

A & L King (Builders) Limited
Directors' report and financial statements
for the year ended 31 March 2001

Registered Number 62886

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A & L King (Builders) Limited

Directors' report and financial statements

for the year ended 31 March 2001

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A & L King (Builders) Limited

Directors' report for the year ended 31 March 2001

The directors present their report with the audited financial statements of the company for the year ended 31 March 2001.

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 £397,757 (2000: £282,640). No dividend was paid during the year (2000: £250,543) and £397,757 (2000: £32,097) 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 2001, were as follows:

AG King
Mrs J King
AD King
W Coull
I Butchart
B Pirie (resigned 12th January 2001)
E McGregor
J Syme

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

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

A & L King (Builders) Limited

Auditors' report to the members 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

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

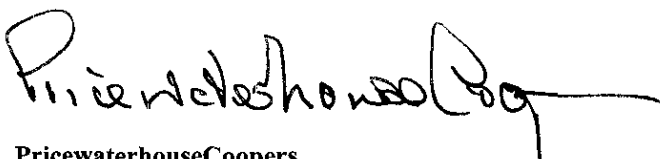
Basis of audit opinion

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 2001 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

23. October. 2001

A & L King (Builders) Limited

Profit and loss account for the year ended 31 March 2001

	Notes	2001 £	2000 £
Turnover	2	27,979,978	29,399,364
Cost of sales		(24,552,622)	(26,478,592)
Gross profit		3,427,356	2,920,772
Selling and distribution expenses		(127,218)	(135,180)
Administrative expenses		(2,817,521)	(2,634,126)
Other operating income	3	344,740	501,481
Operating profit	4	827,357	652,947
Interest receivable	7	3,733	22,350
Interest payable	8	(210,545)	(243,440)
Profit on ordinary activities before taxation		620,545	431,857
Tax on profit on ordinary activities	9	(222,788)	(149,217)
Profit on ordinary activities after taxation		397,757	282,640
Dividends		-	(250,543)
Profit for the financial year		397,757	32,097
Retained profit brought forward		1,595,476	1,563,379
Retained profit carried forward		1,993,233	1,595,476

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 13 form part of these financial statements.

A & L King (Builders) Limited

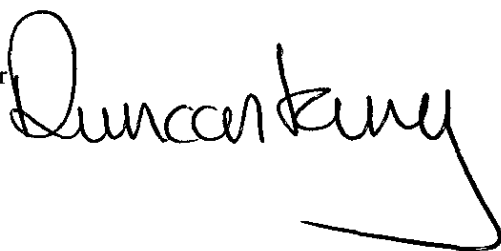
Balance sheet as at 31 March 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	10	1,730,338	1,738,264
Investments	11	25	25
		1,730,363	1,738,289
Current assets			
Work in progress	12	7,920,700	9,193,355
Debtors	13	2,683,352	3,368,634
Cash in hand		374	5,323
		10,604,426	12,567,312
Creditors: amounts falling due within one year	14	(8,261,380)	(11,193,766)
Net current assets		2,343,046	1,373,546
Total assets less current liabilities		4,073,409	3,111,835
Creditors: amounts falling due after more than one year	15	(1,647,966)	(1,068,614)
Provision for liabilities and charges	17	(53,370)	(68,905)
Net assets		2,372,073	1,974,316
Capital and reserves			
Called up share capital	19	378,840	378,840
Profit and loss account		1,993,233	1,595,476
Equity shareholders' funds		2,372,073	1,974,316

The notes of pages 6 to 13 form part of these financial statements.

Approved by the Board on 19/10/2001.

Director



A & L King (Builders) Limited

Notes to the financial statements for the year ended 31 March 2001

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. Exemption has been taken from preparing a cash flow statement as a consolidated cash flow statement is presented in the financial statements of the parent company.

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 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.

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 members of the management. 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.

A & L King (Builders) Limited

3 Other operating income

	2001	2000
	£	£
Rental income receivable	48,540	280,109
Consultancy Fees	296,200	221,372
	344,740	501,481

4 Operating profit

The operating profit is stated after charging/(crediting):

	2001	2000
	£	£
Depreciation		
- owned assets	240,371	305,187
- hire purchase assets	92,515	38,766
Loss / (Gain) on disposal of fixed assets	47,349	(21,333)
Auditors' remuneration		
- audit	11,500	10,850
- non audit	14,813	13,150

5 Employee costs

	2001	2000
	£	£
Wages and salaries	3,688,885	3,461,989
Social security costs	277,448	227,026
Other pension costs	155,355	138,906
	4,121,688	3,827,921

The average number of persons, including directors, employed during the year was 160 (2000: 151).

Employee costs are stated excluding directors' remuneration.

6 Directors' remuneration

Directors' remuneration for management services, excluding pension contributions of £36,480 (2000: £25,401), amounted to £298,293 (2000: £260,104). 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 2001 these totalled £479,942 (2000: £343,293).

