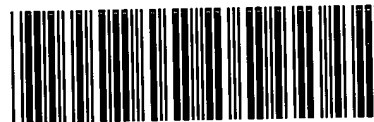


**A & J MUCKLOW (HALESOWEN) LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2015**

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

<b>DIRECTORS</b>	Rupert J Mucklow BSc D Justin Parker BSc FRICS David Wooldridge FCCA ACIS Mark Vernon MRICS
<b>COMPANY SECRETARY</b>	David Wooldridge FCCA ACIS
<b>REGISTERED OFFICE</b>	60 Whitehall Road Halesowen West Midlands B63 3JS
<b>REGISTERED NUMBER</b>	04848576 England and Wales
<b>AUDITOR</b>	Deloitte LLP Chartered Accountants and Statutory Auditor Birmingham, UK

**ANNUAL REPORT AND FINANCIAL STATEMENTS - 30 JUNE 2015**

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

### **DIRECTORS' REPORT**

The directors submit their Annual Report and the Audited Financial Statements of the company for the year to 30 June 2015.

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

As a result of the small company's exemption, the company is not required to prepare a Strategic Report.

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

The principal activity of the company is that of property development and investment.

The financial position of the company at 30 June 2015 is considered to be satisfactory. No dividends were paid or proposed in the year (2014: £nil). No dividends have been paid or proposed since the year end.

### **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 financial statements for the period ending 30 June 2015.

The parent company has funding available to support this company in the form of a revolving credit facility which expires in 2018. £28,500,000 of the £44,000,000 available funding within the facility remains unutilised at the date of this report.

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.

Mark Vernon was appointed as a director on 18 July 2014.

### **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 (HALESOWEN) LTD**

### **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**

The external audit for the year ended 30 June 2016 has been tendered during the year, as detailed in the Group's Audit Committee Report on pages 27 to 30 of the Group's annual report. Deloitte LLP were not invited to tender and will resign as the Company's auditor after completing the audit of this annual report and financial statements. In accordance with the recommendation of the Group Audit Committee, the Board intends to appoint KPMG LLP to fill the casual vacancy created. The Group Audit Committee have recommended resolutions to appoint KPMG LLP as the Parent Company's auditor and to authorise the Group Audit Committee to agree the auditor's remuneration at the Group's 2015 Annual General Meeting.

Approved by the board of directors on 19 October 2015  
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 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 14. 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 2015 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**

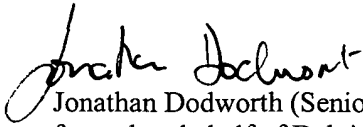
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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 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  
19 October 2015

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

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 £	2014 £
<b>Gross rentals</b>		-	-
Property outgoing		(17,219)	(4,735)
<b>Net rental outgoing</b>		<u>(17,219)</u>	<u>(4,735)</u>
Administrative expenses		(55,983)	(64,708)
<b>Operating loss</b>	2	<u>(73,202)</u>	<u>(69,443)</u>
Interest receivable and similar income	4	445	445
Interest payable and similar charges	5	(16,615)	(11,816)
<b>Loss on ordinary activities before taxation</b>		<u>(89,372)</u>	<u>(80,814)</u>
Taxation	6	-	-
<b>Loss for the financial year</b>	11	<u><u>(89,372)</u></u>	<u><u>(80,814)</u></u>

All activities derive from continuing operations.


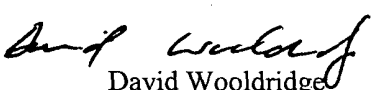
There are no recognised gains and losses other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses is presented.

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

**BALANCE SHEET AS AT 30 JUNE 2015**

	NOTE	2015 £	2014 £
<b>Fixed assets</b>			
Tangible fixed assets	7	6,073,026	6,000,000
<b>Current assets</b>			
Debtors: Amounts falling due in one year	8	3,600	-
Cash at bank and in hand		395,095	427,709
		<u>398,695</u>	<u>427,709</u>
Creditors: Amounts falling due within one year	9	<u>(493,823)</u>	<u>(360,439)</u>
<b>Net current (liabilities)/assets</b>		<u>(95,128)</u>	<u>67,270</u>
<b>Total assets less current liabilities</b>		<u>5,977,898</u>	<u>6,067,270</u>
<b>Net assets</b>		<u>5,977,898</u>	<u>6,067,270</u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account	11	<u>5,977,897</u>	<u>6,067,269</u>
<b>Shareholders' funds</b>		<u>5,977,898</u>	<u>6,067,270</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 19 October 2015.

