Armitscot Developments Limited

Directors' report and financial statements

Registered number SC053538

30 November 2006

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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 2006

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 year are set out in the attached financial statements The directors recommend that no dividends be paid *(2005 £Nil)*

The retained profit for the year is £82,098 (*2005* £40,595)

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 year 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

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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
10 April 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards

The financial statements are required by law to give a fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these 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 that disclose with reasonable accuracy at any time the financial position of the company and 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

Independent auditors' report to the members of Armitscot Developments Limited

We have audited the financial statements of Armitscot Developments Limited for the year ended 30 November 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

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

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements We also report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

10 April 2007

Profit and loss account

for the year ended 30 November 2006

	Notes	**2006** £	2005 £
Turnover		**167,900**	71,980
Cost of sales		**(58,116)**	(26,827)
Gross profit		**109,784**	45,153
Administrative expenses		**(18,799)**	(22,577)
Other operating income		**6,350**	6,350
Operating profit	*2*	**97,335**	28,926
Interest receivable and similar income	*4*	**3,837**	17,242
Interest payable	*5*	**(46)**	(84)
Profit on ordinary activities before taxation		**101,126**	46,084
Tax on profit on ordinary activities	*6*	**(19,028)**	(5,489)
Profit for the financial year	*13*	**82,098**	40,595

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

Balance sheet
at 30 November 2006

	Notes	2006 £	2005 £
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	**654,212**	816,015
Debtors	10	**1,150**	8,627
Cash at bank		**75,250**	13,923
		730,612	838,565
Creditors amounts falling due within one year	11	**(24,400)**	(14,451)
Net current assets		**706,212**	824,114
Total assets less current liabilities		**908,406**	1,026,308
Creditors: amounts falling due outwith one year	11	**(54,249)**	(254,249)
Net assets		**854,157**	772,059
Capital and reserves			
Called up share capital	12	**1,600**	1,600
Profit and loss account	13	**852,557**	770,459
Shareholders' funds		**854,157**	772,059

These financial statements were approved by the board of directors on 10 April 2007 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 items which are considered material in relation to the company's financial statements except as noted below In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- The presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985 FRS 21 'Events after the balance sheet date' has had no effect on the financial statements The presentation requirements of FRS 25 result in dividends no longer being presented on the face of the profit and loss account

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

Development work in progress is valued at lower of cost plus attributable direct overheads and net realisable value

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

Notes *(continued)*

1 Accounting policies *(continued)*

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

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Operating profit

Operating profit is stated after charging

		2006 £	2005 £
Auditors' remuneration	audit services	3,000	2,500
	non audit services	7,666	12,234

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

	2006 £	2005 £
Income from short term deposits	3,750	9,972
Other interest	87	7,270
	3,837	17,242

5 Interest payable and similar charges

	£	£
Overdraft interest and similar charges	46	84

Notes *(continued)*

6 Tax on profit on ordinary activities

	2006 £	2005 £
UK corporation tax at 19% *(2005 19%)* on the profit for the year	**19,214**	8,756
Overprovision of taxation in prior years	**(186)**	(3,267)
	19,028	5,489

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (*2005 lower*) than the standard small companies rate of corporation tax in the UK 19%, (2005 19%) The differences are explained below

	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	**101,126**	46,084
Current tax at 19% (2005 19%)	**19,214**	8,756
Effects of		
Expenses not deductible for tax purposes		
Adjustment in respect of prior year	**(186)**	(3,267)
Total current tax charge (see above)	**19,028**	5,489

7 Investment properties

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

Investment properties at cost amounted to £92,973 (*2005 £92,973*) The investment properties were valued by the directors at 30 November 2006

8 Fixed asset investments

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

9 Stocks

	£	£
Work in progress		
	654,212	816,015

Notes *(continued)*

10 Debtors

	2006 £	2005 £
Other debtors	**707**	8,438
Prepayments and accrued income	**443**	189
	1,150	8,627

11 Creditors

	£	£
Amounts falling due within one year		
Corporation tax	**19,214**	8,756
Accruals and deferred income	**5,186**	5,695
	24, 400	14,451
Amounts falling due after more than one year		
Shareholders' loans	**54,249**	254,249

The shareholders' loans are unsecured, interest free and have no fixed repayment date £200,000 was repaid during the year (*2005* £200,000)

12 Share capital

	2006 £	2005 £
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	**770,459**	729,864
Profit for the year	**82,098**	40,595
At end of year	**852,557**	770,459

Notes *(continued)*

14 Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
Profit for the financial year	**82,098**	40,595
Shareholders' funds at start of year	**772,059**	731,464
Shareholders' funds at end of year	**854,157**	772,059