

We hereby certify that this is a
true copy of the Annual Report and
Accounts for the year ended
30.6.91

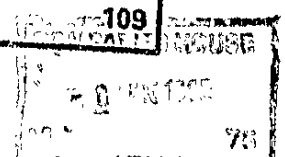
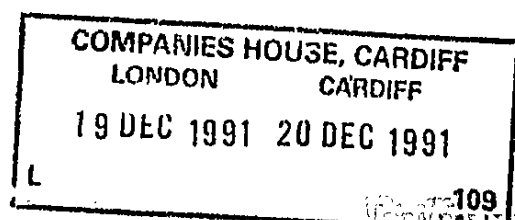
[Signature] Director
[Signature] Secretary

A & J Mucklow Group plc

7A658

R E P O R T A N D A C C O U N T S

1991



BRIEF HISTORY OF A & J MUCKLOW GROUP

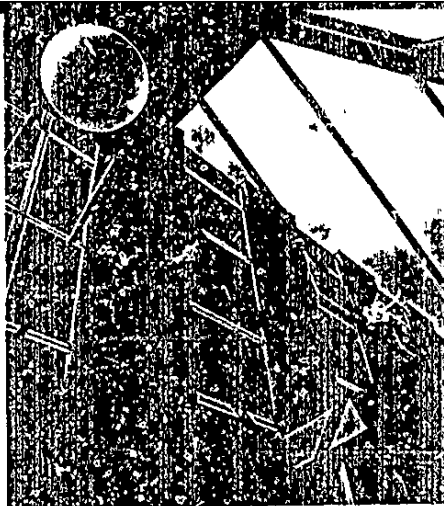
The Company's history began in 1933 in the West Midlands when the present Chairman's uncle Albert and his late father Jothan entered into partnership to build houses. It was at the time of the Depression; nevertheless, the business prospered (and its reputation grew) on the basis of supplying remarkably high quality housing at reasonable prices. So much so, that to this day the advertising columns of the local press can regularly be seen to specify "Mucklow Built" as an undoubted selling point in respect of house property in the West Midlands area. The aim to provide high quality at reasonable prices has remained the Company's key policy to the present day.

During World War II, when house building virtually had to be suspended, the Company contributed to the war effort by carrying out major earth moving contracts to build aerodromes. After the war, house building recommenced. Up to the present time the business has built well over 20,000 homes.

In 1962 the Company "went public" and obtained its Stock Exchange quotation. During the intervening years the emphasis increasingly changed from the original house building activity to that of developing and investing in industrial estates. The Group is now the largest owner of industrial estates in the West Midlands and its contribution to the economy of the region is as landlord to some 750 commercial and industrial tenants on 43 estates in the Midlands. The Board's current policy is to extend the Group's activities outside its traditional West Midlands base, and approximately 20% by value of the Group's property investment portfolio is now located in the South East of the country.

Despite the expansion of the business, a "family" atmosphere is still present. The children, grandchildren and great grandchildren of the two founders now number more than 30 and most of them are shareholders. In total, the Mucklow family today still owns a substantial proportion of the Group's Ordinary share capital.

The Group has for more than 20 years had an unbroken record of profit and dividend increases.



HIGHLIGHTS OF YEAR

- ① Pre-tax profit £10.771m against £10.520m in 1989/90
- ② Dividend raised by 10% to 5.643p per share
- ③ Net asset value per share 158p against 143p previously
- ④ Finances strong: Year end borrowings £41m; Cash balances £18m
- ⑤ Programme of expansion continues, but on a controlled basis

RESULTS IN BRIEF

	1991	1990
<i>Revenue</i>	£m	£m
Gross rentals	14.24	12.65
Profit before tax	10.77	10.52
Profit after tax	8.25	7.76
Dividends	5.54	5.40
<i>Capital</i>		
Total assets	216.69	207.68
Net assets	155.18	150.33
<i>Per Ordinary share</i>	P	P
Earnings	8.11	7.38
Net dividend	5.643	5.13
Net asset value	158	143



CHAIRMAN'S STATEMENT

Results for the year

The pre-tax profit of the Group for the year to 30th June 1991 was £10.771m against £10.520m for the year to 30th June 1990.

Your directors recommend a final net dividend of 3.078p on the Ordinary Shares which will make a total payment for the year of 5.643p net and is a 10% increase over that for last year.

The net asset value per Ordinary Share at 30th June 1991 shown in these accounts was 158p which compares with 143p for the previous year.

Property Investment and Development

Conditions in the industrial and commercial property market have deteriorated further since my report to you at the interim stage and as a consequence lettings on our newly completed developments at Rugby, Bedford and Farnborough have been disappointing. Moreover, the vacancy rate on the Group's existing industrial estates increased from 208,000 sq. ft. to 580,000 sq. ft. at the year end. This figure, however, includes approximately 250,000 sq. ft. of older accommodation on our Saltley Trading Estate, where a number of leases have expired, providing an opportunity to redevelop up to 15 acres of the Estate for high quality business space. The first phase of this project has already commenced and one 60,000 sq. ft. building is now complete and available for letting.

In the Group's current trading year the programme of expansion is continuing, but on a controlled basis. In addition to the phased redevelopment of the Saltley Estate, work has now started on a 62,000 sq. ft. pre-let building on the Wednesbury Trading Estate, and also a first phase of 20,000 sq. ft. at Tipton.

During the year the Aston Church Trading Estate (93,000 sq. ft.) was sold for £3.921m. The estate is situated on the proposed route of the Heathlands spine road, and was purchased by the City of Birmingham. The sale gave rise to a surplus over book value of £0.621m.

Also during the year an office building at Frederick Road, Edgbaston, Birmingham was acquired for £1.632m; it is a fully modernised period building of 10,000 sq. ft. ready for letting. In addition the freeholds of three of the Group's existing industrial estates previously held on long leases were acquired at a total cost of £1.134m, the area involved being 14.76 acres (210,000 sq. ft.).

Revaluation of properties

A professional review of the value of the Group's industrial and commercial properties

was carried out by Debenham, Tewson, Cheshire at 30th June 1991. The properties were valued at £187.76m and this resulted in a small reduction of £0.4m in the revaluation reserve. These figures have been incorporated in the accounts.

The Group's other properties including its stock of undeveloped residential land, have also been revalued by Debenham, Tewson, Cheshire, these gave rise to a surplus of £13.187m over balance sheet values. In accordance with the policy followed in previous years, these figures have not been incorporated in the accounts.

Housebuilding

In my interim report I said that housebuilding was suffering the worst conditions we could remember. Although since then there has been some increase in the level of enquiries, house sales remain depressed.

Finances

In the context of the current recession and the particularly adverse state of the property market, I think it right to draw attention to the strength of the Group's financial structure. At the end of the financial year the Group had £41.066m of long term borrowings, £26.066m of which was represented by quoted fixed interest Debenture Stocks. Against this there were cash balances of £18.149m. The resulting £22.917m of net long term borrowings is low against a property portfolio valued at £187.76m.

Purchase of shares from Pension Fund

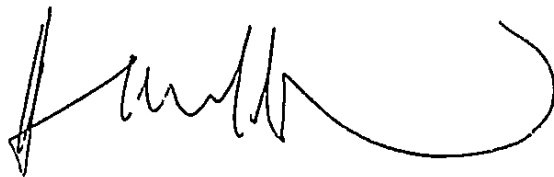
Following the Special Resolution passed at the Extraordinary General Meeting of the Company held on 11th January 1991, the Company duly purchased for cancellation 6,898,052 Ordinary shares from the A & J Mucklow Pension Fund at a cost of £8.568m. Subsequently, the Company received from the Pension Fund a refund of surplus amounting to £10.546m, net of Corporation Tax. This amount is shown in the accounts as an extraordinary item and has been credited direct to reserves.

Prospects

Whilst I anticipate a satisfactory outcome for the coming year, our results will undoubtedly be affected by the recession and the future level of vacant space. The strong financial position of the Group should enable us to take advantage of opportunities which may arise in the current depressed state of the property market, and ensure that the Group is well placed when better times emerge.

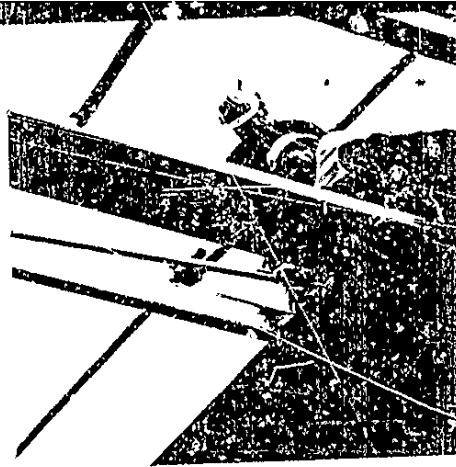
Fellow Directors and Colleagues

I would like to end by paying tribute to the hard work and achievement of all my colleagues in the Company who have contributed to the successful outcome of the year under review.



