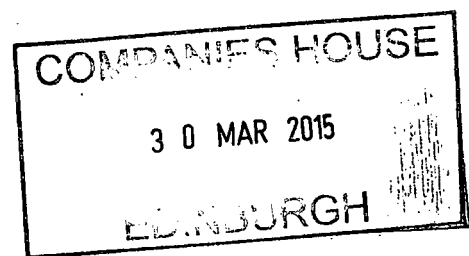


A&L King (Builders) Limited

Annual report and financial statements

Registered number SC062886

30 June 2015



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COMPANIES HOUSE

Strategic Report

The directors present their strategic report and financial statements for the year ended 30 June 2015.

Principal activity

The principal activities of the company during the year were building contracting and housebuilding.

Business review

Turnover for the year was £11.4m (2014: £8.7m) with a profit before tax of £2.2m (2014: £1.3m). The significant increase in profit before tax in the current year is due to the company generating higher sales in the current year.

Principal risks and uncertainties

The principal risk to the house building business is a reduction in sales volumes, primarily driven by the lack of availability of mortgages to potential buyers. The company has in place a number of measures to manage this risk, including strong sales teams and a range of sales incentives tools.

Key Performance Indicators

The directors believe the following to be the company's key performance indicators for the financial year:

	2015	2014	Movement
Turnover	11,408	8,679	31%
Gross Profit Margin	21%	19%	2%
Operating Profit	1,618	850	90%

Future developments

The company is a wholly owned subsidiary of Stewart Milne Group and will continue to develop its existing developments.

By order of the board



SA MacGregor
Director

Peregrine House
Westhill Business Park
Westhill
Aberdeen
AB32 6JQ

30 March 2016

Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2015.

Dividends

No dividends were paid during the year (2014: £nil). The directors do not recommend the payment of a final dividend.

Directors

The directors who held office during the period are as follows:

S Milne CBE
GFW Allison CA
JC Irvine CA (resigned 30th January 2015)
SA MacGregor FCA (appointed 29th April 2015)
J Slater-Fearn

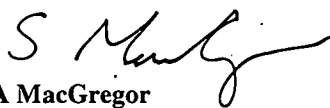
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


SA MacGregor
Director

Peregrine House
Westhill Business Park
Westhill
Aberdeen
AB32 6JQ

30 March 2016

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of A&L King (Builders) Limited

We have audited the financial statements of A&L King (Builders) Limited for the year ended 30 June 2015 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Duncan MacAskill (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

37 Albyn Place

Aberdeen

AB10 1JB

United Kingdom

30 March 2016

Profit and Loss Account
for the year ended 30 June 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover	<i>1</i>	11,408	8,679
Cost of sales		(9,020)	(7,033)
Gross profit		2,388	1,646
Administrative expenses		(770)	(796)
Operating profit		1,618	850
Interest receivable	<i>5</i>	581	498
Interest payable	<i>6</i>	-	(3)
Profit on ordinary activities before taxation	<i>2-4</i>	2,199	1,345
Tax on profit on ordinary activities	<i>7</i>	(337)	(305)
Profit for the financial year	<i>13</i>	1,862	1,040

All of the above was derived from continuing activities.

The company had no recognised gains or losses other than the result reported above.

Balance Sheet
at 30 June 2015

	<i>Note</i>	2015	2014
		£000	£000
Fixed assets			
Investments	8	5,300	5,497
Current assets			
Stocks	9	17,526	17,595
Debtors	10	2,263	2,306
		<u>19,789</u>	<u>19,901</u>
Creditors: amounts falling due within one year	11	<u>(2,674)</u>	<u>(4,845)</u>
Net current assets		<u>17,115</u>	<u>15,056</u>
Net assets		<u>22,415</u>	<u>20,553</u>
Capital and reserves			
Called up share capital	12	379	379
Profit and loss account	13	22,036	20,174
Shareholders' funds	14	<u>22,415</u>	<u>20,553</u>

These financial statements were approved by the board of directors on 30 March 2016 and were signed on its behalf by:



SA MacGregor
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

As set out in note 15, the company is party to a cross guarantee arrangement given in respect of the Group's bank borrowings and guarantee facilities.

The Group has recently entered into a three year funding facility with Bank of Scotland which is due to expire on 31 October 2018. This facility currently assumes that the existing debt level will be reduced in line with agreed step-downs by the end of the facility term. The company is currently engaged in a collaborative and joint process to review the repayment profile within the facility with a view to securing land opportunities and allowing the group to meet its business growth objectives. It is anticipated that this process will be concluded by June 2016.

