AMENDED

# A & L King (Builders) Limited

# Directors' report and financial statements

# for the year ended 31 March 2005

**Registered Number 62886**

# A & L King (Builders) Limited

# Directors' report and financial statements

# for the year ended 31 March 2005

# Contents

# A & L King (Builders) Limited

# Directors' report for the year ended 31 March 2005

The directors present their report with the audited financial statements of the company for the year ended 31 March 2005.

**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 £937,611 (2004: £735,563). No dividend was paid during the year (2004: Nil) and £937,611 (2004: £735,563) has been transferred to reserves.

**Amendment to the financial statements**
These amended financial statements replace the original financial statements for the year ended 31 March 2005. The financial statements were amended to correct note 13. No other amendment was required.

The financial statements have been prepared as at 16 November 2005, the date of approval of the original financial statements and not at the date of amendment. Accordingly, they do not deal with any events between the original date of approval and the date of amendment. The financial statements were approved and re-signed on 30 May 2006

**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 2005, were as follows:

AG King
Mrs J King
AD King
W Coull
I Butchart
E MacGregor
J Syme
A Birnie
D Kelly

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 that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

# A & L King (Builders) Limited

**Auditors**
The auditors, PricewaterhouseCoopers LLP, 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**

Jen Bulzhert

Secretary
Hunter Street
Auchterarder
PH3 1PA

# A & L King (Builders) Limited

## Independent auditors' report to the members of A & L King (Builders) Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and related notes.

**Respective responsibilities of Directors and Auditors**

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. The other information comprises only the Directors' report.

**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 affairs of the Company at 31 March 2005 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

**PricewaterhouseCoopers LLP**
Chartered Accountants and Registered Auditors
Edinburgh
1 June 2006

# A & L King (Builders) Limited

## Profit and loss account for the year ended 31 March 2005

| | Notes | 2005 £ | 2004 £ |
|---|---|---|---|
| **Turnover** | 2 | **25,534,484** | 28,182,889 |
| Cost of sales | | **(21,277,460)** | (24,387,586) |
| **Gross profit** | | **4,257,024** | 3,795,303 |
| Selling and distribution expenses | | **(101,985)** | (94,329) |
| Administrative expenses | | **(3,136,874)** | (2,901,566) |
| Other operating income | 3 | **427,885** | 423,223 |
| **Operating profit** | 4 | **1,446,050** | 1,222,631 |
| Interest receivable | 7 | **8,839** | 674 |
| Interest payable | 8 | **(89,974)** | (133,702) |
| **Profit on ordinary activities before taxation** | | **1,364,915** | 1,089,603 |
| Tax on profit on ordinary activities | 9 | **(427,304)** | (354,040) |
| **Profit for the financial year** | | **937,611** | 735,563 |
| Retained profit brought forward | | **3,365,927** | 2,630,364 |
| **Retained profit carried forward** | | **4,303,538** | 3,365,927 |

All operations are continuing.

The company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

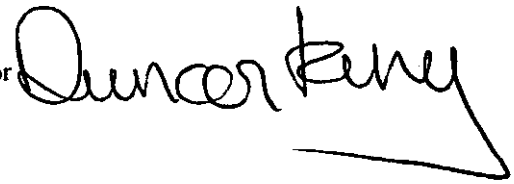
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

# A & L King (Builders) Limited

## Balance sheet as at 31 March 2005

| | Notes | 2005 £ | 2004 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 10 | **1,994,121** | 1,950,291 |
| Investments | 11 | **200,050** | 25 |
| | | **2,194,171** | 1,950,316 |
| **Current assets** | | | |
| Stock | 12 | **6,317,060** | 6,673,308 |
| Debtors | 13 | **4,606,732** | 2,500,346 |
| Cash at bank and in hand | | **1,215,334** | 415,621 |
| | | **12,139,126** | 9,589,275 |
| **Creditors: amounts falling due within one year** | 14 | **(7,402,507)** | (7,173,330) |
| **Net current assets** | | **4,736,619** | 2,415,945 |
| **Total assets less current liabilities** | | **6,930,790** | 4,366,261 |
| **Creditors: amounts falling due after more than one year** | 15 | **(2,233,845)** | (570,551) |
| **Provision for liabilities and charges** | 17 | **(14,567)** | (50,943) |
| **Net assets** | | **4,682,378** | 3,744,767 |
| **Capital and reserves** | | | |
| Called up share capital | 18 | **378,840** | 378,840 |
| Profit and loss account | | **4,303,538** | 3,365,927 |
| **Equity shareholders' funds** | 19 | **4,682,378** | 3,744,767 |