Albert J. Mucklow
Chairman

14th October 1991.



REVIEW OF GROUP ACTIVITIES

The principal activity of the group is investment in and development of industrial and commercial property.

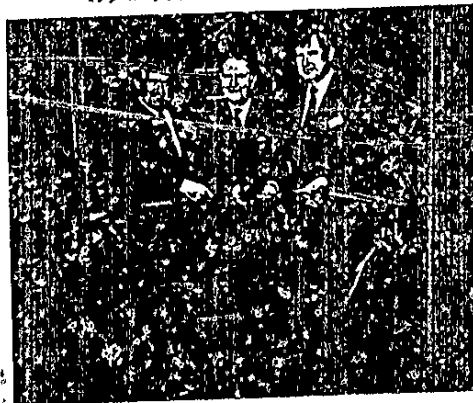
While geographically the group's traditional base has been the West Midlands, it is also the board's policy to broaden the group's presence elsewhere in the U.K.; and currently some 20% by value of the property portfolio is located outside the West Midlands, mainly in the South East of the country.

The group's portfolio of fully developed properties totalling 5.242m square feet of Industrial and Commercial space was producing a gross annual income, at 30th June 1991, at a rate of £14.1m.

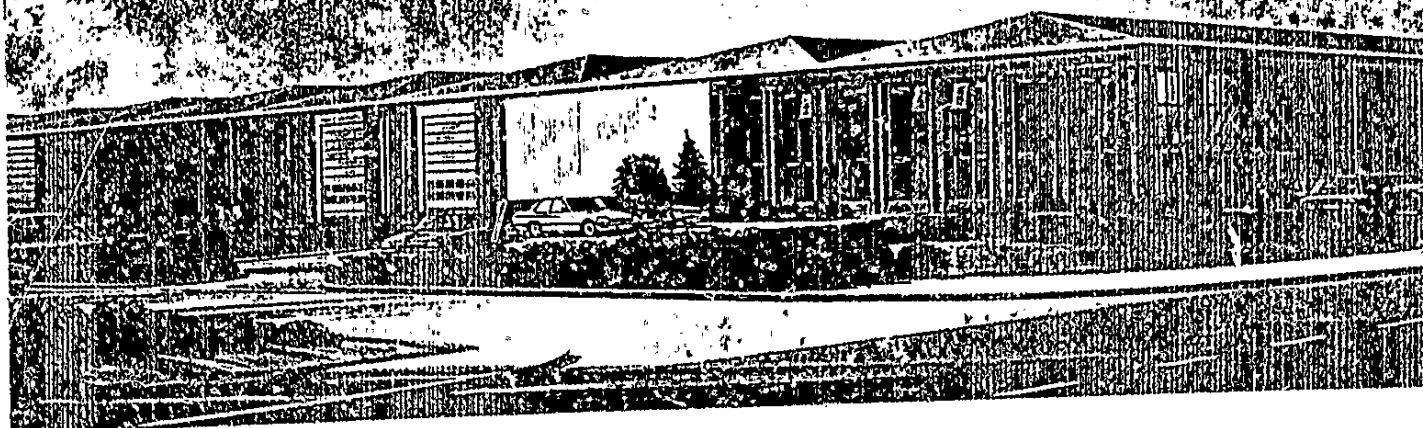
Rent reviews and lease renewals on the group's properties during the following four years will arise as follows:

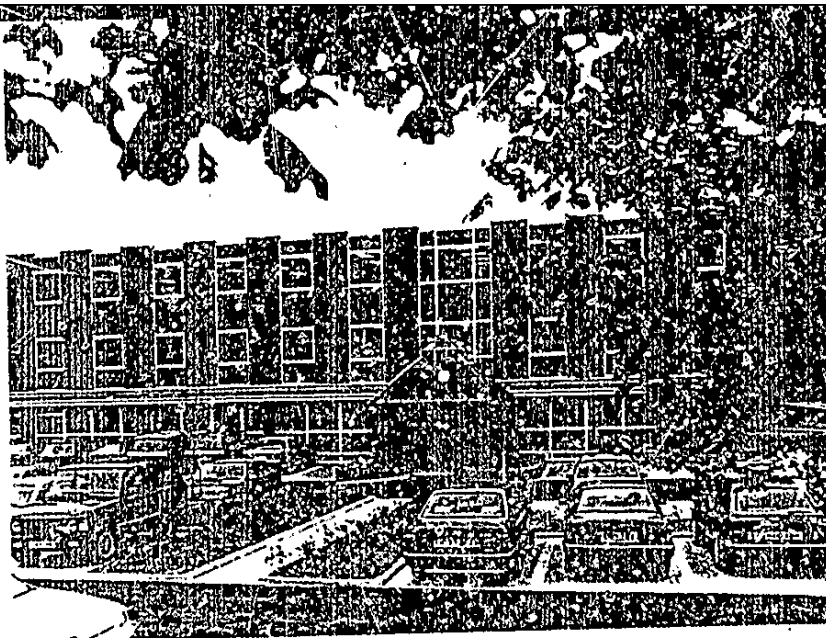
Current year	945,000 sq. ft.
1992/1993	1,000,000 sq. ft.
1993/1994	1,250,000 sq. ft.
1994/1995	750,000 sq. ft.

