

A & J Mucklow Group Limited
Annual Report and Financial Statements
for the period ended 27 June 2019



Registered number: 00717658

A & J MUCKLOW GROUP LIMITED

STRATEGIC REPORT

Business review and principal activities

A & J Mucklow Group Limited acts as a holding company for all of the Group's subsidiary companies. During the financial period ending on 27 June 2019 the principal activity of the Group was selectively to develop and invest in modern industrial and commercial buildings in prominent locations around the Midlands.

On 27 June 2019, the entire share capital of the Company was acquired by LondonMetric Property Plc by way of a Scheme of Arrangement under Part 26 Companies Act 2006. For each ordinary share in the Company, shareholders received 2.19 ordinary shares in LondonMetric Property Plc and 204.5p in cash.

On 24 September 2019 the Company repurchased and cancelled the 675,000 7% listed preference shares for £1.20 per share. The shares were delisted on 26 September and the Company was re-registered as a private limited company.

Results and dividends

The profit for the year and the dividends paid and proposed are set out in detail in the Group statement of comprehensive income and notes. The net profit before taxation for the year was £29.6m and the taxation charge was £nil. Statutory pre-tax profit decreased from £69.5m in the previous year mainly as a result of the revaluation surplus of £18.5m (2018: £49.7m) and profit on disposal of investment property of £0.1m (2018: £7.6m).

The Group's underlying business continues to perform well, with growth in gross rental income and occupancy levels. Underlying pre-tax profit has increased from £15.7m to £17.3m. The Group has benefitted from strong occupational and investment markets for industrial property, with a portfolio revaluation increase of £18.5m to £452.3m.

The Group's HSBC £20 million debt facility was repaid in full on 27 June 2019 by way of intergroup debt financing from LondonMetric Property Plc. Early repayment fees incurred totalled £1.0m.

Gross rental income increased from £24.1m to £24.9m and property costs decreased from £1.6m to £0.6m as a result of lower levels of refurbishment costs. This led to an increase in net rental income from £22.5m to £24.3m. Administration expenses increased from £3.5m to £10.0m, primarily due to the costs associated with the acquisition of the Company. Finance costs excluding early repayment costs of £1.0m decreased by £0.3m, reflecting lower interest rates on the Scottish Widows loan facility.

No current tax charge has been recognised in the period, as the majority of the Group's income is exempt from corporation tax due to its REIT status.

On 15 April 2019, the first quarterly dividend for the period ended 27 June 2019 of 5.24p per share was paid. A second quarterly dividend of 5.24p per share was paid on 26 June 2019 bringing the total for the period to 10.48p per share (2018: 22.78p).

Acquisition and disposal of investment properties

The industrial investment market continued to be very competitive during the financial period under review, with low yields being paid for quality industrial properties.

We have taken advantage of the strength of the investment market and disposed of £5.6m of investment properties, which includes the sale of Lancaster Gate, Birmingham for £5.0m, as disclosed last year. Lancaster Gate had been a held for sale asset at the previous year end.

Developing new properties for long-term investment

Construction of the first phase at Mucklow Park, Tyseley, commenced in November 2018 and comprises 8 industrial units totalling 135,000 sq ft. Approximately 45% of the space has been pre-let, and unit 1 was practically completed on 28 August 2019. The tenant had early access for fitting out and commenced trading the next day. The remainder of the first phase of the development anticipated in mid October 2019 and the development should generate approximately £0.95m of rent per annum.

Actively managing our assets to enhance value

The positive trends in the occupational market have continued in the year and our vacancy rate reduced to 1.9% at our year end (2018: 2.8%).

A & J MUCKLOW GROUP LIMITED
STRATEGIC REPORT (Continued)

Key performance indicators

The Group's main objective is the long-term enhancement of shareholder value through dividend and capital appreciation, whilst adopting a conservative financial structure. As a result, the key performance indicators used to reflect the achievement of these objectives as in previous years are: underlying pre-tax profit; vacant space; and net debt to equity gearing.

Key performance indicators

	27 June 2019	30 June 2018
Underlying pre-tax profit* (£m)	17.3	15.7
Vacant space (%)	1.9	2.8
Net debt to equity gearing (%)	14	20

* See the table on page 4 for the calculations.

A & J MUCKLOW GROUP LIMITED
STRATEGIC REPORT (Continued)

Underlying financial performance

	Total	Investment/ Development*	Trading properties	Other items
	£m	£m	£m	£m
Period ended 27 June 2019				
Gross rental income	24.9	24.9	-	-
Property outgoings	(0.6)	(0.6)	-	-
Net property income	24.3	24.3	-	-
Sale of trading properties	1.0	-	1.0	-
Carrying value of trading properties sold	(0.4)	-	(0.4)	-
Net income from trading properties	0.6	-	0.6	-
Administration expenses - general	(4.1)	(4.1)	-	-
Administration expenses – LondonMetric acquisition	(5.9)	-	-	(5.9)
Total Administration expenses	(10.0)	(4.1)	-	(5.9)
Operating profit before net gains on investment	14.9	20.2	0.6	(5.9)
Profit on disposal of investment and development properties	0.1	-	-	0.1
Net gains on revaluation	18.5	-	-	18.5
Operating profit	33.5	20.2	0.6	12.7
Finance costs before capitalised interest	(2.9)	(2.9)	-	-
Capitalised interest	-	-	-	-
Early repayment costs	(1.0)	-	-	(1.0)
Total finance costs	(3.9)	(2.9)	-	(1.0)
Profit before tax	29.6	17.3	0.6	11.7
Year ended 30 June 2018				
Gross rental income	24.1	24.1	-	-
Service charge income	1.0	1.0	-	-
Total revenue	25.1	25.1	-	-
Property outgoings	(2.6)	(2.6)	-	-
Net property income	22.5	22.5	-	-
Sale of trading properties	-	-	-	-
Property outgoings on trading properties	-	-	-	-
Net income from trading properties	-	-	-	-
Administration expenses	(3.5)	(3.5)	-	-
Operating profit before net gains on investment	19.0	19.0	-	-
Profit on disposal of investment and development properties	7.6	-	-	7.6
Net gains on revaluation	49.7	-	-	49.7
Operating profit	76.3	19.0	-	57.3
Finance costs before capitalised interest	(3.3)	(3.3)	-	-
Capitalised interest	0.1	-	-	0.1
Early repayment costs	(3.6)	-	-	(3.6)
Total finance costs	(6.8)	(3.3)	-	(3.5)
Profit before tax	69.5	15.7	-	53.8

*Presented above in the investment/development column is an analysis of the performance of the Group's underlying property rental business, which excludes the profit on sale of investment properties, the revaluation of investment and development properties, capitalised interest and early repayment costs. The directors consider that this analysis provides a useful comparison of underlying performance that is widely recognised and used by public real estate companies.

