Armitscot Developments Limited
Directors' report and financial statements
31 May 1996
Registered number 53538



Armitscot Developments Limited

Directors and advisers

Directors	EM Walker, FRICS Mrs FM Walker 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 and financial statements

Contents *Page*

Directors and advisers	1
Directors' report	2-3
Statement of directors' responsibilities	4
Auditors' report	5
Accounting policies	6
Profit and loss account	7
Balance sheet	8
Notes	9-13

Armitscot Developments Limited

Directors' report

The directors have pleasure in submitting their report and the audited financial statements for the year ended 31 May 1996.

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.

The audited results of the associated company, Walker Holdings (Scotland) Limited, showed a profit after taxation and minority interests in the year ended 30 September 1995 of £315,000 *(1994 - loss £1,327,000)*. The company's interest in the share capital of its associated company at 31 May 1996 is 34.84%.

Group net assets at 31 May 1996 were £5,191,801 *(1995 - £5,027,277)*.

Results and dividends

The directors do not recommend the payment of a dividend.

The profit for the year retained in the group is £164,524 *(1995 - loss £442,936)*.

Directors

The directors who were in office throughout the year are noted on page 1, with the exception of JI Hay-Smith who resigned on 5 April 1996. The interests of the directors in the shares of the company at the beginning and end of the year were as follows:

	Ordinary shares of £1 each
EM Walker	95
Mrs FM Walker	95
BE Walker	300

Mr EM Walker retires by rotation and, being eligible, offers himself for re-election.

Transactions with directors are set out in note 17 to the accounts.

Taxation

The company is a close company for taxation purposes.

Directors' report *(continued)*

Auditors

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

31 July 1996

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 13.

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 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 at 31 May 1996 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

31 July 1996

KPMG
Chartered Accountants
Registered Auditors

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The consolidated financial statements incorporate the accounts of the company and its associated undertaking. In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account of Armitscot Developments Limited is not presented.

Walker Holdings (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 year ended 30 September 1995.

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.

Stocks

Stocks are stated 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.

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.

Armitscot Developments Limited

Consolidated profit and loss account

for the year ended 31 May 1996

	Note	1996 £	1995 £
Turnover	*1*	**165,314**	268,296
Cost of sales		**(124,713)**	(223,767)
Gross profit		**40,601**	44,529
Administrative expenses		**(30,767)**	(46,366)
Trading profit/(loss)	*2*	**9,834**	(1,837)
Other operating income		**700**	1,260
Operating profit/(loss)		**10,534**	(577)
Share of profits/(losses) of associated undertaking		**168,093**	(557,738)
Interest receivable	*6*	**57,176**	74,720
Interest payable	*6*	**(21)**	(248)
Profit/(loss) on ordinary activities before taxation		**235,782**	(483,843)
Tax on profit/(loss) on ordinary activities	*7*	**(71,258)**	40,907
Retained profit/(loss) for the year	*15*	**164,524**	(442,936)
Profit/(loss) for the year attributable to:			
The company		**53,306**	46,721
Associated undertaking		**111,218**	(489,657)
		164,524	(442,936)

Other than the profit for the year there were no other recognised gains or losses.

Armitscot Developments Limited

Balance sheet
at 31 May 1996

	Note	Group 1996 £	Group 1995 £	Company 1996 £	Company 1995 £
Fixed assets					
Investments					
Shared equities		**103,221**	103,221	**103,221**	103,221
Other	*8*	**1,158,747**	1,230,243	**212,916**	395,632
		1,261,968	1,333,464	**316,137**	498,853
Current assets					
Stocks	*9*	**1,848,202**	1,961,220	**1,848,202**	1,961,220
Debtors	*10*	**1,016,125**	1,015,835	**1,016,125**	1,015,835
Investments	*11*	**-**	11,696	**-**	11,696
Cash at bank		**1,100,347**	772,477	**1,100,347**	772,477
		3,964,674	3,761,228	**3,964,674**	3,761,228
Creditors: amounts falling due within one year	*12*	**(34,841)**	(67,415)	**(34,841)**	(67,415)
Net current assets		**3,929,833**	3,693,813	**3,929,833**	3,693,813
Net assets		**5,191,801**	5,027,277	**4,245,970**	4,192,666
Capital and reserves					
Called up share capital	*14*	**1,600**	1,600	**1,600**	1,600
Profit and loss account	*15*	**5,190,201**	5,025,677	**4,244,370**	4,191,066
Shareholders' funds		**5,191,801**	5,027,277	**4,245,970**	4,192,666

The accounts were approved by the board of directors on 31 July 1996 and signed on their behalf by:

EM Walker
Director

Notes to the financial statements

1 Analysis of turnover and profit/(loss) on ordinary activities before taxation

By activity	1996 Turnover £	1996 Attributable pre-tax profit £	1995 Turnover £	1995 Attributable pre-tax profit/(loss) £
Construction and sale of private houses	**165,314**	**67,689**	268,296	73,895
Share of profit/(loss) of associated undertaking	**-**	**168,093**	-	(557,738)
	165,314	**235,782**	268,296	(483,843)

Turnover represents invoiced sales net of VAT.