A & L King (Builders) Limited

7 Interest receivable

	2001	2000
	£	£
Bank deposit account	3,733	22,350

8 Interest payable

	2001	2000
	£	£
Interest payable		
On bank loans and overdrafts	195,835	224,750
On hire purchase loans repayable within five years	14,710	18,690
	210,545	243,440

9 Taxation

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

	2001	2000
	£	£
Corporation tax on ordinary activities: 30% (2000: 30%)		
- current year charge	227,805	125,584
- prior year charge / (credit)	10,518	(3,874)
Deferred taxation (Note 17)		
- current year charge/(credit)	(3,818)	24,299
- prior year (credit) / charge	(11,717)	3,208
	222,788	149,217

A & L King (Builders) Limited

10 Tangible fixed assets

	Heritable Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
1 April 2000	527,933	1,294,415	280,752	1,283,026	3,386,126
Additions	26,751	141,250	23,625	279,939	471,565
Disposals	-	(91,895)	-	(293,835)	(385,730)
31 March 2001	554,684	1,343,770	304,377	1,269,130	3,471,961
Depreciation					
1 April 2000	58,914	862,474	154,248	572,226	1,647,862
Charge for year	8,640	125,335	28,178	170,733	332,886
Eliminated on disposals	-	(82,159)	-	(156,966)	(239,125)
31 March 2001	67,554	905,650	182,426	585,993	1,741,623
Net book value					
31 March 2001	487,130	438,120	121,951	683,137	1,730,338
31 March 2000	469,019	431,941	126,504	710,800	1,738,264

The net book value of assets held under hire purchase agreements at 31 March 2001 was £389,057 (2000: £220,860).

11 Fixed asset investments

	2001 £	2000 £
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

12 Work in progress

	2001	2000
	£	£
Raw materials and consumables	44,587	44,911
Work in progress	7,758,486	8,954,268
Property held for resale and development	117,627	194,176
	7,920,700	9,193,355

Work in progress does not include option costs as in prior years. They are now taken in the name of King Developments, a fellow subsidiary of the King Group .

13 Debtors

	2001	2000
	£	£
Trade debtors	1,848,738	2,136,068
Other debtors	419,601	884,450
Prepayments and accrued income	60,973	20,670
Amounts owed by group undertakings	354,040	327,446
	2,683,352	3,368,634

14 Creditors: Amounts falling due within one year

	2001	2000
	£	£
Trade creditors	4,479,678	5,375,525
Bank loans and overdrafts (Note 16)	2,149,313	3,570,339
Payments on account	87,272	719,289
Accruals	320,683	142,470
Corporation tax	142,712	122,005
Other taxes & social security	114,905	217,450
Hire purchase creditors	170,426	147,329
Amounts due to group undertakings	484,121	870,740
Payable to directors	276,656	5,941
Group relief	4,519	-
Other creditors	31,095	22,678
	8,261,380	11,193,766

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

A & L King (Builders) Limited

15 Creditors: Amounts falling due after more than one year

	2001	2000
	£	£
Bank loans (Note 16)	1,594,801	1,001,308
Hire purchase creditors (repayable within five years)	53,165	67,306
	1,647,966	1,068,614

16 Bank loans and overdrafts

Amounts falling due within one year:

	2001	2000
	£	£
Bank overdrafts	1,649,314	556,701
Short term bank loans	499,999	3,013,638
	2,149,313	3,570,339

Amounts falling due after more than one year:

	2001	2000
	£	£
Bank loans repayable		
- between one and two years	1,594,801	1,001,308
- between two and five years	-	-
- after five years	-	-
	1,594,801	1,001,308
Aggregate loans and overdrafts	3,744,114	4,571,647

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 equal instalments. An instalment is payable on the sale of each individual parcel of land and the associated house.

A & L King (Builders) Limited

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:

	2001	2000
	£	£
At 1 April	68,905	41,398
Transferred to the profit and loss account (Note 9)	(15,535)	27,507
At 31 March	53,370	68,905

18 Reconciliation of movements in shareholders funds

	2001	2000
	£	£
1 April	1,974,316	1,942,219
Profit for the financial year	504,200	32,097
31 March	2,478,516	1,974,316

19 Called up share capital

	2001	2000
	£	£
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 £483,529 (2000: £598,366) relating to performance bonds given by the bank on behalf of the company.

A & L King (Builders) Limited

21 Related party disclosures

	Turnover	
	2001	2000
	£	£
K W Properties Limited	114,732	221,732

	Debtors	
	2001	2000
	£	£
King Homes (Auchterarder) Limited (formerly Loadpack Limited)	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. Copies of King Group Limited's consolidated financial statements are available from the Secretary, Hunter Street, Auchterarder.