Proposed redevelopment Phase III
Saltley



Mr Albert Mucklow,
Sir Reginald Ewe and
Mr Clive Evans
Opening Phase I Saltley





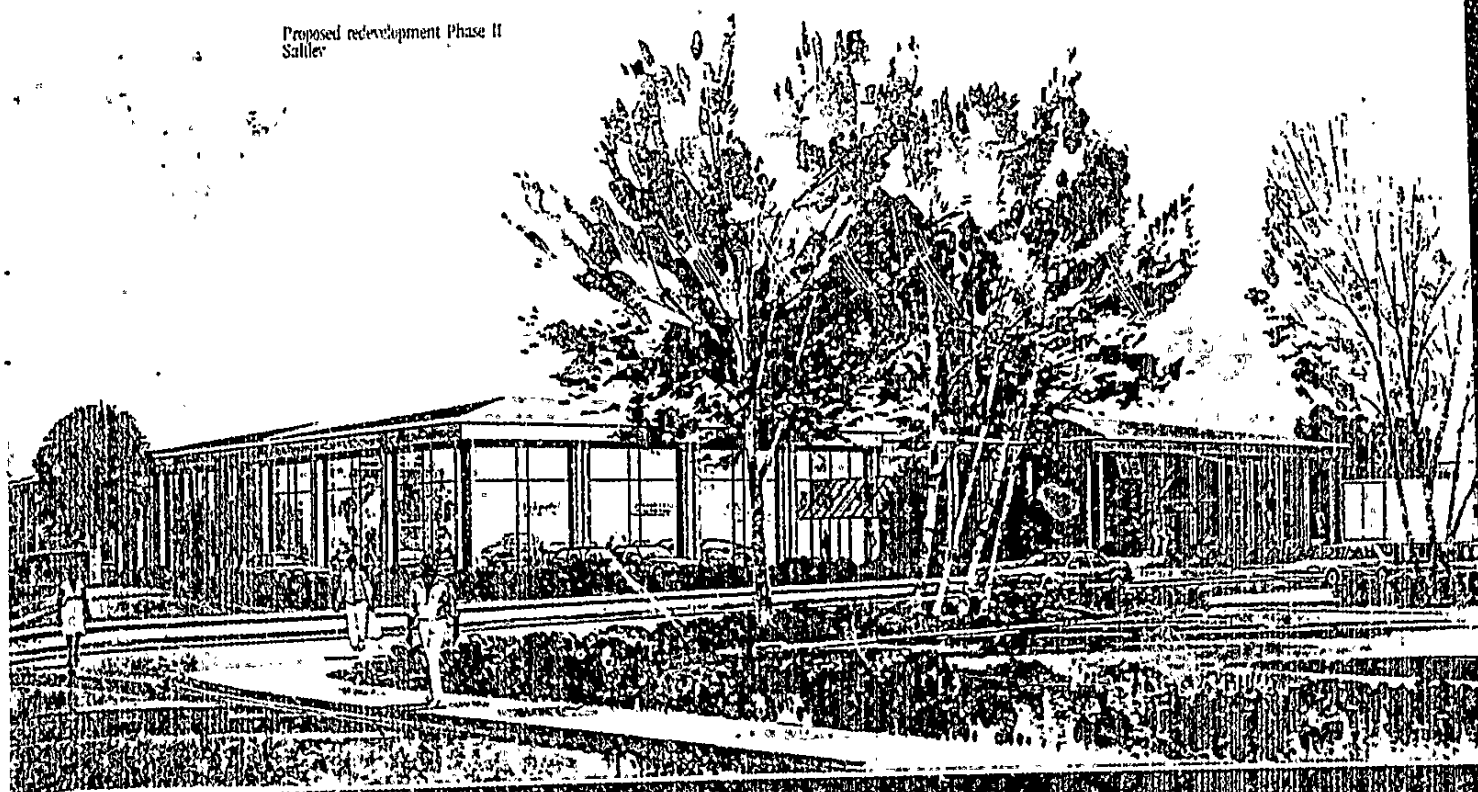
Phase I Sallby

Trading estates

The Company now owns 19 industrial estates, the bulk of which are in the West Midlands, many occupying prime sites around the intersections of the M1, M5, M6 and M12 motorways, the central point of the country's motorway system. In total they establish A & J Mucklow Group plc as the largest owner of factory estates in the Midlands. One other estate is located in Lancashire, adjacent to the M6 motorway, and five estates are located in the south east of the country, at Horsham, Crawley, Farnham, Oxford and Bedford.

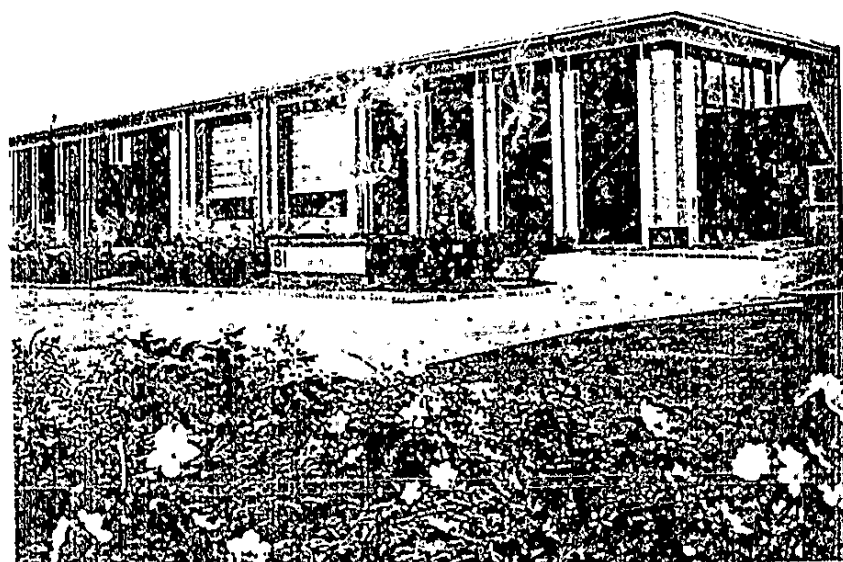
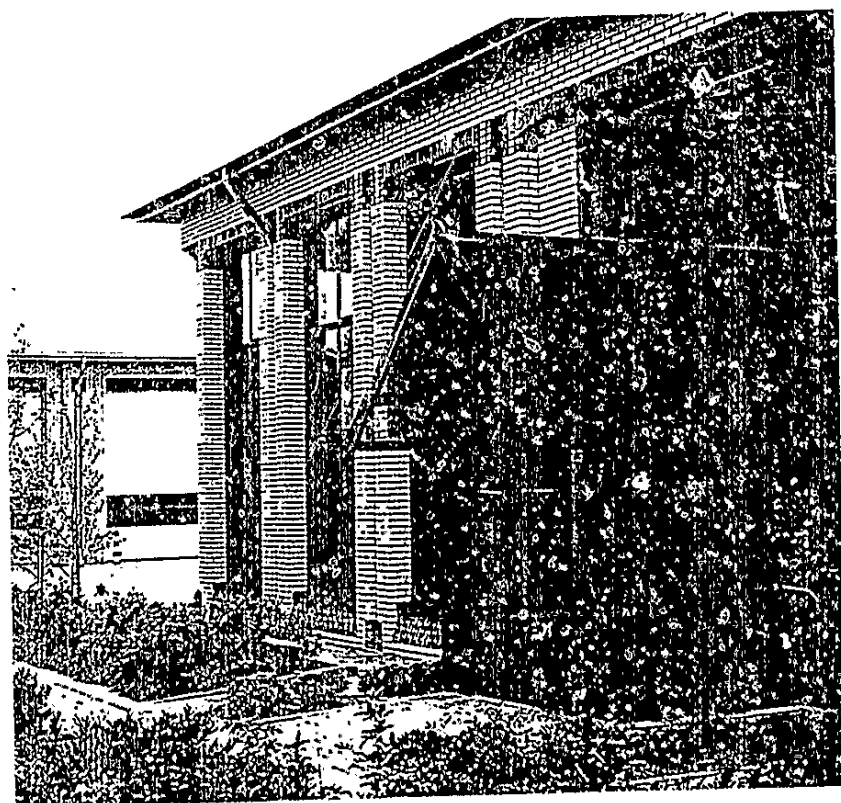
The present total area of the trading estates is 340 acres, of which 303 acres are freehold and 37 acres long leasehold. The area of fully developed industrial buildings at the June 1991 year-end was 5.170m square feet, mainly in the form of modern single-storey factories and warehouses built to a high specification on prime sites. Currently the group has more than 750 tenants.

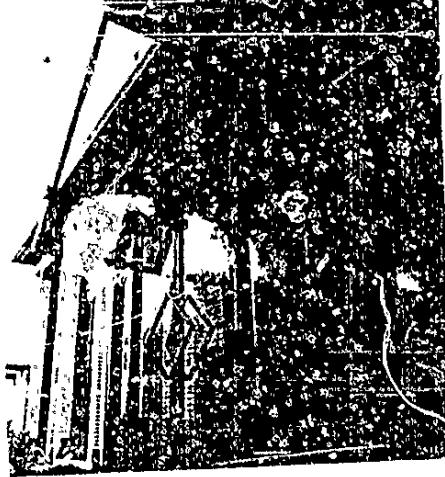
Proposed redevelopment Phase II
Sallby



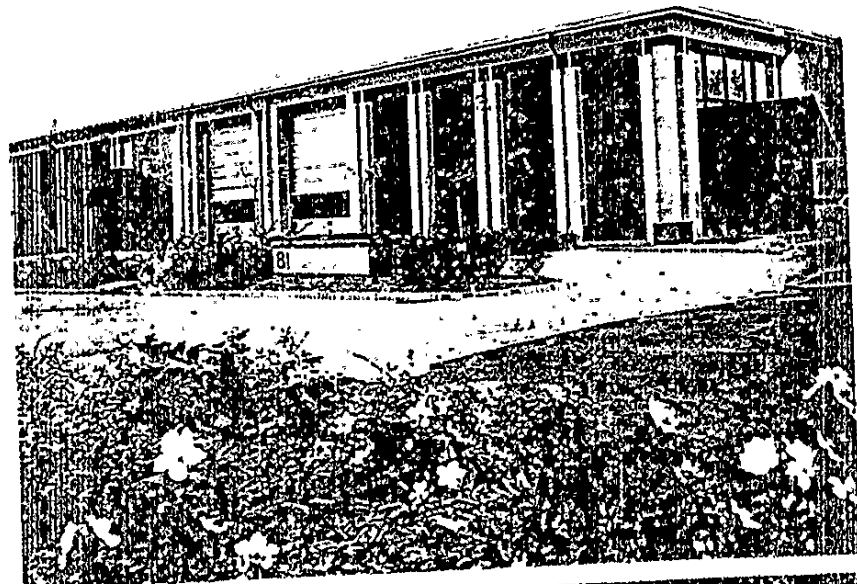
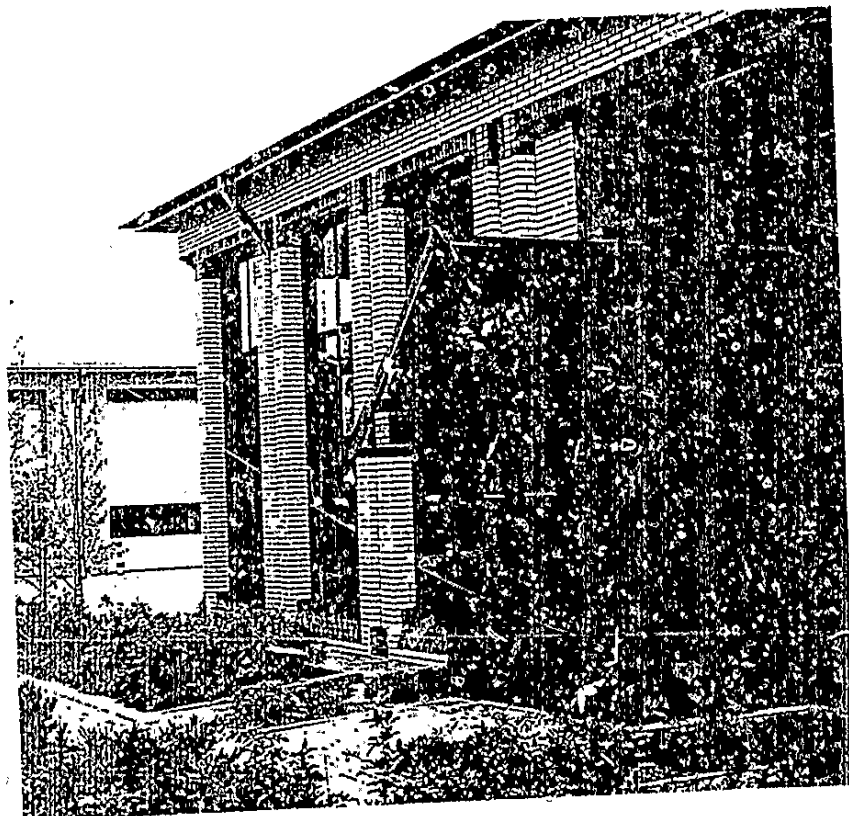