The financial statements on pages 4 to 16 were approved by the board on 30 May 2006 and were signed on its behalf by:

Director 

# A & L King (Builders) Limited

## Notes to the financial statements for the year ended 31 March 2005 (continued)

## 1 Accounting policies

**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. The company has also taken advantage of the exemption available under Financial Reporting Standard 1 (revised) (Cash flow statements) and has not prepared a cash flow statement as a consolidated cash flow statement is presented in the financial statements of the parent company.

As required by FRS18 (Accounting Policies) the company has reviewed its accounting policies to ensure that they are the most appropriate for its particular circumstances.

**Recognition of profit**

(i) Construction
Profits on construction contracts are included in the financial statements when the outcome of a contract can be assessed with reasonable certainty and are determined by reference to an internal valuation of measure work carried out less related costs of production. Provision is made in full for foreseeable losses.

(ii) Housing Developments
Profit is included in the financial statements in connection with property developments upon receipt of sales proceeds.

**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 | 30% on reducing balance |

**Investments in Associates**
An associated undertaking is an undertaking where a company has a long term interest, usually from 25% - 50% of the share capital and over which it exercises significant influence. The Directors consider that both Gateway PFI Limited and KW Perth Limited are associated undertakings. The company's investments in its associated undertakings are recorded in the financial statements at cost less any impairment provision required.

**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.

# A & L King (Builders) Limited

## Notes to the financial statements for the year ended 31 March 2005 (continued)

## 1 Accounting policies (continued)

**Deferred taxation**
The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Deferred taxation is recognised as an asset or liability if transactions have occurred at the balance sheet date that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised are not discounted.

**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.

**Pensions**
The company is a member of the King Group pension scheme which is a defined contribution scheme for employees and directors. Contributions to the scheme are charged against profits in respect of the period in which they fall due.

**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.

## 2 Turnover

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

## 3 Other operating income

| | **2005** | 2004 |
|---|---|---|
| | **£** | £ |
| Rental income receivable | **46,648** | 31,984 |
| Royalties receivable | **307,425** | 334,636 |
| Other | **73,812** | 56,603 |
| | **427,885** | 423,223 |

[illegible]

# A & L King (Builders) Limited

## Notes to the financial statements for the year ended 31 March 2005 (continued)

## 4 Operating profit

The operating profit is stated after charging:

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Depreciation | | |
| - owned assets | **276,399** | 209,624 |
| - hire purchase assets | **145,158** | 93,030 |
| Loss on disposal of fixed assets | **29,845** | 82,053 |
| Operating Lease rentals | **30,060** | - |
| Auditors' remuneration | | |
| - audit | **14,900** | 13,000 |
| - non audit | **71,280** | 35,000 |

## 5 Employee costs

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Wages and salaries | **4,517,875** | 3,620,084 |
| Social security costs | **366,088** | 302,244 |
| Other pension costs | **176,848** | 161,978 |
| | **5,060,811** | 4,084,306 |

The average number of persons (including directors) employed by the company during the year was:

**By activity**

| | 2005 | 2004 |
|---|---|---|
| | Number | Number |
| Administration and technical | **52** | 47 |
| Operational | **111** | 86 |
| | **163** | 133 |

## 6 Directors' remuneration

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Aggregate emoluments | **449,949** | 382,849 |
| Defined contribution pension scheme: | | |
| Aggregate company contributions paid | **81,145** | 81,787 |

Retirement benefits are accruing to 6 directors (2004: 6) under a money purchase scheme.

## 6 Directors' remuneration (continued)

**Highest paid director**

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Aggregate emoluments | **94,488** | 84,823 |
| Defined contribution pension scheme: | | |
| Aggregate company contributions paid | **25,989** | 25,826 |

## 7 Interest receivable

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Other | **8,839** | 674 |

## 8 Interest payable

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| On bank loans and overdrafts | **67,595** | 119,076 |
| On hire purchase loans repayable within five years | **22,379** | 14,626 |
| | **89,974** | 133,702 |

