Armitscot Developments Limited
Directors report and financial statements
31 May 1994

Registered number SC53538

4.



Armitscot Developments Limited

Directors' report and financial statements

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Armitscot Developments Limited

Directors and advisers

Directors	EM Walker, FRICS Mrs FM Walker JI Hay Smith WS BE Walker
Secretaries	Messrs Bell & Scott WS 16 Hill Street Edinburgh EH2 3LD
Registered office	16 Hill Street Edinburgh EH2 3LD
Auditors	KPMG Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Bankers	Bank of Scotland Head Office The Mound Edinburgh EH1 1YZ

Armitscot Developments Limited

Directors' report

The directors have pleasure in submitting their report and the audited financial statements for the year ended 31 May 1994.

Activities

The principal activities of the company are the construction and sale of private houses, both on its own account and on a contract basis.

During the year the company continued to carry out construction work.

The audited results of the associated company, Walker Group (Scotland) Limited, showed a profit after taxation in the period ended 30 November 1993 of £52,000 *(1992 - £1,575,261)*. The housebuilding trade and related assets of Walker Group (Scotland) Limited were transferred to BELSCO 1003 Limited. Following a scheme reconstruction involving a member's voluntary liquidation, these were distributed by the liquidator to BELSCO 1004 Limited which was sold to Beazer Homes (Scotland) Limited on 2 November 1993. The company's interest in the share capital of the associated company Walker Holdings (Scotland) Limited (the new holding company of Walker Group (Scotland) Ltd) at 31 May 1994 is 36.91%.

Group net assets at 31 May 1994 were £5,470,213 *(1993 - £3,403,022)*.

Dividends and profit retained

The directors do not recommend the payment of a dividend.

The profit for the year retained in the group is £2,067,191 *(1993 - £547,748)*.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 8 to the financial statements.

Directors

The directors in office are noted on page 1. They were in office throughout the year with the exception of BE Walker who was appointed on 13 April 1994. The number of shares of £1 each in the company, in which the directors in office at 31 May 1994 were interested, was as follows:

	Ordinary £1 shares	
	1994	1993 (or date of appointment)
EM Walker	95	95
Mrs FM Walker	95	95
BE Walker	300	300
JI Hay Smith	-	-

EM Walker retires by rotation and BE Walker who was appointed during the year, being eligible, offer themselves for re-election.

Transactions with directors are set out in note 19 to the accounts.

Taxation

The company is a close company for taxation purposes.

Directors' report *(continued)*

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Bell & Scott WS
Secretaries

Edinburgh

30 March 1995

Armitscot Developments Limited

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 group and of the profit or loss for that year. In preparing those accounts, 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 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 group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Report of the auditors to the members of Armitscot Developments Limited

We have audited the financial statements on pages 6 to 16.

Respective responsibilities of directors and auditors

As described on page 4 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 financial 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 affairs of the company and the group as at 31 May 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

30 March 1995

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and with s227 of, and Schedule 4 to, the Companies Act 1985.

Consolidation

The consolidated financial statements incorporate the accounts of the company and its subsidiary; such accounts are made up to 31 May 1994. In accordance with the Companies Act 1985 s230, a separate profit and loss account of Armitscot Developments Limited is not presented.

Walker Holdings (Scotland) Limited (the new holding company of Walker Group (Scotland) Limited), in which the company has invested in not less than 20% of the voting capital and over which it is able to exercise significant influence is treated as an associated undertaking in accordance with the Companies Act 1985. The consolidated accounts include the appropriate share of this company's results and retained reserves based on audited accounts for the period ended 30 November 1993.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Depreciation

Depreciation is provided to write off the cost or valuation of fixed tangible assets by equal instalments over their estimated useful economic lives as follows:

Buildings	50 years
Furniture and fittings	4 years
Plant and equipment	4 years

Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods for resale, the average purchase price is used. For work in progress, cost is taken as production cost which includes an appropriate proportion of overheads less progress payments receivable.

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. Provision for deferred taxation is made, using the liability method, if there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

Foreign currency

Assets and liabilities denominated in foreign currencies are converted into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are converted at the average rate during the year.

Differences arising on exchange are taken to profit and loss account in the period incurred.

Investments

Fixed asset investments in shared equities in land and buildings are stated at cost. Current asset investments which comprise shared equities in land and buildings are stated at the lower of cost and net realisable value.

Accounting policies *(continued)*

Pension costs

The employees of the company are also employed by the related company, Walker Group (Scotland) Limited, which operates a pension scheme covering the majority of its employees. Payments made to the scheme and charged against profits are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. Independent actuarial valuations of the scheme are made every 3 years.

