

**A & L KING (BUILDERS) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 MARCH 1999**

**Registered Number: SC 62886**



## **A & L KING (BUILDERS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1999 (CONTINUED)**

#### **DIRECTORS REPORT**

The directors present their report with the audited financial statements of the company for the year ended 31 March 1999.

#### **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

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 loss after tax of £46,435 (1998 profit - £195,188). No dividend is proposed (1998 - £Nil).

#### **DIRECTORS**

The directors of the company in office during the year were as follows:

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

None of the directors held a notifiable interest in the share capital of the company at 31 March 1999. The interest of AD King in the share capital of King Group Limited, the company's ultimate parent undertaking, is shown in the accounts 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.

**A & L KING (BUILDERS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1999 (CONTINUED)**

**DIRECTORS REPORT (CONTINUED)**

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.

**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



I Butchart  
SECRETARY  
Hunter Street  
Auchterarder  
PH3 10A

26 January 2000

## **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**

As described on page 1 and 2 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 the company's affairs as at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Chartered Accountants and  
Registered Auditors

28 January 2000

**A & L KING (BUILDERS) LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 1999**

	<u>1999</u> £	<u>1998</u> £
<b>TURNOVER</b> (Note 2)	21,851,298	25,295,287
<b>COST OF SALES</b>	(19,299,574)	(22,611,225)
	<hr/>	<hr/>
<b>GROSS PROFIT</b>	2,551,724	2,684,062
Selling and distribution expenses	(147,413)	(167,193)
Administrative expenses	(2,521,128)	(2,341,621)
Other operating income (Note 3)	224,420	232,298
	<hr/>	<hr/>
<b>OPERATING PROFIT</b> (Note 4)	107,603	407,546
Interest receivable (Note 7)	96	3,271
Interest payable (Note 8)	(153,618)	(89,995)
	<hr/>	<hr/>
<b>(LOSS)/ PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(45,919)	320,822
Tax on profit on ordinary activities (Note 9)	(516)	(125,634)
	<hr/>	<hr/>
<b>(LOSS)/ PROFIT FOR THE FINANCIAL YEAR</b>	(46,435)	195,188
<b>RETAINED PROFIT BROUGHT FORWARD</b>	1,609,814	1,414,626
	<hr/>	<hr/>
<b>RETAINED PROFIT CARRIED FORWARD</b>	1,563,379	1,609,814
	<hr/> <hr/>	<hr/> <hr/>


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 1999**

	<u>1999</u> £	<u>1998</u> £
<b>FIXED ASSETS</b>		
Tangible assets (Note 10)	1,625,756	1,877,425
Investments (Note 11)	15,580	15,580
	<hr/>	<hr/>
	1,641,336	1,893,005
	<hr/>	<hr/>
<b>CURRENT ASSETS</b>		
Stocks (Note 12)	5,434,079	6,296,255
Debtors (Note 13)	2,813,832	2,599,876
Cash in hand	129,910	165,247
	<hr/>	<hr/>
	8,377,821	9,061,378
<b>CREDITORS - Amounts falling due within one year (Note 14)</b>	(7,922,401)	(8,784,954)
	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>	455,420	276,424
	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	2,096,756	2,169,429
	<hr/>	<hr/>
<b>CREDITORS - Amounts falling due after more than one year (Note 15)</b>	(113,139)	(146,761)
<b>PROVISION FOR LIABILITIES AND CHARGES (Note 17)</b>	(41,398)	(34,014)
	<hr/>	<hr/>
	1,942,219	1,988,654
	<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 18)	378,840	378,840
Profit and loss account	1,563,379	1,609,814
	<hr/>	<hr/>
<b>SHAREHOLDER'S FUNDS</b>	1,942,219	1,988,654
	<hr/>	<hr/>

Approved by the Board on 26 January 2000.

  
AG King

# A & L KING (BUILDERS) LIMITED

Director

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1999

### 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. A cash flow statement has also been excluded as the consolidated accounts of King Group Limited contain one.

#### (b) Turnover

Turnover represents amounts receivable, excluding VAT, for goods supplied and services rendered during the year, together with the sales value attributable to long term contracts in progress.

#### (c) 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:

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

#### (d) Stocks

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.

