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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 and commercial 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 over 600 tenants on 41 estates in the Midlands. The Board's current policy is to extend the Group's activities outside its traditional geographical base, and approximately 30% by value of the Group's property investment portfolio is now located outside the West Midlands mainly 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 Mucklow Ordinary share price, adjusted for several scrip issues and one rights issue, has risen by more than 100 times since the Stock Exchange flotation in 1962.



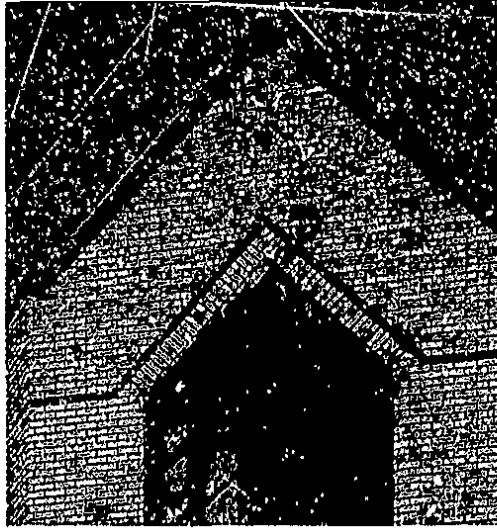


HIGHLIGHTS OF YEAR

- Pre-tax profit £10.10m against £9.67m
- Dividend up 3% to 6.2861p per share
- Property portfolio valued at £220.99m
- Balance Sheet strength: Year end borrowings £65m: Cash balances £7.56m

RESULTS IN BRIEF

	1994	1993
<i>Revenue</i>	£m	£m
Gross rentals	17.95	16.20
Profit before tax	10.10	9.67
Profit after tax	7.39	6.30
<i>Capital</i>		
Total assets	239.94	228.82
Net assets	154.05	141.60
Net borrowings	57.44	56.45
<i>Per Ordinary share</i>	p	p
Earnings	7.53	6.42
Net dividend	6.2861	6.103
Net asset value	157	144



CHAIRMAN'S STATEMENT

The year's results

The second half of last year saw a continuation of the improved market conditions which had characterised the first six months. However, whilst the level of lettings and general interest from potential tenants was higher, we still experienced an appreciable number of tenant failures and non-renewal of leases. Our pre-tax profit at £10.103m (inclusive of a £0.391m surplus on the sale of investment properties) was only fractionally ahead of the previous year. This result was achieved against what would seem to be the early and hesitant stages of recovery from recession. The Board is recommending a final Ordinary dividend of 3.23 16p which will provide a total of 6.2861p net for the year, and is an increase of 3% over last year. One indication of improved market sentiment is in asset values; after the recent period of decline, our year end asset value per Ordinary share was 157p, against 144p a year ago.

Property investment and development

The vacancy level in our industrial portfolio continued to fall, but by only 27,000 sq.ft. in the second half (compared with 215,000 sq.ft. in the first half). The benefit of new lettings was eroded by non-renewal of leases, plus the addition of 70,000 sq.ft. of newly completed space from our development programme. Nevertheless the vacancy level, of 1,048,000 sq.ft. at the year end, was usefully lower than the 1,320,000 sq.ft. of twelve months previously, and this decline seems likely to continue.

Following completion of construction of the 60,000 sq.ft. second phase at Wednesbury (40,000 sq.ft. pre-let to the Post Office) we have now completed the 50,000 sq.ft. of additional space at Tipton. Work has now commenced on the 48,000 sq.ft. factory and office block at Saltley, and also on the final phase of 27,000 sq.ft. of offices at Bristol Road, Edgbaston.

No further investment property transactions of significance were undertaken in the second half year, following acquisition of freeholds at Aston Fields and disposal of the Weybridge office building reported at the interim stage. However, since the year end two more investment properties have been acquired. These were a 6,200 sq.ft. new partially let office building in Edgbaston, and a 135,000 sq.ft. industrial estate with redevelopment potential in Mitcham, Surrey. The cost of these two acquisitions was £4.33m, and they currently produce an annual rental income of £0.17m.

Revaluation of properties

A professional review of the value of our total portfolio of industrial and commercial property has been carried out by DTZ Debenham Thorpe. The valuation at 30th June 1991 was £220.835m, involving an increase of £10.81m in the revaluation reserve.

These figures have been incorporated in the accounts. The value of the Group's other categories of property, including the residential land bank, was also reviewed by DTZ Debenham Thorpe; this gave rise to a surplus of £7.8m over book value. However, in accordance with our previous policy, this surplus has not been incorporated in the accounts.

Housebuilding

Conditions did not change perceptibly during the year, and a modest number of houses were built, complemented by land sales.

Prospects

We still operate in difficult market conditions. However, several of the indicators look positive. Provided economic recovery consolidates, the current year should be one of further progress.

Directors and staff

I would like to express personal thanks to all my colleagues, both directors and staff, for their enthusiasm and hard work during the past year.

A handwritten signature in black ink, appearing to read 'A Mucklow', with a long horizontal flourish extending to the right.

Albert J Mucklow
Chairman

17th 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 30% by value of the property portfolio is located outside the West Midlands, mainly in the South East of the country.

A summary of the Group's property portfolio at 30th June 1994 is shown below:

	Total developed area 000 sq.ft.	Vacant space 000 sq.ft.	Gross annual rental income £m	Value £m
Industrial	5,351	1,026	14.53	168,035
Commercial	311	22	3.92	52,800
	<u>5,662</u>	<u>1,048</u>	<u>18.45</u>	<u>220,835</u>

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

Current year	850,000 sq.ft.
1995/1996	700,000 sq.ft.
1996/1997	900,000 sq.ft.
1997/1998	700,000 sq.ft.

