

Muir Group plc

Directors' report and consolidated
financial statements

Registered number SC215392

3 February 2008

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Directors and advisers

Directors

JW Muir
C Muir
RW Muir
AC Muir
IM Muir
JSH Watt
GA Urquhart

Secretary

JSH Watt

Auditors

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Solicitors

Davidson Chalmers, WS
12 Hope Street
Edinburgh
EH2 4DB

Registered office

Muir House
Belleknowes Industrial Estate
Inverkeithing
Fife
KY11 1HY

Directors' report

The directors submit their report and audited accounts for the year ended 3 February 2008.

Principal activities and business review

During the year the group's principal activities comprised building contracting, private house building, property development, manufactured joinery and owning and operating a golf and country club.

The financial results for the Group show a profit after tax of £7,100,000 (2007: £6,721,000).

The Directors do not recommend payment of a dividend for the year. (2007: Nil).

Operating performance and key performance indicators

Operating performance	2008 £000	2007 £000
Turnover	93,070	95,848
Gross margin	18,615	18,947
Operating profit	9,216	9,347
Group profit before tax	10,359	9,603
Group profit after tax	7,100	6,721
	=====	=====
Net assets	63,781	56,619
	=====	=====

Key Performance Indicators

Turnover growth - £000s	(2,778)	1,949
Private housing sales - £000s	36,667	34,810
Private housing sales – units	179	180
Average value per unit - £s	205,000	193,000
Contracting turnover - £000s	52,798	53,598
Property development turnover - £000s	1,007	5,330

Internal control

The Board is responsible for the group's system of internal control and for reviewing its effectiveness. The board further acknowledges its responsibility to establish, maintain and monitor a system of internal controls relating to operational, financial and compliance matters and risk management. The subsidiary boards also review these risks relating to their specific activities.

Principal risks and uncertainties

The key business risks affecting the group are:-

Contracting – the Group is susceptible to the market conditions driving new property demand. In the immediate past a stable economy and low interest rates have provided a platform to grow contracting turnover. In the current environment with uncertainty on future interest rates, this market is likely to be more volatile.

Private housing – the primary risk is the stability of the housing market. As noted above, uncertainty on future interest rates will inevitably dent consumer confidence and dampen demand. The group has, at present, an adequate supply of plots with planning and the strategy is to enhance this, however, the current regime controlling planning adds significant risk to future land supply.

Directors' report *(continued)*

Property development – the risks inherent in development have increased with greater funding costs, increased demands from planning authorities and increased competition for prime sites. To mitigate some of these the Group continues to invest in long-term land, maintains robust risk management processes and targets key personnel.

Key personnel – the group performance is at risk if it fails to retain or recruit key employees. The group has in place first class remuneration, benefits and incentive packages along with personal development and training plans.

Strategy and future developments

The over-riding objective is to deliver sustained growth in shareholder value through organic growth in all of the business areas, achieved alongside implementing best practice in health & safety, employee development, environmental improvement and creditor payment policies. A summary for the major businesses is as follows: -

Private housing – continue to acquire land to add to the existing land bank and to enhance the Muir brand through improved quality and customer service.

Contracting – increase the volume of contracts with partner clients and sub-contractors whilst retaining the competitive edge required for tendering.

Property development – increase the land bank to create a more steady flow of development opportunities spread across all the commercial sectors.

Directors' interests

The directors who held office during the year are shown on page 1.

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 the directors have elected to prepare the group and the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Directors' report *(continued)*

Employee involvement

The group has an active policy of communicating with its staff and keeping employees informed regarding its achievements and prospects. The directors are also committed to developing genuine and effective employee involvement in the group's activities.

Disabled persons

The group recognises its social and statutory duty to employ disabled persons and pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others.

Policy and practice on payment of creditors

The group's policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The group does not follow any code or standard on payment practice but it is the group's policy to pay all of its suppliers within 45 days of the end of the month in which it receives the goods or services.

Purchases made by the company itself are, with very few exceptions, made from subsidiaries and do not, therefore, involve taking credit from external suppliers.

Political and charitable contributions

During the year the group made charitable donations of £18,000 *(2007: £6,500)*.

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

JSH Watt
Secretary

Muir House
Belleknowes Industrial Estate
Inverkeithing
Fife
KY11 1HY

11 April 2008



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of Muir Group plc

We have audited the group and parent company financial statements of Muir Group plc for the year ended 3 February 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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.