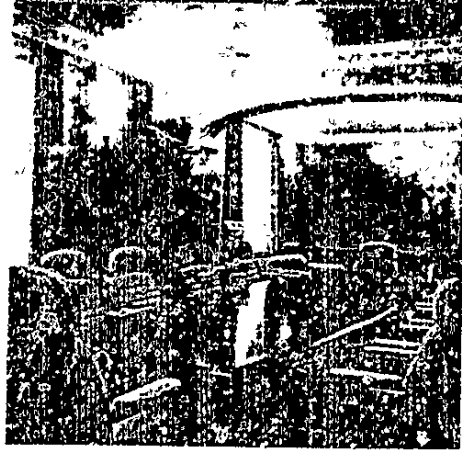
Cannon Park
Bedford.





Coxton Park
Bedford





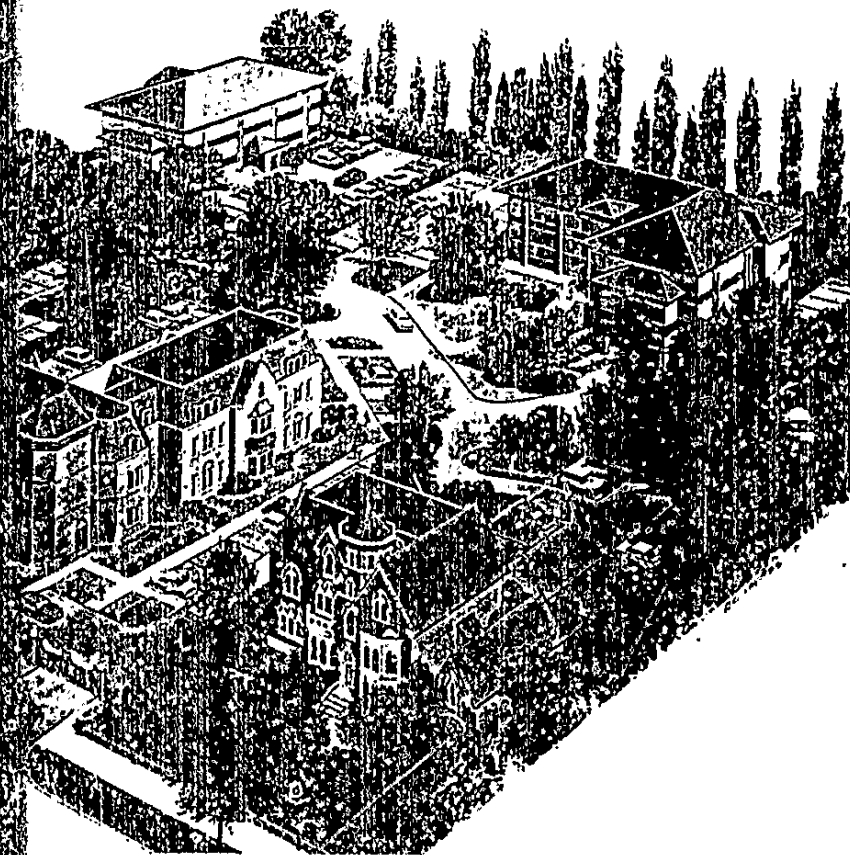
REVIEW OF GROUP ACTIVITIES

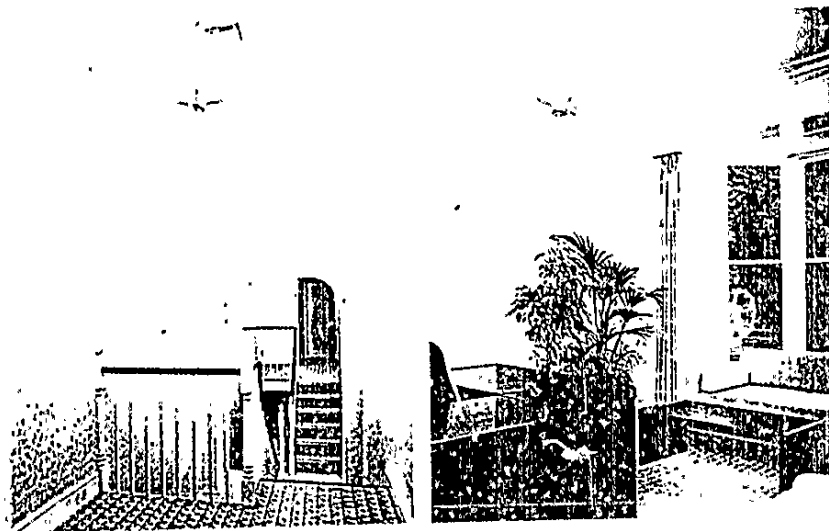
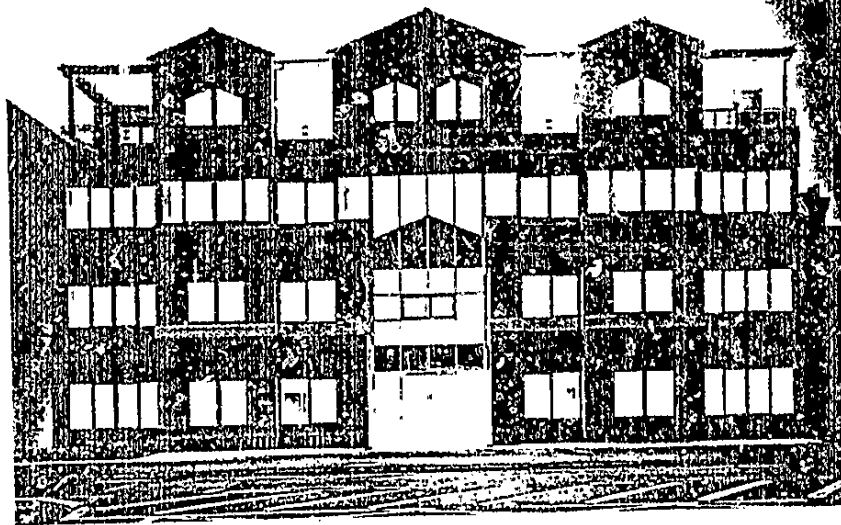
(continued)

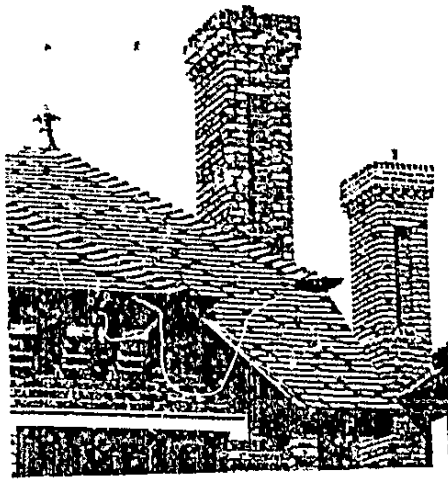
space in the developed portfolio amounted to 580,000 sq. ft. at the year end. In addition, at that date 191,000 sq. ft. of new space was completed or under construction. Approximately 62,000 sq. ft. of this space has now been pre-let or let to tenants. At the year end the industrial land held for development was estimated to provide in total a further 283,000 sq. ft. of factory space. During the year the disposal of industrial and commercial property realising some £4.170m.

