

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

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 MARCH 1998**

**Registered Number: SC 62886**



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

## **DIRECTORS REPORT**

The directors present their report with the audited financial statements of the company for the year ended 31 March 1998.

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

The principal activity of the company in the year under review was that of building and plumbing contractors.

Improved trading conditions have resulted in increased turnover and operating profit. The directors anticipate that the current levels of house and contracting sales will be maintained.

### **RESULTS AND DIVIDENDS**

The company made a profit after tax of £195,188 (1997 - £105,984). No dividend is proposed (1997 - £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 (appointed 1 April 1998)

None of the directors held a notifiable interest in the share capital of the company at 31 March 1998. 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.

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.

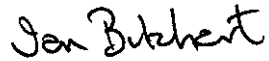
**A & L KING (BUILDERS) LIMITED**

**DIRECTORS REPORT (CONTINUED)**

**AUDITORS**

Our auditors, Price Waterhouse, merged with Coopers & Lybrand on 1 July 1998 and a resolution to appoint the new firm, PricewaterhouseCoopers, as auditors to the company will be proposed at the annual general meeting.

Approved by the Board



I Butchart  
SECRETARY  
Hunter Street  
Auchterarder  
PH3 10A

15 January 1999

*Price Waterhouse*



## AUDITORS REPORT TO THE SHAREHOLDERS OF A & L KING (BUILDERS) LIMITED

We have audited the financial statements on pages 4 to 12 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 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants and  
Registered Auditors

15 January 1999

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

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 1998**

	<u>1998</u> £	<u>1997</u> £
<b>TURNOVER</b> (Note 2)	25,295,287	22,991,936
<b>COST OF SALES</b>	(22,611,225)	(20,488,456)
	<hr/>	<hr/>
<b>GROSS PROFIT</b>	2,684,062	2,503,480
Selling and distribution expenses	(167,193)	(149,872)
Administrative expenses	(2,341,621)	(2,219,933)
Other operating income (Note 3)	232,298	238,139
	<hr/>	<hr/>
<b>OPERATING PROFIT</b> (Note 4)	407,546	371,814
Interest receivable (Note 7)	3,271	8,811
Interest payable (Note 8)	(89,995)	(65,655)
	<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	320,822	314,970
Tax on profit on ordinary activities (Note 9)	(125,634)	(208,986)
	<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<u>195,188</u>	<u>105,984</u>

There are no recognised gains or losses other than the profit for the year and all operations are continuing.

The notes of pages 6 to 12 form part of these financial statements.

# A & L KING (BUILDERS) LIMITED

## BALANCE SHEET AS AT 31 MARCH 1998

	1998 £	1997 £
<b>FIXED ASSETS</b>		
Tangible assets (Note 10)	1,877,425	1,387,374
Investments (Note 11)	15,580	15,580
	<hr/>	<hr/>
	1,893,005	1,402,954
	<hr/>	<hr/>
<b>CURRENT ASSETS</b>		
Stocks (Note 12)	6,296,255	4,106,347
Debtors (Note 13)	2,599,876	2,207,883
Cash in hand	165,247	233,862
	<hr/>	<hr/>
	9,061,378	6,548,092
<b>CREDITORS - Amounts falling due within one year (Note 14)</b>	(8,784,954)	(6,053,762)
	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>	276,424	494,330
	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	2,169,429	1,897,284
	<hr/>	<hr/>
<b>CREDITORS - Amounts falling due after more than one year (Note 15)</b>	(146,761)	(86,851)
	<hr/>	<hr/>
<b>PROVISION FOR LIABILITIES AND CHARGES (Note 17)</b>	(34,014)	(16,967)
	<hr/>	<hr/>
	1,988,654	1,793,466
	<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 18)	378,840	378,840
Profit and loss account	1,609,814	1,414,626
	<hr/>	<hr/>
<b>SHAREHOLDER'S FUNDS (Note 19)</b>	1,988,654	1,793,466
	<hr/>	<hr/>

Approved by the Board on 15 January 1999.

