



Hope Street, Wrexham

Thorntons

## Notice of Meeting

Notice is hereby given that the twelfth Annual General Meeting of the Company will be held in the Boardroom, St John's House, Barrington Road, Altrincham, on Monday 23rd June 2003 at 10.30am for the following purposes:-

1. To receive and adopt the Directors' Report and Statement of Accounts for the year ended 28th February 2003 and to declare a dividend.
2. To re-elect Paul Mitchell as Director.
3. To re-elect Richard Murray as Director.
4. To confirm the Chairman's remuneration for the year ending 28th February 2004 of £40,000.
5. To confirm the non-executive Directors' remuneration for the year ending 28th February 2004 of £15,000 per Director.
6. To re-appoint Parker Gradwell & Company as Auditors and authorise the Directors to fix their remuneration.
7. To transact any other ordinary business of the Company.

**By order of the Board**  
**Ian Thomas FCA, Secretary**  
St Johns House, Barrington Road, Altrincham, Cheshire WA14 1TJ  
25th April 2003

**Notes:**  
**A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his or her behalf - a proxy need not be a member of the Company. The instrument appointing a proxy must be lodged at the Company's Registered Office not later than 48 hours before the Meeting.**

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## Chairman's Statement

In many respects 2002/3 was a quiet year for HMG, despite, or perhaps because of, world events and the state of the UK economy. The former had a generally depressing effect on confidence and economic activity and in particular damaged confidence in the equity markets here and across the globe. The latter continued to perform comparatively well, on the back of record levels of personal indebtedness. It was not, however, immune to the wider malaise. The strains in the manufacturing sector are clear, and the outlook for corporate profits less certain than for some time. Interest rates stayed at 4% throughout 2002 and dropped a further 0.25% in the first quarter of 2003. As ever, experts are divided on the direction that rates will now take, although the developing weakness of sterling may well be the determining factor, and spell an end to falling rates for the time being.

Despite the increased uncertainty, I can report that HMG had another excellent year:

**Profit before tax increased year on year by 5.06% to £2.27m**

**Net Asset Value increased by 9.33% to £35.56m**

Matrix contributed £364k to the group profit before tax, reflecting another excellent performance in increasingly difficult conditions. The company's performance amply vindicates our decision to enter into this joint venture two years ago.

The sustained low level of interest rates was the key factor in the real estate investment market throughout the year, with positive initial returns available to private investors who piled into the market with undiminished enthusiasm against a background of weakening equity markets. Institutional buyers largely followed suit as the "flight from equities" gained momentum. The result? Too many buyers and too little product, with the inevitable lowering of initial yields to levels that have traditionally reflected inflationary times and good prospects for rental growth. These conditions, in the main, no longer apply and there are some emerging issues surrounding tenant covenant strength across the sectors that cause us to question some of the prices currently being paid in the market.

For these reasons we have not found it easy to find good investment opportunities during the year, and we think it unwise to follow the falling yield trend in the face of current economic conditions. All this means that we should look more carefully than ever at the fundamentals of covenant strength, length of lease, and loss propensity. It is hard to avoid the conclusion that current yields as much reflect the weakness of other sectors as the actual strength of the property market. As we all know, this can change quite quickly.

Deansgate, Manchester





## Chairman's Statement

Our core portfolio continues to perform well showing good capital and income growth.

We will continue to invest when the right opportunities present themselves, but I expect that the emphasis will be on seeking opportunities to add value from development and refurbishment. That was the rationale behind our purchase of West Heath Shopping Centre in Congleton, details of which are contained in the Chief Executive's operating review.

HMG is in good shape and while market conditions are unlikely to get any easier, I expect the coming year to be another good one for the company.

To reflect this continuing success, and our commitment to a progressive dividend policy, the board is recommending a final dividend for the year of 17p per share, making a total for 2002/3 of 30p per share.

In addition, because of our strong cash position and general lack of interesting investment opportunities, we are recommending a one-off special dividend of 50p per share.