2 Trading profit/(loss)

	1996 £	1995 £
Trading profit/(loss) is stated after charging:		
Auditors' remuneration - audit services	**1,600**	1,500
- non audit services	**24,671**	38,715

3 Staff costs

	1996 £	1995 £
Wages and salaries	**-**	300
	Number	Number
Average number of employees including directors	**4**	4

4 Directors' emoluments

No directors' emoluments were paid during the year *(1995 - £nil)*.

5 Income from shares in associated undertaking

The associated undertaking is unlisted. No dividends were received in the year *(1995 - £nil)*.

In the year to 30 September 1995, the related undertaking's group financial statements disclosed turnover of £12,497,000 and a profit on ordinary activities before taxation of £456,000 after charging depreciation of £116,000.

Notes to the financial statements *(continued)*

6 Interest

	1996 £	1995 £
Receivable		
Income from short term deposits	**57,176**	74,720
Payable		
Interest on bank overdraft	**21**	248

7 Tax on profit/(loss) on ordinary activities

UK corporation tax on the profit/(loss) for the year	**(20,829)**	(29,122)
Overprovision of taxation in prior years	**6,446**	1,948
Tax on associated undertaking's profit/(loss)	**(56,875)**	68,081
	(71,258)	40,907

8 Fixed asset investments

	Associated company unlisted £	Other investment unlisted £	Total £
Group			
Shares or debentures at cost			
At beginning and end of year	142,067	6,000	148,067
Loans			
At beginning of year	247,563	-	247,563
Movement in year	(182,714)	-	(182,714)
At end of year	64,849	-	64,849
Share of post acquisition retained profits			
At beginning of year	834,613	-	834,613
Share of profits for the year	111,218	-	111,218
At end of year	945,831	-	945,831
Total			
At 31 May 1996	**1,152,747**	**6,000**	**1,158,747**
At 31 May 1995	1,224,243	6,000	1,230,243

8 Fixed asset investments *(continued)*

	Subsidiary company unlisted £	Associated company unlisted £	Other investment unlisted £	Total £
Company				
Shares or debentures at cost				
At beginning of year	2	142,067	6,000	148,069
Disposals	(2)	-	-	(2)
At end of year	-	142,067	6,000	148,067
Loans				
At beginning of year	-	247,563	-	247,563
Movement in year	-	(182,714)	-	(182,714)
At end of year	-	64,849	-	64,849
Total				
At 31 May 1996	-	**206,916**	**6,000**	**212,916**
At 31 May 1995	2	389,630	6,000	395,632

The associated company in which the group interest is more than 10% is as follows:

Associated company	Country of registration or incorporation	Principal activity	Class and percentage of shares held by company
Walker Holdings (Scotland) Limited	Scotland	Building contractor	34.84% ordinary

Loch Voil Chalets Limited and Walker Developments (Scotland) Limited were struck off during the year.

9 Stocks

	1996 £	1995 £
Group and company		
Work in progress	**1,848,202**	1,961,220

Notes to the financial statements *(continued)*

10 Debtors

	1996 £	1995 £
Group and company		
Amounts falling due within one year:		
Other debtors	**1,013,550**	1,013,955
Prepayments and accrued income	**2,575**	1,880
	1,016,125	1,015,835

11 Investments

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

12 Creditors: amounts falling due within one year

Group and company		
Corporation tax	**20,829**	36,556
Accruals and deferred income	**14,012**	30,859
	34,841	67,415

13 Deferred taxation

There is no potential liability for deferred taxation *(1995 - £nil)* .

14 Share capital

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

Notes to the financial statements *(continued)*

15 Profit and loss account

Group	£
At beginning of year	5,025,677
Retained profit for the year	164,524
At end of year	**5,190,201**

16 Reconciliation of movements in shareholders' funds

Profit for the financial year	164,524
Shareholders' funds at start of year	5,027,277
Shareholders' funds at end of year	**5,191,801**

17 Transactions with directors

Messrs EM Walker and BE Walker are directors of and significant shareholders in Walker Holdings (Scotland) Limited, the 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 8 to the financial statements.