A & J MUCKLOW GROUP LIMITED
STRATEGIC REPORT (Continued)

Principal Risks and Uncertainties

The key risk areas for the Group and Company are:

Risk Area	Mitigation
Investment portfolio <ul style="list-style-type: none"> • Tenant default • Change in demand for space • Market pricing affecting value 	<ul style="list-style-type: none"> • Portfolio diversification between industrial, office and retail properties with different tenant profiles, covenants, building sizes and lease lengths • Building specifications not tailored to one user • Not reliant on one single tenant or business sector • Focused on established business locations for investment acquisitions and developments • Environmental reports for acquisitions • Continual focus on current vacancies and expected changes
Financial <ul style="list-style-type: none"> • Reduced availability or increased cost of debt finance • Interest rate sensitivity • REIT compliance 	<ul style="list-style-type: none"> • Low net debt to equity gearing policy • Large, unencumbered property portfolio available as security • Existing facilities sufficient for spending commitments • Fixed rate debt in place • Internal procedures in place to track compliance
Brexit <ul style="list-style-type: none"> • Occupier demand and solvency may be impacted • Asset liquidity may reduce • Debt markets may be impacted 	<ul style="list-style-type: none"> • The group commissions economic and market research to better understand the potential impact on our tenants and preferred sectors • We regularly monitor tenant and contractor covenant strength • We have limited exposure to development, particularly speculative development at present
People <ul style="list-style-type: none"> • Retention/recruitment 	<ul style="list-style-type: none"> • Key man insurance • Remuneration structure reviewed • Regular assessment of performance
Development <ul style="list-style-type: none"> • Speculative development exposure on lettings • Cost/time delays on contracts • Inability to acquire land • Holding too much development land 	<ul style="list-style-type: none"> • Limited exposure to speculative development • Buildings designed to be suitable for a range of tenants • Speculative development is focused on small to medium sized occupiers in well-established business locations • Use of main contractors on fixed price contracts, with contingencies built into appraisals. • The main Board carefully considers all development land acquisitions to ensure exposure is limited to reasonable levels and that prices paid are realistic

By Order of the Board

Martin McGann

Martin McGann
Director
8 October 2019

A & J MUCKLOW GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the period ended 27 June 2019.

The business activity and future development and prospects of the Group is discussed in the Strategic report on pages 2 to 6, along with the results and dividends.

Directors

The directors who served throughout the period and up to the date of signing this report are listed below.

Rupert Mucklow (to 2 July 2019)
Justin Parker (to 31 December 2018)
David Wooldridge (to 30 August 2019)
Stephen Gilmore (to 27 June 2019)
Ian Cornock (to 27 June 2019)
Peter Hartill (to 27 June 2019)
James Retallack (to 27 June 2019)
Andrew Jones (from 27 June 2019)
Martin McGann (from 27 June 2019)
Valentine Beresford (from 27 June 2019)
Mark Stirling (from 27 June 2019)

None of the directors has a service agreement with the Company and they are not entitled to any compensation on termination of appointment or sale of the Company by the ultimate parent company, LondonMetric Property Plc.

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.

The company secretary is Jadzia Duzniak and the registered office is 1 Curzon Street, London, W1J 5HB.

Going concern

As set out in the Strategic Report and in note 27, on the balance sheet date the ownership of the Group changed such that it became a wholly owned subsidiary of LondonMetric Property Plc (hereafter LondonMetric), an entity registered and incorporated in the UK. Following the change in ownership the entity now participates in the LondonMetric treasury arrangements.

Notwithstanding net current liabilities of £26.8m at 27 June 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it by LondonMetric, the Company's ultimate parent undertaking. LondonMetric has provided the company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and, in particular, will not seek repayment of any amounts currently made available, which at 27 June 2019 amounted to £21m.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Change of control

The Group has borrowing facilities provided by Scottish Widows parties which include provisions which may require any outstanding borrowings to be repaid, altered or terminated upon the occurrence of a change of control in the Company.

A & J MUCKLOW GROUP LIMITED

DIRECTORS' REPORT (Continued)

Financial Instruments

Details of the exposure of the Company and its subsidiaries (included in the consolidation) to market risk, credit risk, or liquidity and cash flow risk from financial instruments can be found in note 23 to the financial statements.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to the auditor

So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware. Each director has taken all the steps that they ought to have taken in their duty as a director in order to make themselves 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.

Political contribution

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

By order of the Board



Martin McGann

Director

8 October 2019

A & J MUCKLOW GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

By the order of the Board



Martin McGann
Director
8 October 2019

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

Opinion

We have audited the financial statements of A&J Mucklow Group Limited ("the company") for the period ended 27 June 2019 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 27 June 2019 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of investment property and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

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.



Michael Froom (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

9 October 2019

A & J MUCKLOW GROUP LIMITED
CONSOLIDATE STATEMENT OF PROFIT & LOSS

**Consolidated Statement of Profit and Loss and Other Comprehensive Income
for the period ended 27 June 2019**

		Period ended 27 June 2019	Year ended 30 June 2018
	Notes	£m	£m
Gross rental income	2	24.9	24.1
Property outgoings		(0.6)	(1.6)
Net property income		24.3	22.5
Proceeds on sale of trading properties		1.0	-
Carrying value of trading properties sold		(0.4)	-
Net income from trading properties		0.6	-
Administration expenses	4	(10.0)	(3.5)
Operating profit before net gains on investment and development properties		14.9	19.0
Profit on disposal of investment and development properties		0.1	7.6
Revaluation of investment and development properties	9	18.5	49.7
Operating profit		33.5	76.3
Total finance income	6	-	-
Finance costs		(2.9)	(3.2)
Early repayment costs		(1.0)	(3.6)
Total finance costs	6	(3.9)	(6.8)
Net finance costs	6	(3.9)	(6.8)
Profit before tax	4	29.6	69.5
Taxation	7	-	-
Profit for the financial period		29.6	69.5
Other comprehensive income:			
Items that will not be reclassified subsequently to profit and loss:			
Revaluation of owner-occupied property		-	0.2
Total comprehensive income for the period attributable to the owners of the parent		29.6	69.7

All operations are continuing.

The notes on pages 16 to 39 are an integral part of the financial statements.

A & J MUCKLOW GROUP LIMITED
GROUP AND COMPANY STATEMENTS OF CHANGES IN EQUITY

Group and Company Statements of Changes In Equity
for the period ended 27 June 2019

Group	Ordinary share capital £m	Share premium £m	Capital redemption reserve £m	Revaluation reserve £m	Share-based payments reserve £m	Retained earnings £m	Total equity £m
Balance at 30 June 2017	15.8	13.0	11.2	0.3	0.3	256.1	296.7
Profit for the financial year	-	-	-	-	-	69.5	69.5
Other comprehensive income	-	-	-	0.2	-	-	0.2
Total comprehensive income	-	-	-	0.2	-	69.5	69.7
Share-based payment	-	-	-	-	0.2	-	0.2
Expiry of share options	-	-	-	-	(0.2)	0.2	-
Dividends paid	-	-	-	-	-	(14.2)	(14.2)
Balance at 30 June 2018	15.8	13.0	11.2	0.5	0.3	311.6	352.4
Profit for the financial period	-	-	-	-	-	29.6	29.6
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	29.6	29.6
Share-based payment	-	-	-	-	(0.4)	-	(0.4)
Expiry of share options	-	-	-	-	0.1	-	0.1
Dividends paid	-	-	-	-	-	(14.6)	(14.6)
Balance at 27 June 2019	15.8	13.0	11.2	0.5	-	326.6	367.1
Company							
Balance at 30 June 2017	15.8	13.0	11.2	-	0.3	142.7	183.0
Total comprehensive income for the year	-	-	-	-	-	13.5	13.5
Share-based payment	-	-	-	-	0.2	-	0.2
Expiry of share options	-	-	-	-	(0.2)	0.2	-
Dividends paid	-	-	-	-	-	(14.2)	(14.2)
Balance at 30 June 2018	15.8	13.0	11.2	-	0.3	142.2	182.5
Total comprehensive income for the period	-	-	-	-	-	7.9	7.9
Share-based payment	-	-	-	-	(0.4)	-	(0.4)
Expiry of share options	-	-	-	-	0.1	-	0.1
Dividends paid	-	-	-	-	-	(14.6)	(14.6)
Balance at 27 June 2019	15.8	13.0	11.2	-	-	135.5	175.5