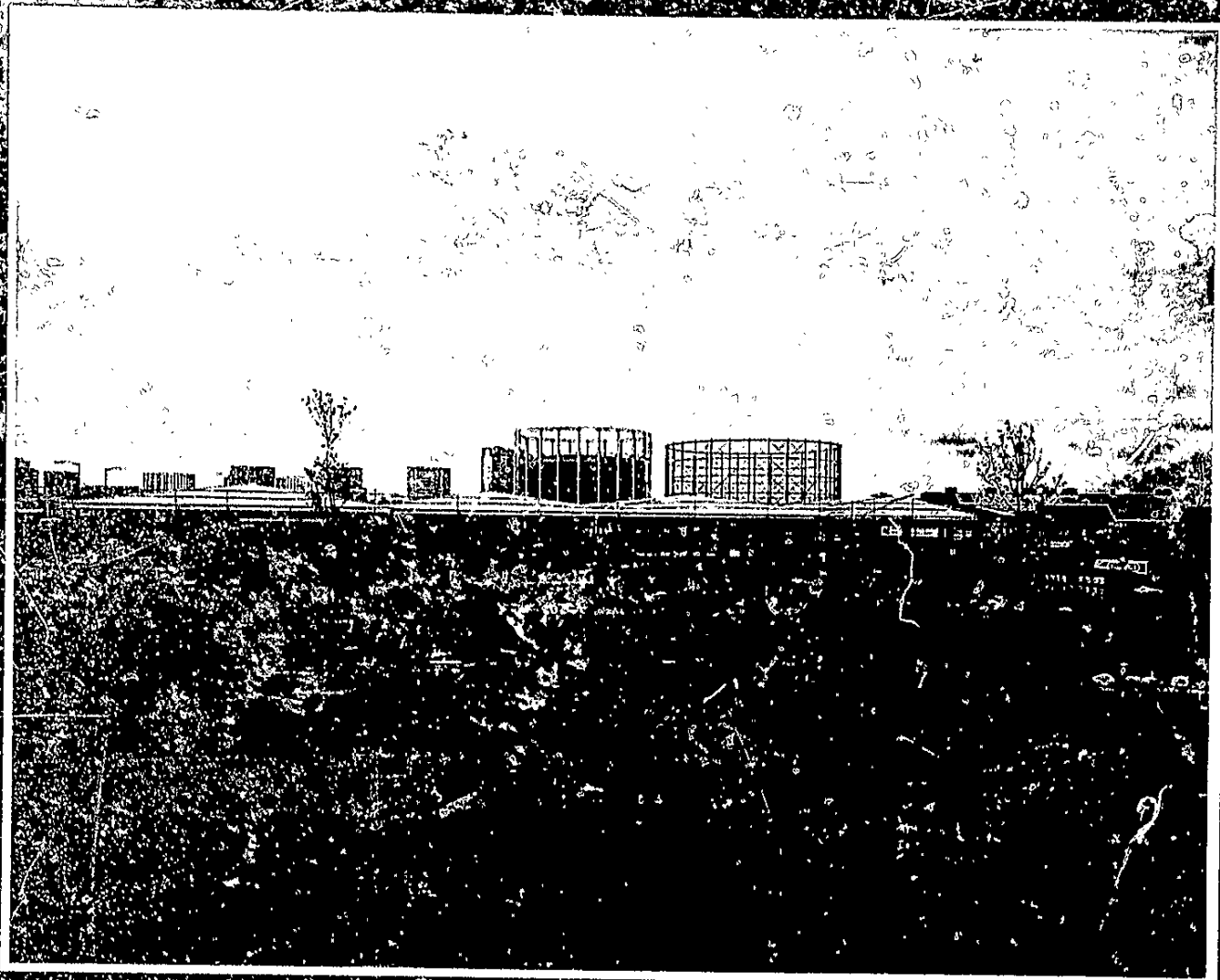
Trading estates

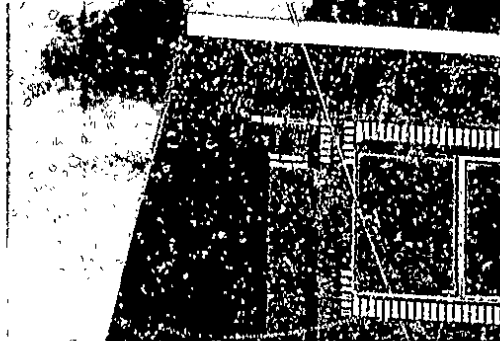
The Group now owns 17 industrial estates, the bulk of which are in the West Midlands, many occupying prime sites around the intersections of the M1, M5, M6 and M42 motorways, the central point of the country's motorway system. In total they establish A & J Mucklow Group plc as the largest owner of factory 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 326 acres, of which 322 acres are freehold and 4 acres long leasehold. The area of fully developed industrial buildings at the June 1994 year-end was 5.35m sq.ft., mainly in the form of modern single-storey factories and warehouses built to a high specification on prime sites. Currently the Group has over 600 tenants.

The level of vacant space in the developed portfolio amounted to 1,026,000 sq.ft. at 30th June 1994. At the year end the industrial land held for development was sufficient to accommodate in total a further 235,000 sq.ft. of factory space.

Since the year end an industrial development of 135,000 sq.ft. with redevelopment potential has been acquired in Mitcham, Surrey.





REVIEW OF GROUP ACTIVITIES

Industrial Properties — 000 sq.ft.

	Completed buildings as at 30.6.91	Under construction or to be built
1	Corngreaves, Cradley Heath	137
2	Waterfall Lane, Cradley Heath	302
3	Vernon, Blackheath	21
4	Long Lane, Blackheath	22
5	Belmont, Halesowen	26
6	Shenstone, Halesowen	171
7	Forge, Halesowen	79
8	Mucklow Hill, Halesowen (No. 1)	98
9	Mucklow Hill, Halesowen (No. 2)	28
10	Rose Hill, Dudley	46
11	Wednesbury	691
12	Wulfrun, Wolverhampton	113
13	Saltley, Birmingham	1,030
14	Duddeston Mill, Birmingham	130
15	Long Acre, Birmingham	62
16	Coleshill	237
17	Paul Street, Wolverhampton	80
18	Federation Road, Stoke	35
19	Hawkey Brook, Wigan	127
20	Two Woods Lane, Brierley Hill	17
21	Bewdley Road, Birmingham	51
22	Aston Fields, Bromsgrove (No. 1)	73
23	Aston Fields, Bromsgrove (No. 2)	61
24	Vauxhall, Saltley, Birmingham	17
25	Brookvale, Witton, Birmingham	41
26	Tile Cross, Birmingham	36
27	Stirchley, Birmingham	97
28	Royal Oak, Daventry	47
29	Derby	53
30	Small Heath, Birmingham	50
31	Kelvin Way, West Bromwich	280
32	Park, Hockley, Birmingham	16
33	Tipton	127
34	Stechford, Birmingham	37
35	Saltbrook, Cradley Heath	20
36	Bordesley, Birmingham	68
37	Enterprise, Dudley	170
38	Albert Road, Birmingham	
39	Montague Street, Birmingham	29
40	Bull Ring, Birmingham	67
41	Forward Park, Birmingham	55
42	Horsham, Sussex	101
43	Crompton Fields, Crawley	159
44	Farnham, Surrey	40
45	Witney, Oxford	50
46	Rugby, Warwickshire	77
47	Bedford	71
Total Industrial		5,351

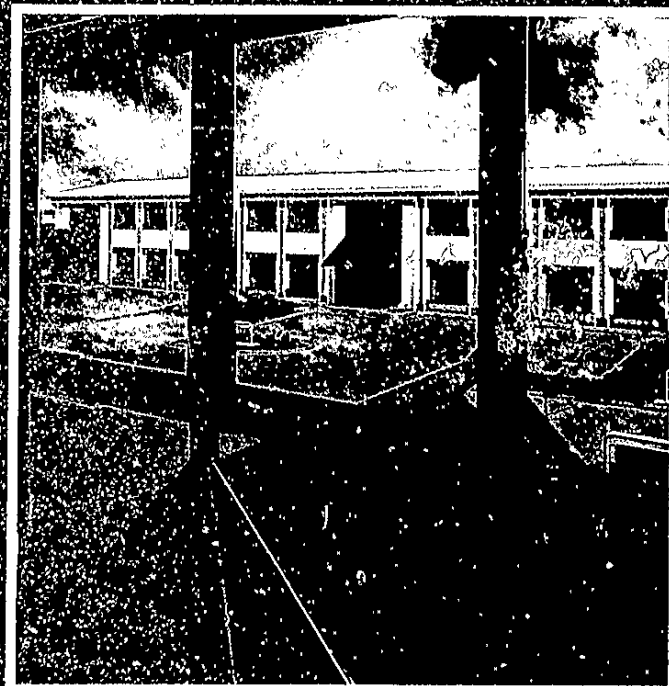
Commercial Properties — 000 sq.ft.

