

ROK Developments Limited
Financial statements
For the year ended 30 June 2003

Grant Thornton 



Company No. SC154751

Company information

Company Registration Number	SC154751
Registered Office	Unit 23 9 Munro Road Springkerse Industrial Estate Stirling FK7 UU
Directors	Mr J P Quinn Mr J A Cheetham
Secretary	Mr J A Cheetham
Bankers	The Royal Bank of Scotland plc 2 Pitt Terrace Stirling FK8 2EX
Solicitors	Kerr & Co. 10 Albert Place Stirling FK8 2QL
Auditors	Grant Thornton Chartered Accountants Registered Auditors 1-4 Atholl Crescent EDINBURGH EH3 8LQ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2003.

Principal activities and business review

The principal activity of the company during the year was the letting and management of industrial property.

There was a (Loss) for the year after taxation amounting to £1,489 (2002 - profit £12,129).

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

Mr J P Quinn
Mr J A Cheetham

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company, ROK Holdings Limited.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'J A Cheetham', with a stylized flourish at the end.

Mr J A Cheetham
Secretary
19 January 2004

Report of the independent auditors to the members of ROK Developments Limited

We have audited the financial statements of ROK Developments Limited for the year ended 30 June 2003 which comprise the principal accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses and notes 1 to 20. 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 auditors' 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' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 30 June 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

19 January 2004

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Investment Property - Period of lease where lease less than 20 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investment properties

In accordance with Statement of Standard Accounting Practice No. 19, the company's properties are held for long-term investment and are included in the balance sheet at their open market values. The surpluses or deficits on revaluation of such properties are transferred to the investment property revaluation reserve. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

This policy represents a departure from the statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Profit and loss account

	Note	2003 £	2002 £
Turnover	1	174,166	189,327
Cost of sales		117,401	135,692
Gross profit		56,765	53,635
Other operating charges	2	48,075	41,381
Operating profit	3	8,690	12,254
Interest payable	5	103	125
Profit on ordinary activities before taxation		8,587	12,129
Tax on profit on ordinary activities	6	10,076	—
(Loss)/retained profit for the financial year		(1,489)	12,129

All of the activities of the company are classed as continuing.

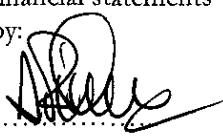
There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	7	<u>755,556</u>	<u>800,000</u>
Current assets			
Debtors	8	<u>153,920</u>	<u>92,460</u>
Cash at bank		<u>—</u>	<u>2,641</u>
		<u>153,920</u>	<u>95,101</u>
Creditors: amounts falling due within one year	9	<u>73,408</u>	<u>57,544</u>
Net current assets		<u>80,512</u>	<u>37,557</u>
Total assets less current liabilities		<u>836,068</u>	<u>837,557</u>
Capital and reserves			
Called-up equity share capital	15	2	2
Revaluation reserve	16	755,556	800,000
Profit and loss account	17	<u>80,510</u>	<u>37,555</u>
Shareholders' funds	18	<u>836,068</u>	<u>837,557</u>

These financial statements were approved by the directors on 19 January 2004 and are signed on their behalf by:



 J P Quinn
 Director

The accompanying accounting policies and notes form part of these financial statements.

Other primary statements

Statement of total recognised gains and losses

	2003	2002
	£	£
(Loss)/profit for the financial year	(1,489)	12,129
Unrealised profit on revaluation of certain fixed assets	—	87,500
Total gains and losses recognised for the year	<u>(1,489)</u>	<u>99,629</u>

Note of historical cost profits and losses

	2003	2002
	£	£
Profit on ordinary activities before taxation	8,587	12,129
Difference between a historical cost Depreciation charge and the actual Charge calculated on the revalued amount	44,444	37,500
Historical cost profit on ordinary activities before taxation	<u>53,031</u>	<u>49,629</u>
Historical cost profit for the year Retained after taxation and dividends	<u>42,955</u>	<u>49,629</u>

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2003	2002
	£	£
United Kingdom	<u>174,166</u>	<u>189,327</u>

2 Other operating income and charges

	2003	2002
	£	£
Administrative expenses	<u>48,075</u>	<u>41,381</u>

3 Operating profit

Operating profit is stated after charging:

	2003	2002
	£	£
Depreciation of owned fixed assets	44,444	37,500
Auditors' remuneration:		
Audit fees	<u>1,440</u>	<u>1,320</u>

4 Directors and employees

No salaries or wages have been paid to employees, including the directors, during the year.

