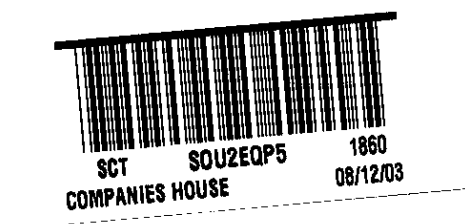


A & L King (Builders) Limited
Directors' report and financial statements
for the year ended 31 March 2003

Registered Number 62886



A & L King (Builders) Limited

Directors' report and financial statements for the year ended 31 March 2003

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A & L King (Builders) Limited

Directors' report for the year ended 31 March 2003

The directors present their report with the audited financial statements of the company for the year ended 31 March 2003.

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 £319,961 (2002: £317,170). No dividend was paid during the year (2002: Nil) and £319,961 (2002: £317,170) 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 2003, were as follows:

AG King
Mrs J King
AD King
W Coull
I Butchart
E McGregor
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 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 2003 (continued)

Auditors

Our Auditors PricewaterhouseCoopers, converted to a Limited Liability Partnership (LLP) on 1 January 2003. PricewaterhouseCoopers resigned on 25 March 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP as auditors.

By order of the Board

Jan Butchart

Secretary
Hunter Street
Auchterarder

PH3 10A

17 November 2003

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 2003 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Edinburgh

17 November 2003

A & L King (Builders) Limited

Profit and loss account for the year ended 31 March 2003

	Notes	2003 £	2002 £
Turnover	2	23,610,753	22,440,395
Cost of sales		(20,678,111)	(19,492,016)
Gross profit		2,932,642	2,948,379
Selling and distribution expenses		(70,172)	(117,361)
Administrative expenses		(2,486,691)	(2,402,804)
Other operating income	3	296,178	286,416
Operating profit	4	671,957	714,630
Interest receivable	7	1,110	2
Interest payable	8	(180,485)	(238,390)
Profit on ordinary activities before taxation		492,582	476,242
Tax on profit on ordinary activities	9	(172,621)	(159,072)
Profit on ordinary activities after taxation		319,961	317,170
Dividends		-	-
Profit for the financial year		319,961	317,170
Retained profit brought forward		2,310,403	1,993,233
Retained profit carried forward		2,630,364	2,310,403

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.

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

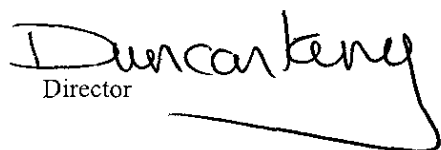
A & L King (Builders) Limited

Balance sheet as at 31 March 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	10	1,791,602	1,563,248
Investments	11	25	25
		1,791,627	1,563,273
Current assets			
Stock	12	6,922,700	6,391,519
Debtors:			
due within one year	13	2,816,631	3,123,787
due after more than one year	13	-	172,500
Cash in hand		141,000	1,603
		9,880,331	9,689,409
Creditors: amounts falling due within one year	14	(8,301,512)	(7,452,438)
Net current assets		1,578,819	2,236,971
Total assets less current liabilities		3,370,446	3,800,244
Creditors: amounts falling due after more than one year	15	(319,584)	(902,470)
Provision for liabilities and charges	17	(41,658)	(208,531)
Net assets		3,009,204	2,689,243
Capital and reserves			
Called up share capital	19	378,840	378,840
Profit and loss account		2,630,364	2,310,403
Equity shareholders' funds	18	3,009,204	2,689,243

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

The financial statements on pages 4 to 14 were approved by the Board on 17 November 2003 and were signed on its behalf by:


Director

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2003

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

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

Deferred taxation is recognised as a 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.

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2003 (continued)

1 Accounting policies (continued)

Leased assets

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

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

	2003	2002
	£	£
Rental income receivable	30,041	26,260
Consultancy Fees	266,137	260,156
	296,178	286,416

4 Operating profit

The operating profit is stated after charging:

	2003	2002
	£	£
Depreciation		
- owned assets	235,664	235,571
- hire purchase assets	73,826	74,035
Loss on disposal of fixed assets	2,495	27,719
Auditors' remuneration		
- audit	12,600	12,000
- non audit	28,190	24,000

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2003 (continued)

5 Employee costs

	2003	2002
	£	£
Wages and salaries	3,389,573	3,709,458
Social security costs	259,392	251,985
Other pension costs	159,327	160,198
	3,808,292	4,121,641

The average number of persons, including directors, employed during the year was 142 (2002: 148).

6 Directors' remuneration

	2003	2002
	£	£
Aggregate emoluments	654,734	547,306
Defined contribution pension scheme:		
Aggregate company contributions paid	67,924	67,924

Retirement benefits are accruing to 6 directors (2001: 6) under a money purchase scheme.