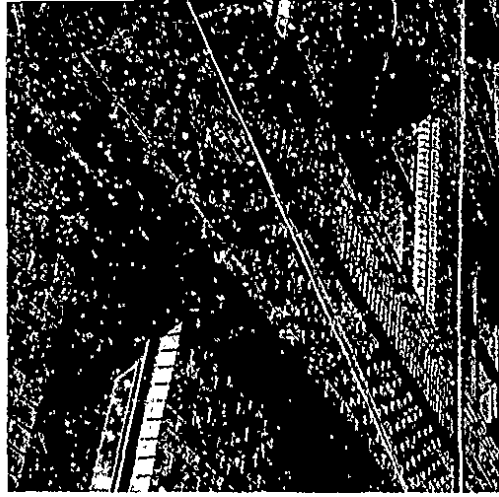
Offices

1	The Cloisters, Edgbaston, Birmingham	19
2	Chiswick, London	18
3	Farnborough, Hampshire	13
4	36/38 George Road, Edgbaston, Birmingham	12
5	Bristol Road, Edgbaston, Birmingham	23
6	Frederick Road, Edgbaston, Birmingham	10
7	Pynes Hill, Exeter	19
8	Castle Bridge, Nottingham	13
9	St Johns, Bromsgrove	12
10	Queenswood, Northampton	10
11	Trinity Park, Solihull	21
12	Springfield House, Bristol	8
13	Dukes Green, Heathrow	38
Total Offices		219

Retail Warehouses — 000 sq.ft.

1	Prospect Way, Halesowen	42
2	Redditch	30
Total Warehouses		62
Combined Total		5,662





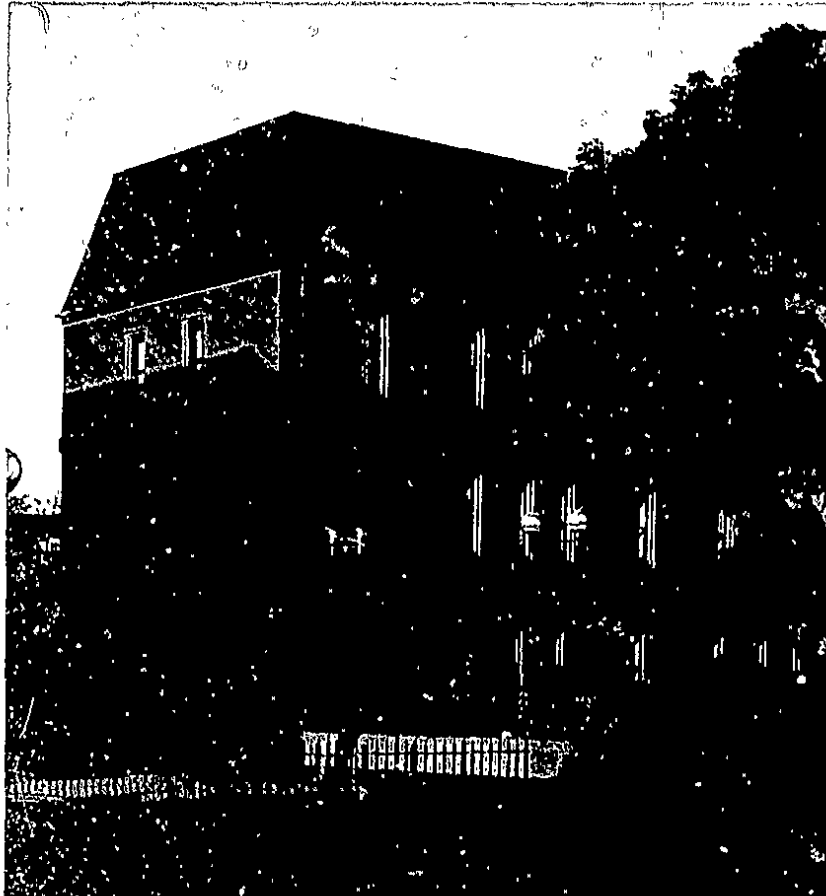
REVIEW OF GROUP ACTIVITIES

Commercial properties

At the 30th June 1994 year end, the Group owned 13 completed office properties and 2 retail warehouses. The total developed area at that date was 311,000 sq.ft., of which 22,000 sq.ft. was vacant.

During the year 10,000 sq.ft. of the 15,000 sq.ft. remaining first phase of the Bristol Road, Edgbaston office development was let and construction work has now commenced on the remaining 27,000 sq.ft. final phase of the development.

Also during the year the 11,000 sq.ft. office building in Weybridge was sold and since the year end a new 6,200 sq.ft. partially let office building in Edgbaston, Birmingham was acquired.