The notes on pages 16 to 39 are an integral part of the financial statements.

A & J MUCKLOW GROUP LIMITED
GROUP AND COMPANY BALANCE SHEETS

Group and Company Balance Sheets
at 27 June 2019

	Notes	Group		Company	
		27 June 2019 £m	30 June 2018 £m	27 June 2019 £m	30 June 2018 £m
Non-current assets					
Investment and development properties	9	452.3	427.4	-	-
Property, plant and equipment	10	1.4	1.5	-	-
Investments		-	-	186.1	186.1
Trade and other receivables	11	0.2	0.6	-	0.4
		453.9	429.5	186.1	186.5
Current assets					
Held for sale asset		-	5.0	-	-
Trading properties	12	0.1	0.5	-	-
Trade and other receivables	13	2.6	1.3	19.2	22.1
Cash and cash equivalents	14	9.8	8.8	-	-
		12.5	15.6	19.2	22.1
Total assets		466.4	445.1	205.3	208.6
Current liabilities					
Trade and other payables	15	(38.6)	(12.5)	(28.4)	(5.2)
Current tax liabilities		(0.7)	(0.4)	(0.7)	(0.4)
		(39.3)	(12.9)	(29.1)	(5.6)
Non-current liabilities					
Borrowings	16	(60.0)	(79.8)	(0.7)	(20.5)
Total liabilities		(99.3)	(92.7)	(29.8)	(26.1)
Net assets		367.1	352.4	175.5	182.5
Equity					
Called up ordinary share capital	17	15.8	15.8	15.8	15.8
Share premium	18	13.0	13.0	13.0	13.0
Revaluation reserve	18	0.5	0.5	-	-
Share-based payment reserve		-	0.3	-	0.3
Redemption reserve	18	11.2	11.2	11.2	11.2
Retained earnings		326.6	311.6	135.5	142.2
Total equity		367.1	352.4	175.5	182.5

Martin McGann

Martin McGann
Finance Director

The financial statements of A & J Mucklow Group Limited, registered number 717658, were approved by the Board and authorised for issue on 8 October 2019.

The notes on pages 16 to 39 are an integral part of the financial statements.

A & J MUCKLOW GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement
for the period ended 27 June 2019

	Notes	For the period ended 27 June 2019 £m	For the year ended 30 June 2018 £m
Cash flows from operating activities			
Profit before tax		29.6	69.5
Adjustments for non-cash items			
- Unrealised net revaluation gains on investment and development properties		(18.5)	(49.7)
- Profit on disposal of investment properties		(0.1)	(7.6)
- Depreciation		0.1	0.1
- Share-based payments		(0.3)	0.2
- Amortisation of lease incentives		(0.1)	(1.0)
- Other non-cash items		0.3	-
- Net finance costs		3.9	6.8
Other movements arising from operations			
- Decrease in trading properties		0.4	-
- (Increase)Decrease in receivables		(1.5)	0.3
- Increase/(decrease) in payables		8.0	(1.8)
Net cash generated from operations		21.8	16.8
Interest paid		(2.5)	(6.7)
Net cash inflow from operating activities		19.3	10.1
Cash flows from investing activities			
Acquisition of and additions to investment and development properties		(6.0)	(6.4)
Lease incentive – capital contribution		-	(1.7)
Proceeds on disposal of investment and development properties		5.6	19.7
Net expenditure on property, plant and equipment		-	-
Net cash (outflow)/inflow from investing activities		(0.4)	11.6
Cash flows from financing activities			
Repayment of existing borrowings		-	(20.0)
New borrowings		-	19.8
Decrease in borrowings		(0.1)	(4.4)
Equity dividends paid		(17.8)	(14.1)
Net cash outflow from financing activities		(17.9)	(18.7)
Net increase in cash and cash equivalents		1.0	3.0
Cash and cash equivalents at beginning of period		8.8	5.8
Cash and cash equivalents at end of period	14	9.8	8.8

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation of financial information

A & J Mucklow Group Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The registered number is 717658 and the address of the registered office is given on page 6.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the company as a separate entity and not about its group.

The Group and Parent financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted for use in the European Union and therefore comply with Article 4 of the EU IAS regulation.

The financial statements are prepared under the historical cost convention, except for the revaluation of investment and development properties and owner-occupied properties, deferred tax thereon, assets held for sale and certain financial assets, with consistent accounting policies to the prior year except for the below.

IFRS 9 Financial Instruments, adopted from 1 July 2018, covers the classification, measurement and derecognition of financial assets and liabilities and introduces an impairment model for financial assets. The Directors have identified trade receivables as the significant financial asset that could be impacted by IFRS 9 and have carried out an impact assessment based on actual losses incurred. An assessment of the impact of impairment losses recognised for trade receivables under IFRS 9 has been carried out at 27 June 2019 through estimating the expected credit loss based on actual credit loss experience over the last three years. Based on this assessment, there was no material impact of impairment losses recognised under IFRS 9.

IFRS 15 Revenue Recognition, adopted from 1 July 2018, governs the recognition of revenue. It is applicable to service charge and other property income (but not rental income arising from leases with tenants), trading property disposals and investment property disposals. The Directors have carried out an impact assessment and there has been no change in the amounts and timing of revenue recognised following the adoption of the standard.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries. Control is assumed when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Unrealised gains and losses on intra-Group transactions and intra-Group balances are eliminated from the consolidated results.

Going concern

As set out in the Strategic Report and note 27, on the balance sheet date the ownership of the Group changed such that it became a wholly owned subsidiary of LondonMetric Property Plc (hereafter LondonMetric), an entity registered and incorporated in the UK. Following the change in ownership the entity now participates in the LondonMetric treasury arrangements.

Notwithstanding net current liabilities of £26.8m at 27 June 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it by LondonMetric, the Company's ultimate parent undertaking. LondonMetric has provided the company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and, in particular, will not seek repayment of any amounts currently made available, which at 27 June 2019 amounted to £21m.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Standards endorsed but not yet effective

The following Adopted IFRSs have been endorsed but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

IFRS 16

IFRS 16 Leases, effective from 28 June 2019, will result in almost all operating leases being brought on balance sheet. The accounting for lessors will not significantly change as we will continue to account for leases under IAS 40. As a result of the adoption of the new standard, these changes will not result in a material change to the Group's reported results.