Offices

During the year the Group has been carrying out a number of office developments. During the year 125,000 sq. ft. of office space was completed on new developments at Farnborough, Hampshire and at George Road, Edgbaston, Birmingham (12,000 sq. ft.). In addition, the Group has acquired a vacant, fully modernised period office building in Edgbaston (10,000 sq. ft.). The proposed development at Bristol (50,000 sq. ft.) has not yet commenced.







THE HOUSE OF THE
 LORDS OF THE
 MANOR OF
 HALELOWEN
 IN THE PARISH OF
 ST. MARY'S
 HALELOWEN
 IN THE COUNTY OF
 WILTSHIRE

1891

Shire.



Tudor Grange
 Halesowen.



The Woodlands
 Albrighton.



FIVE YEAR RECORD

Year to 30th June	1991 £000	1990 £000	1989 £000	1988 £000	1987 £000
<i>Revenue</i>					
Gross rentals	14,237	12,649	10,667	8,727	7,820
Turnover	3,498	3,688	5,537	4,951	2,864
Profit before taxation	10,771	10,520	9,078	7,538	6,014
Profit after taxation	8,246	7,755	6,822	5,742	4,555
<i>Capital</i>					
Ordinary shareholders' funds	154,509	149,658	136,953	92,628	64,167
Investment properties	188,495	185,285	165,859	114,995	80,539
<i>Per Ordinary share</i>					
Earnings	8.11 p	7.38p	6.49 p	5.45 p	4.52p
Net dividend	5.643p	5.13p	4.455p	3.712p	2.97p
Net asset value	158p	143p	131p	88p	61p



MANAGEMENT AND PROFESSIONAL ADVISERS

Directors

Albert J Mucklow A.C.I.S.

Trevor Mucklow

Allan J Mucklow

G Clive Evans

Peter M Perherbridge

Chairman. Age 55. Joined Company 1956.
Appointed Chairman in 1976.

Non Executive Director since 1977. Age 61.
Joined Company 1952.

Non Executive Director since 1977. Age 56.
Joined Company 1957.

Director. Age 53. Director since 1984.
Joined Company 1954.

Non Executive Director. Appointed September
1990. Age 44. Solicitor practising
as P M Perherbridge & Co.

Company Secretary

Derick Bromley A.C.I.S.

Merchant Bankers

S G Warburg & Co Ltd
2 Finsbury Avenue,
London EC2M 2PA

Senior Management

Stephen Murphy B.Sc., F.R.I.C.S.

Property Development

David Folkes M.C.I.O.B.

House Building

Rupert J Mucklow B.Sc.

Property Investment

David Rampling

Property Lettings

Solicitors

Lyon Clark
Daviot House, Lombard Street West,
West Bromwich,
West Midlands B70 8EL

P M Perherbridge & Co.
Haden Cross, Haden Cross Drive,
Cradley Heath, Warley,
West Midlands B64 7JB

Registered Office

Haden Cross, Haden Cross Drive,
Cradley Heath, Warley,
West Midlands B64 7JB
Registered number 717658

Stockbrokers

S G Warburg Securities
1 Finsbury Avenue,
London EC2M 2PA

Auditors

F E Sidaway Son & Co
Chartered Accountants
Rowley Regis, Warley,
West Midlands B65 0JA

Smith Keen Cutler
Exchange Buildings,
Stephenson Place,
Birmingham B2 4NN

Bankers

Midland Bank plc
Corporate Banking Centre,
178 Birmingham Road,
West Bromwich,
West Midlands B70 6QG

Registrars and Transfer Office

Barclays Registrars Ltd
Bourne House,
34 Beckenham Road,
Beckenham, Kent BR3 4TU



DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 30th June 1991.

Results

The profit earned and the dividends paid and proposed are set out in detail in the consolidated profit and loss account and notes. The net profit before taxation for the year was £10,771,243 and the taxation charge was £2,525,586.

Review of business

The group's activities are reviewed on page four.

Ordinary dividends

On 2nd July 1991 an interim dividend of 2.565p per share was paid which together with the tax credit was equivalent to a gross dividend of 3.42p per share. A final dividend of 3.078p per share is proposed which together with the tax credit is equivalent to a gross dividend of 4.104p per share. The total dividend for the year will be 5.643p per share and with tax credits referred to above will be the equivalent of a gross dividend of 7.524p per share.

The final dividend, if confirmed, will be paid on 2nd January 1992 to shareholders on the register at the close of business on 21st November 1991.

Share capital

Under the authority conferred on the directors at an extraordinary general meeting held on 11th January 1991, the company purchased for cancellation 6,898,052 ordinary shares with a nominal value of £1,724,513 representing 6.67% of the called-up share capital, for a consideration of £8,484,604.

The agenda for the Annual General Meeting incorporates a resolution to renew for a further year the authority to purchase the company's own shares (both ordinary and preference) within certain limits.

Extraordinary profit

The extraordinary profit of £10,546,311 arose following the completion of the winding up of a group pension scheme.

Future prospects

The future prospects are commented on in the Chairman's statement.

Principal activities

The principal activity of the group is industrial and commercial property investment and development. There are additional property investment interests in flats and residential ground rents. The trading interests are in building and estate development.

Donations

No political contributions were made during the year and donations to charities amounted to £1,715 (1990: £930).



DIRECTORS' REPORT

Directors

The present Board is shown on page thirteen and all the directors listed were in office throughout the year. In addition, Mr B H Wood was a director until the Annual General Meeting held on 13th November 1990 when he retired.

Mr P M Petherbridge is in business on his own account under the style of P M Petherbridge & Co., and that organisation has provided legal services to the Company and receives fees from the Company in the normal course of business. The fees paid during the current year under review amounted to £113,968 (VAT exclusive).

Mr Trevor Mucklow retires by rotation and being eligible offers himself for re-election.

Other than Mr P M Petherbridge no directors had any interest during the year in any contract of significance in relation to the group's business.

The two executive directors have five year rolling service contracts with the group.

The Company purchases Directors' and Officers' insurance to cover the indemnity to such directors and officers given under the Company's Article No. 152 (as permitted by Section 157 of the Companies Act 1989).

Directors' shareholdings

Particulars of the directors' shareholdings, as defined by Section 324 of the Companies Act 1985, in the share capital of the company are as follows:

	Ordinary shares	
	at 30.6.91	at 30.6.90
Albert J Mucklow	2,451,280(a)	8,346,972(b)
T Mucklow	2,895,824(c)	2,830,824(c)
Allan J Mucklow	4,167,914	4,239,412
P M Petherbridge	13,766	—
G C Evans	282,808(d)	214,808
	Preference shares	
Albert J Mucklow	—	3,250

The holdings marked (a), (b), (c) and (d) included non-beneficial interests in 1,068,000; 6,898,052; 971,056 and 68,000 Ordinary shares respectively. The 3,250 preference shares were held non-beneficially.

The non-beneficial holdings include shares held as a Trustee of the pension fund as follows:

	1991	1990
Ordinary shares	68,000	6,898,052
Preference shares	—	3,250

There were no movements in any of the directors' shareholdings between 1st July 1991 and 24th September 1991.



DIRECTORS' REPORT

Substantial shareholdings

The following shareholders have notified the company of an interest of 3% or more in the Ordinary share capital of the company as at 30th June 1991:

Mrs M A Hickman 3,399,362 shares (3.48%)
M & G Investment Management Limited 7,897,632 shares (8.09%)
Fidelity International Limited 1,680,000 shares (1.87%)
Bank of Scotland Nominees (Save & Prosper) Limited 5,481,250 shares (5.62%)
Pearl Assurance Plc 1,510,775 shares (1.62%)

So far as the directors are aware no person other than those mentioned above had an interest of 3% or more in the Ordinary share capital of the company at 30th June 1991 or at 24th September 1991.

Properties

A professional review of value of the industrial and commercial properties as at 30th June 1991 was carried out by Debenham Tewson Chesshire Limited.