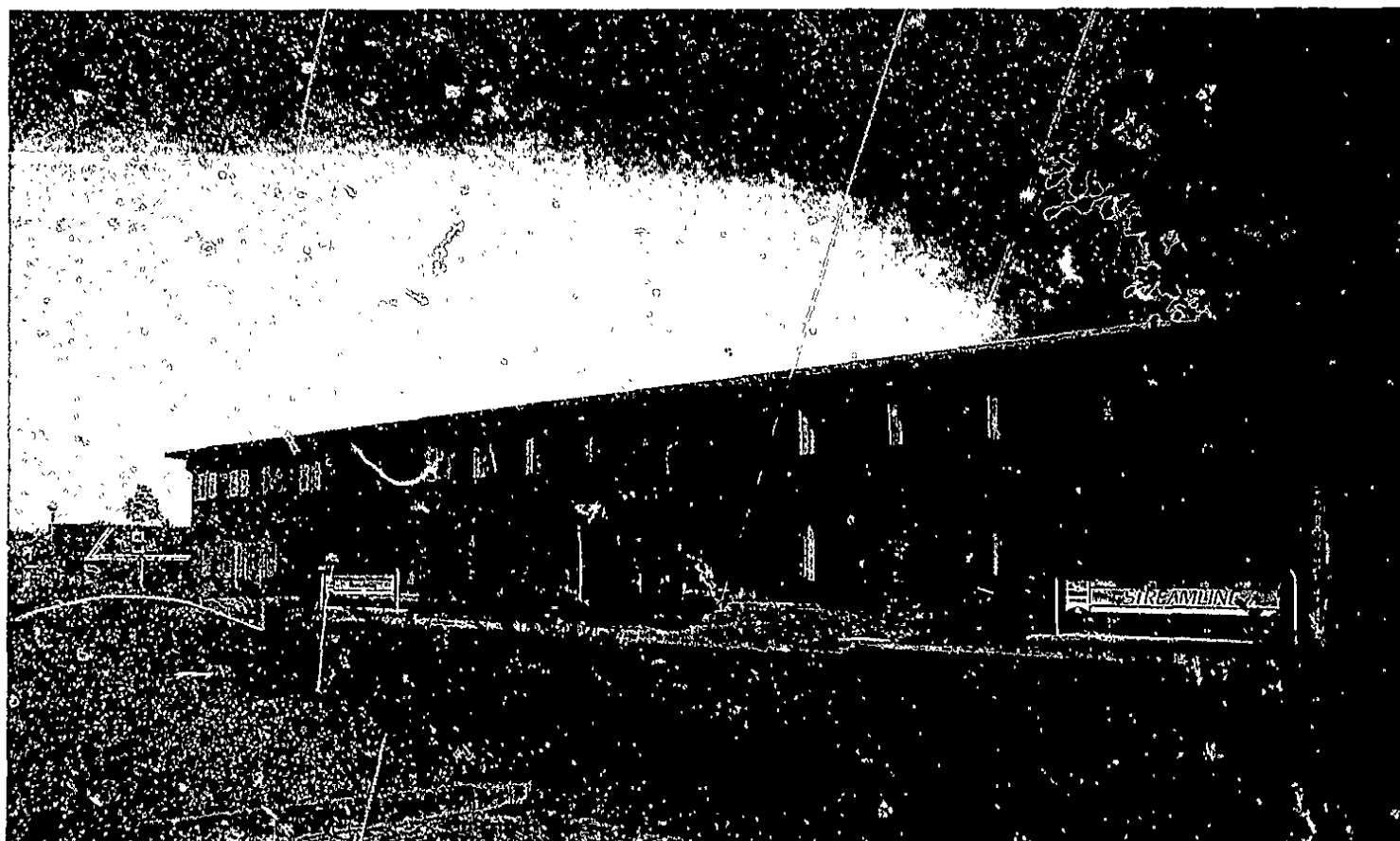


6,200 sq.ft. Office Building, Edgbaston, Birmingham



KINGS HILL BUSINESS PARK
WEDNESBURY

10,000 sq.ft. let to The Post Office





REVIEW OF GROUP ACTIVITIES

Other properties

Traditionally, the Group has had interests in residential flat properties and ground rents. However, these have been disposed of progressively, so that in the year 1993/94 the gross rentals amounted to only £91,223 and realisations produced a cash flow of £112,000.

Trading activities

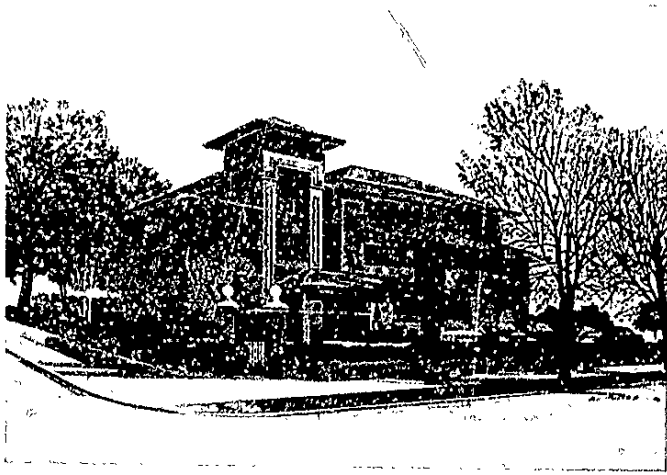
During 1993/94 20 houses were sold compared with 33 last year. The residential land bank at 30th June 1994 comprised some 57 acres, of which 48 acres were located in Lancashire. Land disposals amounted to £636,359.

The Group owns some 400 acres of other land with varying degrees of development potential.

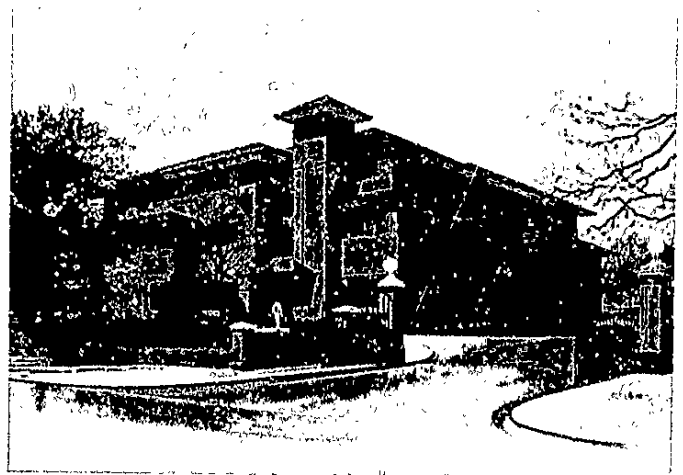


Artist's impression as viewed from Bristol Road (A38)