Significant accounting policies

Revenue recognition

Rental income

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

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

Lease incentives are amortised on a straight-line basis over the lease term.

Property operating expenses are expensed as incurred.

Revenue and profits on sale of investment, development and trading properties

Revenue and profits on sale of investment, development and trading properties are recognised on the completion of contracts.

The amount of profit recognised is the difference between sale proceeds and the carrying amount.

Dividends and interest income

Dividend income from investments in subsidiaries is recognised when shareholders' rights to receive payment have been established.

Interest income is recognised on an accruals basis when it falls due.

Costs associated with properties

Costs associated with properties under the course of development include total 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 the original book cost of investment property under development or refurbishment is not included in the calculation of interest. 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.

Valuation of properties

Investment properties are valued at the balance sheet date at fair value. Where investment properties are being redeveloped the property continues to be treated as an investment property. Gains and deficits attributable to the Group arising from revaluation are recognised in the statement of comprehensive income. Valuation gains reflected in retained earnings are not distributable until realised on sale.

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Properties under construction, where the land option is owned but not the land, are valued at fair value, or under the cost model if the fair value cannot be reliably measured as the land option has not yet been exercised. Once the option is exercised the property under construction will be valued at fair value until practical completion, when they are transferred from development properties to investment properties.

Properties under development are valued at fair value until practical completion, when they are transferred to investment properties.

Investment properties reclassified as held for sale in accordance with IFRS 5 are transferred at fair value and continue to be measured at fair value as per the requirements of IAS 40.

Rental income from investment property is accounted for as described in the revenue recognition accounting policy.

Owner-occupied properties are valued at the balance sheet date at fair value. Valuation changes in owner-occupied property are taken to revaluation reserve through other comprehensive income. Where the valuation is below historic cost, the deficit is recognised in the statement of comprehensive income.

Trading properties held for resale are stated at the lower of cost and net realisable value.

Held for sale assets

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve through other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to income. On the subsequent sale or retirement of a revalued property, the attributable revaluation gain remaining in the properties revaluation reserve is transferred directly to retained earnings.

Plant and equipment is stated at cost less accumulated depreciation, less any recognised impairment.

Depreciation

Depreciation is provided on buildings, motor vehicles and fixtures and fittings on a straight-line basis over the estimated useful lives of between two and twenty-five years. Investment properties are not depreciated.

Capital grants

Capital grants received relating to the cost of building or refurbishing investment properties are deducted from the cost of the relevant property. Revenue grants are deducted from the related expenditure.

Share-based payments

The cost of granting equity-settled share options and other share-based remuneration is recognised in the statement of comprehensive income at their fair value at grant date, with a corresponding increase in equity. They are expensed straight-line over the vesting period, based on estimates of the shares or options that eventually vest. Options are valued using the Monte Carlo simulation model.

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Taxation

A & J Mucklow Group Limited was a Real Estate Investment Trust (REIT) throughout the period under review and to the date of its acquisition by LondonMetric Property Plc. As a REIT, it was not liable to pay tax on its property income or gains on property sales, provided that at least 90% of the Group's property income was distributed by way of dividend to shareholders. In addition, the Group had to meet certain conditions such as ensuring the property rental business represented more than 75% of total profits and assets.

On 27 June 2019 the Company and Group was acquired by LondonMetric Property Plc and became part of its Group REIT and is expected to continue to operate within the REIT regulations for the foreseeable future.

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 period. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 Group'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 statement of comprehensive income except for items that are reflected directly in equity, where the tax is also recognised in equity.

Pension costs

The cost to the Group of contributions made to defined contribution plans is expensed when the contributions fall due.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Investments in subsidiaries

Investments in subsidiaries are included in the parent company balance sheet at cost less any provision for impairment.

Financial instruments (policy applicable from 1 July 2018)

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. [Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.]

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(iii) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(iv) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of estimates and assumptions that affect reported amounts of assets and liabilities during the reporting period. These estimates and assumptions are based on management's best knowledge of the amount, event or actions. Actual results may differ from those amounts.

Valuation of investment properties

For the estimates used in the valuation of properties, which has a significant effect on the amounts recognised in the financial statements, management has used the valuation performed by its independent valuers as the fair value of its investment, development, owner-occupied and trading properties. The valuation is based upon assumptions, particularly the estimates made in relation to market comparable yield rates and estimated rental value (ERV). The valuation also uses market evidence of transaction prices for similar properties.

2. Revenue

	Period ended 27 June 2019	Year ended 30 June 2018
	£m	£m
Gross rental income from investment and development properties	24.9	24.1
Total revenue	24.9	24.1

All income arose in the United Kingdom.

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Segmental analysis

The Group has two reportable segments: investment and development property, and trading property.

These two segments are considered appropriate for reporting under IFRS 8 "Operating Segments" as these are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance. The Group has a large and diverse customer base and there is no significant reliance on any single customer.

The measure of profit or loss that is reported to the Board of Directors for the segments is profit before tax. A segmental analysis of income from the two segments is presented below, which includes a reconciliation to the results reported in the Group statement of comprehensive income.

	Period ended 27 June 2019	Year ended 30 June 2018
	£m	£m
Investment and development properties		
- Net property income	24.3	22.5
- Profit on disposal	0.1	7.6
- Gain on revaluation of investment properties	17.5	48.7
- Gain on revaluation of development properties	1.0	1.0
	42.9	79.8
Trading properties		
- Income received from trading properties	1.0	-
- Carrying value on sale	(0.4)	-
- Property outgoings	-	-
	0.6	-
Net income from the property portfolio before administration expenses	43.5	79.8
Administration expenses	(10.0)	(3.5)
Operating profit	33.5	76.3
Net financing costs	(3.9)	(6.8)
Profit before tax	29.6	69.5

The property revaluation gain has been recognised as follows:

Within operating profit		
- Investment properties	17.5	48.7
- Development properties	1.0	1.0
	18.5	49.7
Within other comprehensive income		
- Owner-occupied properties	-	0.2
Total revaluation gain for the period	18.5	49.9

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Segmental information on assets and liabilities, including a reconciliation to the results reported in the Group balance sheet, are as follows:

	27 June 2019 £m	30 June 2018 £m
Balance sheet		
Investment and development properties		
- Segment assets	454.7	433.9
- Segment liabilities	(7.5)	(5.5)
- Net borrowings	(50.2)	(71.0)
	397.0	357.4
Trading properties		
- Segment assets	0.1	0.5
- Segment liabilities	-	-
	0.1	0.5
Other activities		
- Unallocated assets	1.8	1.8
- Unallocated liabilities	(31.8)	(7.3)
	(30.0)	(5.5)
Net assets	367.1	352.4
Capital expenditure		
Investment and development properties	7.0	7.1
Other activities	-	0.1
	7.0	7.2
Depreciation		
Other activities	0.1	0.1
	0.1	0.1

All operations and income are derived from the United Kingdom and therefore no geographical segmental information is provided.

