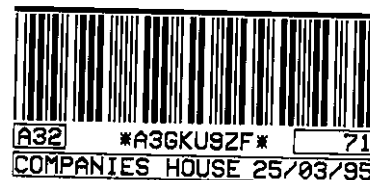

M K J Investment Company Limited

Report and Financial Statements

◆ *For the year ended 31 December 1994* ◆



COMPANY NO 253644

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M K J INVESTMENT COMPANY LIMITED

COMPANY INFORMATION

Registered office	The Galleria Station Road Crawley West Sussex RH10 1HY	
Registered number	253644	
Auditors	Beavis Walker Audrey House 16/20 Ely Place London EC1N 6SN	
Bankers	Lloyds Bank Plc 34 Moorgate London EC2R 6DN	
Solicitors	Ellis Bickersteth & Moser 22a High Street Woking Surrey GU21 1EG	
Investment advisors	James Capel & Co 7 Devonshire Square London EC2M 4HU	Albert E Sharp Edmund House 12 Newhall Street Birmingham B3 3ER
Property advisors	Cottrell & Rothern 188 Brockley Road London SE4 2RN	Levinson & Co 9 Bentinck Street London W1M 5RP

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 December 1994.

Principal Activity

The company's principal activity is investing in stocks, shares and properties.

Review of the Business

Gross revenue for the year amounted to £281,911. After deducting administrative costs and providing for taxation profit on ordinary activities amounted to £308,872. Included in this figure is a surplus of £172,630 made on the sale of listed investments which amount after taxation of £39,893 has been transferred to capital reserve. The changes in listed investments are as detailed in note 8 to the financial statements.

Results and Dividend

The results for the year are set out in detail on page 6.

The directors do not recommend the payment of a final dividend.

Investments

(a) Securities

The market value of listed investments held at 31 December 1994 showed a decrease in value of 13% over the value at the beginning of the year, inclusive of investments purchased and sold during the year. The company's holding of listed securities at cost increased by a net £8,418.

(b) Properties

All of the properties were revalued at 31 December 1993 by the following qualified and independent valuers:

Levinson & Co., Chartered Surveyors
Cottrell & Rother, Surveyors and Valuers

The valuations were prepared upon the basis of open market value.

REPORT OF THE DIRECTORS
(Continued)

Directors

The directors who served during the year and their interests in the shares of the company at the end of the year, were as follows:

	31 December 1994 or date of appointment	31 December 1993
Mr D R Philip (Chairman) (alternate Mr C J Rew)	-	-
Mrs F V A Greenwell	6,356	6,356
Miss M L Swanson	4,969	4,969
Mr J M Gervers (alternate Mr F M E Vernon)	554	549
Mr A J Greenwell	576	576
Mr T S Hickman	2,457	2,457
Mr F M E Vernon (appointed 23 March 1994)	554	549

The directors report with regret the death of Mrs J E J Hickman on 14 April 1994. Mrs F A Vernon retired as a director on 21 July 1994.

In accordance with the Articles of Association Mr A J Greenwell and Mr T S Hickman retire by rotation and offer themselves for re-election at the forthcoming annual general meeting.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.


The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS
(Continued)

Auditors

Beavis Walker have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

The report of the directors was approved by the Board on 16 March 1995 and signed on its behalf
by:



Christopher John Rew
Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
MKJ INVESTMENT COMPANY LIMITED**

We have audited the financial statements on pages 6 to 13 which have been prepared on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 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 company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1994 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Beavis Walker
Registered Auditor and Chartered Accountants

London
16 March 1995

M K J INVESTMENT COMPANY LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 31 December 1994

	Note	1994 £	1993 £
Revenue			
Income from investments	1,2	266,586	233,385
Income from loans and deposits		15,325	17,784
		<hr/>	<hr/>
Gross revenue		281,911	251,169
Administrative expenses	3	(46,595)	(48,327)
		<hr/>	<hr/>
Operating profit		235,316	202,842
Surplus on sale of fixed asset investments	11	172,630	207,251
		<hr/>	<hr/>
Profit on ordinary activities before taxation		407,946	410,093
Taxation	5	(99,074)	(55,869)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		308,872	354,224
Transferred to capital reserve	11	(132,737)	(207,251)
		<hr/>	<hr/>
		176,135	146,973
Dividends paid and proposed	6	(176,580)	(170,040)
		<hr/>	<hr/>
Retained loss for the year		(445)	(23,067)
Brought forward at 1 January 1994		230,128	253,195
		<hr/>	<hr/>
Carried forward at 31 December 1994		229,683	230,128
		<hr/> <hr/>	<hr/> <hr/>

All operations for the financial year are continuing.