EDGBASTON PARK, BIRMINGHAM



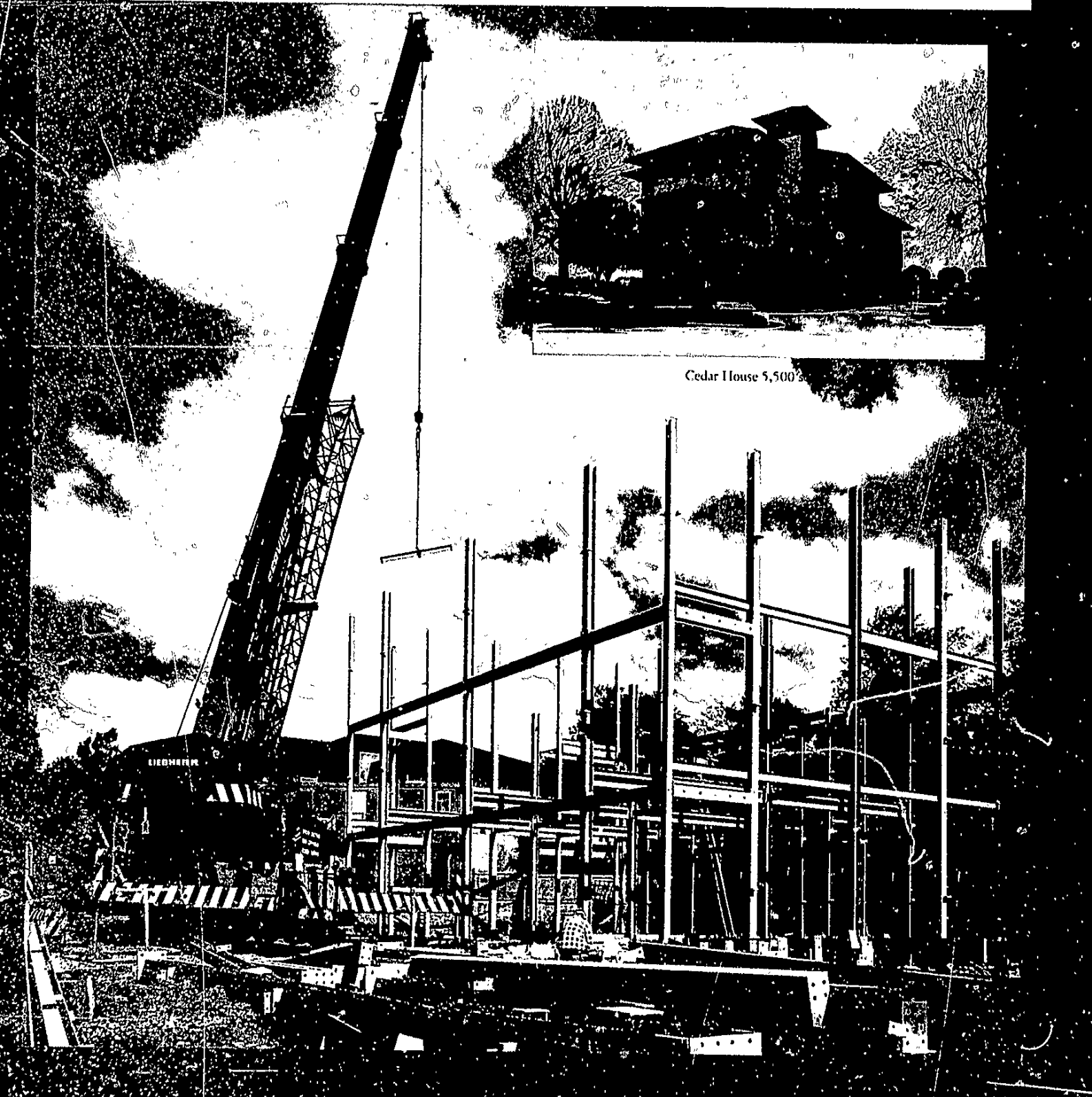
Ash House 10,000 sq ft



Beech House 13,000 sq ft



Cedar House 5,500 sq ft





FIVE YEAR RECORD

Year to 30th June	1994 £000	1993 £000	1992 £000	1991 £000	1990 £000
<i>Revenue</i>					
Gross Rentals	17,951	16,200	15,627	14,237	12,649
Turnover	2,576	3,923	3,022	3,498	3,688
Operating profit	16,565	15,385	14,588	13,446	15,150
Disposal of properties	394	89	62	815	212
Pension scheme refund				14,100	
Profit before taxation	10,103	9,673	10,908	25,686	10,732
Profit after taxation	7,387	6,302	7,574	19,553	7,948
<i>Capital</i>					
Ordinary shareholders' funds	153,371	140,926	151,700	154,509	149,658
Investment properties	221,024	206,855	201,627	188,495	185,285
<i>Per Ordinary share</i>					
Earnings	7.53p	6.12p	7.72p	19.27p	7.56p
Net dividend	6.2861p	6.103p	5.925p	5.613p	5.130p
Net asset value	157p	144p	155p	158p	143p

The Pension scheme refund in 1991 was originally treated as an Extraordinary item.



MANAGEMENT AND PROFESSIONAL ADVISERS

Directors

Albert J Mucklow A.C.I.S.

G Clive Evans

Trevor Mucklow

Allan J Mucklow

Peter M Petherbridge

Chairman. Age 58. Joined Company 1956.
Appointed Chairman in 1976.

Managing Director. Age 56. Director since
1981. Joined Company 1954

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

Non-Executive Director since 1977. Age 59.
Joined Company 1957.

Non-Executive Director. Appointed September
1990. Age 47. Solicitor practising
as P M Petherbridge & 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

Davies House, Lombard Street West,
West Bromwich,
West Midlands B70 8EL

P M Petherbridge & 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

James Capel & Co. Ltd. (Birmingham)
Exchange Buildings,
Stephenson Place,
Birmingham B2 4NN

Bankers

Midland Bank plc
328 High Street,
West Bromwich,
West Midlands B70 8EL

Registrars and Transfer Office

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



DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 30th June 1994.

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 £10,104,143 and the taxation charge was £2,716,366.

Review of business

The Group's activities are reviewed on pages four to ten

Ordinary dividends

On 1st July 1994, an interim dividend of 3.0515p per share was paid. A final dividend of 3.2346p per share is proposed. The total dividend for the year will be 6.2861p per share and with tax credits will be the equivalent of a gross dividend of 7.8576p per share.

The final dividend, if confirmed, will be paid on 3rd January 1995 to shareholders on the register at the close of business on 17th November 1994.

Share capital

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.

Redemption of debenture stocks

On 31st March 1994 the 6¹/₂% First Mortgage Debenture Stock 1989/94 and the 7¹/₂% First Mortgage Debenture Stock 1990/95 were redeemed at par.

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 £1,566 (1993: £612).

Directors

The present Board is shown on page thirteen and all the directors listed were in office throughout the year.

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

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 Group and receives fees from the Group in the normal course of business. The fees paid during the year under review amounted to £168,419 (1993: £140,233).

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



DIRECTORS' REPORT

The two executive directors have three 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 137 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 30.6.94	at 30.6.93
Albert J Mucklow	2,297,449 (a)	2,298,677 (a)
T Mucklow	3,062,324 (b)	3,062,324 (b)
Allan J Mucklow	3,924,031	3,924,031
P M Petherbridge	13,766	13,766
G C Evans	214,808	214,808

The holdings marked (a) and (b), included non-beneficial interests in 1,000,000 and 971,056 Ordinary shares respectively.

There were no movements in any of the directors' shareholdings between 1st July 1994 and 27th September 1994.

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 1994:

Mrs M A Hickman 3,402,465 shares (3.48%)
M & G Investment Management Limited 8,275,632 shares (8.48%)
AMP Asset Management plc 6,613,605 shares (6.77%)
Britannic Assurance PLC 3,647,250 shares (3.74%)
Citibank 3,282,079 shares (3.36%)

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 1994 or at 27th September 1994.

Properties

A professional revaluation of the Group's industrial and commercial properties was carried out by DTZ Debenham Thorpe at 30th June 1994.

This revaluation has been incorporated in the accounts resulting in an increase of £10.810m in the industrial/commercial portfolio revaluation reserve.

Corporate Governance

The Board of directors is responsible to shareholders for the management and control of the Company. The present Board consists of two executive directors and three non-executive directors. The Board meets four times during the year. The Boards of the operating companies meet monthly and at those meetings all main Board executive directors and at least one non-executive director are present.

While all major decisions have always been reserved to the Board the formal schedule of matters specifically reserved to it was adopted on 14th June 1994.

The formal terms of reference for the following committees were agreed on 14th June 1994:

1. Audit Committee
2. Remuneration Committee
3. Nomination Committee



DIRECTORS' REPORT

The Audit committee and Remuneration committee comprise all three non-executive directors under the chairmanship of Mr Peter Petherbridge. The Nomination committee comprises the three non-executive directors under the chairmanship of the Group Chairman.

The Company complies with those provisions currently in force of the Code of Best Practice recommended by the Committee on the Financial Aspects of Corporate Governance except as noted below:

1. The three non-executive directors, who are all members of the Audit, Remuneration, and Nomination committees, are not "independent" as recommended by the Code. At the present juncture the Board does not consider it appropriate to increase the number of non-executive directors bearing in mind the small number of the Group's employees. However, Mr Trevor Mucklow and Mr Allan Mucklow although related to the Chairman are not involved in the daily running of the business; Mr Peter Petherbridge is the Company's legal adviser. All of the non-executive directors exercise their duties and responsibilities independently of the executive directors and are able to take outside professional advice in accordance with the agreed procedure at the Company's expense.
2. There is no specific period of appointment for the three non-executive directors as recommended by the Code. However, the Company's Articles of Association provide that they must submit themselves for re-election every three years at the Annual General Meeting of the Company.