This review has been incorporated in the accounts resulting in a decrease of £0.4m in the industrial/commercial portfolio revaluation reserve.

Close company provisions

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

The auditors, F E Sidaway Son & Co, have expressed their willingness to continue in office. A resolution will be proposed at the Annual General Meeting, in accordance with the Companies Act 1985, to reappoint them and to authorise the directors to fix their remuneration.

By order of the board
Derick Bromley *Secretary*

Haden Cross, Haden Cross Drive, Cradley Heath,
Warley, West Midlands B64 7JB

14th October 1991

AUDITORS' REPORT

to the Members of A & J Mucklow Group plc

We have audited the financial statements on pages seventeen to thirty inclusive in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 30th June 1991 and of the profit and source and application of funds of the group for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

F E Sidaway Son & Co
Chartered Accountants
Warley, West Midlands

14th October 1991



CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30th June 1991

	Notes	1991 £000	1990 £000
Gross rentals	2	14,237	12,649
Property outgoings		(491)	(85)
Rental income		<u>13,746</u>	<u>12,564</u>
Turnover	3	3,498	3,688
Cost of sales		(2,238)	(1,854)
Trading profit		<u>1,260</u>	<u>1,834</u>
Investment income	4	<u>1,449</u>	<u>1,141</u>
		16,455	15,539
Administration expenses		(1,560)	(1,248)
Interest payable	5	<u>(4,124)</u>	<u>(3,771)</u>
Profit on ordinary activities before taxation	6	10,771	10,520
Taxation	8	<u>2,525</u>	<u>2,765</u>
Profit on ordinary activities after taxation before extraordinary profit		8,246	7,755
Extraordinary profit	9	<u>10,546</u>	<u>—</u>
Profit for the year		18,792	7,755
Dividends	10	<u>5,543</u>	<u>5,398</u>
Retained profit	22	<u>13,249</u>	<u>2,357</u>
Earnings per share	11	8.11p	7.38p

The notes attached are an integral part of the accounts.



CONSOLIDATED BALANCE SHEET

at 30th June 1991

	Notes	1991 £000	1990 £000
<i>Employment of funds</i>			
Fixed tangible assets	12	189,000	185,827
Current assets	13	6,805	8,229
Stocks and work in progress	14	2,733	2,180
Debtors		18,149	11,447
Cash		27,687	21,856
Creditors: Amounts falling due within one year	15	19,925	15,755
Net current assets		7,762	6,101
Total assets less current liabilities		196,762	191,928
Creditors: Amounts falling due after more than one year	16	41,066	41,066
Provisions for liabilities and charges	17	512	529
		155,184	150,333
<i>Source of funds</i>			
Issued share capital	18	25,085	26,810
Revaluation reserve	19	98,926	101,634
Capital reserve	20	3,218	349
Capital redemption reserve	21	1,750	25
Revenue reserves	22	26,205	21,515
		155,184	150,333

Albert J Mucklow
G C Evans

Approved by the Board on 14th October 1991

The notes attached are an integral part of the accounts.



SOURCE AND APPLICATION OF FUNDS

for the year ended 30th June 1991

	1991 £000	1990 £000
<i>Source of funds</i>		
Profit before taxation	10,771	10,520
Extraordinary profit	14,100	—
Depreciation	107	89
Mortgage debenture	—	17,716
Disposal of fixed tangible assets	4,308	469
Share capital options exercised	—	4
	<u>29,286</u>	<u>28,798</u>
<i>Application of funds</i>		
Utilised within the business		
Purchase of fixed tangible assets	7,126	9,396
Decrease in stocks and work in progress	(1,424)	(3,171)
Increase in debtors	553	284
Increase in creditors	(3,184)	(522)
	<u>3,071</u>	<u>5,987</u>
Withdrawn from the business		
Taxation paid	5,547	2,286
Dividends paid	5,398	4,694
Redemption of share capital	8,568	112
	<u>22,584</u>	<u>13,079</u>
<i>Movement in net liquid funds</i>		
Increase in cash at bank	<u>6,702</u>	<u>15,719</u>
	<u>29,286</u>	<u>28,798</u>

The notes attached are an integral part of the accounts.



PARENT COMPANY BALANCE SHEET

at 30th June 1991

	Notes	1991 £000	1990 £000
<i>Employment of funds</i>			
Investment in subsidiary undertakings	23	94,795	93,639
Recoverable advance corporation tax		6,997	2,667
Current assets			
Debtors	14	1	1
Cash		2	—
		3	1
Creditors: Amounts falling due within one year	15	9,300	9,145
Total assets less current liabilities		92,495	87,162
Creditors: Amounts falling due after more than one year	16	41,066	41,066
		51,429	46,096
<i>Source of funds</i>			
Issued share capital	18	25,085	26,810
Capital reserve	20	945	945
Capital redemption reserve	21	1,750	25
Revenue reserves	22	23,649	18,316
		51,429	46,096

Albert J Mucklow
G C Evans

Approved by the Board on 14th October 1991

The notes attached are an integral part of the accounts.

NOTES TO THE ACCOUNTS

1 *Statement of accounting policies*

Basis

The group accounts incorporate the accounts of the company and all subsidiary undertakings made up to the coterminous date of 30th June 1991.

The accounting policies adopted in the preparation of the accounts are consistent with previous years.

The accounts are prepared in compliance with section 230 and schedule 1 of the Companies Act 1985 and applicable Accounting Standards.

Accounting convention

The financial statements have been prepared under the historic cost convention modified by the revaluation of certain properties.

Trading profit

In the building division credit is taken for profit:

On sales, when the final balance of the purchase price has been received.

On contracts, a proportion of profit appropriate to the stage of completion of the contract.

Interest

Interest payable to outside institutions considered attributable to the financing of industrial/commercial developments is capitalised in so far as the resultant book value is not likely to exceed the current market value. Interest is capitalised for a maximum period down to the earlier of the following dates:

- (i) six months after practical completion
- (ii) the development is substantially first let.

Stocks and work-in-progress

Land

Land for and in course of development is stated at the lower of cost or estimated value.

House ground rents are included at estimated value.

Construction

Houses and flats under construction and completed and materials on site are included at the lower of cost or net estimated realisable value.

Factories under construction and materials on site are included at the lower of cost or net estimated realisable value.

Investment properties

Assets are included in this category when it is the intention to hold the property for long-term investment purposes.

Properties produced by the building and estate division are transferred at amounts which include a commercial rate of profit. The profit arising is credited to capital reserve.

Costs include interest attributable to the financing of industrial/commercial developments.

In accordance with SSAP 19 all of the investment properties are valued annually and are included in the accounts at valuation and the variation is transferred to revaluation reserve. No depreciation or amortisation is provided in respect of freehold and long leasehold properties. The directors consider that their policy, in this respect, results in the accounts giving a true and fair value.



NOTES TO THE ACCOUNTS

1 *Statement of accounting policies (continued)*

Depreciation

Plant and motor vehicles

These assets are depreciated on a straight line basis over the estimated useful lives.
Leased assets are depreciated over the term of the lease.

Taxation

Allowances applicable to industrial buildings and plant are deducted to arrive at taxable profit and no provision is made for deferred taxation resulting from these tax allowances.
Tax on chargeable gains arising on disposals is charged against the surpluses realised.

Pensions

The pension cost charged to the profit and loss account is such as to spread the cost of pensions over the working lives of employees who are scheme members.

2 <i>Gross rentals</i>	1991 £000	1990 £000
Factory estates	14,132	12,573
Flats, offices, shops, etc.	102	73
House ground rents and improved ground rents	3	3
	<u>14,237</u>	<u>12,649</u>

3 *Turnover*

Turnover represents amounts invoiced by the group wholly within the United Kingdom excluding inter-company items and value added tax.