4. Profit for the period

	Period ended 27 June 2019 £m	Year ended 30 June 2018 £m
Profit for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	0.1	0.1
Profit on sale of investment property	(0.1)	(7.6)
Net gains on revaluation of investment and development properties	(18.5)	(49.7)
One off costs re LondonMetric acquisition	5.9	-
Staff costs (see note 6)	4.3	1.9

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the financial period after taxation amounted to £7.9m (2018: £13.5m).

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Auditor's remuneration — KPMG LLP

	Period ended 27 June 2019 £000	Year ended 30 June 2018 £000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual financial statements	82	66
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries pursuant to legislation	16	13
Total audit fees	98	79
Half-year review	20	19
Total non-audit fees	20	19

5. Staff costs (including directors)

Staff numbers and costs

The average monthly number of persons employed by the Group (including directors) during the period was as follows:

	Period ended 27 June 2019 Number	Year ended 30 June 2018 Number
Management	7	6
Administration	5	5
Property	3	3
Total employees	15	14

The Parent Company has no employees other than directors and no staff costs.

The aggregated payroll costs (including directors) were as follows:

	Period ended 27 June 2019 £m	Year ended 30 June 2018 £m
Wages and salaries	2.6	1.5
Share-based payment	1.2	0.2
Social security costs	0.5	0.2
	4.3	1.9

Pension arrangements

The Group operates defined contribution plans for qualifying permanent staff with payments invested with Standard Life Assurance Limited.

Pension contributions (including for directors) paid in the period ended 27 June 2019 amounted to £47,515 (2018: £46,886).

Directors' remuneration

	Period ended 27 June 2019 £m	Year ended 30 June 2018 £m
Directors' remuneration	1.1	0.9
Amounts receivable under long term incentive plans	1.0	-
Company contributions to money purchase pension plans	-	0.1
Compensation for loss of office	1.0	-
	3.1	1.0

The aggregate amount of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £0.5m (2018: £nil), and company pension contributions of £0.0 (2018: £0.0) were made to a money purchase pension scheme on his behalf. During the period, the highest paid director exercised share options and received cash settlement under a long-term incentive scheme.

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Number of directors Period ended 27 June 2019	Year ended 30 June 2018
Retirement benefits are accruing to the following directors under:		
Money purchase schemes	1	1
The number of directors who exercised share options was	1	-
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	2	2

6. Net finance costs

	Period ended 27 June 2019 £m	Year ended 30 June 2018 £m
Finance costs on:		
Preference share dividend	-	-
Early repayment costs	1.0	3.6
Capitalised interest	-	(0.1)
Bank overdraft and loan interest payable	2.9	3.3
Total finance costs	3.9	6.8
Finance income on:		
Short-term deposits	-	-
Bank and other interest receivable	-	-
Total finance income	-	-
Net finance costs	3.9	6.8

7. Taxation

	Period ended 27 June 2019 £m	Year ended 30 June 2018 £m
Current tax		
- Corporation tax	-	-
- Adjustment in respect of previous years	-	-
Deferred tax	-	-
Total tax in the profit and loss account and other comprehensive income	-	-

The tax for the period can be reconciled to the profit per the profit and loss account and other comprehensive income as follows:

	Period ended 27 June 2019 £m	Year ended 30 June 2018 £m
Profit before tax	29.6	69.5
Profit before tax multiplied by the standard rate of UK corporation tax of 19% (2018: 19%)	5.6	13.2
Effect of:		
REIT exempt income and gains	(6.7)	(13.4)
Losses not recognised	1.1	0.1
Share-based payments	-	0.1
	-	-

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Company is a member of a REIT group; throughout the period under review it was a member of the A & J Mucklow Group Limited REIT and from 27 June 2019 it became part of the LondonMetric Property Plc group REIT. As a result, no UK corporation tax should be due on income or capital gains in respect of investment properties within the relevant REIT group.

8. Dividends

	Period ended 27 June 2019 £m	Year ended 30 June 2018 £m
Amounts recognised as distributions to equity holders in the period:		
Third quarterly dividend for the year ended 30 June 2018 of 5.30p (2017: 5.15p) per share	3.4	3.3
Final dividend for the year ended 30 June 2018 of 7.30p (2017: 7.09p) per share	4.6	4.5
First quarterly dividend for the period ended 27 June 2019 of 5.24p (2018: 5.09p) per share	3.3	3.2
Second quarterly dividend for the period ended 27 June 2019 of 5.24p (2018: 5.09p) per share	3.3	3.2
	14.6	14.2

No further dividends have been declared as at the date of these financial statements.

9. Investment and development properties

Group	Investment £m	Development £m	Total £m
At 1 July 2017	377.8	9.0	386.8
Additions	3.9	3.2	7.1
Lease incentives	1.0	-	1.0
Capitalised interest	-	0.1	0.1
Reclassification to held for sale asset	(5.0)	-	(5.0)
Transfer	4.5	(4.5)	-
Disposals	(12.3)	-	(12.3)
Revaluation gain	48.7	1.0	49.7
At 1 July 2018	418.6	8.8	427.4
Additions	-	7.0	7.0
Lease incentives	-	-	-
Disposals	(0.6)	-	(0.6)
Revaluation gain	17.5	1.0	18.5
At 27 June 2019	435.5	16.8	452.3

The closing book value shown above comprises £422.4m (2018: £398.0m) of freehold and £29.9m (2018: £29.4m) of leasehold properties.

The valuation of property held for sale at 27 June 2019 was £5.0m (2018: £5.2m).

	Freehold £m	Leasehold £m	Total £m
Properties held at valuation on 27 June 2019:			
Cost	223.8	25.4	249.2
Valuation gain	198.6	4.5	203.1
Valuation	422.4	29.9	452.3

A & J MUCKLOW GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Freehold £m	Leasehold £m	Total £m
Properties held at valuation on 30 June 2018:			
Cost	217.4	25.4	242.8
Valuation gain	180.6	4.0	184.6
Valuation	398.0	29.4	427.4

The properties are stated at their 27 June 2019 fair value and are valued by Cushman & Wakefield, professionally qualified external valuers, in accordance with the RICS Valuation Professional Standards published by the Royal Institution of Chartered Surveyors. Cushman & Wakefield have recent experience in the relevant location and category of the properties being valued. All properties are categorised as Level 3 in the IFRS 13 fair value hierarchy except for held for sale assets. Included within the Group condensed statement of comprehensive income is £18.5m of valuation gains which represent unrealised movements on investment and development properties. Cushman & Wakefield is the trading name of Cushman & Wakefield Debenham Tie Leung Limited.

