Armitscot Developments Limited

Directors' report and financial statements

Registered number SC053538

30 November 2002



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Directors and advisers

Directors	EM Walker, FRICS Mrs FM Walker BE Walker FM Young CA Walker
Secretaries	Messrs Bell & Scott WS 16 Hill Street Edinburgh EH2 3LD
Registered office	16 Hill Street Edinburgh EH2 3LD
Auditors	KPMG LLP 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 2002.

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 £51,371 (*2001: £68,170*).

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	-	**470**	-	1,300
Mrs FM Walker	-	-	-	830
BE Walker	-	**170**	-	320
Mrs FM Young	**565**	**150**	150	150
CA Walker	**565**	**150**	150	150

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

Taxation

The company is a close company for taxation purposes.

Auditors

Our auditors KPMG transferred their business to a limited liability partnership, KPMG LLP on 3 May 2002. Accordingly KPMG resigned as auditors and the directors thereupon appointed KPMG LLP to fill the vacancy arising.

By order of the board

Bell - Scott

Bell & Scott WS
Secretaries

Edinburgh
18 December 2002

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

Independent auditor's report to the members of Armitscot Developments Limited

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 Companies Act 1985. 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 with the Company is not disclosed.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

18 December 2002

Profit and loss account

for the year ended 30 November 2002

	Notes	2002 £	2001 £
Turnover		**116,200**	443,623
Cost of sales		**(67,995)**	(358,672)
Gross profit		**48,205**	84,951
Administrative expenses		**(16,340)**	(19,620)
Other operating income		**5,390**	5,390
Operating profit	*2*	**37,255**	70,721
Interest receivable and similar income	*4*	**15,746**	19,046
Profit on ordinary activities before taxation		**53,001**	89,767
Tax on profit on ordinary activities	*5*	**(1,630)**	(21,597)
Retained profit for the year	*12*	**51,371**	68,170

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

Balance sheet
at 30 November 2002

	Notes	2002 £	2001 £
Fixed assets			
Investment property	6	**92,973**	92,973
Shared equities		**103,221**	103,221
Other unlisted investments	7	**6,000**	6,000
		202,194	202,194
Current assets			
Stocks	8	**1,070,711**	1,038,673
Debtors	9	**6,606**	5,931
Cash at bank		**251,321**	546,460
		1,328,638	1,591,064
Creditors: amounts falling due within one year	10	**(28,439)**	(42,236)
Net current assets		**1,300,199**	1,548,828
Total assets less current liabilities		**1,502,393**	1,751,022
Creditors: amounts falling due outwith one year	10	**(1,054,249)**	(1,354,249)
Net assets		**448,144**	396,773
Capital and reserves			
Called up share capital	11	**1,600**	1,600
Profit and loss account	12	**446,544**	395,173
Equity shareholders' funds		**448,144**	396,773

These financial statements were approved by the board of directors on 18 December 2002 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.

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:

		2002 £	2001 £
Auditors' remuneration	- audit services	2,100	2,100
	- non-audit services	8,725	12,287

3 Remuneration of directors

The directors are the only employees of the company. There are no director's emoluments.

4 Interest receivable and similar income

	2002 £	2001 £
Income from short term deposits	15,746	19,043
Other interest	-	3
	15,746	19,046

5 Tax on profit on ordinary activities

	2002 £	2001 £
UK corporation tax at 20% *(2000: 30%)* on the profit for the period	10,614	26,930
Overprovision of taxation in prior years	(8,984)	(5,333)
	1,630	21,597

Factors affecting the tax charge for the current period

The current tax charge for the period is higher *(2001: equal to)* than the standard rate of corporation tax in the UK 20%, (2001: 30%). The differences are explained below.

	2002 £	2001 £
Current tax reconciliation		
Profit on ordinary activities before tax	53,001	89,767
Current tax at 20% (2001: 30%)	10,600	26,930
Effects of:		
Expenses not deductible for tax purposes	14	-
Total current tax charge (see above)	10,614	26,930

Notes *(continued)*

6 Investment properties

	£
At beginning and end of year	**92,973**

7 Fixed asset investments

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

8 Stocks

	2002 £	2001 £
Work in progress	**1,070,711**	1,038,673

9 Debtors

	2002 £	2001 £
Other debtors	**6,491**	5,816
Prepayments and accrued income	**115**	115
	6,606	5,931

10 Creditors

	2002 £	2001 £
Amounts falling due within one year		
Corporation tax	**10,614**	26,930
Accruals and deferred income	**17,825**	15,306
	28,439	42,236
Amounts falling due after more than one year		
Shareholders' loans	**1,054,249**	1,354,249

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

Notes *(continued)*

11 Share capital

	2002 £	2001 £
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

12 Profit and loss account

	2002 £	2001 £
At beginning of year	**395,173**	327,003
Retained profit for the year	**51,371**	68,170
At end of year	**446,544**	395,173

13 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	**51,371**	68,170
Shareholders' funds at start of year	**396,773**	328,603
Shareholders' funds at end of year	**448,144**	396,773

11 Related party disclosures

Walker Group (Scotland) Limited is a wholly owned subsidiaries of Walker Holdings (Scotland) Limited, a company in which Messrs EM Walker and BE Walker are directors and shareholders. Walker Group (Scotland) Limited provides management services to the company. The company has entered into a number of contracts with these companies, each of which is negotiated at arms length.

The following transactions have been entered into during the year under review:

Company	Type of transaction	2002 £	2001 £
Walker Group (Scotland) Ltd	Management fees payable by Armitscot Development Limited	**2,500**	2,500

At the year end, Walker Group (Scotland) Limited was owed £12,500 *(2001: £10,000)* by Armitscot Development Ltd.