In addition we 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 group's and parent 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 group's and the parent company's affairs as at 3 February 2008 and of the group's 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

11 April 2008

Group profit and loss account
for the year ended 3 February 2008

	<i>Note</i>	2008 £000	2008 £000	2007 £000	2007 £000
Turnover – group and share of joint ventures	2		93,070		95,848
Less: Share of joint ventures' turnover			(637)		(1,082)
			<hr/>		<hr/>
Turnover - continuing activities		92,433		92,558	
- discontinued operations		-		2,208	
		<hr/>		<hr/>	
Cost of sales			92,433 (73,818)		94,766 (75,819)
			<hr/>		<hr/>
Gross profit			18,615		18,947
Administrative expenses - normal			(9,737)		(10,735)
- exceptional			-		865
Other operating income			282		440
Operating profit - continuing operations		9,160		7,849	
- discontinued operations		-		1,668	
		<hr/>		<hr/>	
Share of operating profit/(loss) in joint venture			9,160 56		9,517 (170)
			<hr/>		<hr/>
Total operating profit			9,216		9,347
Amounts provided against investments	12		-		(21)
Interest receivable	6		1,488		730
Other finance expense	7		15		(49)
Interest payable and similar charges	8		(360)		(404)
			<hr/>		<hr/>
Profit on ordinary activities before tax	3		10,359		9,603
Tax on profit on ordinary activities	9		(3,259)		(2,882)
			<hr/>		<hr/>
Profit for the financial year	19		7,100		6,721
			<hr/> <hr/>		<hr/> <hr/>

Consolidated statement of total recognised gains and losses
for the year ended 3 February 2008

	<i>Note</i>	2008 £000	2007 £000
Profit for the financial year		7,100	6,721
Unrealised surplus on revaluation of properties		-	3,714
Actuarial gain/(loss) recognised in the pension scheme	21	89	(321)
Deferred tax arising on loss in the pension scheme		(27)	97
		<hr/>	<hr/>
Total gains and loss recognised since last annual report		7,162	10,211
		<hr/> <hr/>	<hr/> <hr/>

Group balance sheet
at 3 February 2008

	<i>Note</i>	2008	2007
		£000	£000
Fixed assets			
Tangible assets	<i>11</i>	4,155	3,961
		<hr/>	<hr/>
		4,155	3,961
Investment in joint ventures:			
Loan to joint ventures		4,872	2,683
Share of gross assets		12,566	4,957
Share of gross liabilities		(12,997)	(5,264)
		<hr/>	<hr/>
Other investments	<i>12</i>	4,441	2,376
	<i>13</i>	253	-
		<hr/>	<hr/>
Total fixed assets		8,849	6,337
		<hr/>	<hr/>
Current assets			
Other investments	<i>13</i>	-	250
Stocks and work in progress	<i>14</i>	47,326	35,957
Debtors	<i>15</i>	11,585	12,828
Cash at bank and in hand		21,779	28,557
		<hr/>	<hr/>
Creditors: amounts falling due within one year	<i>16</i>	(24,813)	(25,978)
		<hr/>	<hr/>
Net current assets		55,877	51,614
		<hr/>	<hr/>
Total assets less current liabilities		64,726	57,951
Provisions for liabilities and charges	<i>17</i>	(239)	-
		<hr/>	<hr/>
Net assets excluding pension scheme liabilities		64,487	57,951
Pension liabilities	<i>21</i>	(706)	(1,332)
		<hr/>	<hr/>
Net assets including pension liabilities		63,781	56,619
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>18</i>	50	50
Merger reserve	<i>19</i>	1,092	1,092
Profit and loss account	<i>19</i>	62,639	55,477
		<hr/>	<hr/>
Shareholders' funds	<i>20</i>	63,781	56,619
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 11 April 2008 and are signed on its behalf by:

JW Muir
Director

JSH Watt
Director

Company balance sheet
at 3 February 2008

	<i>Note</i>	2008 £000	2007 £000
Fixed assets			
Investments	12	50	50
		<hr/>	<hr/>
Net assets		50	50
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	18	50	50
Profit and loss account		-	-
		<hr/>	<hr/>
Shareholders' funds		50	50
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 11 April 2008 and are signed on its behalf by:

JW Muir
Director

JSH Watt
Director

Group cash flow statement
for the year ended 3 February 2008

	<i>Note</i>	2008 £000	2007 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		9,160	9,517
Depreciation charges		1,526	1,333
Profit on sale of tangible assets		(242)	(147)
Profit on sale of investment properties		-	(125)
Profit on disposal of current asset investments		-	(2)
Net movement in pensions provision		(790)	(706)
Pension settlements		-	(865)
Increase in stock and work in progress		(11,369)	(873)
Decrease/(increase) in debtors		934	(1,139)
Decrease/(increase) in creditors		(1,782)	4,897
		<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities		(2,563)	11,890
		<hr/> <hr/>	<hr/> <hr/>