Highest paid director

	2003	2002
	£	£
Aggregate emoluments	145,540	169,085
Defined contribution pension scheme:		
Aggregate company contributions paid	20,000	30,000

7 Interest receivable

	2003	2002
	£	£
Bank deposit account	-	2
Other	1,110	-
	1,110	2

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2003 (continued)

8 Interest payable

	2003 £	2002 £
Interest payable		
On bank loans and overdrafts	166,627	222,878
On hire purchase loans repayable within five years	13,858	15,220
Other	-	292
	180,485	238,390

9 Taxation

(a) Analysis of tax charge for the period

	2003 £	2002 £
Corporation tax on ordinary activities: 30% (2002: 30%)		
- current year charge	167,348	184,844
- prior year credit	(852)	(7,935)
Total current tax (note 9(b))	166,496	176,909
Deferred tax:		
- origination and reversal of timing differences	5,252	(17,839)
- adjustments to estimated recoverable DT assets from prior periods	873	2
Total deferred tax (note 17)	6,125	(17,837)
Tax on profit on ordinary activities	172,621	159,072

(b) Factors affecting tax charge for the period

	2003 £	2002 £
Profit on ordinary activities before tax	492,582	476,242
Tax on ordinary activities multiplied by the standard rate in the UK of 30% (2002: 30%)	147,775	142,873
Effects of:		
- Expenses not deductible for tax purposes	24,825	24,132
- Capital allowances for period in (excess)/not in excess of depreciation	(5,252)	17,839
- Adjustments to tax charge in respect of previous periods	(852)	(7,935)
Current tax charge for period (note 9(a))	166,496	176,909

(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 2003 (continued)

10 Tangible fixed assets

	Heritable Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
1 April 2002	554,684	1,300,441	307,236	1,147,259	3,309,620
Additions	88,000	223,121	26,946	319,859	657,926
Disposals	-	(131,486)	-	(210,386)	(341,872)
31 March 2003	642,684	1,392,076	334,182	1,256,732	3,625,674
Depreciation					
1 April 2002	76,677	931,088	193,345	545,262	1,746,372
Charge for year	10,553	103,720	23,791	171,426	309,490
Eliminated on disposals	-	(95,101)	-	(126,689)	(221,790)
31 March 2003	87,230	939,707	217,136	589,999	1,834,072
Net book value					
31 March 2003	555,454	452,369	117,046	666,733	1,791,602
31 March 2002	478,007	369,353	113,891	601,997	1,563,248

The net book value of assets held under hire purchase agreements at 31 March 2003 was £369,110 (2002: £315,712).

11 Fixed asset investments

	2003 £	2002 £
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.

12 Stock

	2003 £	2002 £
Raw materials and consumables	77,420	63,046
Work in progress	6,708,486	6,200,582
Property held for resale and development	136,794	127,891
	6,922,700	6,391,519

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2003 (continued)

13 Debtors

	2003	2002
	£	£
Due within one year		
Trade debtors	1,585,495	2,227,757
Other debtors	460,071	442,225
Prepayments and accrued income	75,182	71,543
Amounts owed by group and associated undertakings	695,883	375,659
Group relief receivable	-	6,603
	2,816,631	3,123,787

	2003	2002
	£	£
Due after more than one year		
Trade debtors	-	172,500

14 Creditors: Amounts falling due within one year

	2003	2002
	£	£
Trade creditors	2,801,265	4,806,150
Bank loans and overdrafts (Note 16)	2,636,152	1,459,533
Payments on account	177,974	18,050
Accruals	1,759,784	122,138
Corporation tax	72,926	69,594
Other taxes & social security	103,333	99,512
Hire purchase creditors	123,688	137,931
Amounts due to group and associated undertakings	545,870	467,989
Payable to directors	33,796	239,984
Other creditors	26,027	31,557
Group relief payable	20,697	-
	8,301,512	7,452,438

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 2003 (continued)

15 Creditors: Amounts falling due after more than one year

	2003	2002
	£	£
Bank loans (Note 16)	206,750	857,228
Hire purchase creditors (repayable within five years)	112,834	45,242
	319,584	902,470

16 Bank loans and overdrafts

Amounts falling due within one year:

	2003	2002
	£	£
Bank overdrafts	343,332	376,459
Short term bank loans	2,292,820	1,083,074
	2,636,152	1,459,533

Amounts falling due after more than one year:

	2003	2002
	£	£
Bank loans repayable		
- between two and five years	118,750	857,228
- after five years	88,000	-
	206,750	857,228
Aggregate loans and overdrafts	2,842,902	2,316,761

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 loans consist of two 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.

The loan between two and five years consists of one facility secured over a specific plot of land.

The loan repayable after five years consists of one facility secured over a specific property purchased for future development.

A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2003 (continued)

17 Provision for liabilities and charges

Deferred taxation

	2003	2002
	£	£
Accelerated capital allowances	45,258	40,231
Other timing differences	(3,600)	(4,698)
Deferred tax liability	41,658	35,533

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
	£	£	£
Liability at start of period	35,533	172,998	208,531
Utilised in the period	-	(172,998)	(172,998)
Deferred tax charge in profit and loss account for period (note 9(a))	6,125	-	6,125
Liability at end of period	41,658	-	41,658

18 Reconciliation of movements in shareholders funds

	2003	2002
	£	£
1 April	2,689,243	2,372,073
Profit for the financial year	319,961	317,170
31 March	3,009,204	2,689,243

19 Called up share capital

	2003	2002
	£	£
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 2003 (continued)

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 £185,181 (2002: £550,637) relating to performance bonds given by the bank on behalf of the company.

21 Related party disclosures

	Turnover	
	2003	2002
	£	£
K W Properties Limited	43,065	6,732
King Homes (Auchterarder) Limited (Formerly Loadpack Limited)	202,624	-
Moorfield House Hotel Limited	755	-

	Debtors	
	2003	2002
	£	£
King Homes (Auchterarder) Limited (formerly Loadpack Limited)	-	132,980
Moorfield House Hotel Limited	755	-

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.

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

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.