House building, estate development and land sales	<u>3,498</u>	<u>3,688</u>
---	--------------	--------------

4 *Investment income*

Interest on short term deposits	1,425	1,141
Dividends	15	—
Mortgage interest	9	—
	<u>1,449</u>	<u>1,141</u>

5 *Interest payable*

Debenture Stocks	4,187	3,535
Bank loans and overdrafts:		
repayable within 5 years	42	299
repayable wholly or partly in 5 years or more	761	796
	<u>4,990</u>	<u>4,630</u>

The total has been allocated as follows:

charged to revenue	4,124	3,771
charged to cost of properties in the course of development	663	859
charged against pension fund surplus	203	—
	<u>4,990</u>	<u>4,630</u>



NOTES TO THE ACCOUNTS

6 Profit on ordinary activities	1991 £000	1990 £000
(a) The profit on ordinary activities before taxation arose as follows:		
Investment property division	8,638	7,922
Trading and estate development	684	1,457
Investment income	1,449	1,141
	<u>10,771</u>	<u>10,520</u>
(b) The related net assets were:		
Investment property division	134,218	134,510
Trading and estate development	3,968	5,286
Investments	16,998	10,537
	<u>155,184</u>	<u>150,333</u>
(c) Profit on ordinary activities is stated after charging the following:		
Hire of plant and machinery	25	49
Depreciation	107	89
Directors' emoluments	187	168
Auditors' remuneration	22	20
	<u>339</u>	<u>326</u>
7 Information regarding directors and employees		
(a) Directors' emoluments (excluding pension contributions)		
Fees	32	37
Management remuneration	155	131
	<u>187</u>	<u>168</u>
The chairman's emoluments (and highest paid director) were	95	82
	<u>95</u>	<u>82</u>
	1991	1990
Other directors' emoluments fell within the following ranges:		
£ 0—£5,000	2	—
£5,001—£10,000	2	2
£10,001—£15,000	—	1
£15,001—£20,000	—	1
£20,001—£25,000	1	—
	<u>5</u>	<u>4</u>
(b) Staff numbers and costs		
The average number of persons employed by the group (including directors) during the year was as follows:		
Management	5	5
Administration	5	5
Property management	6	6
Construction and sales	16	17
	<u>32</u>	<u>33</u>
Total employees	<u>32</u>	<u>33</u>



NOTES TO THE ACCOUNTS

7 Information regarding directors and employees (continued)

	1991 £000	1990 £000
(b) Staff numbers and costs (continued)		
The aggregate payroll costs were as follows:		
Wages and salaries	587	514
Social security costs	53	47
Pension costs	100	55
	<u>740</u>	<u>616</u>

(c) Pension arrangements

The group operates a defined benefit pension scheme which is administered by Trustees and is separate from the group.

The fund is open to qualifying permanent staff and certain ex-employees have preserved pension rights.

A complete valuation of the scheme will be undertaken by independent qualified actuaries at least every three years. Annual contributions to the scheme will be paid in accordance with their recommendations. Pension contributions made in the year ended 30th June 1991 amounted to £100,000 (1990: £55,306).

The most recent valuation of the scheme was undertaken as at 30th June 1991. At that date the market value of the assets of the pension fund amounted to £2.989m and this was sufficient to cover 110% of the value of the benefits that had accrued to members after allowing for future expected increases in earnings. Proposals for the surplus could include reduced contributions.

The valuation method used is technically known as the "aggregate method". The assumptions which have the most significant effect on the results of the valuation are:

Investment return	9%
Pay increases	7%
Pension increases (dependent on class of member)	4.8%-7%

8 Taxation

	1991 £000	1990 £000
Taxation based on profit for the year:		
Corporation tax at the composite rate of 33.75% (1990: 35%)	3,505	3,725
Tax on franked investment income	4	—
Prior year adjustment for advance corporation tax	(984)	(960)
	<u>2,525</u>	<u>2,765</u>
The tax charge for the year has been reduced by:		
Accelerated capital allowances	(40)	(24)
Industrial buildings allowances	(74)	882
Interest capitalised	663	859
	<u>549</u>	<u>1,717</u>



NOTES TO THE ACCOUNTS

9	Extraordinary profit	1991 £000	1990 £000		
	Net surplus refunded by a group pension scheme on completion of winding up less attributable taxation	14,100 3,554 <u>10,546</u>	— — <u>—</u>		
10	Dividends				
	On 4.9% net (formerly 7%) Cumulative Preference shares	33	33		
	On Ordinary shares				
	Interim of 2.565p per share (1990: 2.23p) paid 2nd July 1991	2,505 3,005	2,333 3,032		
	Proposed final of 3.078p per share (1990: 2.90p)	<u>5,543</u>	<u>5,398</u>		
11	Earnings per share	1991	1990		
	Calculated in accordance with SSAP 3 on the basis of 101,307,746 (1990: 104,539,436) Ordinary Shares and earnings of £8,212,582 (1990: £7,722,533)	8.11p	7.38p		
12	Fixed tangible assets	Industrial/ Commercial properties £000	Other properties £000	Plant and vehicles £000	Total £000
	At cost or valuation less aggregate depreciation at 1st July 1990	185,222	63	542	185,827
	Additions	7,070	7	98	7,175
	Deficit on revaluation	(400)	—	—	(400)
	Disposals	(3,457)	(10)	(28)	(3,495)
	Depreciation	—	—	(107)	(107)
	At 30th June 1991	<u>188,435</u>	<u>60</u>	<u>505</u>	<u>189,000</u>
	Comprising:				
	At valuation	187,760	—	—	187,760
	At cost	675	60	1,090	1,825
	Aggregate depreciation	—	—	(585)	(585)
		<u>188,435</u>	<u>60</u>	<u>505</u>	<u>189,000</u>
	Industrial/commercial properties:		Freehold £000	Leasehold £000	Total £000
	At cost or valuation		<u>162,754</u>	<u>25,681</u>	<u>188,435</u>

Certain freehold and leasehold properties were valued at 30th June 1991 on an open market existing use basis by Messrs T. & J. Tewson Chesshire Limited (Chartered Surveyors).



NOTES TO THE ACCOUNTS

12 *Fixed tangible assets (continued)*

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

	1991 £000	1990 £000
Freehold	71,195	66,227
Leasehold	11,355	11,063
	<u>82,550</u>	<u>77,290</u>

13 *Stocks and work in progress*

Land	3,586	3,968
House ground rents	12	12
Houses and flats under construction and completed and stocks of materials	3,205	4,186
Factories and offices under construction and stocks of materials	6	69
	<u>6,809</u>	<u>8,235</u>
Deduct deposits received in respect of sale of houses	4	6
	<u>6,805</u>	<u>8,229</u>
Composed of:		
Raw materials and consumables (including land)	3,191	3,544
Work in progress	1,360	2,235
Finished stocks	2,254	2,450
	<u>6,805</u>	<u>8,229</u>

14 *Debtors*

	1991		1990	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	2,455	1	2,014	1
Prepayments and accrued income	170	—	166	—
Mortgages	108	—	—	—
	<u>2,733</u>	<u>1</u>	<u>2,180</u>	<u>1</u>

The mortgages are repayable on disposal of the secured properties.

15 *Creditors: amounts falling due within one year*

Trade creditors	4,943	40	2,448	66
Other creditors	527	—	33	—
Accruals	1,931	1,900	1,957	1,900
Bank overdraft	—	—	—	9
Social security	—	—	1	—
Corporation tax	3,850	1,850	3,026	1,805
Rents in advance	3,164	—	2,925	—
Proposed dividends	5,510	5,510	5,365	5,365
	<u>19,925</u>	<u>9,300</u>	<u>15,755</u>	<u>9,145</u>



NOTES TO THE ACCOUNTS

16 Creditors: amounts falling due after more than one year	1991 £000	1990 £000
6 1/4 per cent First mortgage debenture stock 1989/94	675	675
7 1/2 per cent First mortgage debenture stock 1990/95	391	391
13 1/4 per cent First mortgage debenture stock 2000/05	5,000	5,000
11 1/2 per cent First mortgage debenture stock 2014	30,000	30,000
Midland Bank plc loan	5,000	5,000
	<u>41,066</u>	<u>41,066</u>

a) Debenture Stocks

The 11 1/2% First Mortgage Debenture Stock 2014 is secured by first legal mortgages on the freehold and leasehold properties and by a first floating charge on the undertaking and all the property assets and rights present and future including any uncalled capital of A & J Mucklow (Properties) Limited, a wholly owned subsidiary undertaking of the company.

The other debenture stocks are secured on certain other freehold properties.

The debenture stocks are redeemable at par on the later of their respective redemption dates or at the company's option on or after the earlier of such dates. The company may purchase stock at any time in the market or by tender.

Sufficient stock has been repurchased and cancelled to fulfil the respective sinking fund obligations in respect of the 6 1/4% debenture stock and 7 1/2% debenture stock for the whole period to the dates of final repayment in 1994 and 1995. There are no mandatory sinking fund requirements in respect of the 13 1/4% and the 11 1/2% debenture stocks.

b) Bank Loans

On 17th July 1987 Midland Bank plc offered a Sterling LIBOR loan of £10m of which £5m was drawn on 30th January 1989. The remainder of this loan may be drawn not later than 31st July 1992. The loan is secured on certain freehold and leasehold properties. Interest rates are variable. Repayment of the whole of the loan is by 17 annual instalments of £555,500, the first falling due in July 1995, and one final instalment of £556,500 in July 2012.

