

**A & J MUCKLOW & CO LIMITED**

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**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

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COMPANIES HOUSE

**A & J MUCKLOW & CO LIMITED**

**DIRECTORS**                      Rupert J Mucklow BSc  
                                        Justin Parker BSc MRICS  
                                        D Wooldridge FCCA ACIS  
                                        M D Folkes MCIOB

**SECRETARY**                      D Wooldridge FCCA ACIS

**REGISTERED OFFICE**        60 Whitehall Road  
                                        Halesowen  
                                        West Midlands  
                                        B63 3JS

**REGISTERED NUMBER**    00384508 England and Wales

**AUDITOR**                      Deloitte LLP  
                                        Birmingham

**ANNUAL REPORT AND ACCOUNTS - 30 JUNE 2011**

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## **A & J MUCKLOW & CO LIMITED**

### **REPORT OF THE DIRECTORS**

The Directors submit their Annual Report and the Audited Accounts of the company for the year ended 30 June 2011

The Directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006

### **ULTIMATE PARENT COMPANY**

The company is the wholly owned subsidiary undertaking of the ultimate parent company A & J Mucklow Group plc registered number 00717658 in England and Wales

### **PRINCIPAL ACTIVITY**

The principal activity of the company continues to be that of property development

### **RESULTS AND DIVIDENDS**

The profit on ordinary activities before taxation amounted to £89,466 (2010 £1,621,488) No dividends have been paid in the year (2010 £2,203,000) and none have been paid since the year end

Details of significant events since the balance sheet date are contained in note 16 to the financial statements

### **GOING CONCERN**

In concluding that it is appropriate to prepare the accounts on a going concern basis, the directors have considered that the company is profit making and in a net assets position The company is generating income and is forecast to continue to do so in the future

The parent company has funding available to support this company in the form of a revolving credit facility which expires in 2014 £18,500,000 of the £40,000,000 available funding within the facility remains unutilised at the date of this report Thus the directors continue to adopt the going concern basis in preparing the financial statements

### **DIRECTORS**

The Directors who served throughout the year were Rupert J Mucklow, D Justin Parker, M D Folkes and D Wooldridge

## **A & J MUCKLOW & CO LIMITED**

### **REPORT OF THE DIRECTORS (CONTINUED)**

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the directors at the date of approval of this report confirms that

1. so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
2. the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

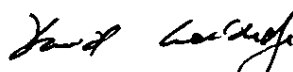
#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

During the year the Company purchased and maintained liability insurance for its directors and officers as permitted by Section 234 of the Companies Act 2006.

#### **AUDITOR**

Deloitte LLP will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

Approved by the board of directors on 22 November 2011  
and signed on their behalf by

  
David Wooldridge  
Company Secretary

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF A & J MUCKLOW & CO LIMITED**

We have audited the financial statements of A & J Mucklow & Co Limited for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 16

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**

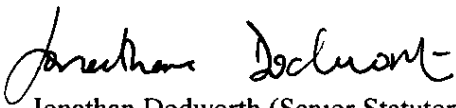
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF A & J MUCKLOW & CO LIMITED (CONTINUED)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exception in preparing the directors report



Jonathan Dodworth (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Birmingham, United Kingdom

22 November 2011

**A & J MUCKLOW & CO LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 £	2010 £
Turnover	2	32,328	2,178,395
Cost of sales		(1,919)	(532,996)
<b>Gross profit</b>		<u>30,409</u>	<u>1,645,399</u>
Administrative expenses		(54,380)	(43,014)
Other operating income		3,739	3,355
<b>Operating (loss)/profit</b>	3	<u>(20,232)</u>	<u>1,605,740</u>
<b>(Loss)/profit on ordinary activities before interest</b>		<u>(20,232)</u>	<u>1,605,740</u>
Interest receivable and similar income	5	115,898	15,748
Interest payable and similar charges	6	<u>(6,200)</u>	<u>-</u>
<b>Profit on ordinary activities before taxation</b>		89,466	1,621,488
Taxation	7	<u>37,000</u>	<u>(385,295)</u>
<b>Profit for the financial year</b>		<u>126,466</u>	<u>1,236,193</u>

All activities derive from continuing operations

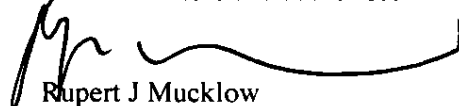
There are no recognised gains and losses other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses is presented