Armitscot Developments Limited

Consolidated profit and loss account
for the year ended 31 May 1994

	Note	1994 £	1994 £	1993 £	1993 £
Turnover	*1*		**162,980**		36,800
Cost of sales			**(123,238)**		(29,625)
Gross profit			**39,742**		7,175
Administrative expenses			**(35,065)**		(58,272)
Trading profit/(loss)	*2*		**4,677**		(51,097)
Other operating income			**23,985**		3,999
Share of profits of associated undertaking		**21,039**		867,196	
Other interest receivable	*6*	**39,140**		-	
			60,179		867,196
			88,841		820,098
Gain on sale of investment			**2,894,506**		-
Interest payable	*6*		**(236)**		(114)
Profit on ordinary activities before taxation			**2,983,111**		819,984
Tax on profit on ordinary activities	*7*		**(915,920)**		(272,236)
Retained profit for the year	*16*		**2,067,191**		547,748
Profit for the year attributable to:					
The company			**3,833,769**		(30,901)
Associated undertaking (net of dividends paid)			**(1,766,578)**		578,649
			2,067,191		547,748

Armitscot Developments Limited

Balance sheet
at 31 May 1994

	Note	Group 1994 £	Group 1993 £	Company 1994 £	Company 1993 £
Fixed assets					
Tangible assets	*8*	**-**	15,014	**-**	15,014
Investments					
Shared equities		**93,221**	60,554	**93,221**	60,554
Other	*9*	**1,607,021**	3,224,250	**282,753**	133,404
		1,700,242	3,299,818	**375,974**	208,972
Current assets					
Stocks	*10*	**2,050,868**	73,875	**2,050,868**	73,875
Debtors	*11*	**1,014,480**	34,471	**1,014,480**	34,471
Investments	*12*	**11,696**	11,696	**11,696**	11,696
Cash at bank		**1,619,520**	-	**1,619,520**	-
		4,696,564	120,042	**4,696,564**	120,042
Creditors: amounts falling due within one year	*13*	**(926,593)**	(16,838)	**(926,593)**	(16,838)
Net current assets		**3,769,971**	103,204	**3,769,971**	103,204
		5,470,213	3,403,022	**4,145,945**	312,176
Capital and reserves					
Called up share capital	*15*	**1,600**	1,600	**1,600**	1,600
Profit and loss account	*16*	**5,468,613**	3,401,422	**4,144,345**	310,576
		5,470,213	3,403,022	**4,145,945**	312,176

The accounts were approved by the board of directors on 30 March 1995 and signed on their behalf by

EM Walker
Director

Notes to the financial statements

1 Analysis of turnover and profit before taxation

By activity	1994 Turnover £	1994 Attributable pre-tax profit £	1993 Turnover £	1993 Attributable pre-tax profit/(loss) £
Construction and sale of private houses	**162,980**	**67,566**	36,800	(47,212)
Gain on sale of investment	**-**	**2,894,506**	-	-
Share of profit of associated undertaking	**-**	**21,039**	-	867,196
	162,980	**2,983,111**	36,800	819,984

Turnover represents invoiced sales net of VAT.

2 Trading loss

	1994 £	1993 £
Trading loss is stated after charging:		
Depreciation of tangible fixed assets	**-**	570
Auditors' remuneration	**2,500**	2,500

3 Staff costs (including directors)

	1994	1993
Wages and salaries	**879**	3,538
Social security costs	**-**	-
Pension costs	**-**	48,415
	879	51,953
	Number	Number
Average number of employees including directors	**4**	4

4 Directors' emoluments

	1994 £	1993 £
Directors' emoluments	**-**	-

5 Income from shares in associated undertaking

The associated undertaking is unlisted. Dividends received and receivable amounted to £2,232,216 *(1993 - £2,281)* including related tax credits of £446,444 *(1993 - £570)*.

In the 14 months to 30 November 1993, the related undertakings group financial statements disclosed turnover of £38,067,000 and a profit on ordinary activities before taxation of £56,000, after charging depreciation of £454,000.

6 Interest

	1994 £	1993 £
Receivable		
Income from short term deposits	**39,140**	-
Payable		
Interest on bank loan and overdraft	**236**	114

7 Tax on profit on ordinary activities

UK corporation tax at 33% *(1993 - 32%)* on the profit for the year	**914,075**	(14,600)
Tax on associated undertakings profits	**1,845**	286,836
	915,920	272,236

8 Tangible fixed assets

Group and company	Freehold land and buildings £	Plant £	Furniture and fittings £	Total £
Cost				
At beginning of year	16,319	6,946	13,379	36,644
Disposals	(16,319)	(6,946)	(13,379)	(36,644)
At end of year	-	-	-	-
Depreciation				
At beginning of year	1,957	6,944	12,729	21,630
Released on disposals	(1,957)	(6,944)	(12,729)	(21,630)
At end of year	-	-	-	-
Net book value				
At 31 May 1994	-	-	-	-
At 31 May 1993	14,362	2	650	15,014