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

17th October 1994



*STATEMENT OF
DIRECTORS'
RESPONSIBILITIES*

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that year. In preparing those accounts, the directors confirm that they have:

- (a) selected accounting policies which they consider to be suitable and have applied them consistently;
- (b) made judgements and estimates that are reasonable and prudent;
- (c) followed applicable accounting standards; and
- (d) prepared the accounts on a going concern basis.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT

to the Members of A & J Mucklow Group plc

We have audited the financial statements on pages 18 to 33 which have been prepared under the historical cost convention as modified by the revaluation of properties, and the accounting policies set out on page 21.

Respective Responsibility of Directors and Auditors

As described above the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group and are consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements on pages 18 to 33 give a true and fair view of the state of affairs of the Company and of the Group at 30th June 1994 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

F E Sidaway, Son & Co
Chartered Accountants
Registered Auditors

Warley
West Midlands

17th October 1994



*CONSOLIDATED
PROFIT AND LOSS
ACCOUNT*

for the year ended 30th June 1994

	Notes	1994 £000	1993 £000
Rental income and turnover continuing operations	2 & 3	20,527	20,123
Operating expenses	2 & 3	<u>(3,962)</u>	<u>(4,738)</u>
Operating profit continuing operations		16,565	15,385
Profit on disposal of properties		<u>394</u>	<u>89</u>
Profit on ordinary activities before interest		16,959	15,474
Interest receivable	4	335	1,535
Interest payable	5	<u>(7,191)</u>	<u>(7,336)</u>
Profit on ordinary activities before taxation		10,103	9,673
Taxation	7	<u>(2,716)</u>	<u>(5,371)</u>
Profit for the financial year		7,387	6,302
Dividends	8	<u>(6,171)</u>	<u>(5,992)</u>
Retained profit for the financial year	17	<u>1,216</u>	<u>310</u>
Earnings per share	9	<u>7.53p</u>	<u>6.42p</u>

The notes attached are an integral part of the accounts.



CONSOLIDATED BALANCE SHEET

at 30th June 1994

	Notes	1994 £000	1993 £000
Fixed assets			
Tangible	10	221,430	207,249
Current assets			
Stocks	11	4,653	5,109
Debtors -- due within one year	12	4,169	4,662
— due after more than one year	12	2,134	2,182
Cash at bank and in hand		7,558	9,614
		18,514	21,567
Creditors: Amounts falling due within one year	13	(20,151)	(20,807)
Net current (liabilities)/assets		(1,637)	760
Total assets less current liabilities		219,793	208,009
Creditors: Amounts falling due after more than one year	14	(65,000)	(65,391)
Provisions for liabilities and charges	15	(747)	(1,017)
		154,046	141,601
<i>Capital and reserves</i>			
Called up share capital	16	25,085	25,085
Reserves	17	128,961	116,516
		154,046	141,601

Albert J Mucklow
G C Evans

Approved by the Board on 17th October 1994

The notes attached are an integral part of the accounts.



P A R E N T C O M P A N Y
B A L A N C E S H E E T

at 30th June 1991

	Notes	1991 £000	1990 £000
Fixed assets			
Investments	18	<u>9,166</u>	<u>9,634</u>
Current assets			
Debtors — due within one year	12	120,156	119,231
— due after more than one year	12	<u>1,539</u>	<u>1,740</u>
		<u>121,695</u>	<u>120,971</u>
Creditors: Amounts falling due within one year	13	<u>(11,309)</u>	<u>(12,008)</u>
Net current assets		110,386	108,963
Total assets less current liabilities		119,552	118,597
Creditors: Amounts falling due after more than one year	14	<u>(65,000)</u>	<u>(65,391)</u>
		<u>54,552</u>	<u>53,206</u>

Capital and reserves

Called up share capital	16	25,085	25,085
Reserves	17	<u>29,467</u>	<u>28,121</u>
		<u>54,552</u>	<u>53,206</u>

Albert J Mucklow

G C Evans

Approved by the Board on 17th October 1991

The notes attached are an integral part of the accounts.



*C O N S O L I D A T E D
C A S H F L O W
S T A T E M E N T*

for the year ended 30th June 1994

	Notes	1994 £000	1993 £000
Net cash inflow from operating activities	(a)	<u>17,135</u>	<u>17,019</u>
Returns on investments and servicing of finance			
Interest received		335	1,535
Interest paid		(7,209)	(6,254)
Dividends paid		<u>(5,992)</u>	<u>(5,818)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(12,866)</u>	<u>(10,537)</u>
Taxation			
Corporation tax paid		<u>(2,294)</u>	<u>(3,502)</u>
Investing Activities			
Purchases of property		(6,347)	(13,221)
Sales of property		3,474	292
Insurances and claims on properties		—	386
Purchase of plant and vehicles		(128)	(94)
Sale of plant and vehicles		<u>36</u>	<u>43</u>
Net cash outflow from investing activities		<u>(2,965)</u>	<u>(12,594)</u>
Net cash outflow before financing		<u>(990)</u>	<u>(9,614)</u>
Financing			
Redemption of debenture stocks		<u>1,066</u>	<u>—</u>
Net cash outflow from financing		<u>1,066</u>	<u>—</u>
(Decrease) in cash and cash equivalents	(b)	<u>(2,056)</u>	<u>(9,614)</u>
		<u>(990)</u>	<u>(9,614)</u>



NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30th June 1994

(a) Reconciliation of operating profit to net cash inflow from operating activities	1994 £000	1993 £000
Operating profit	16,565	15,385
Depreciation	97	95
Profit on sale of tangible fixed assets	(18)	—
Decrease in stocks	456	961
Decrease in debtors	341	62
(Decrease) increase in creditors	(306)	516
Net cash inflow from operating activities	<u>17,135</u>	<u>17,019</u>

(b) Analysis of changes in cash and cash equivalents during the year

Balance at 1st July 1993	9,614	19,228
Net cash (outflow)	<u>(2,056)</u>	<u>(9,614)</u>
Balance at 30th June 1994	<u>7,558</u>	<u>9,614</u>

(c) Analysis of the balances of cash and cash equivalents as shown in the balance sheet	1994 £000	1993 £000	Change in year £000
Cash at bank and in hand	408	(197)	600
Short-term deposits and investments	<u>7,150</u>	<u>9,806</u>	<u>(2,656)</u>
	<u>7,558</u>	<u>9,614</u>	<u>(2,056)</u>

(d) Analysis of changes in financing during the year	1994		1993	
	Share capital £000	Debentures and loans £000	Share capital £000	Debentures and loans £000
Financing at 1st July 1993	25,085	66,066	25,085	66,066
Cash outflow from financing	<u>—</u>	<u>(1,066)</u>	<u>—</u>	<u>—</u>
Financing at 30th June 1994	<u>25,085</u>	<u>65,000</u>	<u>25,085</u>	<u>66,066</u>



*STATEMENT OF
TOTAL RECOGNISED
GAINS AND LOSSES*

	1994 £000	1993 £000
Profit for financial year	7,387	6,302
Unrealised surplus (deficit) on revaluation of properties	10,850	(11,141)
Unrealised profit on assets held for investment	52	63
Total gains and losses for the financial year	<u>18,289</u>	<u>(4,776)</u>

*RECONCILIATION OF
MOVEMENTS IN
SHAREHOLDERS' FUNDS*

Profit for financial year	7,387	6,302
Dividends	(6,171)	(5,952)
Retained profit for the financial year	<u>1,216</u>	<u>310</u>
Unrealised surplus (deficit) on revaluation of properties	10,850	(11,141)
Unrealised profit on assets held for investment	52	63
Taxation adjustments	327	(6)
	<u>12,445</u>	<u>(10,774)</u>
Shareholders' funds at 1st July 1993	141,601	152,375
Shareholders' funds at 30th June 1994	<u>154,046</u>	<u>141,601</u>

*NOTE OF HISTORICAL
COST PROFITS AND
LOSSES*

Reported profit on ordinary activities before taxation	10,103	9,673
Realisation of property revaluation gains of previous years	<u>316</u>	<u>75</u>
Historical cost profit on ordinary activities before taxation	<u>10,419</u>	<u>9,748</u>
Historical cost profit for the year retained after taxation and dividends	<u>1,470</u>	<u>379</u>



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 co-terminous date of 30th June 1994.

