Armitscot Developments Limited

Directors' report and financial statements

Registered number SC053538

30 November 1999





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Directors and advisers

Directors	EM Walker, FRICS Mrs FM Walker BE Walker FM Walker CA 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

Directors' report

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 30 November 1999.

Principal 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.

Business review

The results for the period are set out in the attached financial statements. The directors recommend that no dividends be paid.

The retained profit for the year is £29,694.

Directors and directors interests

The directors who were in office throughout the period are noted on page 1. The directors who held office at the end of the financial period had the following interests in ordinary shares of £1 each of the company:

	Interest at end of period		*Interest at start of period or date of appointment*	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
EM Walker	**-**	**1,300**	-	**1,300**
Mrs FM Walker	**-**	**830**	-	**830**
BE Walker	**-**	**320**	-	**320**
Miss FM Walker	**150**	**150**	150	**150**
CA Walker	**150**	**150**	150	**150**

BE Walker and Miss FM Walker retire by rotation and, being eligible, offer themselves for re-election.

Taxation

The company is a close company for taxation purposes.

Millenium compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption.

The company has addressed the impact of the Year 2000 on its business and operations by reviewing the major issues to assess exposure. Plans have been put in place to seek to ensure the elimination of these exposures prior to the Year 2000. Total estimated costs are not believed to be significant.

Directors' report *(continued)*

Millennium compliance *(continued)*

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the directors believe that the company will achieve an acceptable state of readiness and will provide resources to deal promptly with significant failures or issues that may arise.

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
15 December 1999

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Report of the auditors to the members of Armitscot Developments Limited

We have audited the financial statements on pages 6 to 11.

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 the company's affairs as at 30 November 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

15 December 1999

Profit and loss account

for the year ended 30 November 1999

	Notes	1999 £	1998 £
Turnover		**204,992**	167,250
Cost of sales		**(147,063)**	(119,918)
Gross profit		**57,929**	47,332
Administrative expenses		**(29,824)**	(31,058)
Other operating income		**4,025**	350
Operating profit	*2*	**32,130**	16,624
Interest receivable and similar income	*4*	**5,525**	17,350
Interest payable and similar charges	*5*	**-**	(676)
Profit on ordinary activities before taxation		**37,655**	33,298
Tax on profit on ordinary activities	*6*	**(7,961)**	51,240
Retained profit for the year	*13*	**29,694**	84,538

There were no recognised gains or losses other than the profit for the year and the preceding year.

Balance sheet
at 30 November 1999

	Notes	1999 £	1998 £
Fixed assets			
Investment property	*7*	**92,973**	-
Share equities		**103,221**	103,221
Other unlisted investments	*8*	**6,000**	6,000
		202,194	109,221
Current assets			
Stocks	*9*	**1,353,949**	1,422,689
Debtors	*10*	**9,758**	2,503
Cash at bank		**97,988**	94,232
		1,461,695	1,519,424
Creditors: amounts falling due within one year	*11*	**(22,147)**	(16,597)
Net current assets		**1,439,548**	1,502,827
Total assets less current liabilities		**1,641,742**	1,612,048
Creditors: amounts falling due outwith one year	*11*	**(1,354,294)**	(1,354,249)
Net assets		**287,493**	257,799
Capital and reserves			
Called up share capital	*12*	**1,600**	1,600
Profit and loss account	*13*	**285,893**	256,199
Equity shareholders' funds		**287,493**	257,799

These financial statements were approved by the board of directors on 15 December 1999 and were signed on its behalf by:



EM Walker
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with issues which are considered material in relation to the company's financial statements.

Basis of preparation

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

Cash flow statement

The company is exempt from the requirement to present a cash flow statement under Financial Reporting Standard 1, on the grounds that it qualifies as a small company.

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.

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.

Investment properties

In accordance with SSAP 19, investment properties are not depreciated or amortised but revalued every three years and the aggregate surplus or deficit is transferred to a revaluation reserve. This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

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.

Turnover

Turnover represents invoiced sales net of VAT arising from the construction and sale of private houses.

Notes *(continued)*

2 Operating profit

Operating profit is stated after charging:

		1999 £	1998 £
Auditors' remuneration	- audit services	**1,900**	1,800
	- non-audit services	**22,375**	25,094

3 Remuneration of directors

The directors are the only employees of the company.

Directors' emoluments	**-**	-

4 Interest receivable and similar income

Income from short term deposits	**5,525**	17,350

5 Interest payable and similar charges

On bank loans and overdraft	**-**	9
Other interest	**-**	667
	-	676

6 Tax on profit on ordinary activities

UK corporation tax at 30.33% *(1998: 31%)* on the profit for the period	**(11,422)**	(10,322)
Overprovision of taxation in prior years	**3,461**	*61,562*
	(7,961)	51,240

7 Investment properties

	£
At beginning of year	-
Additions	92,973
At end of year	**92,973**

Notes *(continued)*

8 Fixed asset investments

	Other unlisted investments £
Shares or debentures at cost	
At beginning and end of period	**6,000**

9 Stocks

	1999 £	1998 £
Building land	**25,500**	-
Work in progress	**1,328,449**	1,422,689
	1,353,949	1,422,689

10 Debtors

	1999 £	1998 £
Other debtors	**9,758**	2,153
Prepayments and accrued income	**-**	350
	9,758	2,503

11 Creditors

	1999 £	1998 £
Amounts falling due within one year		
Corporation tax	**11,422**	10,322
Accruals and deferred income	**10,725**	6,275
	22,147	16,597
Amounts falling due after more than one year		
Shareholders' loans	**1,354,249**	1,354,249

The shareholders' loans are unsecured, interest free and have no fixed repayment dates.

Notes *(continued)*

12 Share capital

	1999 £	1998 £
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

13 Profit and loss account

At beginning of year	**256,199**	171,661
Retained profit for the year	**29,694**	84,538
At end of year	**285,893**	256,199

14 Reconciliation of movements in shareholders' funds

Profit for the financial year	**29,694**	84,538
Shareholders' funds at start of year	**257,799**	173,261
Shareholders' funds at end of year	**287,493**	257,799