	27 June 2019 £m	30 June 2018 £m
Cushman & Wakefield valuation	453.6	433.5
Owner-occupied property included in property, plant and equipment	(1.3)	(1.3)
Held for sale asset	-	(5.0)
Other adjustments	-	0.2
Investment and development properties as at 27 June/30 June	452.3	427.4

Additions to freehold and leasehold properties include capitalised interest of £Nil (2018: £0.1m). The total amount of interest capitalised included in freehold and leasehold properties is £5.5m (2018: £5.5m). Properties valued at £166.5 (2018: £321.3m) were subject to a security interest.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	27 June 2019			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Investment and development properties	-	-	452.3	452.3
Available-for-sale assets – mortgage receivables	-	0.1	-	0.1

	30 June 2018			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Investment and development properties	-	-	427.4	427.4
Held-for-sale assets – property	-	5.0	-	5.0
Available-for-sale assets – mortgage receivables	-	0.1	-	0.1

Investment properties have been valued using the investment method which involves applying a yield to rental income streams. Inputs include yield, current rent and ERV. For the 27 June 2019 valuation, the yields that were used ranged from 4.75% to 10.0% (30 June 2018: 4.9% to 8.3%) and the ERVs used ranged from £4.26 psf to £39.50 psf (30 June 2018: £3.80 psf to £37.29 psf).

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Valuation reports are based on both information provided by the Company, e.g. current rents and lease terms which are derived from the Company's financial and property management systems and are subject to the Company's overall control environment, and assumptions applied by the valuer's e.g. ERVs and yields. These assumptions are based on market observation and the valuer's professional judgement.

An increase or decrease in rental values will increase or decrease valuations, and a decrease/increase in yields will increase/decrease the valuation. There are interrelationships between these inputs as they are determined by market conditions. The valuation movement in a period depends on the balance of those inputs. Where the inputs move in opposite directions (yields decrease and rental values increase), the valuation movement is magnified. If the inputs move in the same direction (yields increase and rental values decrease), they may offset each other.

The fair value of the mortgage receivables is determined by discounting the expected future value of repayments. Interest rate caps held were externally valued based on the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates at the balance sheet date.

The following table analyses the interest profile of the mortgage receivables disclosed in note 13.

Group	27 June 2019	30 June 2018
	£m	£m
Sterling financial assets:		
Non-interest bearing	0.1	0.1
	0.1	0.1

The Company has no non-sterling financial assets.

Financial assets are cash at bank and in hand, short-term deposits, derivative financial instruments and mortgage receivables. There was a money market deposit of £4.0m at 27 June 2019 (2018: £6.0m). Cash at bank is at floating rate based on base rate.

The fair value of financial assets is not materially different to book value.

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10. Property, plant and equipment

Group	Owner-occupied property £m	Plant and vehicles £m	Total £m
Cost			
At 1 July 2017	1.1	0.5	1.6
Additions	-	0.1	0.1
Revaluation	0.2	-	0.2
At 30 June 2018	1.3	0.6	1.9
Depreciation			
At 1 July 2017	-	0.3	0.3
Charged in year	-	0.1	0.1
At 30 June 2018	-	0.4	0.4
Net book value			
At 30 June 2018	1.3	0.2	1.5
At 30 June 2017	1.1	0.2	1.3
Properties held at valuation:			
Cost	0.9	-	0.9
Valuation gain	0.4	-	0.4
Valuation	1.3	-	1.3
Cost			
At 1 July 2018	1.3	0.6	1.9
Additions	-	-	-
Disposals	-	(0.1)	(0.1)
Revaluation	-	-	-
At 27 June 2019	1.3	0.5	1.8
Depreciation			
At 1 July 2018	-	0.4	0.4
Charged in period	-	0.1	0.1
On disposals	-	(0.1)	(0.1)
At 27 June 2019	-	0.4	0.4
Net book value			
At 27 June 2019	1.3	0.1	1.4
At 30 June 2018	1.3	0.2	1.5
Properties held at valuation:			
Cost	0.9	-	0.9
Valuation gain	0.4	-	0.4
Valuation	1.3	-	1.3

Owner-occupied properties are valued by Cushman & Wakefield on the same basis as the investment properties. See note 9 for details.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Non-current trade and other receivables

	Group		Company	
	27 June 2019	30 June 2018	27 June 2019	30 June 2018
	£m	£m	£m	£m
Mortgage receivables	0.1	0.1	-	-
i54	0.1	0.1	-	-
Other debtors	-	0.4	-	0.4
	0.2	0.6	-	0.4

The figures shown above are after deducting a provision for bad and doubtful debts of £Nil (2018: £nil).

The directors consider that the carrying amount of trade and other receivables approximates their fair value. Fair value is determined by discounting the expected future value of repayments.

The mortgages are receivable on the disposal of the secured properties and are classified as available for sale assets carried at fair value in accordance with IFRS 7.

12. Trading properties

	27 June 2019	30 June 2018
Group	£m	£m
Land stock	0.1	0.5

Included within trading properties is £0.1m (2018: £0.1m) expected to be recovered in more than 12 months.

13. Trade and other receivables

	Group		Company	
	27 June 2019	30 June 2018	27 June 2019	30 June 2018
	£m	£m	£m	£m
Falling due in less than one year				
Trade receivables	2.4	0.8	-	-
Amounts due from Group undertakings	-	-	18.4	22.1
VAT	-	-	0.8	-
Prepayments and accrued income	0.2	0.5	-	-
	2.6	1.3	19.2	22.1

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. No provision for impairment is held against the Group undertaking balances, as the Group expects to recover the balances in full from the subsidiary companies through day-to-day transactions and intercompany dividends.

Trade receivables

No interest is charged on the receivables. No allowance has been needed against amounts from rental income receivables (2018: £nil). This allowance has been determined by reference to past default experience.

The Group has provided fully for those receivable balances that it does not expect to recover. This assessment has been undertaken by reviewing the status of all significant balances that are past due and involves assessing both the reason for non-payment and the creditworthiness of the counterparty.

Included in the Group's trade receivable balance are debtors with a carrying amount of £nil (2018: £nil) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of receivables not impaired is 0 days (2018: 0 days).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Cash and cash equivalents

	27 June 2019	30 June 2018
Group	£m	£m
Cash at bank and in hand	9.8	8.8

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

15. Trade and other payables

	Group		Company	
	27 June 2019	30 June 2018	27 June 2019	30 June 2018
	£m	£m	£m	£m
Deferred income in respect of rents and insurances	7.5	5.5	-	-
Amounts due to Group undertakings	21.0	-	28.1	1.8
Trade and other payables	5.5	5.6	0.1	3.2
Accruals	4.6	1.4	0.2	0.2
	38.6	12.5	28.4	5.2

The directors consider that the carrying amount of trade and other payables approximates their fair value.

Trade payables, other payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Thereafter, interest is chargeable on the outstanding balances at various rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timescale.