17 Provisions for liabilities and charges	1991 £000	1990 £000
Provisions for construction of roads and sewers and for work to complete and remedy houses and factories	529	678
Balance at 1st July 1990	(17)	(149)
Credit during the year	<u>512</u>	<u>529</u>
Balance at 30th June 1991		



NOTES TO THE ACCOUNTS

18 Share capital	1991		1990	
	Authorised £000	Issued and fully paid £000	Authorised £000	Issued and fully paid £000
675,000 4.9% net (formerly 7%) Cumulative Preference shares of £1	675	675	675	675
97,641,384 Ordinary shares of 25p	24,410	24,410	26,135	26,135
19,658,616 Ordinary shares of 25p	4,915	—	3,190	—
	<u>30,000</u>	<u>25,085</u>	<u>30,000</u>	<u>26,810</u>

An off-market purchase for cancellation of 6,898,052 of the company's ordinary shares at 123p each was made on 11th January 1991. The vendor was the A & J Mucklow Pension Fund.

19 Revaluation reserve	1991 £000	1990 £000
Accumulative surplus on revalued investment properties without any provision for taxation		
At 1st July 1990	101,634	91,254
Transfer to capital reserve in respect of properties realised	<u>2,308</u>	<u>92</u>
	99,326	91,162
(Deficit) Surplus on revaluation	<u>(400)</u>	<u>10,472</u>
At 30th June 1991	<u>98,926</u>	<u>101,634</u>

In the event of disposal of these properties at an amount equal to the revaluation the tax on chargeable gains under present legislation would not exceed £7.6m.

20 Capital reserve	1991		1990	
	Group £000	Company £000	Group £000	Company £000
At 1st July 1990	349	945	7,055	5,335
Transferred from subsidiary undertakings	—	—	—	2,667
Applied in capitalisation issue	—	—	(7,055)	(7,055)
Surplus on realisation of:				
Flats	98	—	166	—
Factories	—	—	—	—
Excess (net) over valuation	414	—	28	—
Transfer from revaluation reserve	<u>2,308</u>	<u>—</u>	<u>92</u>	<u>—</u>
Inter-company profit on assets held for investment	49	—	65	—
Deduct:				
Costs re market purchase and capitalisation issue	<u>—</u>	<u>—</u>	<u>(2)</u>	<u>(2)</u>
At 30th June 1991	<u>3,218</u>	<u>945</u>	<u>349</u>	<u>945</u>



NOTES TO THE ACCOUNTS

	1991		1990	
	Group £000	Company £000	Group £000	Company £000
21 Capital redemption reserve				
At 1st July 1990	25	25	—	—
Redemption of share capital	1,725	1,725	25	25
At 30th June 1991	<u>1,750</u>	<u>1,750</u>	<u>25</u>	<u>25</u>
22 Revenue reserve				
At 1st July 1990	21,515	18,316	25,449	23,453
Applied in capitalisation issue	—	—	(5,906)	(5,906)
Redemption of share capital	(8,568)	(8,568)	(112)	(112)
Transfer to subsidiary undertakings	—	(552)	—	(380)
Costs on debenture issue	(1)	(1)	(284)	(284)
Taxation adjustments	10	780	11	145
Retained profit for year	13,249	13,674	2,257	1,100
At 30th June 1991	<u>26,205</u>	<u>23,649</u>	<u>21,515</u>	<u>18,316</u>
23 Investment in subsidiary undertakings			1991 £000	1990 £000
Shares			391	391
At cost			9,245	9,245
At valuation			85,159	84,003
Inter-company accounts			<u>94,795</u>	<u>93,639</u>

24 Contingent liabilities

The contingent liabilities at 30th June 1991 were:
Of a subsidiary undertaking to an insurance company in
respect of bonds for the performance of road-making
obligations

34 81

All bank overdrafts of the group are secured by interlocking cross guarantees given by the company and the subsidiary undertakings.



NOTES TO THE ACCOUNTS

	1991 £000	1990 £000
--	--------------	--------------

25 *Capital commitments*

The amount of outstanding commitments for capital expenditure contracted for but not provided for in the consolidated balance sheet

	2,163	2,583
--	-------	-------

The amount of capital expenditure authorised in addition to the above commitments

	<u>5,450</u>	<u>6,140</u>
--	--------------	--------------

26 *Subsidiary undertakings*

A & J Mucklow Group plc has the following principal subsidiary undertakings, all of which are registered in England and wholly owned by the Company except where indicated.

**INDUSTRIAL PROPERTY
INVESTMENT**

Barr's Industrial Limited
A & J Mucklow (Birmingham) Limited
A & J Mucklow (Investments) Limited
A & J Mucklow (Properties) Limited
Belfont Homes (Birmingham) Limited*

TRADING AND ESTATE DEVELOPMENT

A & J Mucklow & Co Limited
A & J Mucklow (Homes) Limited
A & J Mucklow (Joint Developments) Limited
A & J Mucklow (Lancashire) Limited
A & J Mucklow (Estates) Limited
A & J Mucklow Finance Limited

* Wholly owned by A & J Mucklow (Estates) Limited.

RESIDENTIAL PROPERTY INVESTMENT
Kumclow Investments Limited



NOTICE OF MEETING

Notice is hereby given that the Thirtieth Annual General Meeting of the Company will be held at The Chamber of Commerce, Edgbaston, Birmingham B15 3DH on Tuesday, 12th November 1991 at 11.00 am for the following purposes:

As Ordinary Business

- 1 To receive the statement of accounts for the year ended 30th June 1991 and the reports of the directors and auditors thereon.
- 2 To declare a final dividend on the Ordinary Shares of 3.078p per share for the year ended 30th June 1991.
- 3 To re-elect Mr Trevor Mucklow, who retires by rotation, as a director.
- 4 To re-appoint the auditors and authorise the directors to fix their remuneration.
- 5 To transact any other ordinary business of the Company.

As Special Business

To consider and if thought fit to pass the following resolution which will be proposed as a special resolution.

Special Resolution

- 6 That the Company be authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of, and to cancel, up to 9,764 138 Ordinary Shares of 25p each and up to 675,000 Preference Shares of £1 each in its capital at a price of:
 - (a) in respect of Ordinary Shares not more than 5 per cent above the average of the middle market quotations for such shares as derived from the London Stock Exchange Daily Official List for the 10 business days prior to making the purchases and not less than 25p per share (in each case exclusive of expenses); and
 - (b) in respect of Preference Shares not more than 5 per cent above the average of the middle market quotations for such shares as derived from the London Stock Exchange Daily Official List for the 10 business days prior to making the purchases and not less than 50p per share (in each case exclusive of expenses).

By order of the board

Derick Bromley *Secretary*

Registered Office:

Haden Cross, Haden Cross Drive
Cradley Heath, Warley
West Midlands B64 7JB
14th October 1991



NOTICE OF MEETING

Any member of the Company entitled to attend and vote at the meeting may appoint another person or persons as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.

Accompanying this notice (for Ordinary Shareholders only) is a two-way form of proxy and this proxy should be completed and returned to the Company's registrars at Barclays Registrars Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 48 hours before the time fixed for the meeting. Completion of a proxy will not prevent a member from attending the meeting if subsequently he/she is able to do so.

Preference shareholders are reminded that under the Company's Articles of Association they are not entitled to vote at the above meeting. The report and accounts are sent to all debenture stockholders of the Company but holders of debenture stock are not entitled to vote at the above meeting.

The following documents will be available for inspection at the registered office of the Company on any weekday (except Saturdays) during normal business hours from the date of the foregoing notice until the date of the Annual General Meeting:—

- 1 A statement of all transactions of each director and of their declarable family interests in each class of the share capital and debentures of the Company and its subsidiaries.
- 2 Copies of relevant service contracts of certain directors.

Such documents will also be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

The final dividend, if approved, will be paid on 2nd January 1992 to all Ordinary Shareholders on the register on 21st November 1991.



SHAREHOLDERS' DIARY

Annual General Meeting

November 1991

Results

March 1992

Announcement of six months to 31st December 1991

Preliminary announcement of year to 30th June 1992

September 1992

Dividends

September 1991

Final dividend 1991 — announced
— payable

January 1992

Interim dividend 1992 — announced
— payable

March 1992
July 1992