These dividends will be paid to shareholders at the end of June 2003.

As always our thanks are due to Andrew, Ian and the small team in St John's House and out in the field. Their commitment and hard work has resulted in another outstanding set of figures.

**Tom Marshall, Chairman**



Pepper Street, Chester



Princess Street, Manchester



Bridge Street, Manchester



Watergate Street, Chester



## Operating Review

Trading conditions during the year under review have been more competitive due to the sustained low level of interest rates, and the collapse in the stock market. This has led to a feeding frenzy in the commercial property sector pushing yields down to what we believe are unrealistic levels in what is largely a no-growth environment.

We are seeing a repeat of the last boom where investors are coming into a market place not fully understanding the way in which it operates. In the short term, this provides for fewer buying opportunities, but in the medium to long term, we expect things to change and when they do we intend to capitalise if the time is right.

However we have taken advantage of these conditions and sold over £6million worth of property where we consider either there to be little future prospect to add value or the price being offered is in excess of our perception of worth.

Buying opportunities during the year have been few and far between but we have nevertheless purchased properties for in excess of £6.7million.

The two principle purchases comprise two retail blocks, one in West Heath, Congleton and the other in Hope Street, Wrexham. Both towns meet our criteria in relation to the demographic profile and each has the ability for us to add value with active hands on management.

The West Heath Shopping Centre is a scheme of about 39,500 sq ft which has been neglected for many, many years and we have already secured planning permission to part demolish and redevelop. We are in advanced discussions with end users for new units and hope to create an end product which bears little resemblance to the existing one.

The Wrexham property is situated in a very prominent position in the best part of the town and will offer future refurbishment or redevelopment opportunities.

Princess Street, Manchester





## Operating Review

We continue to reinvest in the estate, and Refuge House, our recent acquisition in Chester, has now been substantially refurbished on the upper floors providing 15,000 sq ft of high quality office accommodation. We have seen rents move from £10 to £11.50 per sq ft during the refurbishment period and have now only one small suite available. Prior to refurbishment, the rental was in the order of £8.50 per sq ft. The retail element of this property provides the majority of the value and rents continue to move upwards.

Our hands on management continues to add value to the estate and we were able to negotiate a surrender of the lease on 16 Market Street in Altrincham in the knowledge that the next door occupiers were interested in taking the space. We agreed that the existing tenants pay a surrender premium and were then able to grant a new lease at an enhanced rent to the National Trust for a term of 15 years. This transaction provided not only an increase in rental income but also a substantial increase in capital value of over 15%.

We have continued our property dealing activities with the sale of a property in West Kirby which we purchased in 2000 from an institutional vendor. This was a block of retail and residential property which was partly vacant, with rent reviews outstanding. The vacant property was let and the rent reviews agreed showing strong growth and we have been able to sell the property giving a return on investment of 70%.

The early success of Matrix, our joint venture company, has continued and in very difficult trading conditions the company has contributed £364k to the Group's profit before tax. I am pleased to say that including sales since the year end this company has now produced over £1m in pre tax profits since formation, and with a steadily growing portfolio of mixed properties, should continue to enhance Group profitability.

The company remains in a strong position to take advantage of opportunities and has substantial cash resources.

**Andrew Murray, Chief Executive**



Hope Street, Wrexham



Watergate Street, Chester



Witton Street, Northwich



Watergate Street, Chester



## Directors' Report

The directors submit their Report and the Audited Consolidated Financial Statements of the Company for the year ended 28th February 2003.

### Principal activities

The principal activities of the Company and its subsidiaries are property investment and trading.

### Business review and events since the year end

The business review and events since the year-end are covered in the Chairman's Statement and the Operating Review.

### Results

The results of the year's activities appear within. The profit on ordinary activities before taxation is £2,272,279 (2002 £2,162,799 ) of which profit on property sales and trading income comprises £731,727 (2002 £465,078)

### Dividends

An interim dividend of 13p per share (2002 11.25p) was paid during the year. A final dividend of 17p per share and a special dividend of 50p per share is proposed (2002 14.75p). These will be paid to Shareholders on 24th June 2003.