9 Fixed asset investments

Group	Associated company unlisted £
Shares at cost	
At beginning and end of year	142,067
Loans	
At beginning of year	(8,665)
Movement in year	149,349
At end of year	140,684
Share of post acquisition retained profits	
At beginning of year	3,090,848
Share of profits for the year	(1,766,578)
At end of year	1,324,270
Total	
At 31 May 1994	**1,607,021**
At 31 May 1993	3,224,250

9 Fixed asset investments *(continued)*

Company	Subsidiary company unlisted £	Associated company unlisted £	Total £
Shares at cost			
At beginning and end of year	2	142,067	142,069
Loans			
At beginning of year	-	(8,665)	(8,665)
Movement in year	-	149,349	149,349
At end of year	-	140,684	140,684
Total			
At 31 May 1994	**2**	**282,751**	**282,753**
At 31 May 1993	2	133,402	133,404

The companies in which the group interest is more than 10% are as follows:-

Subsidiary company	Country of registration or incorporation	Principal Activity	Class and percentage of shares held by company
Loch Voil Chalets Limited	Scotland	Non trading	100% ordinary
Walker Developments (Scotland) Limited	Scotland	Non trading	100% ordinary
Associated company			
Walker Holdings (Scotland) Limited (the new holding company of Walker Group (Scotland) Ltd)	Scotland	Building Contractor	36.91% ordinary

On 2 November 1993 Walker Group (Scotland) Limited underwent a scheme of reconstruction whereby the housebuilding trade and assets were transferred to its new holding company BELSCO 1003 Limited. BELSCO 1003 Limited went into members voluntary liquidation and its assets were distributed by the liquidator to BELSCO 1005 Limited and BELSCO 1004 Limited. On 2 November 1993 the company sold its interest in BELSCO 1004 Limited, into which the housebuilding trade and assets had been transferred, to Beazer Homes (Scotland) Limited for a consideration of £2,894,506. The company now owns an equivalent number of shares in Walker Holdings (Scotland) Limited the new holding company of Walker Group (Scotland) Limited.

10 Stocks

	1994 £	1993 £
Building land	-	45,000
Work in progress	**2,050,868**	28,875
	2,050,868	73,875

The replacement cost of stocks is, in the opinion of the directors, not significantly different from the cost disclosed in the financial statements.

11 Debtors

	1994 £	1993 £
Group and company		
Amounts falling due within one year:		
Trade debtors	-	6,292
Other debtors	**1,011,859**	6,292
Corporation tax recoverable	-	14,600
Prepayments and accrued income	**2,621**	6,664
	1,014,480	33,848
Amounts falling due after more than one year:		
Other debtors	-	623
	1,014,480	34,471

12 Investments

Group and company		
Shared equity in freehold property at cost	**11,696**	11,696

13 Creditors: amounts falling due within one year

Group and company		
Bank overdraft	-	11,842
Corporation tax	**907,101**	-
Accruals and deferred income	**19,492**	4,996
	926,593	16,838

The bank overdraft is secured by a bond and floating charge over all assets of the company.

14 Deferred taxation

There is no potential liability for deferred taxation *(1993 - £Nil)* .

15 Share capital

	1994 £	1993 £
Authorised		
Ordinary shares of £1 each	**100,000**	100,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**1,600**	1,600

16 Profit and loss account

	Company £	Group £
At beginning of year	310,576	3,401,422
Retained profit	3,833,769	2,067,191
At end of year	**4,144,345**	**5,468,613**

17 Reconciliation of movements in shareholders' funds

	Company £	Group £
Profit for the financial year	3,833,769	2,067,191
Shareholders' funds at start of year	312,176	3,403,022
Shareholders' funds at end of year	**4,145,945**	**5,470,213**

18 Guarantees

The company has granted a guarantee totalling £19,000 in favour of the Bank of Scotland concerning the operations of an ex-tenant.

19 Transactions with directors

Mr EM Walker is a director of and significant shareholder in Walrus 2 Limited (formerly Torwood Homes (Scotland) Limited ("Torwood")). The company maintains a current account with Torwood to account for certain transactions in connection with house kits purchased from Torwood. Details of the balances on this account are as follows:

Group and company

	£
Due to Torwood:	
At 31 May 1993	136
At 31 May 1994	136
Maximum balance in year	136

Mr EM Walker is also a director of and significant shareholder in Walker Holdings (Scotland) Limited the new holding company of Walker Group (Scotland) Limited ("Walker Group")) which acts as agent for the company whereby certain expenditure is incurred in the first instance by Walker Group then re-charged to the company.

A current account is maintained by the company to account for these transactions. Details of the balances on this account are disclosed in note 9 to the accounts.

20 Pension

The company is a member of the Walker Group (Scotland) Limited pension scheme. Walker Group operate a defined benefit pension scheme, assets of which are held independent of the group's finances and administered by trustees. Funds are invested in insurance contracts, property and other investment securities. Full details of the scheme and the latest valuation are included in the accounts of Walker Group (Scotland) Limited.

KPMG