

**A&L King (Builders) Limited**

**Annual report and financial statements**

**Registered number SC062886**

**30 June 2014**

THURSDAY



\*S3K22D7N\*

SCT

06/11/2014

#277

COMPANIES HOUSE

## Strategic Report

The directors present their strategic report and financial statements for the year ended 30 June 2014.

### Principal activity

The principal activities of the company during the year were building contracting and housebuilding.

### Business review

Turnover for the year was £8.7m (2013: £5.5m) with a profit before tax of £1.3m (2013: £2.5m). The significant decrease in profit before tax in the current year is due to the company making a profit on the sale of investments in the prior year of £1.5m.

### Principal risks and uncertainties

The principal risks to the company are as follows:

The principal risk to the house building business is a reduction in sales volumes, primarily driven by the lack of availability of mortgages to potential buyers. The company has in place a number of measures to manage this risk, including strong sales teams and a range of sales incentives tools.

### Key Performance Indicators


The directors believe the following to be the companys key performance indicators for the financial year:

	2014	2013	Movement
Turnover	8,679	5,496	58%
Gross Profit Margin	19%	18%	1%
Operating Profit	850	535	59%

### Future developments

The company is a wholly owned subsidiary of Stewart Milne Group and will continue to develop its existing developments.

By order of the board



JC Irvine  
Director

Peregrine House  
Westhill Business Park  
Westhill  
Aberdeen  
AB32 6JQ

10 September 2014

## Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2014.

### Dividends

No dividends were paid during the year (2013: £nil). The directors do not recommend the payment of a final dividend.

### Directors

The directors who held office during the period are as follows:

S Milne CBE  
GFW Allison CA  
JC Irvine CA  
J Slater-Fearn

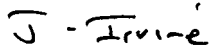
### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



JC Irvine  
Director

Peregrine House  
Westhill Business Park  
Westhill  
Aberdeen  
AB32 6JQ

10 September 2014

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, 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 and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and 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 UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.



## Independent auditor's report to the members of A&L King (Builders) Limited

We have audited the financial statements of A&L King (Builders) Limited for the year ended 30 June 2014 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Director's Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Duncan MacAskill (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
37 Albyn Place  
Aberdeen  
AB10 1JB  
United Kingdom

11 September 2014

**Profit and Loss Account**  
*for the year ended 30 June 2014*

	<i>Note</i>	<b>2014</b> £000	2013 £000
<b>Turnover</b>	<i>1</i>	<b>8,679</b>	5,496
Cost of sales		<b>(7,033)</b>	(4,510)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>1,646</b>	986
Administrative expenses		<b>(796)</b>	(451)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>850</b>	535
Profit on sale of investments		-	1,518
Interest receivable	<i>5</i>	<b>498</b>	491
Interest payable		<b>(3)</b>	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<i>2-4</i>	<b>1,345</b>	2,544
Tax on profit on ordinary activities	<i>6</i>	<b>(305)</b>	(67)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	<i>12</i>	<b>1,040</b>	2,477
		<hr/> <hr/>	<hr/> <hr/>

All of the above was derived from continuing activities.

The company had no recognised gains or losses other than the result reported above.

**Balance Sheet**  
*at 30 June 2014*

	<i>Note</i>	<b>2014</b>	<b>2013</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Investments	7	5,497	5,497
<b>Current assets</b>			
Stocks	8	17,595	14,735
Debtors	9	2,306	925
		<u>19,901</u>	<u>15,660</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(4,845)</u>	<u>(1,644)</u>
<b>Net current assets</b>		<u>15,056</u>	<u>14,016</u>
<b>Net assets</b>		<u>20,553</u>	<u>19,513</u>
<b>Capital and reserves</b>			
Called up share capital	11	379	379
Profit and loss account	12	20,174	19,134
<b>Shareholders' funds</b>	13	<u>20,553</u>	<u>19,513</u>

These financial statements were approved by the board of directors on 10 September 2014 and were signed on its behalf by:

*J. Irvine*

**JC Irvine**  
 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 financial statements.

#### *Basis of preparation*

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

The company is party to a group bank facility. Stewart Milne Group Limited, the company's ultimate parent company, has secured bank facilities through to September 2016.

As set out in note 14, the company is party to a cross guarantee arrangement given in respect of the Group's bank borrowings and guarantee facilities. After making enquiries, the directors have a reasonable expectation that the contingent liabilities will not crystallise in the foreseeable future and so have prepared the accounts on a going concern basis.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The Company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Stewart Milne Group Limited and its cash flows are included within the consolidated cash flow statement of that company.

As the Company is a wholly owned subsidiary of Stewart Milne Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. The consolidated financial statements of Stewart Milne Group Limited, within which this Company is included, can be obtained from the address given in note 15.

#### *Investments*

Investments are stated at cost less amounts written off.

#### *Stocks*

Stocks, including land, are valued at the lower of cost and net realisable value. For work in progress, cost is taken as production cost which includes an appropriate proportion of overheads.

