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ALBERT LOCKE (1940) LIMITED

DIRECTORS REPORT

The Directors present their Annual Report and the Audited Accounts of the Company for the year ended 31st March 1986.

The Directors at the accounting date were:-

Mrs. Iris Locke
Robert Locke

Frank Locke was a Director for the period 1st April 1985 to 31st January 1986.

Whilst certain building trade and launderette business has been carried on during the year the principal activity of the Company remains letting of property.

There have not been any significant changes in the activities or fixed assets during the year.

The various properties and leasehold rents shown in the Balance Sheet could not be disposed of without affecting the Company. In this connection the Directors consider the market value to be approximately £250,000.

Details of shareholdings including family interests in respect of Directors at the accounting date were:-

	31st March 1986		31st March 1985	
	Ordinary	Preference	Ordinary	Preference
Mrs. Iris Locke	90,000	84,000	90,000	84,000
Robert Locke	30,000	33,000	30,000	33,000

The state of the Company's affairs at the date of the Balance Sheet was satisfactory.

Profits were £34 but no taxation liability is expected. The profits are consequently deducted from losses brought forward making accumulated losses to carry forward £254,596.

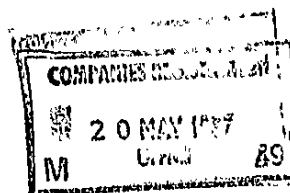
Signed on behalf of the Board

J Locke

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CHAIRMAN

8th October 1986

17, Shay Lane,
Hale Barns,
Altrincham,
Cheshire,
WA15 8NR



BALANCE SHEET AS AT 31st MARCH 1986

	<u>Notes</u>		<u>1985</u>
<u>Fixed Assets</u>	1	310,709	304,437
<u>Current Assets</u>			
Land	2	1,621	1,621
Taxation Refund	3	1,726	1,500
Debtors	4	37,026	25,421
Cash at Building Society		33,000	32,684
Cash at Bank and in Hand		264	16,439
		<u>73,637</u>	<u>77,665</u>
<u>Current Liabilities</u>			
Creditors		21,627	20,418
Bank Overdraft		925	-
		<u>22,552</u>	<u>20,418</u>
<u>Net Current Assets</u>		51,085	57,247
		<u>361,794</u>	<u>361,684</u>
<u>Directors Loans</u>	5	2,564	2,488
		<u>£ 359,230</u>	<u>£ 359,196</u>
 <u>Financed by:-</u>			
<u>Share Capital</u>	6	600,000	600,000
<u>Capital Reserve</u>		13,826	13,826
<u>Accumulated Losses</u>		(254,596)	(254,630)
		<u>£ 359,230</u>	<u>£ 359,196</u>

[Signature]

D Locke
 } Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1986

	<u>Notes</u>	<u>1986</u>		<u>1985</u>	
<u>Net Trading Loss</u>		(48,135)		(28,840)	
After charging:-					
Directors Remuneration	7	26,000		26,000	
Pension - Mrs. W. Locke		4,000		4,000	
Pension - Mr. J. Locke		2,000		2,000	
Auditors Remuneration		1,800		1,900	
Depreciation		3,137		4,181	
Other Income:-					
Bank Interest Receivable		235		409	
Building Society Interest Receivable (gross)		2,702		3,051	
Rents less outgoings on Leasehold Property		330		455	
Receivable less payable Ground Rents		12,191		12,277	
Rents less outgoings on Supermarket and shops at Hadfield		17,839		15,500	
Rents less outgoings on Supermarket and shops at Congleton		7,500		7,532	
Rents less outgoings on shops at Bolton		<u>7,372</u>	<u>48,169</u>	<u>7,093</u>	<u>46,317</u>
<u>Net Income</u>			34		17,477
Accumulated Losses brought forward			(254,630)		(272,107)
<u>Accumulated Losses per Balance Sheet</u>			<u>£(254,596)</u>		<u>£(254,630)</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31st MARCH 1986