16. Borrowings

	Group		Company	
	27 June 2019	30 June 2018	27 June 2019	30 June 2018
	£m	£m	£m	£m
HSBC term loan 2021	-	19.8	-	19.8
Scottish Widows term loan 2031	59.3	59.3	-	-
675,000 (2017: 675,000) Preference shares of £1 each	0.7	0.7	0.7	0.7
	60.0	79.8	0.7	20.5

Reconciliation of movements in financial liabilities to cash flows arising from financing activities

	Group		Company	
	27 June 2019	30 June 2018	27 June 2019	30 June 2018
	£m	£m	£m	£m
Interest bearing loans and borrowings				
At 1 July	79.8	84.3	20.5	25.0
New loans and borrowings	-	20.0	-	-
Repayments of loans and borrowings	-	(24.4)	-	(4.5)
Costs associated with refinancing of term loan	(0.1)	(0.2)	(0.1)	-
Increase in intercompany payables	(19.7)	-	(19.7)	-
Cash flows from financing activities	(19.8)	(4.6)	(19.8)	(4.5)
Amortisation of costs associated with facilities	-	0.1	-	-
At 27 June /30 June	60.0	79.8	0.7	20.5

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Until they were cancelled on 27 June 2019 the HSBC facilities, consisted of a £1.0m overdraft, a £20.0m five year term loan and a £44.0m five year revolving credit facility. Of the total £44.0m (2017: £44.0m) revolving credit facilities, £nil (2018: £Nil) was utilised at 27 June 2019. The facilities were secured against certain freehold and leasehold properties held by subsidiary companies.

On 20 December 2016, a loan of £40.0m was agreed with Scottish Widows with expiry on 22 December 2031. Interest at 3.51% is payable quarterly, with repayment of capital due at the end of the term. The facilities are secured against certain freehold and leasehold properties held by subsidiary companies.

On 20 June 2018, a further £20.0m tranche of the Scottish Widows facility was agreed, with expiry on 22 December 2031. Interest of 3.43% is payable quarterly, with repayment of capital at the end of the term. The facility is secured against certain freehold and leasehold properties held by subsidiary companies.

The Preference shares carry the right to a fixed cumulative dividend of 7% per share per annum. This amount is payable half yearly in arrears on 30 June and 31 December each year. The Preference shares carry no right to vote at General Meetings. On 24 September 2019 the Company repurchased and cancelled the 675,000 7% listed preference shares for £1.20 per share. The shares were delisted on 26 September and the Company was re-registered as a private limited company.

17. Share capital

	27 June 2019 £m	30 June 2018 £m
Authorised Equity 117,300,000 (2018: 117,300,000) ordinary shares of 25p each	29.3	29.3
Allotted, Called Up and Fully Paid Equity 63,294,833 (2018: 63,294,833) ordinary shares of 25p each	15.8	15.8

Options over 103,640 ordinary shares were granted in the period. The awards were settled in cash following the takeover of the company.

In addition to the above, at 27 June 2019 the Company had £675,000 (2018: £675,000) at nominal value of £1 Preference shares authorised and in issue, representing 4% (2018: 4%) of the Company's capital. These are classified within non-current borrowings, see note 19.

18. Reserves

The revaluation reserve represents the revaluation gain on the revaluation of owner-occupied properties. As this reserve is made up of unrealised profits and losses, it is not available for distribution to shareholders until realised through sale.

The Capital Redemption Reserve represents the nominal value of ordinary shares redeemed by the Company in prior years.

The share premium reserve represents the premium, net of costs, raised from the placing of 2,900,000 shares on 4 March 2014.

19. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed below, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued ordinary share capital, reserves and retained earnings.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements, although there are restrictions on the level of interest that can be paid due to conditions imposed on Real Estate Investment Trusts.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial risk management

The Group seeks to minimise the effects of market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk by using a combination of fixed and floating rate debt instruments with varying maturity profiles. The Group's policy is not to enter into or trade in derivative financial instruments, other than to hedge banking facilities.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. For the last few years, the Group's low levels of net debt to equity gearing has reduced the risk to changes in interest rates. The Board reviewed the increase in borrowing requirements and forecast cash flows and decided to enter into long-term fixed rate loans to reduce the exposure to variable interest rates.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposure to interest rates on financial assets and liabilities is detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole period. If interest rates had been 0.5% higher and all other variables were constant, the Group's profit for the period would decrease by £Nil (2018: decrease by £0.1m), mainly attributable to interest rates on its variable rate borrowings. If interest rates had been 0.5% lower and all other variables were constant, the Group's profit for the period would increase by £Nil (2018: £0.1m).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are monitored and the transactions concluded are spread amongst approved counterparties.

The maximum credit risk on financial assets at 27 June 2019 is £12.3m (2018: £9.7m). The Group's credit risk is primarily attributable to its trade and mortgage receivables and cash balances. The amounts included in the balance sheet are net of allowances for bad and doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of tenants covering a wide variety of business types. Concentration of credit did not exceed 7% of annual rent to any one tenant at any time during the period.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The ageing of past due but not impaired receivables at the balance sheet date was:

	27 June 2019	30 June 2018
Number of days past due	£m	£m
1-30 days	-	-
30-60 days	-	-
60-90 days	-	-
90 days +	-	-
Balance at 27 June/30 June past due but not impaired	-	-
Current	2.4	0.8
Balance at 27 June/30 June	2.4	0.8

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the tenant base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

Included below is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities as at 27 June 2019. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month £m	1-3 months £m	3 months - 1 year £m	1-5 years £m	5+ years £m	Total £m
27 June 2019							
Variable interest rate instruments							
Fixed interest rate instruments	3.52	0.5	-	2.3	8.4	76.0	87.2
		0.5	-	2.3	8.4	76.0	87.2
30 June 2018							
Variable interest rate instruments	2.60	0.1	-	0.4	21.2	-	21.7
Fixed interest rate instruments	3.52	0.4	-	1.6	8.6	78.4	89.0
		0.5	-	2.0	29.8	78.4	110.7

The mortgage receivables have been valued by discounting the expected future value of repayments.

The interest payable on the revolving credit facility, which is included in the variable rate instruments above, is included as payable within one month in the prior year figures as monies are drawn down on a monthly basis and the interest rate is set at that point. The HSBC term loan facility rolled over on a quarterly basis and the interest rate was set at each quarterly renewal. The principal is included when the facilities are due to expire. The HSBC facilities were repaid and cancelled on 27 June 2019.

As the preference shares carry no right to redemption, no repayment of principal has been included in the figures. Interest payments for ten years have been included in both of the above tables.

The Group's policy for financing the business is mainly through the use of fixed rate long-term loans to manage interest rate risk. In May 2008 the Group borrowed £20.0m from Lloyds Bank for 15 years at a fixed rate of interest. This loan was repaid on 20 June 2018 and the Group borrowed a further £20.0m from Scottish Widows for a 13.5 year term at a fixed rate of interest. In October 2012 the Group borrowed a further £20.0m from Lloyds Bank for 10 years at a fixed rate of interest. This loan was repaid on 20 December 2016 and the Group borrowed £40.0m from Scottish Widows for 15 years at a fixed rate of interest.

The Group had no undrawn revolving credit facilities of at 27 June 2019 (2018: £44.0m), which were due to expire in 2021. The Group has no overdraft facility. The Group had a fully drawn £60.0m fixed rate loan facility which expires in 2031 (2018: £60.0m) and a fully drawn £20.0m variable rate loan facility which is due to expire in 2021 (2018: £20.0m) at 27 June 2019.