### Property revaluations

Investment properties are included in the balance sheet at their open market value. 93% (2002 94.7%) of the portfolio by value was revalued at the year-end by Lambert Smith Hampton and the balance by Mr Andrew Murray FRICS who is Group Chief Executive.

Trading properties are included at the lower of cost or net realisable value.

### Charitable donations

The Company and its subsidiaries donated £6,859 (2002 £135) to charities during the year.

# Directors' Report

## Directors

The Directors of the Company together with their interests in the share capital of the Company, were as follows:-

	28th February 2003		28th February 2002	
	Ordinary held by Trustees	Ordinary	Ordinary held by Trustees	Ordinary
Andrew Murray	27,763	53,300	49,066	31,997
Andrew Murray (As Trustee)	-	85,226	-	85,226
Tom Marshall	-	14,990	-	14,990
Paul Mitchell	-	12,257	-	12,257
Richard Murray	55,528	58,556	98,133	15,951
Rupert Murray	-	88,631	-	88,631
Stephen Murray	55,528	65,691	55,528	65,691
Ian Thomas	-	728	-	728

Paul Mitchell and Richard Murray retire from the Board by rotation and offer themselves for re-election.

## Auditors

Parker Gradwell & Company have been appointed as Auditors of the Company and a resolution for their re-appointment for the next financial year will be proposed at the Annual General Meeting.

Approved by the Board of Directors on 25th April 2003 and signed on its behalf by:

Ian Thomas FCA  
Secretary



## Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which will give a true and fair view of the state of the Company and Group and of the profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and its subsidiaries will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent Auditors' Report to the Members of The Hollins Murray Group Ltd

We have audited the financial statements of The Hollins Murray Group Limited for the year ended 28th February 2003 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold and long leasehold properties and the accounting policies set out therein.

## Respective responsibilities of directors and auditors

As described on page 13 the Company's directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report, the Chairman's statement and the Operating Review. We consider the implications for our report if we

become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and of the Group as at 28th February 2003 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PARKER GRADWELL & CO.

Chartered accountants and registered auditors

17 Chapel Street, Hyde, Cheshire SK14 1LF

25th April 2003

## Consolidated Profit and Loss Account

For the year ended 28th February 2003

	Note	2003 £000	2002 £000
Turnover			
Gross rental income	2	5,054	4,376
Property trading income		2,601	1,715
<b>Group turnover</b>		<b>7,655</b>	<b>6,091</b>
Net rental income		3,594	3,669
Profit on property trading		612	639
		4,206	4,308
Administrative expenses		(370)	(394)
<b>Operating profit</b>	3	<b>3,836</b>	<b>3,914</b>
Exceptional items	5	120	(173)
<b>Profit on ordinary activities before interest</b>		<b>3,956</b>	<b>3,741</b>
Other interest receivable and similar income		48	9
Interest payable on bank loans and overdrafts		(1,732)	(1,587)
Net interest payable		(1,684)	(1,578)
<b>Profit on ordinary activities before taxation</b>		<b>2,272</b>	<b>2,163</b>
Taxation on profit on ordinary activities	6	(524)	(675)
<b>Profit on ordinary activities after taxation</b>		<b>1,748</b>	<b>1,488</b>
Minority interest	18	(86)	(145)
<b>Profit for the financial year</b>		<b>1,662</b>	<b>1,343</b>
Dividends	7	(1,424)	(464)
<b>Retained profit for the financial year</b>		<b>238</b>	<b>879</b>

The results from both the current and prior period derive from continuing activities.

The accompanying notes are an integral part of these financial statements.