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 4 of the Companies Act 1985 and applicable Accounting Standards.

A separate profit and loss account is not prepared for the Company as permitted by Section 230 of the Companies Act 1985.

Accounting convention

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

Gross rentals

Gross rentals receivable for the year, exclusive of VAT.

Turnover

The turnover represents housing and land sales invoiced by the Group wholly within the UK excluding VAT and inter-company items.

Trading profit

In the building division credit is taken for profit:

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

On sales of land, when the contracts have been exchanged.

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

Interest

Interest without deduction of tax 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 from the commencement of development 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

Land

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

House ground rents are included at estimated net realisable value.

Construction

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

Factories under construction and materials on site are included at the lower of cost and estimated net 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 unrealised profit is credited to reserves.



NOTES TO THE ACCOUNTS

1 *Statement of accounting policies (continued)*

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

In accordance with SSAP 19 all of the investment properties are revalued annually by independent professional valuers and are included in the accounts at valuation and the variation is transferred to the revaluation reserve. No depreciation or amortisation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that as these properties are held for their investment potential and not for consumption, it is necessary to adopt this policy to give a true and fair view.

Depreciation

Plant and motor vehicles

These assets are depreciated on a straight line basis over the estimated useful lives.

Government Grants

Capital grants received relating to the cost of building investment properties are deducted from the cost of fixed assets.

This is not in accordance with SSAP 4 Accounting Treatment of Government Grants, but is considered appropriate in order to present a true and fair view of the investment in non-depreciating assets.

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.

2 *Operating profit on ordinary activities*

	1994	1993
(a) Operating profit	£000	£000
Gross rentals	17,951	16,200
Property outgoings	(778)	(841)
Rental income	17,173	15,359
Turnover	2,576	3,923
Cost of sales	(1,406)	(2,129)
Trading profit	1,170	1,794
Administration expenses	(1,778)	(1,768)
Operating profit	16,565	15,385

(b) Profit on ordinary activities is stated after charging the following:

Hire of plant and machinery	17	20
Depreciation	97	95
Directors' emoluments	250	222
Auditors' remuneration:		
Statutory audit	26	25
Other services	37	30



NOTES TO THE ACCOUNTS

3 Segmental analysis	Turnover		Operating Profit		Net Assets	
	1994	1993	1994	1993	1994	1993
	£000	£000	£000	£000	£000	£000
Investment property division	17,951	16,200	17,173	15,359	142,823	129,432
Trading and Estate development	2,576	3,923	1,170	1,794	4,139	2,596
Administration	—	—	(1,778)	(1,768)	—	—
	<u>20,527</u>	<u>20,123</u>	<u>16,565</u>	<u>15,385</u>	<u>146,962</u>	<u>132,028</u>
Investments					7,084	9,573
Net assets per balance sheet					<u>154,046</u>	<u>141,601</u>

4 Interest receivable

Interest on short-term deposits and investments	289	1,501
Dividends	3	3
Mortgage interest	27	28
Other	16	—
	<u>335</u>	<u>1,535</u>

5 Interest payable

Debenture Stocks	7,619	7,637
Bank loans and overdraft repayable within 5 years	7	17
Other	—	8
	<u>7,626</u>	<u>7,662</u>

The total has been allocated as follows:

charged to revenue	7,191	7,336
charged to cost of properties in the course of development	435	326
	<u>7,626</u>	<u>7,662</u>



NOTES TO THE ACCOUNTS

<i>6 Information regarding directors and employees</i>	1994	1993
	£000	£000
(a) Directors' emoluments (including pension contributions)		
Fees	34	33
Management remuneration and taxable benefits	186	182
Pension scheme contributions	30	7
	<u>250</u>	<u>222</u>
Emoluments of the Chairman (and highest paid director) were		
Fees	11	11
Management remuneration and taxable benefits	103	98
Pension scheme contribution	18	4
	<u>132</u>	<u>113</u>
	1994	1993
Other directors' emoluments fell within the following ranges:		
£ 0—£ 5,000	1	1
£10,001—£15,000	2	2
£80,001—£85,000	<u>1</u>	<u>1</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	7	7
Construction and sales	12	13
Total employees	<u>29</u>	<u>30</u>
The aggregate payroll costs (including directors) were as follows:	£000	£000
Wages and salaries	674	658
Social security costs	64	63
Pension costs	93	30
	<u>831</u>	<u>751</u>

(c) Pension arrangements

The Company operates defined contribution plans for qualifying permanent staff invested with the Standard Life Assurance Company.

Pension contributions (including directors) paid in the year ending 30th June 1994 amounted to £92,649 (1993: £30,277).



NOTES TO THE ACCOUNTS

7	<i>Taxation</i>	1994	1993
		£000	£000
	Taxation based on profit for the year:		
	Corporation tax at 33% (1993: 33%)	2,716	3,371
	The tax charge for the year has been decreased (1993: increased) due to a combination of the following:		
	Interest on debenture stocks	19	(1,082)
	Capital allowances	802	(17)
	Industrial buildings allowances	558	283
	Interest capitalised	435	326
		<u>1,814</u>	<u>(490)</u>
8	<i>Dividends</i>		
	On 4.9% net (formerly 7.0%) Cumulative Preference shares	33	33
	On Ordinary shares		
	Interim of 3.0515p per share (1993: 2.963p)		
	paid 1st July 1994	2,980	2,893
	Proposed final of 3.2346p per share (1993: 3.14p)	3,158	3,066
		<u>6,171</u>	<u>5,992</u>
9	<i>Earnings per share</i>	1994	1993
	Calculated in accordance with SSAP 3		
	on the basis of 97,611,384 Ordinary shares and		
	earnings of £7,354,002 (1993: £6,268,009)	<u>7.53p</u>	<u>6.42p</u>



NOTES TO THE ACCOUNTS

<i>10 Tangible fixed assets</i>	Industrial/ Commercial properties £000	Other properties £000	Plant and vehicles £000	Total £000
At cost or valuation less aggregate depreciation at 1st July 1993	206,660	195	394	207,249
Additions	6,961	—	128	7,089
Grants received	(562)	—	—	(562)
Surplus on revaluation	10,810	40	—	10,850
Disposals	(3,020)	(60)	(19)	(3,099)
Depreciation	—	—	(97)	(97)
At 30th June 1994	220,849	175	406	221,430
Comprising:				
At valuation	220,835	164	—	220,999
At cost	14	11	1,129	1,154
Aggregate depreciation	—	—	(723)	(723)
	220,849	175	406	221,430
Industrial/commercial properties:		Freehold £000	Leasehold £000	Total £000
At cost or valuation		203,479	17,370	220,849

Certain freehold and leasehold properties were valued at 30th June 1994 on an open market basis by DTZ Debenham Thorpe.