#### *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.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Turnover*

Turnover represents sales of residential properties and land legally completed in the period and the value of work executed by construction activities. Turnover arises solely in the UK and from the company's principal activities.



**Notes (continued)**

**2 Notes to the profit and loss account**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<i>Auditor's remuneration</i>		
Audit of these financial statements	-	-
	<u>          </u>	<u>          </u>

The company's audit fee is borne by the company's parent undertaking.

**3 Remuneration of directors**

The directors received no remuneration from the company during the year (2013: *£nil*).

**4 Staff numbers and costs**

The company had no employees during the year (2013: *none*).

**5 Interest receivable**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
On loan stock	<b>498</b>	491
	<u>          </u>	<u>          </u>
	<b>498</b>	491
	<u>          </u>	<u>          </u>

**6 Taxation**

*Analysis of charge in year*

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<i>UK corporation tax</i>		
Current tax on income for the year	<b>286</b>	-
Adjustments in respect of prior year	<b>53</b>	(237)
	<u>          </u>	<u>          </u>
	<b>339</b>	(237)
<i>Group relief</i>		
Current year	-	236
Adjustments in respect of prior year	<b>(34)</b>	68
	<u>          </u>	<u>          </u>
	<b>(34)</b>	304
	<u>          </u>	<u>          </u>
Current tax on income for the year being tax on profit on ordinary activities	<b>305</b>	67
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Taxation (continued)

#### Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2013: lower) than the standard rate of corporation tax in the UK of 22.5% (2013: 23.75%). The differences are explained below.

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,345	2,544
	<hr/>	<hr/>
Current tax at 22.5% (2013: 23.75%)	303	604
<i>Effects of:</i>		
Expenditure not deductible for tax purposes	-	(346)
Transfer pricing adjustment	13	(11)
Other timing differences	8	(4)
Adjustments in respect of prior year corporation tax	(53)	(237)
Adjustments in respect of prior year group relief	34	68
Change in tax rates	-	(7)
	<hr/>	<hr/>
Total current tax charge (see above)	305	67
	<hr/> <hr/>	<hr/> <hr/>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

### 7 Fixed asset investments

	Interest in joint ventures £000	Total £000
<i>Cost and net book value</i>		
At beginning and end of year	5,497	5,497
	<hr/> <hr/>	<hr/> <hr/>

The company's interest in joint ventures represents loans advanced to Freedom Homes (Stirling) Limited, a company registered in Scotland which is involved in residential and commercial property development in which the company holds a 50% shareholding.

**Notes (continued)**

**8 Stocks**

	2014 £000	2013 £000
Work in progress	17,595	14,735
	<u>17,595</u>	<u>14,735</u>

**9 Debtors**

	2014 £000	2013 £000
Trade debtors	1,427	116
Amounts owed by joint ventures	872	635
Corporation tax	2	169
Other debtors	5	5
	<u>2,306</u>	<u>925</u>
	<u>2,306</u>	<u>925</u>

**10 Creditors: amounts falling due within one year**

	2014 £000	2013 £000
Payments received on account	206	215
Amount owed to group undertakings	2,855	144
Corporation tax	286	-
Group relief payable	1,091	1,125
Accruals and deferred income	388	141
Other creditors	19	19
	<u>4,845</u>	<u>1,644</u>
	<u>4,845</u>	<u>1,644</u>

**11 Called up share capital**

	2014 £000	2013 £000
<i>Allotted, called up and fully paid</i>		
378,840 Ordinary shares of £1 each	379	379
	<u>379</u>	<u>379</u>

**12 Profit and loss account**

	2014 £000
At beginning of year	19,134
Profit for the financial year	1,040
	<u>20,174</u>
At end of year	<u>20,174</u>

**Notes** *(continued)*

**13 Reconciliation of movements in shareholders' funds**

	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Profit for the financial year being net increase in shareholders' funds</b>	<b>1,040</b>	2,477
Opening shareholders' funds	<b>19,513</b>	17,036
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>20,553</b>	19,513
	<hr/> <hr/>	<hr/> <hr/>

**14 Contingent liabilities**

The company, its ultimate parent company and certain fellow subsidiaries are parties to a cross guarantee given in respect of their bank borrowings and guarantee facilities. At 30 June 2014 the total value of such facilities utilised across the group for which the company is jointly and severally liable was £193,805,000 (2013: £206,032,000).

In addition, the company has given guarantees totalling £nil (2013: £68,500) relating to performance bonds given by the bank on behalf of the company.

**15 Ultimate parent undertaking**

The company is a subsidiary undertaking of Stewart Milne Group Limited, incorporated in Scotland, which is the ultimate parent company.

The only group in which the results of the company are consolidated is that headed by Stewart Milne Group Limited. The consolidated accounts of this company are available to the public and may be obtained from the Registrar of Companies, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.