# Statement of Total Recognised Gains and Losses

## Note of Historical Cost Profit and Loss

### Reconciliation of Movements in Shareholders' Funds

#### Statement of Total Recognised Gains and Losses

For the year ended 28th February 2003

	<b>2003</b>	<b>2002</b>
	£000	£000
Profit for the financial year	1,748	1,488
Unrealised surplus on revaluation of properties	2,784	1,620
<b>Total recognised gains and losses relating to the year</b>	<b>4,532</b>	<b>3,108</b>

#### Note of Historical Cost Profit and Loss

For the year ended 28th February 2003

	<b>2003</b>	<b>2002</b>
	£000	£000
Reported profit on ordinary activities before taxation	2,272	2,163
Realisation of property revaluation gains of previous years	630	209
Historical cost profit on ordinary activities before taxation and dividends	2,902	2,372
Taxation	(524)	(675)
Taxation on past property revaluations	(122)	(19)
Dividends	(1,424)	(464)
Minority Interest	(86)	(145)
<b>Historical cost profit for the year retained after taxation and dividends</b>	<b>746</b>	<b>1,069</b>

#### Reconciliation of Movements in Shareholders' Funds

For the year ended 28th February 2003

	<b>2003</b>	<b>2002</b>
	£000	£000
Profit for the financial year	1,748	1,488
Dividends	(1,424)	(464)
Minority interest	324	1,024
Minority interest	(86)	(145)
Purchase of own shares	-	(0)
Unrealised surplus on revaluation of properties	2,784	1,620
Goodwill on consolidation	-	(12)
Net addition to shareholders' funds	3,022	2,487
Opening shareholders' funds	32,380	29,893
<b>Closing shareholders' funds</b>	<b>35,402</b>	<b>32,380</b>

The accompanying notes are an integral part of these financial statements

# Consolidated Balance Sheet

As at 28th February 2003

	Note	2003 £000	2002 £000
<b>Fixed assets</b>			
Tangible assets	8	62,205	58,332
Investments	9	40	40
		<b>62,245</b>	<b>58,372</b>
<b>Current assets</b>			
Stock of trading properties		3,199	3,236
Debtors	10	262	669
Cash at bank and short term deposits		4,239	418
		<b>7,700</b>	<b>4,323</b>
<b>Creditors - amounts due within one year:</b>			
Creditors	11	(3,464)	(2,105)
Bank loans	12	(2,262)	(6,446)
Bank overdrafts	12	-	(240)
		<b>(5,726)</b>	<b>(8,791)</b>
<b>Net current assets/(liabilities)</b>		<b>1,974</b>	<b>(4,468)</b>
<b>Total assets less current liabilities</b>		<b>64,219</b>	<b>53,904</b>
<b>Creditors - amounts due after one year:</b>			
Bank loans	12	(28,553)	(21,252)
Provisions for liabilities and charges	13	(105)	(127)
		<b>(28,658)</b>	<b>(21,379)</b>
<b>Net assets</b>		<b>35,561</b>	<b>32,525</b>
<b>Capital and reserves</b>			
Called up share capital	14	446	446
Reserves	15	34,956	31,934
<b>Shareholders' funds</b>		<b>35,402</b>	<b>32,380</b>
Minority interest	18	159	145
<b>Total capital employed</b>		<b>35,561</b>	<b>32,525</b>

Approved by the Board of Directors on 25th April 2003 and signed on its behalf by:  
Tom Marshall, Andrew Murray  
Directors

The accompanying notes are an integral part of these financial statements.

# Company Balance Sheet

As at 28th February 2003

	Note	2003 £000	2002 £000
<b>Fixed assets</b>			
Investments in subsidiary companies	18	587	587
<b>Current Assets</b>			
Sundry debtors		26	10
Subsidiary company current accounts		3,600	6,482
Cash at bank and short term deposits		4,187	366
		<b>7,813</b>	<b>6,858</b>
<b>Creditors</b> - amounts due within one year:			
Creditors	11	(1,201)	(270)
		<b>6,612</b>	<b>6,588</b>
<b>Total assets less current liabilities</b>			
		<b>7,199</b>	<b>7,175</b>
<b>Capital and reserves</b>			
Called up share capital	14	446	446
Reserves	15	6,753	6,729
		<b>7,199</b>	<b>7,175</b>

Approved by the Board of Directors on 25th April 2003 and signed on its behalf by:

Tom Marshall, Andrew Murray

Directors

The accompanying notes are an integral part of these financial statements.