**A & J MUCKLOW & CO LIMITED**

**BALANCE SHEET AS AT 30 JUNE 2011**

		<b>2011</b>	<b>2010</b>
	<b>NOTE</b>	<b>£</b>	<b>£</b>
<b>Current assets</b>			
Trading properties	9	636,027	629,206
Debtors due	10	32,000	5,436
- within one year	10	274,595	288,625
- after more than one year		<u>942,622</u>	<u>923,267</u>
 Creditors Amounts falling due within one year	11	<u>(396,697)</u>	<u>(503,808)</u>
<b>Net current assets</b>		545,925	419,459
<b>Total assets less current liabilities</b>		545,925	419,459
 <b>Net Assets</b>		<u>545,925</u>	<u>419,459</u>
 <b>Capital and reserves</b>			
Called up share capital	12	212,160	212,160
Profit and loss account	13	333,765	207,299
 <b>Shareholders' funds</b>		<u>545,925</u>	<u>419,459</u>

The financial statements of A & J Mucklow & Co Ltd, registered number 384508, were approved by the board of directors and authorised for issue on 22 November 2011

  
Rupert J Mucklow

  
David Wooldridge

)  
)  
) Directors  
)  
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**A & J MUCKLOW & CO LIMITED**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	£	£
Profit for the financial year	126,466	1,236,193
Dividends (note 8)	-	(2,203,000)
Retained profit/(loss) for the financial year	<u>126,466</u>	<u>(966,807)</u>
Net increase/(decrease) in shareholders' funds	<u>126,466</u>	<u>(966,807)</u>
Opening shareholders' funds at 1 July	419,459	1,386,266
Closing shareholders' funds at 30 June	<u>545,925</u>	<u>419,459</u>

## **A & J MUCKLOW & CO LIMITED**

### **NOTES TO THE ACCOUNTS**

**30 JUNE 2011**

**1) Accounting policies**

**a) Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with all applicable United Kingdom accounting standards. All accounting policies have been applied consistently throughout the year and the preceding year. The financial statements are in compliance with the Companies Act 2006.

All accounting policies have been applied consistently throughout the year and the preceding year.

The accounts have been prepared on a going concern basis, for the reasons set out in the going concern section within the directors' report.

**b) Rental income**

Gross rental income represents rents receivable for the year. Rent increases arising from rent reviews due during the year are taken into account only to the extent that such reviews have been agreed with tenants at the accounting date.

Lease incentives are amortised on a straight-line basis over the period to the next rent review.

All rental income arises in the UK.

**c) Turnover and profits on sale of trading properties**

Turnover and profits on sale of trading properties are taken into account on the completion of contracts. The amount of profit recognised is the difference between the sales proceeds and the carrying amount.

**d) Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Tax is recognised in the profit and loss account except for items that are reflected directly in reserves, where the tax is also recognised in reserves.

**NOTES TO THE ACCOUNTS (CONTINUED)****30 JUNE 2011****1) Accounting policies (continued)****e) Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**f) Cash flow statement**

The directors have taken the exemption contained in Financial Reporting Standard No 1 (revised) from preparing a cash flow statement on the grounds that the Company is a wholly owned subsidiary of A & J Mucklow Group plc which itself has prepared a consolidated cash flow statement incorporating the Company.

**2) Turnover**

	<b>2011</b>	<b>2010</b>
	£	£
Gross rental income	32,328	48,395
Sale of trading properties	-	2,130,000
	<u>32,328</u>	<u>2,178,395</u>

**3) Operating (loss)/profit**

	<b>2011</b>	<b>2010</b>
	£	£
(a) The analysis of the operating (loss)/profit is		
Rent for properties (net of outgoings)	32,328	48,395
Other operating income	3,739	3,355
(Loss)/profit on sale of trading properties	(1,919)	1,597,004
Administration expenses	(54,380)	(43,014)
	<u>(20,232)</u>	<u>1,605,740</u>

**(b) The analysis of the auditor's remuneration for the Company is as follows**

	<b>2011</b>	<b>2010</b>
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>1,250</u>	<u>1,500</u>

All audit costs are borne by A & J Mucklow (Investments) Limited. The costs incurred by A & J Mucklow (Investments) Limited on behalf of the company are shown above.

**4) Information regarding directors and employees**

**(a) Directors' remuneration**

The directors are paid by another group company and the figures given below represent the allocation of the total cost for their services to A & J Mucklow & Co Limited

	<b>2011</b>	<b>2010</b>
	£	£
Emoluments	11,466	11,366
Company contributions to money purchase pension schemes	820	800
	<u>12,286</u>	<u>12,166</u>

**The number of directors who:**

	<b>Number</b>	<b>Number</b>
Are members of a money purchase pension scheme	4	4

**(b) Staff numbers and costs**

The average number of persons (directors) employed by the company during the year was as follows

	<b>2011</b>	<b>2010</b>
	No	No
Management	3	3
Residential Land Management	1	1
Total employees	<u>4</u>	<u>4</u>

**c) Pension arrangements**

The company operated defined contribution plans for qualifying permanent staff invested with the Standard Life Assurance Company

**5) Interest receivable and similar income**

	<b>2011</b>	<b>2010</b>
	£	£
Interest on mortgage loans	15,283	14,005
Intercompany interest	-	1,700
Repayment interest on corporation tax refunds	86,465	-
Other interest receivable	14,150	43
	<u>115,898</u>	<u>15,748</u>

