

A & J MUCKLOW (HALESOWEN) LTD

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2012



A & J MUCKLOW (HALESOWEN) LTD

DIRECTORS Rupert J Mucklow BSc
D J Parker BSc MRICS
D Wooldridge FCCA ACIS

SECRETARY D Wooldridge FCCA ACIS

REGISTERED OFFICE 60 Whitehall Road
Halesowen
West Midlands
B63 3JS

REGISTERED NUMBER 04848576 England and Wales

AUDITOR Deloitte LLP
Birmingham

REPORT AND ACCOUNTS - 30 JUNE 2012

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A & J MUCKLOW (HALESOWEN) LTD

REPORT OF THE DIRECTORS

The Directors submit their Report and the Audited Accounts of the company for the period to 30 June 2012

ULTIMATE PARENT COMPANY

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

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

PRINCIPAL ACTIVITY

In September 2006 the company acquired a property in Birmingham, West Midlands for £8.9m, which is being marketed for development into an industrial property for retention as an investment property. The principal activity of the company is that of property investment.

REVIEW OF BUSINESS

The financial position of the company at 30 June 2012 is considered to be satisfactory. No dividends have been paid in the year and none have been paid since the year end.

CAPITAL CONTRIBUTION

During the year the parent company made capital contributions of £nil (2011: £Nil) to fund the Company's working capital requirements. Since the year end the company received no further capital contributions.

GOING CONCERN

The going concern risks are mitigated by the receipt of ongoing support from A & J Mucklow Group plc as evidenced by a letter of financial support received from the company. This support will enable A & J Mucklow (Halesowen) Limited to pay its debts as and when they fall due and is provided for a period of not less than twelve months from the date the Directors' Report is signed, for the accounts for the period ending 30 June 2012.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The Directors who served throughout the period were Rupert J Mucklow, D Justin Parker and David Wooldridge.

A & J MUCKLOW (HALESOWEN) LTD

REPORT OF THE DIRECTORS (CONTINUED)

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

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.

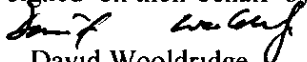
This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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 8 October 2012

and signed on their behalf by


David Wooldridge
Company Secretary

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

We have audited the financial statements of A & J Mucklow (Halesowen) Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Balance Sheet, 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. 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 2012 and of its loss 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 (HALESOWEN) 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 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

8 October 2012

A & J MUCKLOW (HALESOWEN) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
	Note	£	£
Gross rentals		14,423	12,616
Property outgoings		(7,011)	(4,386)
Net rental income		<u>7,412</u>	<u>8,230</u>
Administrative expenses		(62,772)	(63,980)
Operating loss	2	<u>(55,360)</u>	<u>(55,750)</u>
Deficit on revaluation of development properties		(25,000)	-
Loss on ordinary activities before interest		<u>(80,360)</u>	<u>(55,750)</u>
Interest receivable and similar income	4	381	443
Interest payable and similar charges	5	(4,570)	(2,351)
Loss on ordinary activities before taxation		<u>(84,549)</u>	<u>(57,658)</u>
Taxation	6	-	-
Loss for the financial year		<u>(84,549)</u>	<u>(57,658)</u>

All activities derive from continuing operations

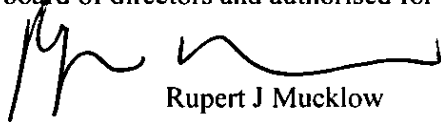
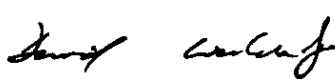
There are no recognised gains and losses other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses is presented.

A & J MUCKLOW (HALESOWEN) LTD

BALANCE SHEET AS AT 30 JUNE 2012

	NOTE	2012 £	2011 £
Fixed assets			
Tangible fixed assets	7	6,000,000	6,000,000
Current assets			
Debtors	8	1,053	-
Cash at bank and in hand		426,709	426,375
		<u>427,762</u>	<u>426,375</u>
Creditors Amounts falling due within one year	9	<u>(211,085)</u>	<u>(125,149)</u>
Net current assets		<u>216,677</u>	<u>301,226</u>
Total assets less current liabilities		<u>6,216,677</u>	<u>6,301,226</u>
Net assets		<u>6,216,677</u>	<u>6,301,226</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account	11	<u>6,216,676</u>	<u>6,301,225</u>
Shareholders' funds		<u>6,216,677</u>	<u>6,301,226</u>

The financial statements of A & J Mucklow (Halesowen) Ltd, registered number 4848576, were approved by the board of directors and authorised for issue on 8 October 2012

)	
Rupert J Mucklow)	
)	
David Wooldridge)	Directors

A & J MUCKLOW (HALESOWEN) LTD

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	£	£
Loss for the financial year being retained loss for the financial year	(84,549)	(57,658)
Net decrease in shareholders' funds	(84,549)	(57,658)
Opening shareholders' funds at 1 July	6,301,226	6,358,884
Closing shareholders' funds at 30 June	<u>6,216,677</u>	<u>6,301,226</u>

NOTES TO THE ACCOUNTS

30 JUNE 2012

1) Accounting policies

a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of properties and in accordance with all applicable United Kingdom accounting standards, except that, as explained below, capital grants received relating to properties are deducted from the cost of the property, rather than being amortised to the profit and loss account. The financial statements 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 tenants at the accounting date.