The notes on pages 9 to 13 form part of these financial statements.

M K J INVESTMENT COMPANY LIMITED**STATEMENT OF RECOGNISED GAINS AND LOSSES**
For the year ended 31 December 1994

	1994	1993
	£	£
Profit on ordinary activities after taxation	308,872	354,224
Unrealised surplus on property revaluation	-	61,502
	<hr/>	<hr/>
Total recognised gains	308,872	415,726
	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994	1993
	£	£
Profit for the financial year	308,872	354,224
Dividends	(176,580)	(170,040)
	<hr/>	<hr/>
	132,292	184,184
Unrealised surplus on revaluation of properties	-	61,502
	<hr/>	<hr/>
Net additions to shareholders funds	132,292	245,686
Opening Shareholders' Funds	3,223,386	2,977,700
	<hr/>	<hr/>
Closing Shareholders' Funds	3,355,678	3,223,386
	<hr/> <hr/>	<hr/> <hr/>

M K J INVESTMENT COMPANY LIMITED

BALANCE SHEET

31 December 1994

	Note	1994 £	1993 £
Fixed Assets			
Tangible assets - investment properties	7	1,066,835	1,066,835
Investments	8	1,930,834	1,922,416
		<u>2,997,669</u>	<u>2,989,251</u>
Current Assets			
Rental debtors		4,162	6,555
Other debtors and taxation		114,325	20,535
Cash at bank		410,456	320,197
		<u>528,943</u>	<u>347,287</u>
Creditors: amounts falling due within one year			
Creditors		3,618	3,992
Other creditors, taxation and social security		69,216	13,240
Proposed dividends		98,100	95,920
		<u>170,934</u>	<u>113,152</u>
Net current assets		<u>358,009</u>	<u>234,135</u>
Total assets less current liabilities		<u>3,355,678</u>	<u>3,223,386</u>
Capital and reserves			
Called up share capital	9	43,600	43,600
Share premium account		23,073	23,073
		<u>66,673</u>	<u>66,673</u>
Other reserves			
Revaluation reserve	10	538,433	538,433
Capital reserve	11	2,520,889	2,388,152
Profit and loss account		229,683	230,128
		<u>3,289,005</u>	<u>3,156,713</u>
Total shareholders' equity		<u>3,355,678</u>	<u>3,223,386</u>

The financial statements were approved by the Board on 16 March 1995 and signed on its behalf by:

D R PHILIP



MRS F V A GREENWELL



The notes on pages 9 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1994

1. ACCOUNTING POLICIES

Convention

The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of freehold properties, and in accordance with applicable accounting standards.

The principal accounting policies which the directors have adopted within that convention are set out below.

Income and Expenses

- (i) Franked and unfranked investment income include the imputed tax credits and taxes deducted at source.
- (ii) Expenses are dealt with on an accruals basis.

Listed Investments

Investments are shown in the accounts at cost. Gains and losses on realisation of investments net of taxation are taken to capital reserve.

Investment properties

Investment properties are revalued professionally every three years and the surplus or deficit is transferred to revaluation reserve. In accordance with Statement of Standard Accounting Practice 19 no depreciation is provided in respect of freehold investment properties.

The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation is only one of many factors reflected in the triennial valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Cash flow statement

The company has taken advantage of the exemption provisions of Financial Reporting Standard 1 and hence does not present a cash flow statement.