1985

Source of Funds

Net Income	34	17,477
Adjustment for items not involving the flow of funds:-		
Depreciation	3,137	4,181
Profit on Sale of Fixed Assets	<u>(765)</u>	<u>(550)</u>
	2,372	3,631
Total Generated from Operations	2,406	21,108
Funds from other sources:-		
Directors Loan Accounts	76	2,024
Sale of Fixed Assets	<u>1,000</u>	<u>2,709</u>
	3,482	4,733
		25,841

Application of Funds

Taxation	226	1,266
Purchase of Fixed Assets	<u>9,644</u>	<u>9,295</u>
	9,870	10,561
<u>(Decreased)/Increased Working Capital</u>	<u>£ (6,388)</u>	<u>£ 15,280</u>

Represented by:-

Debtors	11,605	3,872
Cash at Building Society	316	12,136
Cash at Bank and in Hand	(16,175)	5,156
Creditors	(1,209)	(5,884)
Bank Overdraft	<u>(925)</u>	<u>-</u>
	£ (6,388)	£ 15,280

NOTES ON FINANCIAL STATEMENTS

1) <u>FIXED ASSETS</u>	<u>Cost</u>	<u>Depn</u>	<u>Net</u>	<u>1985</u>
<u>Freehold Property</u>				
23, Branscombe Lodge, Bromley	27,836	-	27,836	27,836
<u>Leasehold Property</u>	321	-	321	321
<u>Supermarket and Shops at Hadfield</u>	73,102	-	73,102	73,102
<u>Supermarket and Shops at Congleton</u>	36,455	-	36,455	36,455
<u>Shops at Bolton</u>	31,569	-	31,569	31,569
<u>Furnishings</u> 54, Green Lane, Hadfield	600	-	600	600
<u>Motor Cars</u>	25,091	12,309		
Sales	5,685	5,450		
	19,406	6,859		
Additions	6,200			
Depreciation		3,137		
	25,606	9,996	15,610	12,782
<u>Computer</u>	3,444	-	3,444	-
<u>First Leasehold Rents</u>	123,477	17,692	105,785	105,785
<u>Second Leasehold Rents</u>	17,889	1,902	15,987	15,987
<u>Totals per Balance Sheet</u>	£ 340,299	£ 29,590	£ 310,709	£ 304,437

2) <u>LAND</u>	<u>1986</u>	<u>1985</u>
Croft, Warrington	£1,621	£1,621

- 3) TAXATION No liability arises in these accounts. Notional tax on building society interest received is considered to be recoverable from Inland Revenue. Tax refund of £915 for year ended 31st March 1985 was received in June 1986.

NOTES ON FINANCIAL STATEMENTS (CONTINUED)

- 4) DEBTORS These are shown net of Bad Debt Provisions totalling £500 (1985 £500).

5) DIRECTORS LOANS

	<u>1986</u>	<u>1985</u>
F. Locke	-	(1,191)
Mrs. I. Locke	2,050	-
R. Locke	514	3,679
	<u>£ 2,564</u>	<u>£ 2,488</u>

These are interest free with no specific date for repayment

6) SHARE CAPITAL

	<u>1986</u>	<u>1985</u>
<u>Authorised, Issued and Fully Paid</u>		
7½% Cumulative Preference Shares of £1 each	300,000	300,000
Ordinary Shares of £1 each	300,000	300,000
	<u>£ 600,000</u>	<u>£ 600,000</u>

The dividend on Preference Shares is 9 years in arrear

7) DIRECTORS REMUNERATION

	<u>1986</u>	<u>1985</u>
F. Locke (Chairman to 31st January 1986)	10,500	14,000
Mrs. I. Locke (Chairman from 1st February 1986)	3,500	-
R. Locke	12,000	12,000
	<u>£ 26,000</u>	<u>£ 26,000</u>

AUDITORS REPORT

TO THE MEMBERS OF ALBERT LOCKE (1940) LIMITED

We have examined the foregoing financial statements in accordance with approved auditing standards.

In our opinion, the said statements which have been prepared under the historical cost convention, give a true and fair view of the state of the Company's affairs at 31st March 1986 and of its Profit and of the source and application of funds for the year ended on that date and comply with Companies Acts 1985.



8th October 1986

Chartered Accountants,
STOCKPORT, SK3 8JS.