

A & L King (Builders) Limited

Directors' report and financial statements for the year ended 31 March 2000

Registered Number: SC 62886



A & L King (Builders) Limited

Directors' report for the year ended 31 March 2000

The directors present their report with the audited financial statements of the company for the year ended 31 March 2000.

Principal activity

The principal activity of the company in the year under review was that of building and plumbing contractors.

Results and dividends

The company made a profit after tax of £282,640 (1999: loss - £46,435). A dividend of £250,543 (1999: £Nil) was paid during the year and the remaining £32,097 (1999: loss - £46,435) has been transferred to reserves.

Directors

The directors of the company in office during the year, none of whom have a direct notifiable interest in the ordinary share capital of the company at 31 March 2000, were as follows:

AG King
Mrs J King
AD King
W Coull
I Butchart
B Pirie
E McGregor
J Syme

The interest of AD King in the share capital of King Group Limited, the ultimate parent undertaking, is disclosed in the financial statements of that company.

Statement of directors' responsibilities

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 to 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.

A & L King (Builders) Limited

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

Jan Butcher

25 JULY 2000

Secretary
Hunter Street
Auchterarder
PH3 10A

A & L King (Builders) Limited

Auditors report to the shareholders of A & L King (Builders) Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

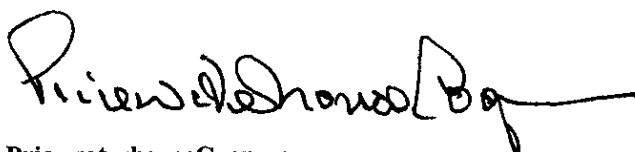
Basis of audit opinion

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 the company's affairs at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
Edinburgh

2. October. 2000

A & L King (Builders) Limited

Profit and loss account for the year ended 31 March 2000

	Notes	2000 £	1999 £
Turnover	2	29,399,364	21,851,298
Cost of sales		(26,478,592)	(19,299,574)
Gross profit		2,920,772	2,551,724
Selling and distribution expenses		(135,180)	(147,413)
Administrative expenses		(2,634,126)	(2,521,128)
Other operating income	3	501,481	224,420
Operating profit	4	652,947	107,603
Interest receivable	7	22,350	96
Interest payable	8	(243,440)	(153,618)
Profit/(loss) on ordinary activities before taxation		431,857	(45,919)
Tax on profit on ordinary activities	9	(149,217)	(516)
Profit/(loss) on ordinary activities after taxation		282,640	(46,435)
Dividends		(250,543)	-
Profit/(loss) for the financial year		32,097	(46,435)
Retained profit brought forward		1,563,379	1,609,814
Retained profit carried forward		1,595,476	1,563,379

There are no recognised gains or losses other than the profit for the year and all operations are continuing.
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalent.

The notes of pages 6 to 13 form part of these financial statements.

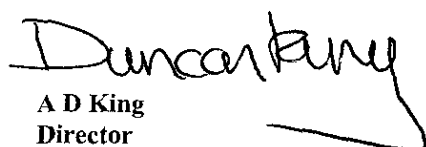
A & L King (Builders) Limited

Balance sheet As at 31 March 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	10	1,738,264	1,625,756
Investments	11	25	15,580
		1,738,289	1,641,336
Current assets			
Work in progress	12	9,292,617	5,434,079
Debtors	13	3,269,372	2,813,832
Cash in hand		5,323	129,910
		12,567,312	8,377,821
Creditors: amounts falling due within one year	14	(11,193,766)	(7,922,401)
Net current assets		1,373,546	455,420
Total assets less current liabilities		3,111,835	2,096,756
Creditors: amounts falling due after more than one year	15	(1,068,614)	(113,139)
Provision for liabilities and charges	17	(68,905)	(41,398)
		1,974,316	1,942,219
Capital and reserves			
Called up share capital	18	378,840	378,840
Profit and loss account		1,595,476	1,563,379
Equity shareholders' funds		1,974,316	1,942,219

The notes of pages 6 to 13 form part of these financial statements.

Approved by the Board on 25 July 2000.


A D King
Director

A & L King (Builders) Limited

Notes to the financial statements For the year ending 31 March 2000

1 Accounting policies

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. As the company is a wholly owned subsidiary it has taken advantage of the exemption permitted by Section 228 of the Companies Act 1985 and consolidated accounts of the company and its subsidiaries have not been prepared. Exemption has been taken from preparing a cash flow statement as a consolidated cash flow statement is presented in the financial statements of the parent company.