2. INCOME FROM INVESTMENTS

	1994 £	1993 £
Listed securities (Franked £145,540 (1993 - £126,153))	173,747	149,422
Property income	92,839	83,963
	<hr/>	<hr/>
	266,586	233,385
	<hr/> <hr/>	<hr/> <hr/>

MKJ INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1994

3. ADMINISTRATIVE EXPENSES

	1994 £	1993 £
Secretarial and general expenses	32,051	33,412
Auditors' remuneration	2,115	2,115
Directors' emoluments	12,429	12,800
	<u>46,595</u>	<u>48,327</u>

4. DIRECTORS

	1994 No.	1993 No.
Number of directors employed by the company during the year	9	8
Costs in respect of these directors:	£	£
Fees	12,429	12,800

Mr D R Philip, who is Chairman of the company, is a partner in Robson Rhodes, Chartered Accountants, who have charged the company £32,013 (1993: £30,327) for management and taxation fees.

5. TAXATION

	1994 £	1993 £
The charge for the year is as follows:		
Tax on franked investment income	29,622	28,962
Corporation tax at 33% (1993 - 33%)	69,000	26,992
	<u>98,622</u>	<u>55,954</u>
Add: Under provision for earlier years	452	(85)
	<u>99,074</u>	<u>55,869</u>
Charged against revenue	59,181	55,869
Charged against capital reserve (note 11)	39,893	-
	<u>99,074</u>	<u>55,869</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1994

5. TAXATION (continued)

Advance corporation tax (ACT) on dividends provided at 31 December 1994 will be partially reduced when set against receipt of franked investment income. A net provision therefore has been made in these financial statements.

6. ORDINARY DIVIDENDS FOR 1994

	1994 £	1993 £
1st interim at 90p (actual) per share (paid 29.07.94)	39,240	37,060
2nd interim at 90p (actual) per share (paid 31.10.94)	39,240	37,060
3rd interim at 90p (actual) per share (paid 31.01.95)	39,240	37,060
4th interim at 135p (actual) per share (proposed 28.04.95)	58,860	58,860
	<u>176,580</u>	<u>170,040</u>

7. TANGIBLE ASSETS - INVESTMENT PROPERTIES

	Freehold		
	At cost £	Unrealised appreciation £	Total £
At 1 January and 31 December 1994	528,402	538,433	1,066,835
	<u>528,402</u>	<u>538,433</u>	<u>1,066,835</u>

All of the properties were revalued at 31 December 1993 by the following qualified and independent valuers:

Levinson & Co., Chartered Surveyors
Cottrell & Rothern, Surveyors and Valuers

The valuations were prepared upon the basis of open market value.

MKJ INVESTMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1994

8. LISTED INVESTMENTS	1994	1993
	£	£
Cost		
At 1 January 1994	1,922,416	1,593,181
Additions	518,418	662,736
Disposals	(510,000)	(333,501)
	<u> </u>	<u> </u>
At 31 December 1994	<u>1,930,834</u>	<u>1,922,416</u>

The market value of listed investments, all of which are listed on a recognised stock exchange, was £4,055,526 (1993 - £4,651,882).

9. CALLED UP SHARE CAPITAL	1994	1993
	£	£
Authorised, allotted, issued and fully paid 43,600 ordinary shares of £1 each	43,600	43,600
	<u> </u>	<u> </u>
10. REVALUATION RESERVE	1994	1993
	£	£
Unrealised appreciation of investment properties (not distributable)		
At 1 January	538,433	476,931
Increase in valuation	-	61,502
	<u> </u>	<u> </u>
At 31 December	<u>538,433</u>	<u>538,433</u>

No provision has been made for deferred taxation on the revaluation surplus as the amount involved is not material. (see note 12)

MKJ INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 1994

11. CAPITAL RESERVE

	1994 £	1993 £
At 1 January 1994	2,388,152	2,180,901
Surplus on sale of fixed asset investments	132,737	207,251
Tax on surplus (note 5)	(39,893)	-
At 31 December 1994 - (distributable)	<u>2,520,889</u>	<u>2,388,152</u>

12. CONTINGENT LIABILITIES

- (i) There is no contingent liability in respect of investments not fully called up (1993 - £ Nil).
- (ii) The amount of the contingent liability to taxation which might arise in the event of the future realisation of the listed investments at market value at 31 December 1994 is approximately £650,000. The estimated liability in respect of investment properties if disposed of at their professional valuation is £5,000 (1993 - £14,000).

13. COMPANY STATUS

The company is a close company as defined by the Income and Corporation Taxes Act 1988.