

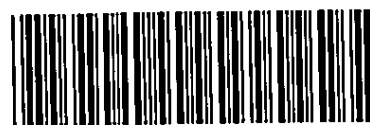
Registered number: 04848576

**A & J MUCKLOW (HALESOWEN) LTD**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 30 JUNE 2008**

THURSDAY



\*A5W5H8V0\*

A03

09/04/2009

49

COMPANIES HOUSE

**A & J MUCKLOW (HALESOWEN) LTD**

<b>DIRECTORS</b>	Rupert J Mucklow BSc D J Parker D Wooldridge FCCA ACIS
<b>SECRETARY</b>	D Wooldridge FCCA ACIS
<b>REGISTERED OFFICE</b>	60 Whitehall Road Halesowen West Midlands B63 3JS
<b>REGISTERED NUMBER</b>	04848576 England and Wales
<b>AUDITORS</b>	Deloitte LLP Birmingham

**REPORT AND ACCOUNTS - 30 JUNE 2008**

Pages	3 - 4	Report of the Directors
	5 - 6	Independent Auditors' Report
	7	Profit and Loss Account
	8	Balance Sheet
	9 - 15	Notes to the Accounts

## **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 2008.

#### **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 246(4) of the Companies Act 1985.

#### **PRINCIPAL ACTIVITY**

The Company has been dormant since incorporation in July 2003, but in September 2006 it acquired a property in Birmingham, West Midlands for £8.9m. The principal activity of the company is that of property investment.

#### **CAPITAL CONTRIBUTION**

During the year the parent company made a capital contribution of £1,180,000 (2007: £10,100,000) to fund the Company's working capital requirements. Since the year end the company received further capital contributions of £400,000.

#### **GOING CONCERN**

In concluding that it is appropriate to prepare the accounts on a going concern basis, the directors have considered the adequacy of support provided by the parent company. The parent company has funding available to support this company in the form of two revolving credit facilities which expire in 2010 and 2012. £20,000,000 of the £35,000,000 available funding within the two facilities remains unutilised at the date of this report.

#### **DIRECTORS**

The Directors who served throughout the period were Rupert J Mucklow and D Justin Parker. David Wooldridge was appointed as a director of the company on 12 September 2007. Peter M Petherbridge was a director of the company in the previous year resigning on 30 June 2007.

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

During the year the Company purchased and maintained liability insurance for its directors and officers as permitted by Section 310(3) of the Companies Act 1985.

**A & J MUCKLOW (HALESOWEN) LTD**

**REPORT OF THE DIRECTORS (CONTINUED)**

**DIRECTORS' RESPONSIBILITIES**

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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

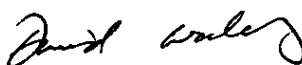
1. so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors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

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

**AUDITORS**

Deloitte LLP will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Approved by the Board of Directors on 1 April 2009  
and signed on their behalf by:



David Wooldridge  
Company Secretary

**A & J MUCKLOW (HALESOWEN) LTD**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**A & J MUCKLOW (HALESOWEN) LTD**

We have audited the financial statements of A & J Mucklow (Halesowen) Limited ("the Company") for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgements made by the directors in the preparation of the financial statements, 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 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.

**A & J MUCKLOW (HALESOWEN) LTD**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**A & J MUCKLOW (HALESOWEN) LTD (CONTINUED)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte LLP*

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Birmingham  
United Kingdom

*7 April 2009*

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

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

		<b>2008</b>	<b>2007</b>
	Note	£	£
<b>Gross rentals</b>		60,358	2,697
Property outgoings		(200)	(87,743)
<b>Net rental income</b>		<u>60,158</u>	<u>(85,046)</u>
Administrative expenses		(100,864)	(21,033)
<b>Operating loss</b>	2	<u>(40,706)</u>	<u>(106,079)</u>
Deficit on revaluation of development properties		(876,941)	(208,031)
<b>Loss on ordinary activities before interest</b>		<u>(917,647)</u>	<u>(314,110)</u>
Interest receivable	4	9,057	10,022
Interest payable and similar charges	5	(13,422)	(859)
<b>Loss on ordinary activities before taxation</b>		<u>(922,012)</u>	<u>(304,947)</u>
Taxation	6	(2,672)	71,848
<b>Loss for the financial year</b>		<u>(924,684)</u>	<u>(233,099)</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.

