Armitscot Developments Limited

Directors' report and financial statements

Registered number SC053538

30 November 2004



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Directors and advisers

Directors	EM Walker Mrs FM Walker BE Walker FM Young CA Walker
Secretaries	Bell & Scott, (Secretarial Services) Limited 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 2004.

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 *(2003: £Nil)*.

The retained profit for the year is £114,781 *(2003: £168,540)*.

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 start And end of period	
	Beneficial	**Non-beneficial**
EM Walker	-	**470**
Mrs FM Walker	-	-
BE Walker	-	**170**
Mrs FM Young	**565**	**150**
CA Walker	**565**	**150**

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

Taxation

The company is a close company for taxation purposes.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Bell & Scott (Secretarial Services) Limited
Secretaries

Edinburgh
19 January 2005

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 LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of Armitscot Developments Limited

We have audited the financial statements on pages 5 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2004 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

19 January 2005

Profit and loss account

for the year ended 30 November 2004

	Notes	2004 £	2003 £
Turnover		**182,089**	501,460
Cost of sales		**(64,499)**	(267,058)
Gross profit		**117,590**	234,402
Administrative expenses		**(33,454)**	(14,003)
Other operating income		**6,350**	2,690
Operating profit	*2*	**90,486**	223,089
Gain on disposal of investments		**38,583**	-
Interest receivable and similar income	*4*	**17,089**	17,176
Interest payable	*5*	**(37,218)**	-
Profit on ordinary activities before taxation		**108,940**	240,265
Tax on profit on ordinary activities	*6*	**5,840**	(71,725)
Retained profit for the year	*13*	**114,780**	168,540

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

Balance sheet
at 30 November 2004

	Notes	2004 £	2003 £
Fixed assets			
Investment property	7	**92,973**	92,973
Shared equities		**103,221**	103,221
Other unlisted investments	8	**6,000**	6,000
		202,194	202,194
Current assets			
Stocks	9	**739,157**	803,655
Debtors	10	**755**	6,910
Cash at bank		**268,471**	735,657
		1,008,383	1,546,222
Creditors: amounts falling due within one year	11	**(24,864)**	(77,483)
Net current assets		**983,519**	1,468,739
Total assets less current liabilities		**1,185,713**	1,670,933
Creditors: amounts falling due outwith one year	11	**(454,249)**	(1,054,249)
Net assets		**731,464**	616,684
Capital and reserves			
Called up share capital	12	**1,600**	1,600
Profit and loss account	13	**729,864**	615,084
Equity shareholders' funds		**731,464**	616,684

These financial statements were approved by the board of directors on 19 January 2005 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, modified to include the revaluation of investment properties. Compliance with Statement of Standard Accounting Practice (SSAP) 19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given in the investment properties accounting policy note below.

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 and unquoted shares 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:

		2004 £	2003 £
Auditors' remuneration	- audit services	**2,250**	2,000
	- non-audit services	**14,513**	11,269

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

	2004 £	2003 £
Income from short term deposits	**17,061**	17,172
Other interest	**28**	4
	17,089	17,176

5 Interest payable and similar charges

	£	£
On loans	**37,218**	-

6 Tax on profit on ordinary activities

	£	£
UK corporation tax at 19% *(2003 : 30%)* on the profit for the year	**20,590**	72,080
Overprovision of taxation in prior years	**(26,430)**	(355)
	(5,840)	71,725

Notes *(continued)*

6 Tax on profit on ordinary activities *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (*2003: lower*) than the standard rate of corporation tax in the UK 19%, (2003: 30%). The differences are explained below.

	2004 £	2003 £
Current tax reconciliation		
Profit on ordinary activities before tax	**108,940**	240,265
Current tax at 19% (2003: 30%)	**20,699**	72,080
Effects of:		
Expenses not deductible for tax purposes	**-**	-
Indexation on capital gain	**(109)**	-
Adjustment in respect of prior year	**(26,430)**	(355)
Total current tax charge (see above)	**(5,840)**	71,725

7 Investment properties

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

8 Fixed asset investments

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

9 Stocks

	2004 £	2003 £
Work in progress	**739,157**	803,655

10 Debtors

	£	£
Other debtors	**575**	6,744
Prepayments and accrued income	**180**	166
	755	6,910

Notes *(continued)*

11 Creditors

	2004 £	2003 £
Amounts falling due within one year		
Corporation tax	**20,660**	72,080
Accruals and deferred income	**4,275**	5,403
	24,935	77,483
Amounts falling due after more than one year		
Shareholders' loans	***454,249***	1,054,249

The shareholders' loans are unsecured, interest free and have no fixed repayment date £600,000 was repaid during the year (2003: £Nil).

12 Share capital

	2004 £	2003 £
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	**615,084**	446,544
Retained profit for the year	**114,780**	168,540
At end of year	**729,864**	615,084

14 Reconciliation of movements in shareholders' funds

	£	£
Retained profit for the financial year	**114,780**	168,540
Shareholders' funds at start of year	**616,684**	448,144
Shareholders' funds at end of year	**731,464**	616,684

Notes *(continued)*

15 Related party disclosures

Walker Group (Scotland) Limited is a wholly owned subsidiary of Walker Holdings (Scotland) Limited, a company in which Messrs EM Walker and BE Walker are directors and shareholders. At the year end, Walker Group (Scotland) Limited was owed £nil *(2003: £nil)* by Armitscot Development Ltd.

Westerwood Limited is a company in which Messrs EM Walker and BM Walker are directors and shareholders. During the year Armitscot Developments Limited paid interest of £37,185 to Westerwood Limited. At the year end Westerwood Limited was owed £nil by Armitscot Developments Limited..

During the year the company acquired 250 Ordinary £1 shares in Weterwood Development Company Limited in an arms length transaction. Westerwood Development Company Limited is owned and controlled by the directors of Armitscot Developments Limited. On 30 November 2004 Westerwood Development company Limited repurchased the shares from the company for a consideration of £1,038,583.