

A & L King (Builders) Limited
Directors' report and financial statements
for the year ended 31 March 2002

Registered Number 62886



A & L King (Builders) Limited

Directors' report and financial statements

for the year ended 31 March 2002

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A & L King (Builders) Limited

Directors' report for the year ended 31 March 2002

The directors present their report with the audited financial statements of the company for the year ended 31 March 2002.

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 £317,170 (2001: £397,757). No dividend was paid during the year (2001: Nil) and £317,170 (2001: £397,757) 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 2002, were as follows:

AG King
Mrs J King
AD King
W Coull
I Butchart
E McGregor
J Syme
A Birnie (appointed 1 May 2002)
D Kelly (appointed 1 May 2002)

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

Directors' report for the year ended 31 March 2002 (continued)

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



Secretary
Hunter Street
Auchterarder
PH3 10A
27 November 2002

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 the 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.

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 the company's affairs at 31 March 2002 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

27 November 2002

A & L King (Builders) Limited

Profit and loss account for the year ended 31 March 2002

		2002	2001
	Notes	£	£
Turnover	2	22,440,395	27,979,978
Cost of sales		(19,492,016)	(24,552,622)
Gross profit		2,948,379	3,427,356
Selling and distribution expenses		(117,361)	(127,218)
Administrative expenses		(2,402,804)	(2,817,521)
Other operating income	3	286,416	344,740
Operating profit	4	714,630	827,357
Interest receivable	7	2	3,733
Interest payable	8	(238,390)	(210,545)
Profit on ordinary activities before taxation		476,242	620,545
Tax on profit on ordinary activities	9	(159,072)	(222,788)
Profit on ordinary activities after taxation		317,170	397,757
Dividends		-	-
Profit for the financial year		317,170	397,757
Retained profit brought forward		1,993,233	1,595,476
Retained profit carried forward		2,310,403	1,993,233

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.

The notes of pages 6 to 14 form part of these financial statements.

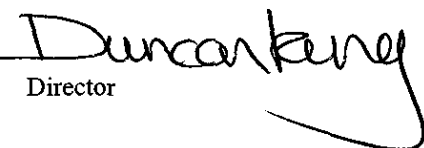
A & L King (Builders) Limited

Balance sheet as at 31 March 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	10	1,563,248	1,730,338
Investments	11	25	25
		1,563,273	1,730,363
Current assets			
Work in progress	12	6,391,519	7,920,700
Debtors:			
due within one year	13	3,123,787	2,683,352
due after more than one year	13	172,500	-
Cash in hand		1,603	374
		9,689,409	10,604,426
Creditors: amounts falling due within one year	14	(7,452,438)	(8,261,380)
Net current assets		2,236,971	2,343,046
Total assets less current liabilities		3,800,244	4,073,409
Creditors: amounts falling due after more than one year	15	(902,470)	(1,647,966)
Provision for liabilities and charges	17	(208,531)	(53,370)
Net assets		2,689,243	2,372,073
Capital and reserves			
Called up share capital	19	378,840	378,840
Profit and loss account		2,310,403	1,993,233
Equity shareholders' funds	18	2,689,243	2,372,073

The notes of pages 6 to 14 form part of these financial statements.

Approved by the Board on 27 November 2002.


Director

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2002

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	25% on reducing balance

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.

Deferred taxation

Provision is made for deferred taxation in respect of all non-permanent timing differences that have originated but not reversed at the balance sheet date, where these differences give rise to an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax is provided at the rate expected to apply when the timing difference is expected to reverse. No discounting of deferred tax assets or liabilities is applied.

Leased assets

Fixed assets acquired under finance leases and hire purchase arrangements are capitalised and the related leasing obligations included in creditors.

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

1 Accounting policies (continued)

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

	2002	2001
	£	£
Rental income receivable	26,260	48,540
Consultancy Fees	260,156	296,200
	286,416	344,740

4 Operating profit

The operating profit is stated after charging:

	2002	2001
	£	£
Depreciation		
- owned assets	235,571	240,371
- hire purchase assets	74,035	92,515
Loss on disposal of fixed assets	27,719	47,349
Auditors' remuneration		
- audit	12,000	11,500
- non audit	24,000	14,813

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

5 Employee costs

	2002	2001
	£	£
Wages and salaries	3,709,458	3,688,885
Social security costs	251,985	277,448
Other pension costs	160,198	155,355
	4,121,641	4,121,688

The average number of persons, including directors, employed during the year was 148 (2001: 160).
Employee costs are stated excluding directors' remuneration.

6 Directors' remuneration

Directors' remuneration for management services, excluding pension contributions of £37,924 (2001: £36,480), amounted to £238,483 (2001: £298,293). 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 2002 these totalled £358,823 (2001: £479,942).