  
AG King  
DIRECTOR

The notes on pages 6 to 12 form part of these financial statements.

# A & L KING (BUILDERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998

### 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 subsidiary's 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.

#### (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.

# A & L KING (BUILDERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

### 3 OTHER OPERATING INCOME

	1998 £	1997 £
Rental income receivable	232,298	238,139

### 4 OPERATING PROFIT

	1998 £	1997 £
The operating profit is stated after charging/(crediting)		
Depreciation		
- owned assets	256,157	181,387
- leased assets	103,517	118,381
Gain on disposal of fixed assets	(43,865)	(28,124)
Gain on disposal of property held for resale	-	(133,644)
Gain on disposal of fixed asset investment	(46,120)	-
Auditors' remuneration		
- audit	10,000	9,750
- non-audit	4,000	3,850

### 5 STAFF COSTS

	1998 £	1997 £
Wages and salaries	2,491,306	2,249,752
Social security costs	192,734	158,795
Other pension costs	102,495	101,829
	2,786,535	2,510,376

The average number of employees during the year was 123 (1997 - 120). In the 1997 accounts wages and salaries were overstated by £69,132 and social security costs understated by the same amount. The 1997 comparatives have been restated to disclose the correct amounts.

### 6 DIRECTORS' REMUNERATION

Directors' remuneration for management services, excluding pension contributions of £23,167 (1997 - £13,831), amounted to £183,714 (1997 - £79,004). These do not include the emoluments of Mr AG King which are paid by the parent company and recharged to the company. In the year to 31 March 1998 these totalled £91,000 (1997: £189,000).

### 7 INTEREST RECEIVABLE

	1998 £	1997 £
Bank deposit account	3,271	8,811



# A & L KING (BUILDERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

### 8 INTEREST PAYABLE

	<u>1998</u> £	<u>1997</u> £
On bank loans, overdrafts and hire purchase loans repayable within five years	89,995	65,655

### 9 TAXATION

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

	<u>1998</u> £	<u>1997</u> £
Based on the results of the year:		
UK Corporation Tax		
- current year	108,587	202,140
Deferred taxation (Note 17)		
- current year	17,047	6,846
	<u>125,634</u>	<u>208,986</u>

### 10 TANGIBLE FIXED ASSETS

	<u>Freehold Property</u> £	<u>Assets under Construction</u> £	<u>Plant &amp; Machinery</u> £	<u>Fixtures &amp; Fittings</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<b>COST</b>						
1 April 1997	349,985	-	1,010,128	186,571	1,138,000	2,684,684
Additions	-	175,491	284,219	50,782	457,417	967,909
Disposals	-	-	(69,750)	(500)	(248,709)	(318,959)
	<u>349,985</u>	<u>175,491</u>	<u>1,224,597</u>	<u>236,853</u>	<u>1,346,708</u>	<u>3,333,634</u>
<b>DEPRECIATION</b>						
1 April 1997	42,663	-	616,114	109,218	529,315	1,297,310
Charge for year	5,527	-	131,176	23,782	199,189	359,674
Eliminated on disposals	-	-	(51,656)	(50)	(149,069)	(200,775)
	<u>48,190</u>	<u>-</u>	<u>695,634</u>	<u>132,950</u>	<u>579,435</u>	<u>1,456,209</u>
<b>NET BOOK VALUE</b>						
31 March 1998	<u>301,795</u>	<u>175,491</u>	<u>528,963</u>	<u>103,903</u>	<u>767,273</u>	<u>1,877,425</u>
31 March 1997	<u>307,322</u>	<u>-</u>	<u>394,014</u>	<u>77,353</u>	<u>608,685</u>	<u>1,387,374</u>

The net book value of assets held under hire purchase agreements at 31 March 1998 was £399,189 (1997 - £211,129).

# A & L KING (BUILDERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

### 11 FIXED ASSET INVESTMENTS

	<u>1998</u> £	<u>1997</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 1998 was £15,895 (1997 - £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.