The fair values of financial assets and liabilities are disclosed below, except for the fair value information on available-for-sale financial assets, cash and cash equivalents and short-term receivables and payables which is given in notes 13, 14 and 15.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Fair values As at 27 June 2019	Book value £m	Fair value £m	Fair value adjustment £m	% of book value
Financial liabilities				
Scottish Widows loan 2031	59.3	63.3	4.0	7
Preference shares	0.7	0.7	-	4
	60.0	64.0	4.0	7

Fair values As at 30 June 2018	Book value £m	Fair value £m	Fair value adjustment £m	% of book value
Financial liabilities				
Scottish Widows loan 2031	59.3	60.4	1.1	2
HSBC term loan	19.8	20.0	0.2	1
Preference shares	0.7	0.7	-	9
	79.8	81.1	1.3	2

The fair value of the Scottish Widows fixed rate bank loan has been externally valued by discounting expected cash flows at prevailing interest rates at the period end. The fair value of the HSBC revolving credit and term loan have been calculated by discounting expected cash flows at prevailing interest rates at the period end and are not materially different to book value. The fair value of the Preference share capital has been based on their latest trades.

20. Contingent liabilities

The loan and bank facilities of the Group are secured by interlocking cross guarantees given by the Company and subsidiary undertakings. All of the loans and bank facilities are included in the Group balance sheet.

The Company and certain subsidiaries have, in the normal course of business, given guarantees in respect of development contracts of subsidiary undertakings.

21. Operating leases

The Group as lessor

The Group leases out all of its investment properties under operating leases.

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

Group	27 June 2019 £m	30 June 2018 £m
Not later than one year	24.2	23.6
Later than one year but not later than five years	63.4	68.9
Later than five years	57.6	63.7
	145.2	156.2

Property rental income earned during the period was £24.9m (2018: £24.1m). Direct operating expenses arising on the investment property in the period amounted to £0.5m (2018: £1.6m). No one tenant accounts for more than 7% of annual passing rent.

Lease terms vary depending upon the property use and the lease length, but no tenant has the option to purchase a property at the end of their lease.

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22. Commitments

Group	27 June 2019	30 June 2018
	£m	£m
The amount of outstanding commitments for capital expenditure contracted for but not provided for in the consolidated balance sheet	2.3	-

23. Related party transactions

Investments in subsidiaries	
Company	£m
As at 1 July 2018	186.1
Impairment	-
As at 27 June 2019	186.1

The shares in the subsidiary undertakings are stated at cost, less any provision for impairment.

The Group has a related party relationship with its subsidiaries and its directors. Transactions between the Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed below. In addition, the remuneration of the key management personnel (including directors) of the Group, is disclosed in aggregate below and is provided in detail in the audited part of the Board Report on Directors' Remuneration.

The Company undertakes the following transactions with its active subsidiaries and ultimate parent company:

- Providing day-to-day funding; and
- Receiving dividends of £14.6m (2018: £14.5m).
- Receiving funding of £21.0m (2018: £Nil) from LondonMetric Property Plc, the ultimate parent company.

As at the balance sheet date, £21.0m (2018: £Nil) remains outstanding to the ultimate parent company.

Remuneration and key management personnel

The remuneration of the key management personnel (including directors) of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

Group	27 June 2019	30 June 2018
	£m	£m
Short-term employee benefit	1.5	1.4
Termination payment	1.0	-
Post-employment benefits	0.1	0.1
Share-based payments	1.4	0.2
	4.0	1.7

There have been no other related party transactions with directors or key management.

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24. Share-based payments

Equity-settled share option scheme

The Group had a share option scheme for certain employees of the Group. The vesting period was 3 years, subject to a two-year holding period which applies to amounts due to executive directors under the 2015 PSP. If the options remained unexercised after a period of 10 years from the date of grant, the options expired. Options were forfeited if the employee left the Group before the options vested, unless they were deemed to be a good leaver in accordance with the scheme rules.

Details of the share options outstanding during the period are as follows:

	27 June 2019		30 June 2018	
	Number of share options	Exercise price in p	Number of share options	Exercise price in p
Outstanding at 1 July	306,700	25	303,120	25
Granted during the period	103,640	25	108,998	25
Cash settled in period	(237,284)	25	-	25
Scaled back	(88,732)	25	-	25
Lapsed during the period	(84,324)	25	(105,418)	25
Outstanding at 27 June/30 June	-	-	306,700	25
Exercisable at 27 June/30 June	-	-	-	-

Options over 237,284 ordinary shares were settled in cash during the period.

The aggregate of the estimated fair values of the options granted during the period is £0.1m (2018: £0.3m).

The weighted average remaining contracted life of the options outstanding at 27 June 2019 was nil. The exercise price for all options is 25p per share.

The inputs into the Monte Carlo simulation model are as follows:

	Period ended 27 June 2019		Year ended 30 June 2018	
	Executive	Senior Management	Executive	Senior Management
Share price at valuation date	539.0p	539.0p	505.5p	505.5p
Exercise price	25p	25p	25p	25p
Expected volatility	23%	23%	27%	27%
Risk-free rate	1.20%	0.98%	0.81%	0.57%
Expected dividend yield	4.19%	4.19%	4.4%	4.4%

Expected volatility was determined by calculating the historical volatility of the Group's share price over a term commensurate with the expected life of each option.

The Group recognised total expenses of £1.1m relating to share-based transactions in the period ended 27 June 2019 (2018: £0.2m).

25. Post balance sheet events

On 30 September 2019 the Group completed the disposal of Grove Park, Leicester for £5.7 million. On 24 September 2019 the Company repurchased and cancelled the 675,000 7% listed preference shares for £1.20 per share. The shares were delisted on 26 September and the Company was re-registered as a private limited company.

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26. Ultimate parent company and parent company of larger group.

The company is a subsidiary undertaking of LondonMetric Property Plc, which is the ultimate parent company registered in England and Wales. There is no ultimate controlling party.

The largest group in which the result of the company will be consolidated is that headed by LondonMetric Property Plc, One Curzon Street, London, W1J 5HB.

27. Subsidiary undertakings

A & J Mucklow Group Limited, the Parent Company, is a private limited company registered in England and Wales, domiciled in the United Kingdom. The Company's registered office is One Curzon Street, London W1J 5HB. The Company is the holding company for the Group.

A & J Mucklow Group Limited holds ordinary shares in the following wholly owned subsidiary undertakings. All were registered and operated in England and Wales.

Property investment and development

A & J Mucklow (Halesowen) Limited
A & J Mucklow (Investments) Limited
A & J Mucklow (Properties) Limited
Penbrick Limited

Trading

A & J Mucklow & Co Limited

Administrative

A & J Mucklow (Nominees) Limited

Dormant

A & J Mucklow (Birmingham) Limited
A & J Mucklow (Callowbrook Estate) Limited
A & J Mucklow (Estates) Limited
A & J Mucklow (Ettingshall Estate) Limited
A & J Mucklow (Lancashire) Limited
A and J Mucklow (Lands) Limited
A & J Mucklow (Wollescote Estate) Limited
Barr's Industrial Limited
Belfont Homes (Birmingham) Limited

The registered office of all of the above named companies is One Curzon Street, London, W1J 5HB.

The ultimate parent company of A & J Mucklow Group Limited from 27 June 2019 is LondonMetric Property Plc, a public limited company registered in England and Wales, domiciled in the United Kingdom.