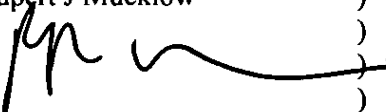
**A & J MUCKLOW (HALESOWEN) LTD**

**BALANCE SHEET AS AT 30 JUNE 2008**

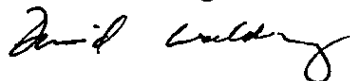
	NOTE	2008 £	2007 £
<b>Fixed assets</b>			
Tangible	7	10,000,000	10,076,088
<b>Current assets</b>			
Debtors	8	169,176	105,802
Cash at bank and in hand		419,179	444,772
		<u>588,355</u>	<u>550,574</u>
Creditors: Amounts falling due within one year	9	<u>(466,137)</u>	<u>(759,760)</u>
<b>Net current assets/(liabilities)</b>		<u>122,218</u>	<u>(209,186)</u>
<b>Net assets</b>		<u>10,122,218</u>	<u>9,866,902</u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account	13	<u>10,122,217</u>	<u>9,866,901</u>
<b>Shareholders' funds</b>		<u>10,122,218</u>	<u>9,866,902</u>

Approved by the Board on 1 April 2009

Rupert J Mucklow )

 )

David Wooldridge )

 )

Directors



## **A & J MUCKLOW (HALESOWEN) LTD**

### **NOTES TO THE ACCOUNTS**

**30 JUNE 2008**

**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 1985 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.

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) Profits on the sale of properties**

Profits on the sale of properties are taken into account on the completion of contracts. Profits or losses arising from the sale of properties are calculated by reference to book value and treated as exceptional items.

**d) 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.

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

### **NOTES TO THE ACCOUNTS (CONTINUED)**

**30 JUNE 2008**

**1) Accounting policies (continued)**

**e) 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.

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.

**f) 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 1985 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.

**g) Government grants**

Grants receivable in respect of properties are credited directly to the cost of the asset. This treatment is not in accordance with Schedule 4 to the Companies Act 1985 which requires fixed assets to be shown at cost and grants as deferred income. The treatment has been adopted in accordance with section 227(6) of the Companies Act 1985 in order to show a true and fair view as, in the opinion of the directors, it is not appropriate to treat grants on properties as deferred income. Investment properties are not depreciated and accordingly no basis exists on which to recognise the release of deferred income to the profit and loss account.

**h) 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.

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

**NOTES TO THE ACCOUNTS (CONTINUED)**

**30 JUNE 2008**

**1) Accounting policies (continued)**

**i) 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 is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. 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.

**j) 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 loss**

a) Is stated after crediting/(charging):

	<b>2008</b>	<b>2007</b>
	£	£
Rent from land and buildings (net of outgoings)	<u>60,158</u>	<u>(85,046)</u>

b) All audit costs are borne by A & J Mucklow & Co Limited. The costs incurred by A & J Mucklow & Co Limited on behalf of the company are as shown below.

Fees payable to the company's auditors for the audit of the company's annual accounts	1,500	1,500
Fees payable to the company's auditors for other services		
- tax advisory	<u>-</u>	<u>3,750</u>
Total fees payable to the company's auditors	<u>1,500</u>	<u>5,250</u>

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

**NOTES TO THE ACCOUNTS (CONTINUED)**

**30 JUNE 2008**

**3) Information regarding directors and employees**

No director (2007: no director) received any emoluments from the company during the year. The remuneration of the directors is paid by other group undertakings for both the current financial year and the prior financial year and no part of their remuneration is specifically attributable to their services to this company.

Two directors (2007: two directors) were members of a defined contribution pension scheme operated by the Group. No directors (2007: one director) have received contributions to their personal pension from another Group company.