# Consolidated Cash Flow Statement

As at 28th February 2003

	Note	2003 £000	2002 £000
<b>Net cash inflow from operating activities</b>	17	4,881	1,992
<b>Returns on investments and servicing of finance</b>			
Interest received		48	9
Interest paid		(1,732)	(1,587)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(1,684)	(1,578)
<b>Taxation paid</b>		(710)	(483)
<b>Capital expenditure</b>			
Purchase and redevelopment of investment properties		(6,777)	(8,466)
Sale of investment properties		6,005	1,686
Subsidiary company set-up costs		-	(12)
Subsidiary company minority interest investment		-	(0)
Purchase of other fixed assets		(217)	(38)
Sale of other fixed assets		14	8
<b>Net cash outflow from capital expenditure</b>		(975)	(6,822)
<b>Equity dividends paid</b>		(568)	(429)
<b>Net cash inflow/(outflow) before use of liquid resources and financing</b>		944	(7,320)
<b>Financing</b>			
Purchase of own shares		-	(0)
New loans		6,356	9,989
Repayment of loans		(3,239)	(1,770)
<b>Net cash inflow from financing</b>		3,117	8,219
<b>Increase in cash</b>		4,061	899

The accompanying notes are an integral part of these financial statements.

# Notes to the Accounts

For the year ended 28th February 2003

## 1. Accounting policies

### a. Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, as modified by the inclusion of freehold and long leasehold investment properties at their Open Market Value. Compliance with SSAP19 "Accounting for Investment Properties" requires departure from the requirements of The Companies Act 1985 relating to depreciation and an explanation for the departure is given below.

### b. Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and its subsidiary Companies and have been prepared in accordance with FRS2.

### c. Freehold and long leasehold properties

In accordance with SSAP 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a property revaluation reserve.

No depreciation or amortisation is provided in respect of freehold and long leasehold properties. This treatment is a departure from the requirements of the Companies Act 1985 concerning the depreciation of fixed assets. The Directors consider that as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 for the accounts to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. 93% (2002 94.7%) of the portfolio by value was revalued at the year end by Lambert Smith Hampton and the balance by Andrew Murray FRICS who is Group Chief Executive.

These valuations have been prepared on the basis of Open Market Value in accordance with the RICS relevant guidance notes on the valuation of property assets. Each property has been valued individually and not as part of a portfolio. No account has been taken of any inter-company leases or arrangements, nor any mortgages, debentures or other charges, and no allowance has been made for any expenses of realisation nor for any taxation which might arise in the event of a disposal. The figures also do not reflect any element of special purchaser value following a merger of interests or sale to an owner or occupier of an adjoining property.

Where projects have not been included in the valuation review, they are included at cost or in the Directors' assessment of open market value. Buildings under construction are valued at the lower of cost or realisable value.

### d. Stock of trading properties

Stock of trading properties is included at the lower of cost or net realisable value.

# Notes to the Accounts

For the year ended 28th February 2003

## 1. Accounting policies (continued)

### e. Acquisitions and disposals of properties

Acquisitions and disposals of properties are recognised on the date of completion of the purchase or sale.

### f. Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation on revaluation gains will only be provided for if there has been a decision that the property is to be sold and it is probable that the liability will crystallise.

The amount of deferred taxation not provided for is shown in the notes to the accounts.

### g. Depreciation

Depreciation is provided on plant and machinery at the following annual rates:-

- Management Company
  - Computer equipment 33% on cost
  - Other equipment and furniture 20% on cost
- Investment Properties 25% on the reducing balance basis

### h. Turnover

Turnover represents rental income for the year excluding VAT, together with disposal proceeds on the sale of trading properties. However amounts invoiced in advance relating to the next accounting period are included in accruals as deferred income.