(b) Tangible Fixed Assets

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Heritable property	2% on reducing balance
Plant & machinery	25% on reducing balance
Fixtures & fittings	25% on reducing balance
Motor vehicles	25% on reducing balance

(c) Work in progress

Work in progress is stated at valuation net of amounts transferred to sales, including attributable profits and after deducting foreseeable losses and any surplus payments on account. Property held for resale and development is held at the lower of cost or market value.

(d) Deferred taxation

Provision is made for deferred taxation on all timing differences under the liability method where, after allowing for taxation losses carried forward, there is reasonable probability that a taxation liability will arise in the foreseeable future.

(e) Leased assets

Fixed assets acquired under finance leases and hire purchase arrangements are capitalised and the related leasing obligations included in creditors. Rentals under operating leases are charged against trading profit on a straight-line basis over the term of the lease.

(f) Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 'Related Party Disclosures' which allows non-disclosure of transactions with wholly-owned group companies where those transactions are eliminated on consolidation in publicly available financial statements.

A & L King (Builders) Limited

2 Turnover

The turnover and profit before taxation are attributable to the principle activity of the company, that of a building and plumbing contractor.

3 Other operating income

	2000	1999
	£	£
Rental income receivable	280,109	224,420
Consultancy Fees	221,372	-
	501,481	224,420

4 Operating profit

The operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Depreciation		
- owned assets	305,187	247,489
- hire purchase assets	38,766	126,985
Gain on disposal of fixed assets	(21,333)	(11,048)
Gain on disposal of fixed asset investment	(680)	-
Auditors' remuneration		
- audit	10,850	10,350
- non audit	13,150	5,000

5 Employee costs

	2000	1999
	£	£
Wages and salaries	3,461,989	2,897,884
Social security costs	227,026	219,994
Other pension costs	138,906	104,424
	3,827,921	3,222,302

The average number of persons, including directors, employed during the year was 151 (1999: 139)

A & L King (Builders) Limited

6 Directors' remuneration

Directors' remuneration for management services, excluding pension contributions of £25,401 (1999: £26,143), amounted to £260,104 (1999: £225,833). These do not include the emoluments of three directors which are paid by the parent company and recharged to the company. In the year to 31 March 2000 these totalled £343,293 (1999: £239,214).

7 Interest receivable

	2000	1999
	£	£
Bank deposit account	22,350	96

8 Interest payable

	2000	1999
	£	£
Interest payable		
On bank loans and overdrafts	224,750	129,280
On hire purchase loans repayable within five years	18,690	24,338
	243,440	153,618

9 Taxation

The tax charge on the profit on ordinary activities for the year was as follows:

	2000	1999
	£	£
Corporation tax on ordinary activities: 31% (1998: 31%)		
- current year charge	125,584	17,216
- prior year credit	(3,874)	(24,084)
Deferred taxation (Note 17)		
- current year charge/(credit)	24,299	(18,283)
- prior year charge	3,208	25,667
	149,217	516

A & L King (Builders) Limited

10 Tangible fixed assets

	Heritable Property	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost					
1 April 1999	527,933	1,214,204	234,215	1,198,523	3,174,875
Additions	-	162,511	46,537	386,228	595,276
Disposals	-	(82,300)	-	(301,725)	(384,025)
Transfers	-	-	-	-	-
31 March 2000	527,933	1,294,415	280,752	1,283,029	3,386,126
Depreciation					
1 April 1999	53,606	791,854	129,801	573,858	1,549,119
Charge for year	5,308	129,902	24,447	184,297	343,953
Eliminated on disposals	-	(59,282)	-	(185,929)	(245,210)
31 March 2000	58,914	862,474	154,248	572,226	1,647,862
Net book value					
31 March 2000	469,019	431,941	126,504	710,800	1,738,264
31 March 1999	474,327	422,350	104,414	624,665	1,625,756

The net book value of assets held under hire purchase agreements at 31 March 2000 was £220,860 (1999: £419,421).

11 Fixed asset investments

	2000	1999
	£	£
Investments listed on recognised stock exchange	-	15,555
Investment in subsidiary undertaking	25	25
	25	15,580

During the year the listed investments were sold for £16,235 resulting in a gain of £680.