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.

Interest associated with direct expenditure on investment properties which are undergoing development or major refurbishment and development properties is capitalised. Direct expenditure includes the purchase cost of a site or property for development properties, but does not include the original book cost of investment property under development or refurbishment. Interest is capitalised gross from the start of the development work until the date of practical completion, but is suspended if there are prolonged periods when development activity is interrupted. The rate used is the rate on specific associated borrowings or, for that part of the development costs financed out of general funds, the average rate.

1) Accounting policies (continued)

d) Valuation of properties

Properties under development, which were not previously classified as investment properties, are valued at market value until practical completion, when they are transferred to investment properties. Valuation surpluses and deficits attributable to properties under development are taken to revaluation reserve. Where the valuation is below historic cost, the deficit is recognised in profit and loss.

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 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.

A & J MUCKLOW (HALESOWEN) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

30 JUNE 2012

2) Operating loss

a) Is stated after crediting

	2012 £	2011 £
Rent from land and buildings (net of outgoings)	<u>7,412</u>	<u>8,230</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

Fees payable to the company's auditor for the audit of the company's annual accounts

<u>1,250</u>	<u>1,250</u>
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3) Information regarding directors and employees

Directors' remuneration

	2012 £	2011 £
Emoluments	13,237	12,920
Company contributions to money purchase pension schemes	<u>1,932</u>	<u>1,695</u>
	<u>15,169</u>	<u>14,615</u>

The number of directors who:

	Number	Number
Are members of a money purchase pension scheme	3	3

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 & (Halesowen) Limited

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

	2012 No	2011 No
Management	<u>3</u>	<u>3</u>

4) Interest receivable and similar income

	2012 £	2011 £
Interest on short term deposit	<u>381</u>	<u>443</u>

5) Interest payable and similar charges

	2012 £	2011 £
Intercompany interest	<u>4,570</u>	<u>2,351</u>

A & J MUCKLOW (HALESOWEN) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

30 JUNE 2012

6) <u>Taxation</u>	2012	2011
	£	£
<i>(a) Analysis of tax credit in period</i>		
<i>Current tax</i>		
UK Corporation tax on loss for the year	-	-
Total current tax – see 6 (b)	-	-
Tax on ordinary activities	-	-
<i>(b) Factors affecting tax charge in period</i>		
Loss on ordinary activities before taxation	(84,549)	(57,658)
Loss on ordinary activities before taxation multiplied by standard rate of UK Corporation tax of 25.5% (2011: 27.5%)	(21,560)	(15,856)
REIT exempt income & gains	21,560	15,856
Current tax credit for the year – see note 6 (a)	-	-

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

Legislation reducing the main rate of corporation tax from 26% to 24% with effect from 1 April 2011 was substantively enacted on 26 March 2012. Accordingly, the current year tax charge has been provided for at an effective rate of 25.5%.

An additional reduction in the main rate of corporation tax from 24% to 23% with effect from 1 April 2013 was enacted within Finance Act 2011 on 3 July 2012. 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 22% 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.

A & J MUCKLOW (HALESOWEN) LTD

NOTES TO THE ACCOUNTS (CONTINUED)

30 JUNE 2012

7) Tangible fixed assets

	Development properties £
At 1 July 2011 at valuation	6,000,000
Additions	25,000
Deficit on revaluation	(25,000)
At 30 June 2012 at valuation	<u>6,000,000</u>

The freehold property was revalued on 30 June 2012 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

Interest of £Nil was capitalised (2011 £Nil) The total amount of interest capitalised included in the freehold property is £865,711 (2011 £865,711)

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

	2012 £	2011 £
Freehold	<u>11,109,046</u>	<u>11,084,046</u>

8) Debtors: Amounts due within one year

	2012 £	2011 £
VAT debtor	<u>1,053</u>	<u>-</u>
	<u>1,053</u>	<u>-</u>

9) Creditors: Amounts falling due within one year

	2012 £	2011 £
Deferred income in respect of rent and insurance	-	7,920
Amounts owed to group undertakings	211,085	115,249
VAT creditor	<u>-</u>	<u>1,980</u>
	<u>211,085</u>	<u>125,149</u>

10) Share capital

	2012 £	2011 £
<u>Allotted, called up and fully paid</u>		
1 Ordinary Share of £1 each	<u>1</u>	<u>1</u>

A & J MUCKLOW (HALESOWEN) LTD

NOTES TO THE ACCOUNTS (CONTINUED)

30 JUNE 2012

11) Reserves

	Profit and loss account £
At 1 July 2011	6,301,225
Loss for the financial year	(84,549)
At 30 June 2012	<u>6,216,676</u>

12) Contingent liabilities

HSBC Bank plc hold interlocking cross guarantees and a legal charge over certain freehold properties of this company in respect of the Group's overdraft and loan facilities. Across the Group companies, there were outstanding liabilities of £45.5m (2011 £44.5m) under these guarantees at the year end.

13) Ultimate parent company and related party disclosures

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 exemption under Financial Reporting Standard No 8 "Related party disclosures" not to disclose transactions with other companies in the Group.