basis to write off the cost of other assets over their estimated useful lives as follows:

Plant and equipment	:	10% p.a.
Motor vehicles	:	20% p.a.

c) Taxation

1) Deferred Taxation

Provision is made for deferred taxation on timing differences relating to plant & equipment and motor vehicles but not to revalued freehold buildings, as the directors are of the opinion that no liability is likely to arise in the foreseeable future.

The potential liability for deferred taxation relating to revalued freehold buildings is £6,700 (1998 £6,145).

- 2) Advance corporation tax on dividends paid or proposed, which is not expected to be recovered in the following year, is written off and incorporated in the annual charge for taxation.**

d) Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small company.

2. TURNOVER

	<u>1999</u>	<u>1998</u>
	£	£
Rents receivable	47,306	37,622
Work done	<u>21,099</u>	<u>23,678</u>
	<u>68,405</u>	<u>61,300</u>

3. OPERATING PROFIT

The operating profit is stated after charging (crediting):

Profit on disposal of investments	(681)	(1,262)
Depreciation	2,239	1,722
Staff costs (note 4)	40,618	39,366
Auditors remuneration	790	-
	<u> </u>	<u> </u>

THE MILL COMPANY LIMITED

NOTES cont. 1

4. STAFF COSTS

	<u>1999</u>	<u>1998</u>
	£	£
Directors' remuneration	10,970	10,890
Director's taxable benefits	3,522	3,252
Other salaries and wages	23,244	22,516
Social security costs	<u>2,882</u>	<u>2,708</u>
	40,618	39,366
	<u> </u>	<u> </u>
Charged against operating profit	37,746	36,007
Charged to building improvements	<u>2,872</u>	<u>3,359</u>
	40,618	39,366
	<u> </u>	<u> </u>

The average number of employees including directors was 7 (1998 7).

5. TAXATION

	<u>1999</u>	<u>1998</u>
	£	£
Corporation tax payable on the profit for the year at 21% (1998 21%)	1,396	676
Tax credits on investment income	826	1,249
Advance corporation tax not recoverable	<u>807</u>	<u>1,162</u>
	3,029	3,087
	<u> </u>	<u> </u>

6. TANGIBLE FIXED ASSETS

	<u>Freehold</u> <u>Land &</u> <u>Buildings</u>	<u>Plant &</u> <u>Equipment</u>	<u>Motor</u> <u>Vehicles</u>	<u>Total</u>
	£	£	£	£
Cost or Valuation				
At 31 March 1998	155,509	26,980	17,545	200,034
Additions	4,043	2,926		6,969
Transfer revaluation reserve	<u>40,448</u>			<u>40,448</u>
At 31 March 1999	<u>200,000</u>	<u>29,906</u>	<u>17,545</u>	<u>247,451</u>
Depreciation				
At 31 March 1998		24,353	15,620	39,973
Provided in the year		<u>1,579</u>	<u>660</u>	<u>2,239</u>
At 31 March 1999		<u>25,932</u>	<u>16,280</u>	<u>42,212</u>
Net Book Value				
1999	200,000	3,974	1,265	205,239
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
1998	155,509	2,627	1,925	160,061
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The valuation of freehold land and buildings was reviewed as at 31 March 1999 by an independent firm of chartered surveyors. In their opinion the total value of the company's premises was £200,000.

The historical cost of freehold land and buildings is £81,794 (1998 £77,751).

There is no potential tax liability arising on the revaluation surplus.

THE MILL COMPANY LIMITED

NOTES cont. 2

7. INVESTMENTS

	1999 £	1998 £
Investments listed on a recognised stock exchange, at cost	16,164	15,081
Ground rents, at cost	<u>5,238</u>	<u>5,238</u>
	21,402	20,319
	<hr/>	<hr/>
Market value of listed investments	216,839	210,442
	<hr/>	<hr/>
Potential tax liability on market value	<u>32,500</u>	<u>31,500</u>

8. DEBTORS

Due within one year:

Trade debtors	96,543	87,929
Prepayments	1,201	1,125
Taxation	<u>1,884</u>	<u>1,638</u>
	99,628	90,692

Due in more than one year:

Advance corporation tax	<u>-</u>	<u>1,083</u>
Total	<u>99,628</u>	<u>91,775</u>

9. CREDITORS

Amounts falling due within one year:

Trade creditors	10,394	12,012
Accruals	1,238	5,068
Social security and other taxes	3,346	2,484
Taxation	472	472
Proposed dividend	-	4,333
Advance corporation tax	<u>3,942</u>	<u>2,889</u>
	19,392	27,258

10. CALLED-UP SHARE CAPITAL

Authorised

1,110 ordinary shares of £1 each	1,110	1,110
57,780 ordinary shares of 50p each	<u>28,890</u>	<u>28,890</u>
	30,000	30,000

Allotted, issued and fully paid

28,890 ordinary shares of 50p each	<u>14,445</u>	<u>14,445</u>
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THE MILL COMPANY LIMITED

NOTES cont. 3

11. REVALUATION RESERVE

	<u>1999</u>	<u>1998</u>
	£	£
At 31 March 1998	77,758	77,758
Surplus on revaluation of property (note 6)	<u>40,448</u>	<u>-</u>
At 31 March 1999	<u>118,206</u>	<u>77,758</u>

12. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

Profit for the financial year after taxation	11,336	10,799
Dividends	<u>(7,223)</u>	<u>(11,556)</u>
	4,113	(757)
Surplus on valuation of property	40,448	-
Opening shareholders' funds at 31 March 1998	<u>276,487</u>	<u>277,244</u>
Closing shareholders' funds at 31 March 1999	<u>321,048</u>	<u>276,487</u>

13. CAPITAL COMMITMENTS

There were no capital commitments at 31 March 1999 (1998 £2,600).

14. RELATED PARTY TRANSACTIONS

The company's accounting and secretarial functions were managed by Jacksons Proctor & Proctor of whom Mr P F Baldwin is a partner.

The amount paid for the services on a normal commercial basis was:-

1999	£4,700
1998	£4,700

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