

**A & J MUCKLOW (PROPERTIES) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2014**

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**A & J MUCKLOW (PROPERTIES) LIMITED**

<b>DIRECTORS</b>	Rupert J Mucklow BSc D Justin Parker BSc FRICS David Wooldridge FCCA ACIS
<b>COMPANY SECRETARY</b>	David Wooldridge FCCA ACIS
<b>REGISTERED OFFICE</b>	60 Whitehall Road Halesowen West Midlands B63 3JS
<b>REGISTERED NUMBER</b>	00758764 England and Wales
<b>AUDITOR</b>	Deloitte LLP Chartered Accountants and Statutory Auditor Birmingham, UK

**ANNUAL REPORT AND FINANCIAL STATEMENTS - 30 JUNE 2014**

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## **A & J MUCKLOW (PROPERTIES) LIMITED**

### **DIRECTORS' REPORT**

The directors submit their Annual Report and the Audited Financial Statements of the company for the year ended 30 June 2014.

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

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The principal activity of the company continues to be that of property investment.

The financial position of the company at 30 June 2014 is considered to be satisfactory. No dividends were paid in the year (2013: £nil). No dividends have been paid since the year end.

The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

### **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 from its properties 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 2018. £34,500,000 of the £44,000,000 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 and David Wooldridge.

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

During the year another Group company purchased and maintained liability insurance for its directors and officers as permitted by section 234 of the Companies Act 2006.

## **A & J MUCKLOW (PROPERTIES) LIMITED**

### **DIRECTORS' REPORT (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.

#### **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 15 October 2014  
and signed on their behalf by:



David Wooldridge  
Company Secretary

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

We have audited the financial statements of A & J Mucklow (Properties) Limited for the year ended 30 June 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 13. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 (PROPERTIES) 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 exemption from preparing a Strategic Report or 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  
15 October 2014

**A & J MUCKLOW (PROPERTIES) LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	NOTE	2014	2013
		£	£
<b>Gross rentals</b>		660,161	730,852
Property outgoings		<u>(3,257)</u>	<u>(1,866)</u>
<b>Net rental income</b>		656,904	728,986
Administrative expenses		<u>(82,115)</u>	<u>(76,777)</u>
<b>Operating profit</b>	2	574,789	652,209
Interest receivable and similar income	3	90,578	56,768
<b>Profit on ordinary activities before taxation</b>		<u>665,367</u>	<u>708,977</u>
Taxation	5	-	-
<b>Profit for the financial year</b>		<u>665,367</u>	<u>708,977</u>

All activities derive from continuing operations.

There is no material difference between the profit shown above and the profit calculated on a historical cost basis. Accordingly, no note of historical cost profits and losses has been prepared.

**A & J MUCKLOW (PROPERTIES) LIMITED**

**BALANCE SHEET AS AT 30 JUNE 2014**

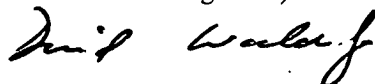
	NOTE	2014	2013
		£	£
<b>Fixed assets</b>			
Tangible fixed assets	6	<u>8,740,000</u>	<u>8,020,000</u>
<b>Current assets</b>			
Debtors: Amounts falling due within one year	7	<u>2,650,019</u>	<u>2,005,878</u>
		2,650,019	2,005,878
Creditors: Amounts falling due within one year	8	<u>(216,526)</u>	<u>(237,752)</u>
<b>Net current assets</b>		2,433,493	1,768,126
<b>Total assets less current liabilities</b>		<u>11,173,493</u>	<u>9,788,126</u>
<b>Net assets</b>		<u>11,173,493</u>	<u>9,788,126</u>
<b>Capital and reserves</b>			
Called up share capital	9	10,000	10,000
Revaluation reserve	10	1,092,520	372,520
Profit and loss account	10	10,070,973	9,405,606
<b>Shareholders' funds</b>		<u>11,173,493</u>	<u>9,788,126</u>

The financial statements of A & J Mucklow (Properties) Ltd, registered number 758764, were approved by the board of directors and authorised for issue on 15 October 2014

Rupert J Mucklow )

 ) Directors

David Wooldridge )





**A & J MUCKLOW (PROPERTIES) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	£	£
Profit for the financial year	665,367	708,977
Unrealised surplus/(deficit) on revaluation of properties	720,000	(775,000)
	<hr/>	<hr/>
Total gains and losses for the financial year	<u>1,385,367</u>	<u>(66,023)</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	£	£
Profit for the financial year	665,367	708,977
Dividends	-	-
	<hr/>	<hr/>
Retained profit for the financial year	665,637	708,977
Unrealised surplus/(deficit) on revaluation of properties	720,000	(775,000)
	<hr/>	<hr/>
Net increase/(decrease) in shareholders' funds	1,385,367	(66,023)
Opening shareholders' funds at 1 July	9,788,126	9,854,149
	<hr/>	<hr/>
Closing shareholders' funds at 30 June	<u>11,173,493</u>	<u>9,788,126</u>

## **A & J MUCKLOW (PROPERTIES) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

#### **1) Accounting policies**

##### **a) Basis of accounting**

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with all applicable United Kingdom accounting standards, except that, as explained below, capital grants received relating to investment properties are deducted from the cost of the property, rather than being amortised to the profit and loss account. The financial standards are in compliance with the Companies Act 2006, except that, as explained below, investment properties are not depreciated.

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 the tenants at the accounting date.

Lease incentives are amortised on a straight-line basis over the period to the earlier of the next break date or the lease end.

All rental income arises in the UK.

##### **c) Cost of properties**

An amount equivalent to the net development outgoings, including interest, attributable to properties held for development is added to the cost of such properties. A property is regarded as being in the course of development until Practical Completion.