After making enquiries and considering the uncertainties described above, the directors of the parent company, Stewart Milne Group have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for these reasons, the directors of this company have a reasonable expectation that the contingent liabilities in the company will not crystallise in the foreseeable future and so have prepared the accounts on a going concern basis.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The Company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Stewart Milne Group Limited and its cash flows are included within the consolidated cash flow statement of that company.

As the Company is a wholly owned subsidiary of Stewart Milne Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. The consolidated financial statements of Stewart Milne Group Limited, within which this Company is included, can be obtained from the address given in note 16.

Investments

Investments are stated at cost less amounts written off.

Stocks

Stocks, including land, are valued at the lower of cost and net realisable value. For work in progress, cost is taken as production cost which includes an appropriate proportion of overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents sales of residential properties and land legally completed in the period and the value of work executed by construction activities. Turnover arises solely in the UK and from the company's principal activities.

Notes (continued)

2 Notes to the profit and loss account

The company's audit fee is borne by the company's parent undertaking.

3 Remuneration of directors

The directors received no remuneration from the company during the year (2014: *£nil*).

4 Staff numbers and costs

The company had no employees during the year (2014: *none*).

5 Interest receivable

	2015 £000	2014 £000
On loan stock	581	498

6 Interest payable

	2015 £000	2014 £000
On loan stock	-	3

7 Taxation

Analysis of charge in year

	2015 £000	2014 £000
<i>UK corporation tax</i>		
Current tax on income for the year	427	286
Adjustments in respect of prior year	(90)	53
	337	339
<i>Group relief</i>		
Adjustments in respect of prior year	-	(34)
	-	(34)
Current tax on income for the year being tax on profit on ordinary activities	337	305

Notes (continued)

7 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2014: higher) than the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%). The differences are explained below.

	2015 £000	2014 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,199	1,345
Current tax at 20.75% (2014: 22.5%)	456	303
<i>Effects of:</i>		
Transfer pricing adjustment	(27)	13
Other timing differences	(2)	8
Adjustments in respect of prior year corporation tax	(90)	(53)
Adjustments in respect of prior year group relief	-	34
Total current tax charge (see above)	337	305

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016.

8 Fixed asset investments

	Interest in joint ventures £000	Total £000
<i>Cost and net book value</i>		
At beginning of year	5,497	5,497
Loan repayment	(197)	(197)
At end of year	5,300	5,300

The company's interest in joint ventures represents loans advanced to Freedom Homes (Stirling) Limited, a company registered in Scotland which is involved in residential and commercial property development in which the company holds a 50% shareholding.

Notes (continued)

9 Stocks

	2015 £000	2014 £000
Work in progress	17,526	17,595

10 Debtors

	2015 £000	2014 £000
Trade debtors	826	1,427
Amounts owed by joint ventures	409	872
Amounts owed by group undertakings	1,022	-
Corporation tax	2	2
Other debtors	4	5
	2,263	2,306

11 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Payments received on account	35	206
Amount owed to group undertakings	823	2,855
Corporation tax	427	286
Group relief payable	1,091	1,091
Accruals and deferred income	279	388
Other creditors	19	19
	2,674	4,845

12 Called up share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
378,840 Ordinary shares of £1 each	379	379

13 Profit and loss account

	2015 £000
At beginning of year	20,174
Profit for the financial year	1,862
At end of year	22,036

Notes (continued)

14 Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Profit for the financial year being net increase in shareholders' funds	1,862	1,040
Opening shareholders' funds	20,553	19,513
Closing shareholders' funds	<u>22,415</u>	<u>20,553</u>

15 Contingent liabilities

The company, its ultimate parent company and certain fellow subsidiaries are parties to a cross guarantee given in respect of their bank borrowings and guarantee facilities. At 30 June 2015 the total value of such facilities utilised across the group for which the company is jointly and severally liable was £201,017,000 (2014: £193,805,000).

16 Ultimate parent undertaking

The company is a subsidiary undertaking of Stewart Milne Group Limited, incorporated in Scotland, which is the ultimate parent company.

The only group in which the results of the company are consolidated is that headed by Stewart Milne Group Limited. The consolidated accounts of this company are available to the public and may be obtained from the Registrar of Companies, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.