## 9 Taxation

**(a) Analysis of tax charge for the period**

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Corporation tax on ordinary activities | | |
| - current year charge | **350,828** | 348,200 |
| - prior year credit | **(477)** | (3,445) |
| - group relief payable | **113,329** | - |
| Total current tax (note 9(b)) | **463,680** | 344,755 |
| Deferred tax: | | |
| - origination and reversal of timing differences | **(36,376)** | 6,011 |
| - adjustments to estimated recoverable DT assets from prior periods | **-** | 3,274 |
| Total deferred tax (note 17) | **(36,736)** | 9,285 |
| Tax on profit on ordinary activities | **427,304** | 354,040 |

## 9 Taxation (continued)

### (b) Factors affecting tax charge for the period

| | 2005<br>£ | 2004<br>£ |
|---|---|---|
| Profit on ordinary activities before tax | **1,364,915** | 1,089,603 |
| Tax on ordinary activities multiplied by the standard rate in the UK of 30% (2004: 30%) | **409,474** | 326,881 |
| Effects of: | | |
| - Expenses not deductible for tax purposes | **26,308** | 27,331 |
| - Capital allowances for period in excess of depreciation | **28,375** | (6,012) |
| - Adjustments to tax charge in respect of previous periods | **(477)** | (3,445) |
| Current tax charge for period (note 9(a)) | **463,680** | 344,755 |

### (c) Factors that may affect future tax charge

There are no material items that should affect the future tax charge.

# A & L King (Builders) Limited

## Notes to the financial statements for the year ended 31 March 2005 (continued)

## 10 Tangible fixed assets

| | Heritable Property | Plant & Machinery | Fixtures & Fittings | Motor Vehicles | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost** | | | | | |
| 1 April 2004 | 715,386 | 1,169,207 | 233,412 | 1,398,212 | 3,516,217 |
| Additions | 23,308 | 286,812 | 31,807 | 175,294 | 517,221 |
| Disposals | - | (165,359) | (68,030) | (139,665) | (373,054) |
| **31 March 2005** | **738,694** | **1,290,660** | **197,189** | **1,433,841** | **3,660,384** |
| **Depreciation** | | | | | |
| 1 April 2004 | 97,719 | 792,903 | 125,658 | 549,646 | 1,565,926 |
| Charge for year | 11,121 | 128,028 | 18,078 | 264,330 | 421,557 |
| Eliminated on disposals | - | (152,505) | (58,629) | (110,086) | (321,220) |
| **31 March 2005** | **108,840** | **768,426** | **85,107** | **703,890** | **1,666,263** |
| **Net book value** | | | | | |
| **31 March 2005** | **629,854** | **522,234** | **112,082** | **729,951** | **1,994,121** |
| 31 March 2004 | 617,667 | 376,304 | 107,754 | 848,566 | 1,950,291 |

The net book value of assets held under hire purchase agreements at 31 March 2005 was £396,092 (2004: £565,611).

## 11 Fixed assets investments

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Investments in subsidiary undertakings | **25** | 25 |
| Investments in associates | **200,025** | - |
| **Total fixed asset investments** | **200,050** | 25 |

The company's investment in subsidiary undertaking consists of the entire ordinary share capital of James Turner & Company Limited.

## 11 Fixed assets investments (continued)

Brief details of principal associated undertakings were as follows:

| Name | Activity | Share capital owned | Country of registration or incorporation (and operations) |
|---|---|---|---|
| Gateway PFI Limited | Construction company – education sector | 25% | Scotland |
| KW Perth Limited | Property investment company | 25% | Scotland |

On the 4th May 2004, the Company invested £200,000 in Gateway PFI Limited, being 25% of the total capital contributions from the partners. The other partners are Ogilvie Securities Limited (25%), Forth Electrical Services Limited (25%) and a group of 10 Private Investors (25%).

On the 6th August 2004, the Company invested £25 in KW Perth Limited, being 25% of the total capital contributions from the partners. The other partner is Kilmartin Property Group Limited (75%).

## 12 Stock

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Raw materials and consumables | **44,000** | 44,000 |
| Work in progress | **6,265,090** | 6,505,293 |
| Property held for resale and development | **7,970** | 124,015 |
| | **6,317,060** | 6,673,308 |

## 13 Debtors

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| **Due within one year** | | |
| Trade debtors | **2,201,277** | 1,623,406 |
| Other debtors | **172,839** | 260,253 |
| Prepayments and accrued income | **142,098** | 17,277 |
| Amounts owed by group and associated undertakings | **2,090,518** | 599,410 |
| | **4,606,732** | 2,500,346 |

The amounts owed by group and associated undertakings are unsecured, do not bear interest and are repayable on demand.