7 Interest receivable

	2002	2001
	£	£
Bank deposit account	2	3,733

8 Interest payable

	2002	2001
	£	£
Interest payable		
On bank loans and overdrafts	222,878	195,835
On hire purchase loans repayable within five years	15,220	14,710
Other	292	-
	238,390	210,545

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

9 Taxation

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

	2002 £	2001 £
Corporation tax on ordinary activities: 30% (2000: 30%)		
- current year charge	184,844	227,805
- prior year charge / (credit)	(7,935)	10,518
Deferred taxation (Note 17)		
- current year charge/(credit)	(17,839)	(3,818)
- prior year (credit) / charge	2	(11,717)
	159,072	222,788

The difference between the current tax charge on ordinary activities for the period, reported in the profit and loss account, and the current tax charge that would result from applying a relevant standard rate of tax to the profit on ordinary activities before tax, is explained as follows:

	2002 £	2001 £
Profit on ordinary activities before tax	476,242	620,545
Standard rate of corporation tax at 30% (2001: 30%)	142,960	186,164
After:		
- Expenses not deductible for tax purposes	24,046	37,823
- Prior year adjustments in respect of under/(over) provisions	(7,933)	(1,199)
- Other	(1)	-
Current tax charge for period	159,072	222,788

	2002 £	2001 £
Deferred taxation		
Deferred taxation provided in the accounts comprises:		
Accelerated capital allowances	40,231	53,370
Other timing differences	(4,698)	-
Deferred tax asset	35,533	53,370

The directors have adopted the requirements of FRS 19 on Deferred Tax. This requires provision for all timing differences that have originated but not reversed by the balance sheet date where there is an obligation to pay more or less tax in the future as a result of the reversal of the timing difference. The adoption of FRS 19 has not resulted in any financial impact.

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

10 Tangible fixed assets

	Heritable Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
1 April 2001	554,684	1,343,770	304,377	1,269,130	3,471,961
Additions	-	69,509	17,584	178,687	265,780
Disposals	-	(112,838)	(14,725)	(300,558)	(428,121)
31 March 2002	554,684	1,300,441	307,236	1,147,259	3,309,620
Depreciation					
1 April 2001	67,554	905,650	182,426	585,993	1,741,623
Charge for year	9,123	112,368	23,121	164,994	309,606
Eliminated on disposals	-	(86,930)	(12,202)	(205,725)	(304,857)
31 March 2002	76,677	931,088	193,345	545,262	1,746,372
Net book value					
31 March 2002	478,007	369,353	113,891	601,997	1,563,248
31 March 2001	487,130	438,120	121,951	683,137	1,730,338

The net book value of assets held under hire purchase agreements at 31 March 2002 was £315,712 (2001: £389,057).

11 Fixed asset investments

	2002 £	2001 £
Investment in subsidiary undertaking	25	25

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 for the year ended 31 March 2002 (continued)

12 Work in progress

	2002 £	2001 £
Raw materials and consumables	63,046	44,587
Work in progress	6,200,582	7,758,486
Property held for resale and development	127,891	117,627
	6,391,519	7,920,700

13 Debtors

	2002 £	2001 £
Due within one year		
Trade debtors	2,227,757	1,848,738
Other debtors	442,225	419,601
Prepayments and accrued income	71,543	60,973
Amounts owed by group undertakings	375,659	354,040
Group relief receivable	6,603	-
	3,123,787	2,683,352

	2002 £	2001 £
Due after more than one year		
Trade debtors	172,500	-

14 Creditors: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	4,806,150	4,479,678
Bank loans and overdrafts (Note 16)	1,459,533	2,149,313
Payments on account	18,050	87,272
Accruals	122,138	320,683
Corporation tax	69,594	142,712
Other taxes & social security	99,512	114,905
Hire purchase creditors	137,931	170,426
Amounts due to group and associated undertakings	467,989	484,121
Payable to directors	239,984	276,656
Group relief	-	4,519
Other creditors	31,557	31,095
	7,452,438	8,261,380

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

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

15 Creditors: Amounts falling due after more than one year

	2002	2001
	£	£
Bank loans (Note 16)	857,228	1,594,801
Hire purchase creditors (repayable within five years)	45,242	53,165
	902,470	1,647,966

16 Bank loans and overdrafts

Amounts falling due within one year:

	2002	2001
	£	£
Bank overdrafts	376,459	1,649,314
Short term bank loans	1,083,074	499,999
	1,459,533	2,149,313

Amounts falling due after more than one year:

	2002	2001
	£	£
Bank loans repayable		
- between one and two years	-	1,594,801
- between two and five years	857,228	-
- after five years	-	-
	857,228	1,594,801
Aggregate loans and overdrafts	2,316,761	3,744,114

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 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 four facilities which are secured over specific properties under development and are repayable in instalments. An instalment is payable on the sale of each individual parcel of land and the associated house.

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

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:

	Deferred Tax	Other provisions	Total
	£	£	£
At 1 April 2001	53,370	-	53,370
Transferred (to)/from the profit and loss account	(17,837)	172,998	155,161
At 31 March 2002	35,533	172,998	208,531

Other provisions represent the estimated amounts to cover the Group's obligations to carry out certain construction work that it is required to perform under the terms of a land sale contract entered into during the year. These amounts are expected to be utilised within the next financial year.

18 Reconciliation of movements in shareholders funds

	2002	2001
	£	£
1 April	2,372,073	1,974,316
Profit for the financial year	317,170	397,757
31 March	2,689,243	2,372,073

19 Called up share capital

	2002	2001
	£	£
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

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 £ 550,637 (2001: £483,529) relating to performance bonds given by the bank on behalf of the company.

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

21 Related party disclosures

	Turnover	
	2002	2001
	£	£
K W Properties Limited	6,732	114,732

	Debtors	
	2002	2001
	£	£
King Homes (Auchterarder) Limited (formerly Loadpack Limited)	132,980	132,980

King Homes (Auchterarder) Limited and KW Properties 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.

22 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.