#### (e) 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.

#### (f) 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.

**A & L KING (BUILDERS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1999 (CONTINUED)**

**1 ACCOUNTING POLICIES (CONTINUED)**

**(g) Related party transactions**

The company has taken advantage of the exemption in FRS 8 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 that of building and plumbing contractors.

**3 OTHER OPERATING INCOME**

	<u>1999</u> £	<u>1998</u> £
Rental income receivable	224,420	232,298
	<u>          </u>	<u>          </u>

**4 OPERATING PROFIT**

	<u>1999</u> £	<u>1998</u> £
The operating profit is stated after charging/(crediting)		
Depreciation		
- owned assets	247,489	256,157
- leased assets	126,985	103,517
Gain on disposal of fixed assets	(11,048)	(43,865)
Gain on disposal of fixed asset investment	-	(46,120)
Auditors' remuneration		
- audit	10,350	10,000
- non-audit	5,000	4,000
	<u>          </u>	<u>          </u>

**5 STAFF COSTS**

	<u>1999</u> £	<u>1998</u> £
Wages and salaries	2,897,884	2,491,306
Social security costs	219,994	192,734
Other pension costs	104,424	102,495
	<u>          </u>	<u>          </u>
	3,222,302	2,786,535
	<u>          </u>	<u>          </u>



**A & L KING (BUILDERS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1999 (CONTINUED)****5 STAFF COSTS (CONTINUED)**

The average number of employees during the year was 139 (1998 – 123)

**6 DIRECTORS' REMUNERATION**

Directors' remuneration for management services, excluding pension contributions of £26,143 (1998 - £23,167), amounted to £225,833 (1998 - £183,714). 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 1999 these totalled £239,214 (1998: £255,524).

**7 INTEREST RECEIVABLE**

	<u>1999</u> £	<u>1998</u> £
Bank deposit account	96	3,271
	<u>          </u>	<u>          </u>

**8 INTEREST PAYABLE**

	<u>1999</u> £	<u>1998</u> £
On bank loans, overdrafts and hire purchase loans repayable within five years	153,618	89,995
	<u>          </u>	<u>          </u>

**9 TAXATION**

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

	<u>1999</u> £	<u>1998</u> £
Based on the results of the year:		
UK Corporation Tax		
- current year	17,216	108,587
- prior year	(24,084)	-
Deferred taxation (Note 17)		
- current year	(18,283)	17,047
- prior year	25,667	-
	<u>          </u>	<u>          </u>
	516	125,634
	<u>          </u>	<u>          </u>

# A & L KING (BUILDERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1999 (CONTINUED)

### 10 TANGIBLE FIXED ASSETS

	Freehold Property £	Assets under Construction £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>COST</b>						
1 April 1998	349,985	175,491	1,224,597	236,853	1,346,708	3,333,634
Additions	-	2,457	44,100	24,544	184,225	255,326
Disposals	-	-	(54,493)	(27,182)	(332,410)	(414,085)
Transfers	177,948	(177,948)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 March 1999	527,933	-	1,214,204	234,215	1,198,523	3,174,875
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>						
1 April 1998	48,190	-	695,634	132,950	579,435	1,456,209
Charge for year	5,416	-	138,738	22,978	207,342	374,474
Eliminated on disposals	-	-	(42,518)	(26,127)	(212,919)	(281,564)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 March 1999	53,606	-	791,854	129,801	573,858	1,549,119
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>						
31 March 1999	474,327	-	422,350	104,414	624,667	1,625,756
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 March 1998	301,795	175,491	528,963	103,903	767,273	1,877,425
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of assets held under hire purchase agreements at 31 March 1999 was £419,421 (1998 - £399,189).

### 11 FIXED ASSET INVESTMENTS

	<u>1999</u> £	<u>1998</u> £
Investments listed on recognised stock exchange	15,555	15,555
Investment in subsidiary undertaking	25	25
	<hr/>	<hr/>
	15,580	15,580
	<hr/>	<hr/>

The market value of listed investments at 31 March 1999 was £12,708 (1998 - £11,220).