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

	<b>2008</b>	<b>2007</b>
	No.	No.
Management	<u>3</u>	<u>3</u>

**4) Interest receivable**

	<b>2008</b>	<b>2007</b>
	£	£
Interest on short term deposit	<u>9,057</u>	<u>10,022</u>

**5) Interest payable and similar charges**

	<b>2008</b>	<b>2007</b>
	£	£
Interest on overdue tax	-	859
Intercompany interest	<u>13,422</u>	<u>-</u>
	<u>13,422</u>	<u>859</u>

**A & J MUCKLOW (HALESOWEN) LTD**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**30 JUNE 2008**

6) <b><u>Taxation</u></b>	2008 £	2007 £
<i>(a) Analysis of tax charge/(credit) in period</i>		
<i>Current tax</i>		
UK Corporation tax on loss for the period	2,672	(271,848)
REIT conversion charge	-	200,000
Total current tax – see 6 (b)	<u>2,672</u>	<u>(71,848)</u>
 Tax on ordinary activities	 <u>2,672</u>	 <u>(71,848)</u>
<i>(b) Factors affecting tax credit/(charge) in period</i>		
Loss on ordinary activities before taxation	<u>(922,012)</u>	<u>(304,947)</u>
 Loss on ordinary activities before taxation multiplied by standard rate of UK Corporation tax of 29.5% (2007: 30%)	 (271,994)	 (91,484)
Excess of capital allowances over depreciation	-	(151,418)
REIT exempt income & gains	274,666	-
REIT conversion charge	-	200,000
Revaluation movements in profit and loss	-	62,409
Capitalised interest	-	(91,355)
Current tax charge/(credit) for the period – see note 6 (a)	<u>2,672</u>	<u>(71,848)</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 (Halesowen) Ltd is a member, has no current plans to dispose of the development properties.

The United Kingdom Government has enacted provisions reducing the standard rate of corporation tax to 28% with effect from 1 April 2008. Therefore the standard rate of tax applicable to the company is 29.5% (2007: 30%) in the year ended 30 June 2008 and will be 28% thereafter.

**A & J MUCKLOW (HALESOWEN) LTD**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**30 JUNE 2008**

**7) Fixed assets**

	<b>Development properties £</b>
At 1 July 2007	10,076,088
Additions	239,661
Capitalised Interest	561,192
Deficit on revaluation	(876,941)
At 30 June 2008 at valuation	<u>10,000,000</u>

The freehold property was revalued on 30 June 2008 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 £561,192 was capitalised in 2008 (2007: £304,519). The total amount of interest capitalised included in the freehold property is £865,711 (2007: £304,519).

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

	<b>2008 £</b>	<b>2007 £</b>
Freehold	<u>11,084,972</u>	<u>10,284,119</u>

**8) Debtors: Amounts due within one year**

	<b>2008 £</b>	<b>2007 £</b>
Amounts owed in respect of pre-demanded rent	-	2,697
VAT	-	31,257
Corporation tax	169,176	71,848
	<u>169,176</u>	<u>105,802</u>

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

	<b>2008 £</b>	<b>2007 £</b>
Deferred income in respect of rent and insurance	13,918	-
Amounts owed to group undertakings	402,324	550,895
Trade creditors	94	37,208
VAT creditor	2,611	-
Accruals	47,190	171,657
	<u>466,137</u>	<u>759,760</u>

**A & J MUCKLOW (HALESOWEN) LTD**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**30 JUNE 2008**

**10) Share capital**

	2008 £	2007 £
<u>Authorised</u>		
1 Ordinary Share of £1 each	<u>1</u>	<u>1</u>
<u>Allotted, called up and fully paid</u>		
1 Ordinary Share of £1 each	<u>1</u>	<u>1</u>

**11) Commitments**

	2008 £	2007 £
<u>Capital</u>		
Capital expenditure contracted for but not provided for	<u>-</u>	<u>88,106</u>

**12) Ultimate parent company and related party disclosures**

The 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.

**13) Reserves**

	<b>Profit and loss account £</b>
At 1 July 2007	9,866,901
Retained loss	(924,684)
Capital contribution	<u>1,180,000</u>
At 30 June 2008	<u>10,122,217</u>

**14) Post Balance Sheet Events**

Since the year end the company has received capital contributions of £400,000 from its parent company, A & J Mucklow Group plc.