### i. Pension costs

The Company does not operate a defined pension scheme and all pension costs are charged to the Profit and Loss account as they arise.

## 2. Turnover

The turnover and profit on ordinary activities before taxation are attributable to the Company's principle activities and are in respect of United Kingdom income and exclude value added tax.

## Notes to the Accounts

For the year ended 28th February 2003

Group

**2003**      **2002**  
£000      £000

### 3. Operating profit

Operating profit is stated after charging:

Auditors' remuneration	11	10
Depreciation - plant and machinery	105	79
Staff costs (note 4a)	543	612

### 4. Staff costs

a. Employee costs (including Directors) during the year comprised:

Wages and salaries	427	408
Social security costs	50	44
Pension contributions	66	160

**543**      **612**

b. The average number of employees of the Group during the year was as follows:	Number	Number
Property and administration	13	13

£000      £000

c. Directors' remuneration (including benefits)	367	352
Pension contributions	35	128

**402**      **480**

Remuneration of highest paid director	208	194
Pension contributions of highest paid director	25	23
Number of directors who are accruing benefits under a money purchase scheme	2	2

The pension costs relate to money purchase schemes and pensions to past employees or their spouse. A payment of £12,500 (2002 £12,500) was made to Rickitt Mitchell & Partners Limited in respect of Paul Mitchell's services as a director of the Company.

## Notes to the Accounts

For the year ended 28th February 2003

Group

**2003**                      **2002**  
£000                              £000

### 5. Exceptional Items

Profit/(loss) on sale of investment properties	57	(38)
Premium on lease surrenders	63	108
Write down in property cost	-	(243)
	<b>120</b>	<b>(173)</b>

### 6. Taxation on profit on ordinary activities

Charge for taxation based on profit for the year:

Corporation tax @ 30% (2002 30%)	641	667
Corporation tax on fixed assets sales	(39)	20
Interest on tax	7	(12)
Over-provision of corporation tax in prior years:	-	-
General income	(3)	-
Fixed asset sales	(82)	-
	<b>524</b>	<b>675</b>

Profit on ordinary activities before taxation	2,272	2,163
Tax on profit on ordinary activities at standard rate	682	649
Factors affecting the charges:		
Disallowed expenses	2	8
Capital allowances in excess of depreciation	(5)	(32)
Tapering relief and profits taxed at lower rate	(2)	(10)
Over provision of corporation tax in previous years	(85)	-
Adjustment for current year's disposals	(75)	(1)
Interest on tax	7	(12)
Write down in property cost	-	73
Current tax charge for the year	<b>524</b>	<b>675</b>

### 7. Dividends

Equity shares		
Ordinary: 120% (2002 - 104%)	531	464
: Special dividend 200%	893	-
	<b>1424</b>	<b>464</b>

## Notes to the Accounts

For the year ended 28th February 2003	Group	
	<b>2003</b>	<b>2002</b>
	£000	£000
<b>8. Tangible fixed assets</b>		
Freehold and long leasehold property		
Cost at 28th February 2002	41,681	34,622
Additions during the year at cost	6,777	8,466
	48,458	43,088
Sales during the year at cost	(5,498)	(1,407)
	42,960	41,681
Surplus on revaluation of properties	18,940	16,444
<b>Open market value at 28th February 2003</b>	<b>61,900</b>	<b>58,125</b>
Freehold properties	61,900	58,025
Long leasehold properties	-	100
	<b>61,900</b>	<b>58,125</b>
<b>Revaluation surplus for the year</b>	<b>2,883</b>	<b>1,185</b>
<b>Plant and machinery</b>		
Cost at 28th February 2002	902	899
Additions during the year at cost	217	38
Disposals during the year at cost	(52)	(35)
Cost at 28th February 2003	<b>1,067</b>	<b>902</b>
Depreciation at 28th February 2002	695	643
Charge for the year	105	79
Depreciation on disposals	(38)	(27)
Depreciation at 28th February 2003	762	695
<b>Net book value at 28th February 2003</b>	<b>305</b>	<b>207</b>
<b>Summary</b>		
Freehold and long leasehold property	61,900	58,125
Plant and machinery	305	207
	<b>62,205</b>	<b>58,332</b>