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**

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1999 (CONTINUED)**

**12 STOCKS**

	<u>1999</u> £	<u>1998</u> £
Raw materials and consumables	51,407	24,000
Work in progress	5,036,088	6,093,156
Property held for resale and development	346,584	179,099
	<hr/>	<hr/>
	5,434,079	6,296,255

**13 DEBTORS**

	<u>1999</u> £	<u>1998</u> £
Trade debtors	1,787,566	1,528,784
Other debtors	383,298	436,981
Prepayments & accrued income	23,296	21,307
Amounts owed by group undertaking	165,184	165,184
Due by related undertakings	447,620	447,620
Corporation taxation recoverable	6,868	-
	<hr/>	<hr/>
	2,813,832	2,599,876

**14 CREDITORS: Amounts falling due within one year**

	<u>1999</u> £	<u>1998</u> £
Bank loans and overdrafts (Note 16)	2,215,911	709,360
Trade creditors	4,452,949	6,473,990
Payments on account	158,142	179,099
Hire purchase creditors	103,994	243,978
Other creditors	28,217	31,977
Due to related undertaking	385,896	349,480
Amounts due to group undertaking	314,142	339,075
Accrued expenses	110,321	171,976
Other taxes & social security	94,554	115,516
Payable to directors	57,275	61,916
Corporation taxation	-	108,587
	<hr/>	<hr/>
	7,922,401	8,784,954

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

**A & L KING (BUILDERS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1999 (CONTINUED)**

**15 CREDITORS: Amounts falling due after more than one year**

	<u>1999</u> £	<u>1998</u> £
Bank loans (Note 16)	36,107	42,767
Hire purchase creditors (repayable within 5 years)	77,032	103,994
	<hr/>	<hr/>
	113,139	146,761
	<hr/> <hr/>	<hr/> <hr/>

**16 BANK LOANS AND OVERDRAFTS**

**Amounts falling due within one year:**

	<u>1999</u> £	<u>1998</u> £
Bank overdrafts	859,659	432,700
Short term bank loans	1,349,592	270,000
Long term bank loans - current portion	6,660	6,660
	<hr/>	<hr/>
	2,215,911	709,360
	<hr/> <hr/>	<hr/> <hr/>

**Amounts falling due after more than one year:**

	<u>1999</u> £	<u>1998</u> £
Bank loans repayable		
- between one and two years	6,660	6,660
- between two and five years	19,980	19,980
- after five years	9,467	16,127
	<hr/>	<hr/>
	36,107	42,767
	<hr/>	<hr/>
Aggregate loans and overdrafts	2,252,018	752,127
	<hr/> <hr/>	<hr/> <hr/>

The company's borrowings are secured by a standard security over substantially all the company's premises and land under development. The borrowings bear interest at 1.5% over base rate.

## **A & L KING (BUILDERS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1999 (CONTINUED)**

#### **16 BANK LOANS AND OVERDRAFTS (CONTINUED)**

The short term bank loans consist of four 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.

The company has two long term bank loans which are secured over specific properties and are repayable in equal monthly instalments. One facility is repayable in full by 12 February 2000 and the other is repayable in full by 31 August 2005.

#### **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:

	<u>1999</u> £	<u>1998</u> £
At 1 April	34,014	16,967
Charged to the profit and loss account (Note 9)	7,384	17,047
	<hr/>	<hr/>
At 31 March	41,398	34,014
	<hr/>	<hr/>

#### **18 CALLED UP SHARE CAPITAL**

	<u>1999</u> £	<u>1998</u> £
Authorised 500,000 ordinary shares of £1 each	500,000	500,000
	<hr/>	<hr/>
Allotted, issued and fully paid 378,840 ordinary shares of £1 each	378,840	378,840
	<hr/>	<hr/>

#### **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 £648,945 (1998 - £770,487) relating to performance bonds given by the bank on behalf of the company.

## **A & L KING (BUILDERS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1999 (CONTINUED)**

#### **20 RELATED PARTY DISCLOSURES**

These companies are deemed to be related parties by Financial Reporting Standard 8 because of a close family relationship.

Debtors include £11,000 (1998 - £11,000) due from Coll Earn House Hotel (Auchterarder) Limited. Creditors includes £385,596 (1998 - £478,834) due to Duchally House Hotel Limited.

#### **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.