## 14 Creditors: Amounts falling due within one year

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Trade creditors | **3,099,959** | 3,026,285 |
| Bank loans and overdrafts (Note 16) | **1,029,180** | 822,416 |
| Payments on account | **98,887** | 126,350 |
| Accruals | **2,469,827** | 2,464,577 |
| Corporation tax | **127,051** | 118,353 |
| Other taxes & social security | **111,447** | 148,520 |
| Hire purchase creditors | **263,292** | 242,003 |
| Amounts due to group and associated undertakings | **7,231** | 40,622 |
| Payable to directors | **37,163** | 139,855 |
| Other creditors | **24,444** | 23,652 |
| Group relief payable | **134,026** | 20,697 |
| | **7,402,507** | 7,173,330 |

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

## 15 Creditors: Amounts falling due after more than one year

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Bank loans (Note 16) | **2,154,379** | 447,476 |
| Hire purchase creditors (repayable within five years) | **79,466** | 123,075 |
| | **2,233,845** | 570,551 |

## 16 Bank loans overdrafts

Amounts falling due within one year:

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Bank overdrafts | **1,002,330** | 643,311 |
| Short term bank loans | **26,850** | 179,105 |
| | **1,029,180** | 822,416 |

[illegible]

## 16 Bank loans overdrafts (continued)

Amounts falling due after more than one year:

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Bank loans repayable | | |
| - between two and five years | **2,154,379** | 447,476 |
| Aggregate loans and overdrafts | **3,183,559** | 1,269,892 |

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

The bank loans between two and five years consist of a facility secured over a specific plot of land and a facility secured over specific properties under development.

## 17 Provisions for liabilities and charges

**Deferred taxation**

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| Accelerated capital allowances | **18,975** | 53,564 |
| Other timing differences | **(4,408)** | (2,621) |
| **Deferred tax liability** | **14,567** | 50,943 |

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:

| | Deferred Tax |
|---|---|
| | £ |
| Liability at start of period | 50,943 |
| Deferred tax charge in profit and loss account for period (note 9(a)) | (36,376) |
| **Liability at end of period** | **14,567** |

## 18 Called up share capital

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| **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 |

# A & L King (Builders) Limited

## Notes to the financial statements for the year ended 31 March 2005 (continued)

## 19 Reconciliation of movements in shareholders fund

| | 2005 £ | 2004 £ |
|---|---|---|
| 1 April | **3,744,767** | 3,009,204 |
| Profit for the financial year | **937,611** | 735,563 |
| 31 March | **4,682,378** | 3,744,767 |

## 20 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 £78,500 (2004: £43,371) relating to performance bonds given by the bank on behalf of the company.

## 21 Financial commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases for assets other than land and buildings, expiring as follows:

| | 2005 £ | 2004 £ |
|---|---|---|
| Within 1 year | - | - |
| Between 2 to 5 years | **30,060** | - |

## 22 Related party disclosures

| | Turnover | | Other Debtors | | Loans due from associated undertakings | |
|---|---|---|---|---|---|---|
| | 2005 £ | 2004 £ | 2005 £ | 2004 £ | 2005 £ | 2004 £ |
| KW Properties Limited | **117,296** | 343,678 | **588** | - | - | - |
| KW Scotland Limited | **420,043** | - | **24,363** | - | - | - |
| KW Perth | - | - | - | - | **1,000,000** | - |
| King Homes (Auchterarder) Limited | **77,932** | 75,321 | **4,165** | 2,750 | **23,917** | 23,917 |
| Gateway PFI Limited | - | - | - | - | **250,000** | - |
| Binn Recycling Limited | - | - | - | - | - | 15,386 |
| Moorfield House Hotel Limited | - | 905 | **905** | 905 | - | - |
| A D King | - | 275,000 | - | - | - | - |

King Homes (Auchterarder) Limited, KW Scotland Limited KW Properties Limited and Binn Recycling Limited are deemed to be related parties by Financial Reporting Standard 8 'Related Party Disclosures' because A D King is a director of both companies.

KW Perth Limited & Gateway PFI Limited are associates.

Moorfield House Hotel Limited is deemed a related party as the director is a close relative of AD King.

The amounts due from associated undertakings are unsecured, bear no interest and are repayable on demand.

[illegible]

## 23 Ultimate parent undertaking

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