The company's investment in subsidiary undertaking consists of the entire ordinary share capital of James Turner & Company Limited. The directors do not consider the carrying value of the investment to be impaired and, accordingly, no diminution in value has been provided.

A & L King (Builders) Limited

12 Work in progress

	2000	1999
	£	£
Raw materials and consumables	44,911	51,407
Work in progress	8,954,268	5,036,088
Property held for resale and development	293,438	346,584
	9,292,617	5,434,079

13 Debtors

	2000	1999
	£	£
Trade debtors	2,136,068	1,787,566
Other debtors	591,814	383,298
Prepayments and accrued income	20,670	23,296
Amounts owed by group undertaking	228,184	165,184
Due by related undertakings	292,636	447,620
Corporation tax recoverable	-	6,868
	3,269,372	2,813,832

14 Creditors: Amounts falling due within one year

	2000	1999
	£	£
Trade creditors	5,375,525	4,452,949
Bank loans and overdrafts (Note 16)	3,570,339	2,215,911
Payments on account	719,289	158,142
Accruals	142,470	110,321
Corporation taxation	122,005	-
Other taxes & social security	217,450	94,554
Hire purchase creditors	147,329	103,994
Amounts due to parent	365,442	-
Amounts due to group undertaking	119,702	314,142
Due to related undertaking	385,596	385,896
Payable to directors	5,941	57,275
Other creditors	22,678	29,217
	11,193,766	7,922,401

The amounts payable to parent, group and related undertakings are unsecured, do not bear interest and are repayable on demand.

A & L King (Builders) Limited

15 Creditors: Amounts falling due after more than one year

	2000	1999
	£	£
Bank loans (Note 16)	1,001,308	36,107
Hire purchase creditors (repayable within five years)	67,306	77,032
	1,068,614	113,139

16 Bank loans and overdrafts

Amounts falling due within one year:

	2000	1999
	£	£
Bank overdrafts	556,701	859,659
Short term bank loans	3,013,638	1,356,252
	3,570,339	2,215,911

Amounts falling due after more than one year:

	2000	1999
	£	£
Bank loans repayable		
- between one and two years	1,001,308	6,660
- between two and five years	-	19,980
- after five years	-	9,467
	1,001,308	36,107
Aggregate loans and overdrafts	4,571,647	2,252,018

The company's borrowings are secured by a standard security over substantially all the company's premises and land under development.

The short term bank loan consists of one facility which is secured over a specific property under development and is repayable on the sale of a parcel of land forming part of that property.

The bank loans repayable between one and two years, consist of three facilities which are secured over specific properties under development and are repayable in equal instalments. An instalment is payable on the sale of each individual parcel of land and the associated house.

A & L King (Builders) Limited

17 Provision for liabilities and charges

The provision is for the full potential amount of deferred taxation and arises principally from accelerated capital allowances. The movement on the deferred tax provision during the year was:

	2000	1999
	£	£
At 1 April	41,398	34,014
Charge to the profit and loss account (Note 9)	27,507	7,384
At 31 March	68,905	41,398

18 Called up share capital

	2000	1999
	£	£
Authorised		
500,000 ordinary shares of £1 each	500,000	500,000
Allotted, issued and fully paid		
378,840 ordinary shares of £1 each	378,840	378,840

19 Contingent liabilities

Unlimited guarantees have been given in respect of bank overdraft and loan facilities granted to the subsidiary and certain associated undertakings. The company has given guarantees totalling £598,366 (1999: £648,945) relating to performance bonds given by the bank on behalf of the company.

A & L King (Builders) Limited

20 Related party disclosures

	Turnover	Debtors	Creditors
	£	£	£
Coll Earn House Hotel (Auchterarder) Ltd	7,438	1,334	-
Moorfield House Hotel Limited	15,968	1,792	-
A & J King Limited	-	-	385,596
K W Properties Limited	221,732	11,523	-

The Coll Earn House Hotel (Auchterarder) Ltd, Moorfield House Hotel Limited and A & J King Limited are deemed to be related parties by Financial Reporting Standard 8 'Related Party Disclosures' because of a close family relationship.

KW Properties Limited is deemed to be a related party by Financial Reporting Standards 8 'Related Party Disclosures' as A D King is a director of both companies.

21 Ultimate parent undertaking

The Company's ultimate parent undertaking and controlling party is the King Group Limited. Copies of King Group Limited's consolidated financial statements are available from the Secretary, Hunter Street, Auchterarder.