  
Rupert J Mucklow )  
)  
)  
  
David Wooldridge )  
)  
)  
Directors

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

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2015</b> £	<b>2014</b> £
Loss for the financial year being retained loss for the financial year	<u>(89,372)</u>	<u>(80,814)</u>
Net decrease in shareholders' funds	(89,372)	(80,814)
Opening shareholders' funds at 1 July	6,067,270	6,148,084
Closing shareholders' funds at 30 June	<u>5,977,898</u>	<u>6,067,270</u>

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

#### **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.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

**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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

**2) Operating loss**

a) Is stated after crediting:

	<b>2015</b>	<b>2014</b>
	£	£
Rent from land and buildings (net of outgoings)	<u>(17,219)</u>	<u>(4,735)</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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No non-audit services were provided directly to this company in either the current or prior year.

**3) Information regarding directors and employees**

<b>Directors' remuneration</b>	<b>2015</b>	<b>2014</b>
	£	£
Emoluments	13,842	11,904
Company contributions to money purchase pension schemes	<u>1,220</u>	<u>1,639</u>
	<u>15,062</u>	<u>13,543</u>

<b>The number of directors who:</b>	<b>No.</b>	<b>No.</b>
Are members of a money purchase pension scheme	<u>4</u>	<u>4</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 (Halesowen) Limited.

The company has no employees.

**4) Interest receivable and similar income**

	<b>2015</b>	<b>2014</b>
	£	£
Interest on short term deposit	<u>445</u>	<u>445</u>

**5) Interest payable and similar charges**

	<b>2015</b>	<b>2014</b>
	£	£
Intercompany interest	<u>16,615</u>	<u>11,816</u>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

6) <b><u>Taxation</u></b>	<b>2015</b>	<b>2014</b>
	£	£
<i>(a) Analysis of tax for the year</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	(89,372)	(80,814)
Loss on ordinary activities before taxation multiplied by standard rate of UK Corporation tax of 20.75% (2014: 22.5%)	(18,545)	(18,183)
REIT exempt income & gains	18,637	18,283
Group relieved	(92)	(100)
Current tax 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.

A reduction in the main rate of corporation tax from 21% to 20% from 1 April 2015 was substantively enacted on 3 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 2015 has been calculated at the blended rate of 20.75%.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

**7) Tangible fixed assets**

**Land and buildings**

	<b>Development properties</b>
	£
At 1 July 2014 at valuation	6,000,000
Additions	73,026
At 30 June 2015 at valuation	<u>6,073,026</u>

The properties are stated at their 30 June 2015 fair value and are valued by DTZ Debenham Tie Leung Limited, professionally qualified external valuers, in accordance with the RICS Valuation Professional Standards published by the Royal Institution of Chartered Surveyors. DTZ Debenham Tie Leung Limited have recent experience in the relevant location and category of the properties being valued. As of September 2, 2015, DTZ and Cushman & Wakefield have combined under the new common Cushman & Wakefield brand. Notwithstanding their new branding, the underlying legal entities have not changed, including their names.

Interest of £nil was capitalised (2014: £nil). The total amount of interest capitalised included in the freehold property is £865,711 (2014: £865,711).

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

	<b>2015</b>	<b>2014</b>
	£	£
Freehold	<u>11,182,072</u>	<u>11,109,046</u>

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

	<b>2015</b>	<b>2014</b>
	£	£
Trade debtors	3,600	-
	<u>3,600</u>	<u>-</u>

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

	<b>2015</b>	<b>2014</b>
	£	£
Amounts owed to group undertakings	490,314	360,439
Accruals	3,509	-
	<u>493,823</u>	<u>360,439</u>

**10) Share capital**

	<b>2015</b>	<b>2014</b>
	£	£
<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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

**11) Reserves**

	<b>Profit and loss account £</b>
At 1 July 2014	6,067,269
Loss for the financial year	<u>(89,372)</u>
At 30 June 2015	<u>5,977,897</u>

**12) 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 £35.75m (2014: £29.5m) under these guarantees at the year end.

**13) 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 which is the largest and smallest level at which the entities results are consolidated. 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.

**14) Related party disclosures**

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.