## Notes to the Accounts

For the year ended 28th February 2003

Group

**2003**      **2002**  
£000      £000

### 9. Investments

#### Quoted

I.O.M. Assurance Ltd Holiday Property

Bond - Market value £24,800 (2002 £25,315)

	<b>40</b>	<b>40</b>
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### 10. Debtors

Trade debtors	142	187
Other debtors	96	287
Prepayments and accrued income	24	19
Other taxes	-	176

	<b>262</b>	<b>669</b>
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	Group		Company	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	£000	£000	£000	£000
<b>11. Creditors</b>				
Reserve fund	51	51	-	-
Trade creditors and accruals	1,397	965	0	1
<b>Other creditors</b>				
Corporation tax	523	588	9	5
Other taxes and social security	301	237	-	-
Proposed dividends	1,192	264	1,192	264
	<b>3,464</b>	<b>2,105</b>	<b>1,201</b>	<b>270</b>

## Notes to the Accounts

For the year ended 28th February 2003	Group	
	<b>2003</b>	<b>2002</b>
	£000	£000
<b>12. Bank overdraft facilities/bank loans</b>		
Within one year	2,262	6,446
Between one and two years	543	963
Between one and five years	3,128	10,012
Over five years	24,882	10,277
	28,553	21,252
	<b>30,815</b>	<b>27,698</b>
<b>13. Provisions for liabilities and charges</b>		
Deferred tax on property revaluations	105	127
<b>Movements during the year:</b>		
As at 28th February 2002	127	581
Deferred tax on realisations	(121)	(19)
Increase (decrease) in provision	99	(435)
<b>As at 28th February 2003</b>	<b>105</b>	<b>127</b>
The full liability for deferred taxation if the Group's properties were sold at the balance sheet value is £4,067,707 (2002 £3,538,788)		
<b>14. Called up share capital</b>		
<b>Authorised</b>		
Equity		
10,100,001 Ordinary shares of 25p each	2,525	2,525
Allotted, issued and fully paid 1,785,718 Ordinary shares of 25p each	446	446

## Notes to the Accounts

For the year ended 28th February 2003

### 15. Reserves

Group

	<b>Share Premium Account</b>	<b>Capital Redemption Reserve</b>	<b>Property Revaluation Reserve</b>	<b>Profit &amp; Loss Account</b>	<b>Total</b>
	£000	£000	£000	£000	£000
As at 28th February 2002	54	84	16,597	15,199	31,934
Retained profit for the year				238	238
Revaluation surplus			2,883		2,883
Deferred tax			(99)		(99)
Past revaluations realised			(630)	630	
Deferred tax			122	(122)	
As at 28th February 2003	54	84	18,873	15,945	34,956

Company

	<b>Share Premium Account</b>	<b>Capital Redemption Reserve</b>	<b>Profit &amp; Loss Reserve</b>	<b>Total</b>
	£000	£000	£000	£000
As at 28th February 2002	54	84	6,591	6,729
Retained profit for the year	-	-	24	24
As at 28th February 2003	54	84	6,615	6,753

### 16. Profit attributable to members

Under the provisions of Section 230 of the Companies Act 1985 the Company is exempt from presenting its own profit and loss account.