##### **d) Valuation of properties**

Investment properties held for the long term are valued at the balance sheet date at market value. Surpluses and deficits attributable to the company arising from revaluation are taken to revaluation reserve.

**A & J MUCKLOW (PROPERTIES) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**  
**(CONTINUED)**

**1) Accounting policies (continued)**

**e) Depreciation**

In accordance with the Statement of Standard Accounting Practice No 19 "Accounting for investment properties" no depreciation is provided in respect of freehold or leasehold investment properties with over 20 years to expiry. This is a departure from the requirements of the Companies Act 2006 which requires all properties to be depreciated. Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

**f) Taxation**

The tax expense represents the sum of the tax currently payable. 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.

**g) 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) Operating profit**

**a) Is stated after crediting:**

	<b>2014</b>	<b>2013</b>
	£	£
Rent from properties (net of outgoings)	<u>656,904</u>	<u>728,986</u>

**b) 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 as shown below.**

	<b>2014</b>	<b>2013</b>
	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	<u>1,250</u>	<u>1,250</u>

**A & J MUCKLOW (PROPERTIES) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**  
**(CONTINUED)**

**3) Interest receivable and similar income**

	<b>2014</b>	<b>2013</b>
	£	£
Intercompany interest	90,578	56,768
	<u>90,578</u>	<u>56,768</u>

**4) Information regarding directors and employees**

<b>Directors' remuneration</b>	<b>2014</b>	<b>2013</b>
	£	£
Emoluments	17,340	17,512
Company contributions to money purchase pension schemes	2,388	2,576
	<u>19,728</u>	<u>20,088</u>
 <b>The number of directors who:</b>	 <b>No.</b>	 <b>No.</b>
Are members of a money purchase pension scheme	<u>3</u>	<u>3</u>

The directors are paid by another group company and the figures given above represent the allocation of the total cost for their services to A & J Mucklow (Properties) Limited.

**5) Taxation**

	<b>2014</b>	<b>2013</b>
	£	£
<i>(a) Analysis of tax charge in period</i>		
<i>Current tax</i>		
UK Corporation tax on profits for the year	-	-
Adjustment in respect of prior years	-	-
Total current tax – see 5 (b)	<u>-</u>	<u>-</u>
 <i>(b) Factors affecting tax charge in period</i>		
Profit on ordinary activities before taxation	<u>665,367</u>	<u>708,977</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK Corporation tax of 22.5% (2013: 23.75%)	149,708	168,382
REIT exempt income & gains	(129,328)	(154,900)
Group relieved	<u>(20,380)</u>	<u>(13,482)</u>
Current tax charge for the year – see note 5 (a)	<u>-</u>	<u>-</u>

**A & J MUCKLOW (PROPERTIES) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**  
**(CONTINUED)**

**5) Taxation (continued)**

*(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 (Properties) Ltd is a member, has no current plans to dispose of development properties.

A reduction in the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and from 21% to 20% from 1 April 2015 was substantively enacted on 2 July 2013 and as such deferred tax at the balance sheet date has been recognised at the reduced rate and current tax for the year ended 30 June 2014 has been calculated at the blended rate of 22.5%.

**6) Tangible fixed assets**

Land and buildings

	<u>Investment properties</u>
	£
At 1 July 2013 at valuation	8,020,000
Surplus on revaluation	<u>720,000</u>
At 30 June 2014 at valuation	<u>8,740,000</u>

The freehold and leasehold properties were revalued at 30 June 2014 on a market basis by DTZ Debenham Tie Leung, professionally qualified external valuers in accordance with the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

On a historical cost basis the properties which have been revalued would be stated at the following amounts:

	<b>2014</b>	<b>2013</b>
	£	£
Freehold	<u>7,647,480</u>	<u>7,647,480</u>

**A & J MUCKLOW (PROPERTIES) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**  
**(CONTINUED)**

**7) Debtors: Amounts falling due within one year**

	2014	2013
	£	£
Due from parent company	2,594,397	1,941,053
Trade debtors	55,622	64,396
VAT	-	429
	<u>2,650,019</u>	<u>2,005,878</u>

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

	2014	2013
	£	£
Deferred income in respect of rents and insurances	213,269	237,752
Accruals	3,257	-
	<u>216,526</u>	<u>237,752</u>

**9) Called up share capital**

	2014	2013
	£	£
<u>Allotted, called up and fully paid</u>		
10,000 Ordinary Shares of £1 each	<u>10,000</u>	<u>10,000</u>

**10) Reserves**

	Revaluation reserve	Profit and loss account	Total
	£	£	£
At 1 July 2013	372,520	9,405,606	9,778,126
Profit for the year	-	665,367	665,367
Surplus on revaluation	720,000	-	720,000
At 30 June 2014	<u>1,092,520</u>	<u>10,070,973</u>	<u>11,163,493</u>

**11) Contingent liabilities**

- a) The company is a wholly owned subsidiary undertaking of A & J Mucklow Group plc. Prior to the repayment of the parent company's Debenture Stock on 1 July 2014, the freehold land and buildings of the company were subject to a charge by way of legal mortgage to secure £4,203,594 (2013: £4,203,594) 11½% First Mortgage Debenture Stock 2014 issued by the parent company.

The Debenture was also secured by a first floating charge on the undertaking of all the property, assets and rights, present and future, including any uncalled capital of the company.

- b) All bank borrowings of the parent company and the subsidiary undertakings are secured by interlocking guarantees. Across the Group companies, there were outstanding liabilities of £29.5m (2013: £32.0m) under these guarantees at the year end.

**A & J MUCKLOW (PROPERTIES) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**  
**(CONTINUED)**

**12) Ultimate parent company**

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.

**13) Related party disclosure**

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