**6) Interest payable and similar charges**

	<b>2011</b>	<b>2010</b>
	£	£
Intercompany interest	<u>6,200</u>	<u>-</u>

# A & J MUCKLOW & CO LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

**30 JUNE 2011**

### **7) Taxation**

	2011 £	2010 £
<i>(a) Analysis of tax charge in period</i>		
<i>Current Tax</i>		
UK Corporation Tax on profits for the year	-	385,295
Adjustment in respect of prior years	(37,000)	-
Total Current tax – see 7 (b)	<u>(37,000)</u>	<u>385,295</u>
<i>Deferred tax</i>		
Total deferred tax – note 13	<u>-</u>	<u>-</u>
Tax on ordinary activities	<u>(37,000)</u>	<u>385,295</u>
<i>(b) Factors affecting tax charge in period</i>		
Profit on ordinary activities before taxation	<u>89,466</u>	<u>1,621,488</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK Corporation tax of 27.5% (2010 28%)	24,603	454,017
REIT exempt income and gains	-	(68,722)
Group relieved	(24,603)	
Adjustments in respect of prior years	(37,000)	
Current tax charge for the year – see note 7 (a)	<u>(37,000)</u>	<u>385,295</u>

### *(c) Factors that may affect future tax charges*

A & J Mucklow Group plc, the ultimate holding company, became a Real Estate Investment Trust (REIT) on 1 July 2007. Under the REIT regime properties which are developed and then sold within three years do not benefit from the tax exemption provided to a REIT. No deferred tax has been provided in respect of this potential tax liability as the Group, of which A & J Mucklow & Co Limited is a member, has no current plans to dispose of development properties.

Legislation reducing the main rate of corporation tax from 28% to 26% with effect from 1 April 2011 was substantively enacted on 29 March 2011. Accordingly, the current year tax charge has been provided for at an effective rate of 27.5% and the closing deferred tax asset has been provided for at a rate of 26% in these financial statements.

An additional reduction in the main rate of corporation tax from 26% to 25% with effect from 1 April 2012 was enacted within Finance Act 2011 on 5 July 2011. As this reduction was not substantively enacted by the balance sheet date, its effect has not been reflected in these financial statements. Further reductions in the main rate of corporation tax of 1% per annum to 23% by 1 April 2014 have been announced by the Government but have not yet been substantively enacted, therefore their effect has not been reflected in these financial statements.

### **8) Dividends**

	2011 £	2010 £
Interim dividends for the year ended 30 June 2011 of £nil (2010 £10.38) per share	<u>-</u>	<u>2,203,000</u>

**A & J MUCKLOW & CO LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**30 JUNE 2011**

**9) Trading properties**

	2011 £	2010 £
Land and work in progress	<u>636,027</u>	<u>629,206</u>

The market value of the land and work in progress at 30 June 2011 was £3 34m (2010 £3 58m)

**10) Debtors**

	2011 £	2010 £
<i>Falling due within one year</i>		
Trade debtors	-	1,268
Other debtors	32,000	-
VAT	-	10
Due from parent company	-	4,158
	<u>32,000</u>	<u>5,436</u>

*Falling due after more than one year*

Mortgage loans	274,595	288,625
	<u>274,595</u>	<u>288,625</u>

The Mortgage loans are repayable on disposal of the properties charged

**11) Creditors: Amounts falling due within one year**

	2011 £	2010 £
Trade creditors	198	2,066
Due to parent company	396,199	-
Corporation tax	-	501,442
Accruals	300	300
	<u>396,697</u>	<u>503,808</u>

**12) Called up share capital**

	2011 £	2010 £
<u>Allotted, called up and fully paid</u>		
212,160 Ordinary shares of £1 each	<u>212,160</u>	<u>212,160</u>

**13) Reserves**

	Profit and loss account £
At 1 July 2010	207,299
Profit for the year	126,466
At 30 June 2011	<u>333,765</u>

**A & J MUCKLOW & CO LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**30 JUNE 2011**

**14) Contingent liabilities**

All bank loans, overdrafts and revolving credit facilities of the holding company and the fellow subsidiary undertakings are secured by interlocking cross guarantees. Across the Group companies, there were outstanding liabilities of £44.5m (2010: £26.0m) under these guarantees at the year end.

**15) Ultimate parent company and related party disclosure**

The immediate and ultimate parent company and ultimate controlling party is A & J Mucklow Group plc, a company registered in England and Wales. Copies of the group financial statements of A & J Mucklow Group plc are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.

As the company is a wholly owned subsidiary, it has taken advantage of the exception under Financial Reporting Standard No 8 "Related party disclosures" not to disclose transactions with other companies in the Group.

**16) Post balance sheet events**

Since the year end the company has sold some land for £1.7m.