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

	1994 £000	1993 £000
Freehold	110,790	105,250
Leasehold	11,085	12,990
	121,875	118,240



NOTES TO THE ACCOUNTS

11 Stocks	1994 £000	1993 £000
Land	3,572	3,358
House ground rents	11	11
Houses under construction and completed	1,070	1,740
Factories and offices under construction	—	3
	<u>4,653</u>	<u>5,112</u>
Deduct deposits received in respect of sale of houses	—	3
	<u>4,653</u>	<u>5,109</u>
Composed of:		
Raw materials and consumables (including land)	3,334	3,045
Work in progress	306	559
Finished stocks	1,013	1,505
	<u>4,653</u>	<u>5,109</u>

12 Debtors	1994		1993	
	Group £000	Company £000	Group £000	Company £000
Falling due within one year				
Trade debtors	4,020	—	4,177	—
Prepayments and accrued income	149	1	185	1
ACT recoverable	—	1,749	—	1,912
Group undertakings	—	118,406	—	117,288
	<u>4,169</u>	<u>120,156</u>	<u>4,362</u>	<u>119,291</u>
Falling due after more than one year				
ACT recoverable	1,539	1,539	1,740	1,740
Mortgages	595	—	112	—
	<u>6,303</u>	<u>121,695</u>	<u>6,814</u>	<u>120,971</u>

The mortgages are repayable on disposal of the secured properties.

13 Creditors: Amounts falling due within one year

Trade creditors	1,855	23	2,099	13
Other creditors	67	—	16	—
6 3/4 per cent 1st Mortgage Debenture Stock 1989-94	—	—	675	675
Accruals	3,597	3,597	3,615	3,615
Social security	—	—	1	—
Corporation tax	3,182	1,551	3,289	1,746
Rents in advance	5,312	—	5,153	—
Proposed dividends	6,138	6,138	5,959	5,959
	<u>20,151</u>	<u>11,309</u>	<u>20,807</u>	<u>12,008</u>



NOTES TO THE ACCOUNTS

14 <i>Creditors: Amounts falling due after more than one year</i>	1994	1993
	£000	£000
7 1/2 per cent First Mortgage Debenture Stock 1990/95	—	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	60,000	60,000
	<u>65,000</u>	<u>65,391</u>

On 31st March 1994 the 6 3/4% First Mortgage Debenture Stock 1989/94 and the 7 1/2% First Mortgage Debenture Stock 1990/95 were redeemed at par.

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 13 1/4% First Mortgage Debenture Stock 2000/05 is 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.

There are no mandatory sinking fund requirements in respect of the 13 1/4% and the 11 1/2% Debenture Stocks.

15 <i>Provisions for liabilities and charges</i>	1994	1993
	£000	£000
Provisions for construction of roads and sewers and for work to complete and remedy houses and factories		
Balance at 1st July 1993	1,017	964
(Credit) charge during the year	(270)	53
Balance at 30th June 1994	<u>747</u>	<u>1,017</u>



NOTES TO THE ACCOUNTS

16 Share capital	1994		1993	
	Authorised £000	Allotted, called up and fully paid £000	Authorised £000	Allotted called up and fully paid £000
675,000 4.9% rate (formerly 7.0%) Cumulative Preference shares of £1	675	675	675	675
97,611,381 Ordinary Shares of 25p	24,410	24,410	24,410	24,410
19,658,616 Ordinary shares of 25p	4,915	—	4,915	—
	<u>30,000</u>	<u>25,085</u>	<u>30,000</u>	<u>25,085</u>

17 Reserves

(a) Group	Revaluation reserve £000	Redemption reserve £000	Profit and loss account £000	Total £000
At 1st July 1993	82,242	1,750	32,524	116,516
Retained profit	—	—	1,216	1,216
Surplus on revaluation	10,850	—	—	10,850
Realisation of property revaluation gains	(316)	—	316	—
Taxation on realisation of property revaluation gains	—	—	(62)	(62)
Unrealised profit on assets held for investment	—	—	52	52
Taxation adjustment	—	—	389	389
	<u>92,776</u>	<u>1,750</u>	<u>34,135</u>	<u>128,961</u>

Revaluation Reserve

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 £0.7m (1993: nil).

(b) Company	Redemption reserve £000	Profit and loss account £000	Total £000
At 1st July 1993	1,750	26,371	28,121
Retained profit	—	1,346	1,346
	<u>1,750</u>	<u>27,717</u>	<u>29,467</u>



NOTES TO THE ACCOUNTS

18 <i>Investment in subsidiary undertakings</i>	1994	1993
	£000	£000
Shares		
At cost	389	389
At valuation	8,777	9,215
	<u>9,166</u>	<u>9,604</u>

19 *Contingent liabilities*

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

20 *Commitments*

(a) Capital

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

1,800 2,462

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

3,125 3,148

(b) Operating leases

The annual commitments under non-cancellable operating leases is as follows:

	Land and buildings	
	1994	1993
	£000	£000
Operating leases which expire in over five years	<u>25</u>	<u>135</u>

21 *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/COMMERCIAL
PROPERTY INVESTMENT
Barr's Industrial Limited
A & J Mucklow (Birmingham) Limited
A & J Mucklow (Investments) Limited
A and J Mucklow (Lands) Limited
A & J Mucklow (Properties) Limited
Bellmont Homes (Birmingham) Limited*

TRADING AND ESTATE DEVELOPMENT
A & J Mucklow & Co Limited
A & J Mucklow (Homes) Limited
A & J Mucklow (Estates) Limited

RESIDENTIAL PROPERTY INVESTMENT
Kumclow Investments Limited

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



NOTICE OF MEETING

Notice is hereby given that the Thirty-third Annual General Meeting of the Company will be held at The Chamber of Commerce, Edgbaston, Birmingham B15 3DH on Thursday, 10th November 1994 at 11.00 am for the following purposes:

As Ordinary Business

- 1 To receive the statement of accounts for the year ended 30th June 1994 and the reports of the directors and auditors thereon.
- 2 To declare a final dividend on the Ordinary Shares of 3.2346p per share for the year ended 30th June 1994.
- 3 To re-elect Mr T Mucklow, who retires by rotation, as a director.
- 4 To reappoint 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 up to the date of the next Annual General Meeting (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
17th October 1994



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 or Barclays Registrars Limited, Bourne House, 3-1 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 31st January 1995 to all Ordinary Shareholders on the register on 17th November 1994.



SHAREHOLDERS' DIARY

Annual General Meeting

November 1994

Results announced

For the half year to 31st December 1994

March 1995

For the year to 30th June 1995

September 1995

Ordinary dividends

Final for 1994/5

— announced
— payable

September 1994
January 1995

Interim for 1994/5

— announced
— payable

March 1995
July 1995