No directors participated in defined contribution pension schemes.

5 Interest payable

	2003	2002
	£	£
Interest payable on bank borrowing	<u>103</u>	<u>125</u>

6 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 19.75%)	10,076	9,802
Group relief	—	(9,802)
Total current tax	<u>10,076</u>	<u>—</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2002 - 19.75%).

	2003	2002
	£	£
Profit on ordinary activities before taxation	<u>8,587</u>	<u>12,129</u>
Profit on ordinary activities multiplied by rate of tax	1,632	2,395
Depreciation in excess of capital allowances	8,444	7,407
Group relief	—	(9,802)
Total current tax (note 6(a))	<u>10,076</u>	<u>—</u>

7 Tangible fixed assets

	Leasehold investment property £
Valuation	
At 1 July 2002 and 30 June 2003	<u>800,000</u>
Depreciation	
Charge for the year	<u>44,444</u>
At 30 June 2003	<u>44,444</u>
Net book value	
At 30 June 2003	<u>755,556</u>
At 30 June 2002	<u>800,000</u>

The investment property is located at 9 Munro Road, Stirling and leased from a third party. It is valued at open market value on a multiple of the rental income. The most recent valuation was performed on 29 October 2002 by J&E Shepherd, Chartered Surveyors. The property has no historic cost value.

As the unexpired lease term on the investment property is less than 20 years, a depreciation charge is processed in accordance with SSAP 19.

8 Debtors

	2003	2002
	£	£
Trade debtors	13,825	13,339
Amounts owed by group undertakings	120,000	60,000
Prepayments and accrued income	20,095	19,121
	<u>153,920</u>	<u>92,460</u>

9 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	5,557	—
Trade creditors	23,677	2,188
Corporation tax	18,098	7,969
Other taxation	323	2,212
Accruals and deferred income	25,753	45,175
	<u>73,408</u>	<u>57,544</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

10 Deferred taxation

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows:

	2003	2002
	£	£
Other timing differences	<u>227,000</u>	<u>240,000</u>

11 Leasing commitments

At 30 June 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2003	2002
	£	£
Operating leases which expire:		
After more than 5 years	<u>132,000</u>	<u>132,000</u>

12 Capital commitments

The company had no capital commitments at 30 June 2003 or 30 June 2002.

13 Contingent liabilities

The company has unlimited cross guarantees with ROK Holdings Limited and its subsidiary undertakings. At 30 June 2003 the bank borrowings of the group amounted to £2,789,617 (2002 - £3,879,431).

14 Related party transactions

As a wholly owned subsidiary of ROK Holdings Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group.

15 Share capital

Authorised share capital:

	2003	2002
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

16 Revaluation reserve

	2003	2002
	£	£
Balance brought forward	800,000	750,000
Revaluation of fixed assets	—	87,500
Transfer to the Profit and Loss Account	(44,444)	(37,500)
Balance carried forward	<u>755,556</u>	<u>800,000</u>

17 Profit and loss account

	2003	2002
	£	£
Balance brought forward	37,555	(12,074)
(Accumulated loss)/retained profit for the financial year	(1,489)	12,129
Transfer from revaluation reserve	44,444	37,500
Balance carried forward	<u>80,510</u>	<u>37,555</u>

18 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
(Loss)/Profit for the financial year	(1,489)	12,129
Other net recognised gains and losses	—	87,500
	<u>(1,489)</u>	<u>99,629</u>
Opening shareholders' equity funds	837,557	737,928
Closing shareholders' equity funds	<u>836,068</u>	<u>837,557</u>

19 Post balance sheet events

During July 2003, the freehold of the premises forming the leasehold asset in the company was purchased from Stirling Council by, John Quinn trading as ROK Developments. A business operated as a sole trader and owned by one of the directors.

20 Ultimate parent company

ROK Holdings Limited is this company's controlling related party by virtue of its 100% ownership of the company. The ultimate controlling related party is Mr J P Quinn as a result of his 70% shareholding in ROK Holdings Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by ROK Holdings Limited which is registered in Scotland.