### 12 STOCKS

	<u>1998</u> £	<u>1997</u> £
Raw materials and consumables	24,000	24,000
Work in progress	6,093,156	4,032,632
Property held for resale and development	179,099	49,715
	<hr/>	<hr/>
	6,296,255	4,106,347
	<hr/>	<hr/>

### 13 DEBTORS

	<u>1998</u> £	<u>1997</u> £
Trade debtors	1,528,784	1,348,394
Other debtors	436,981	346,165
Prepayments & accrued income	21,307	21,153
Amounts owed by group undertaking	165,184	165,184
Due by related undertakings	447,620	326,987
	<hr/>	<hr/>
	2,599,876	2,207,883
	<hr/>	<hr/>

# A & L KING (BUILDERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

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

	<u>1998</u> £	<u>1997</u> £
Bank loans and overdrafts (Note 16)	709,360	634,695
Trade creditors	6,473,990	3,559,111
Payments on account	179,099	220,535
Hire purchase creditors	243,978	175,021
Other creditors	31,977	57,310
Due to related undertaking	349,480	491,933
Amounts due to group undertaking	339,075	422,103
Accrued expenses	171,976	130,870
Other taxes & social security	115,516	82,401
Payable to directors	61,916	77,643
Corporation taxation	108,587	202,140
	<hr/>	<hr/>
	8,784,954	6,053,762
	<hr/>	<hr/>

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

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

	<u>1998</u> £	<u>1997</u> £
Bank loans (Note 16)	42,767	49,982
Hire purchase creditors (repayable within 5 years)	103,994	36,869
	<hr/>	<hr/>
	146,761	86,851
	<hr/>	<hr/>

### 16 BANK LOANS AND OVERDRAFTS

#### Amounts falling due within one year:

	<u>1998</u> £	<u>1997</u> £
Bank overdrafts	432,700	187,252
Short term bank loans	270,000	440,783
Long term bank loans - current portion	6,660	6,660
	<hr/>	<hr/>
	709,360	634,695
	<hr/>	<hr/>

# A & L KING (BUILDERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

### 16 BANK LOANS AND OVERDRAFTS (Continued)

Amounts falling due after more than one year:

	<u>1998</u> £	<u>1997</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	16,127	23,342
	<hr/> 42,767 <hr/>	<hr/> 49,982 <hr/>
Aggregate loans and overdrafts	<hr/> 752,127 <hr/>	<hr/> 684,677 <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.

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 a long term bank loan which is secured over specific properties and is repayable in equal monthly instalments. The facility is repayable in full by 31 August 2005.

### 17 PROVISION FOR LIABILITIES AND CHARGES

	Deferred taxation (see below) £
At 1 April 1997	16,967
Profit and loss account	17,047
	<hr/>
At 31 March 1998	34,014 <hr/>

Deferred taxation provided in the financial statements is as follows:

	<u>1998</u> £	<u>Amount provided</u> <u>1997</u> £
Tax effect of timing differences because of:		
Excess of capital allowances over depreciation	34,014	16,967
	<hr/>	<hr/>

# A & L KING (BUILDERS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1998 (CONTINUED)

### 18 CALLED UP SHARE CAPITAL

	<u>1998</u> £	<u>1997</u> £
Authorised 500,000 ordinary shares of £1 each	500,000	500,000
Allotted, issued and fully paid 378,840 ordinary shares of £1 each	<u>378,840</u>	<u>378,840</u>

### 19 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	<u>1998</u> £	<u>1997</u> £
1 April	1,793,466	1,687,482
Profit for the financial year	195,188	105,984
31 March	<u>1,988,654</u>	<u>1,793,466</u>

### 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 £770,487 (1997 - £647,142) relating to performance bonds given by the bank on behalf of the company.

### 21 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 (1997 - £11,000) due from Coll Earn House Hotel (Auchterarder) Limited. Creditors includes £478,834 (1997 - £428,769) due to Duchally House Hotel Limited.

### 22 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.