The amount of consolidated profit for the financial period dealt with in the financial statements of the Company is as follows:

	Company	
	<b>2003</b>	<b>2002</b>
	£000	£000
Profit on ordinary activities before taxation	1,471	1,256
Taxation	(23)	(9)
<b>Profit for the financial period</b>	<b>1,448</b>	<b>1,247</b>

The above figures include dividends from subsidiary companies

1,386	1,210
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## Notes to the Accounts

For the year ended 28th February 2003

Group

**2003**                      **2002**  
£000                              £000

### 17. Notes to consolidated cash flow statement

#### a. Reconciliation of operating profit to net cash inflow from operating activities

Operating profit	3,836	3,914
Depreciation charges	105	79
Decrease (increase) in trading properties	37	(2,155)
Decrease (increase) in debtors	407	(126)
Increase in creditors	496	280
<b>Net cash inflow from operating activities</b>	<b>4,881</b>	<b>1,992</b>

#### b. Reconciliation of net cash flow to movement in net debt

Increase in cash	4,061	898
Cash inflow from increase in debt financing	(3,117)	(8,218)
Movement in net debt in the year	944	(7,320)
Net debt at 1st March 2002	(27,520)	(20,200)
<b>Net debt at 28th February 2003</b>	<b>(26,576)</b>	<b>(27,520)</b>

#### c. Analysis of changes in net debt

	<b>At 1st March 2002</b>	<b>Cash flows</b>	<b>At 28th February 2003</b>
	£000	£000	£000
Bank overdraft	(240)	240	-
Cash at bank and in hand	418	3,821	4,239
Debt due within one year	(6,446)	4,184	(2,262)
Debt due after one year	(21,252)	(7,301)	(28,553)
<b>Net debt</b>	<b>(27,520)</b>	<b>944</b>	<b>(26,576)</b>

## Notes to the Accounts

For the year ended 28th February 2003

### 18. Investment in subsidiary companies

(All of which are incorporated in England and Wales).

a. The Company holds 100% of the issued share capital of the following companies:

HMG Properties Limited	Residential property investment
HMG Management Limited	Management services
HMG Developments Limited	Property trading and development
HMG Investments Limited	Commercial property investment

b. The Company holds 66.67% of the issued share capital of Matrix Property Investment Limited a property trading and development company. This Company holds 100% of the issued share capital of Matrix Property Investment (Manchester1) Limited, Matrix Property Investment (Manchester2) Limited and Matrix Property Investment (Huddersfield) Limited which are all both property trading and development companies.

The minority interest represents the 33.33% holding in Matrix Property Investment Limited not owned by the Company.

### 19. Contingent liabilities

The Company has given guarantees in respect of its subsidiary companies HMG Investments Limited and HMG Developments Limited:

- to National Westminster Bank plc in respect of bank loans and overdraft totalling £21,920,000 (2002 £19,347,413)
- to N M Rothschild and Sons Limited in respect of a bank loan of £7,550,000 (2002 £8,350,000).

The Company has a bank overdraft facility with National Westminster Bank plc of £1,250,000 (2002 £500,000). This is guaranteed by HMG Investments Limited and HMG Developments Limited and is repayable on demand.

The Barclays Bank plc account was closed on the 21st November 2002.

### 20. Post balance sheet events

There are no events arising since the date of the balance sheet which require comment.

### 21. Capital commitments

There are no capital commitments authorised by the Directors as at 28th February 2003 (2002 £2,385,000).

### 22. Company status

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.



hmg

## The Hollins Murray Group Limited

### Chairman

Tom Marshall MA FRICS

### Directors

Andrew Murray FRICS (Chief Executive)

Paul Mitchell FCA

Richard Murray

Rupert Murray

Stephen Murray FRICS

Ian Thomas FCA

### Secretary

Ian Thomas FCA

### Registered Office

St John's House

Barrington Road

Altrincham

Cheshire WA14 1TJ

Registered in England

No. 2471971

### Solicitors

Land Law

12-14 Market Street

Altrincham

Cheshire WA14 1QB

### Bankers

National Westminster Bank plc

Corporate Banking Office

P O Box 546

100 Barbirolli Square

Manchester M60 2FT.

N M Rothschild & Sons Ltd.

82 King Street

Manchester M2 4WQ

### Auditors

Parker Gradwell & Company

17 Chapel Street, Hyde

Cheshire SK14 1LF