Cash flow statement

Cash (outflow)/inflow from operating activities		(2,563)	11,890
Returns on investments and servicing of finance	22	1,357	451
Taxation		(1,990)	(4,229)
Capital expenditure and financial investment	22	(3,579)	(5,412)
Dividends paid on shares classified in shareholders' funds		-	(64)
		<hr/>	<hr/>
Cash (outflow)/inflow before management of liquid resources and financing		(6,775)	2,636
Management of liquid resources	22	-	(337)
Financing	22	-	12,000
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		(6,775)	14,299
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cash flow to movement in net funds

(Decrease)/increase in cash in the year		(6,775)	14,299
Cash inflow from financing		-	(12,000)
Cash outflow from increase in current asset investments		-	337
		<hr/>	<hr/>
Change in net debt arising from cash flows		(6,775)	2,636
Non cash movement	23	(253)	14,059
		<hr/>	<hr/>
Movement in net funds in the year		(7,028)	16,695
Net funds at the start of the year		28,807	12,112
		<hr/>	<hr/>
Net funds at the end of the year	23	21,779	28,807
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the company's financial statements.

Basis of preparation

The accounts have been prepared under the historical cost accounting rules, modified to include the revaluation of investment properties, and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 3 February 2008.

A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control. The group's share of the profits less losses of joint ventures is included in the profit and loss account and its interests in their net assets are included in investments in the consolidated balance sheet.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Tangible fixed assets and depreciation

Tangible assets are depreciated on a straight line basis at the undernoted rates in order to write off their cost or valuation less estimated residual values over their expected useful lives:

Freehold buildings		25 years
Plant and equipment	- construction	4-6 years
	- joinery and leisure	8 years
Motor vehicles		3-5 years
Furniture and fittings	- office	3-5 years
	- leisure	4 years

Freehold land is not depreciated.

Turnover

Turnover represents the invoiced value of sales, rental income received and, in respect of long term contracts, work done.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments received on account.

Investments

Fixed asset investments are held at cost less provision for permanent impairment. Current asset investments are stated at the lower of cost and market value.

Notes (continued)

1 Accounting policies (continued)

Stocks

Raw materials, consumables and sundry stores are valued at the lower of direct cost and net realisable value.

Manufactured joinery work in progress and finished goods are valued at the lower of direct cost, including a proportion of attributable overheads, and net realisable value.

Housing work in progress is valued at the lower of direct cost, including a proportion of the cost of site roads and drainage relative to the number of unsold plots, and net realisable value.

Sites held for housing and other commercial development are included under building land at the lower of cost and net realisable value.

In respect of property development, costs associated with each development site are carried forward in the balance sheet as stock at the lower of direct cost and net realisable value, less amounts transferred to cost of sales. The cost of unsuccessful projects is written off to profit and loss account when it becomes reasonably certain that development will not proceed.

Leasing

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Taxation

The charge for taxation is based on the profit for the year and takes account of 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.

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.

Notes (continued)

1 Accounting policies (continued)

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

2 Segmental information	2008	2007
	£000	£000
Turnover		
Private housing	36,667	34,810
Contracting	52,798	53,598
Property development and investment	1,007	5,330
Other	2,598	2,110
	<hr/>	<hr/>
	93,070	95,848
	<hr/> <hr/>	<hr/> <hr/>
All turnover is earned in the United Kingdom.		
Profit on ordinary activities before tax		
Private housing	7,982	7,688
Contracting	3,583	2,071
Property development	(964)	245
Other	(242)	(401)
	<hr/>	<hr/>
	10,359	9,603
	<hr/> <hr/>	<hr/> <hr/>
Net assets		
Private housing	21,532	19,968
Contracting	5,970	5,573
Property development	3,869	2,944
Pension liabilities	(706)	(1,332)
Other	33,116	29,466
	<hr/>	<hr/>
	63,781	56,619
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

3 Profit on ordinary activities before tax	2008	2007
	£000	£000
Profit on ordinary activities before tax is stated after charging/(crediting):		
Depreciation of tangible assets	1,526	1,330
Hire of plant and machinery	3,821	3,560
Auditors' remuneration - audit of these financial statements	5	5
- audit of financial statements of subsidiaries	42	44
- other services relating to taxation	12	30
Gain on sale of fixed assets	242	-
	<hr/>	<hr/>
Exceptional pension scheme settlement	-	(865)
	<hr/>	<hr/>

Analysis of continuing and discontinued operations:

	2008		2007	
	Continuing	Continuing	Dis-continued	Total
	£000	£000	£000	£000
Turnover	92,433	92,558	2,208	94,766
Cost of sales	(73,818)	(75,470)	(349)	(75,819)
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	18,615	17,088	1,859	18,947
Administrative expenses	(9,737)	(9,537)	(333)	(9,870)
Other operating income	282	298	142	440
	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit	9,160	7,849	1,668	9,517
Share of operating profit/(loss) in joint ventures	56	(170)	-	(170)
Amounts provided against investments	-	(21)	-	(21)
Interest receivable	1,488	646	84	730
Other finance expenses	15	(49)	-	(49)
Interest payable	(360)	(234)	(170)	(404)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit on ordinary activities before taxation	10,359	8,021	1,582	9,603
	<hr/>	<hr/>	<hr/>	<hr/>

4 Staff costs	Group	
	2008	2007
	No	No
Average number of employees:		
Management and administration	166	156
Operations	231	204
	<hr/>	<hr/>
	397	360
	<hr/>	<hr/>
	£000	£000
Wages and salaries	14,399	13,414
Social security costs	1,466	1,427
Pension costs - defined benefit scheme	-	119
- defined contribution scheme	336	734
	<hr/>	<hr/>
	16,201	15,694
	<hr/>	<hr/>

Notes *(continued)*

4 Staff Costs *(continued)*

The only employees of the company are the directors.

5 Directors' remuneration

	2008	2007
	£000	£000
Emoluments	3,249	4,124
Company contributions to defined contribution pension scheme	32	530
	3,281	4,654
	3,281	4,654

The emoluments of the highest paid director were £827,000 (2007: 1,147,000). No payment was made to a defined contribution pension scheme on his behalf during the year (2007: £nil) and no benefits are accruing under a defined benefits pension scheme. Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	2008	2007
Defined benefit scheme	5	5
	5	5
	5	5

6 Interest receivable

	2008	2007
	£000	£000
Interest receivable on short term deposits	1,377	664
Interest receivable from joint venture	111	66
	1,488	730
	1,488	730

7 Other finance expense

	2008	2007
	£000	£000
Expected return on pension scheme assets	427	325
Interest on pension scheme liabilities	(412)	(374)
	15	(49)
	15	(49)

8 Interest payable and similar charges

	2008	2007
	£000	£000
Interest payable on bank loans and overdrafts	20	188
Interest on other loans	-	17
Finance lease charges	-	1
Joint ventures – bank loan interest	340	198
	360	404
	360	404

Notes (continued)

9 Tax on profit on ordinary activities

	2008	2007
	£000	£000
<i>UK corporation tax:</i>		
Current tax on income for the year	2,615	1,964
Adjustments in respect of prior years	(8)	34
Share of joint ventures' current tax	(138)	(203)
	<hr/>	<hr/>
Total current tax	2,469	1,795
<i>Deferred tax:</i>		
Origination and reversal of timing differences	469	630
Pension service and finance cost in excess of contributions	241	457
Adjustment in respect of prior periods	80	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	3,259	2,882
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2007: lower) than the standard rate of corporation tax in the UK of 30%. The differences are explained below.

	2008	2007
	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	10,359	9,603
	<hr/>	<hr/>
Current tax at 30% (2007: 30%)	3,108	2,881
<i>Effects of:</i>		
Permanently disallowable expenditure	66	55
Depreciation on assets not qualifying for capital allowances	69	46
Capital allowances less than/(in excess of) depreciation	(4)	(29)
Non taxable income	-	(8)
Other short term timing differences	(705)	(1,084)
Tax on joint ventures	(57)	(93)
Adjustment in respect of prior years	(8)	34
Other	-	(7)
	<hr/>	<hr/>
Total current tax charge (see above)	2,469	1,795
	<hr/> <hr/>	<hr/> <hr/>

10 Dividends

	2008	2007
	£000	£000
The aggregate amount of dividends comprises:		
Interim dividends paid in respect of the current year by JW Muir Group plc	-	64
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

11 Tangible fixed assets

Group	Freehold land and buildings £000	Plant and equipment £000	Motor vehicles £000	Furniture and fittings £000	Assets under construction £000	Total £000
<i>Cost</i>						
At beginning of year	2,017	6,756	1,390	1,000	-	11,163
Additions	-	1,216	247	202	232	1,897
Disposals	-	(754)	(406)	-	-	(1,160)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2,017	7,218	1,231	1,202	232	11,900
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>						
At beginning of year	1,486	4,003	842	871	-	7,202
Charge for year	116	1,041	279	90	-	1,526
Disposals	-	(608)	(375)	-	-	(983)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,602	4,436	746	961	-	7,745
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>						
At end of year	415	2,782	485	241	232	4,155
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At beginning of year	531	2,753	548	129	-	3,961
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

12 Fixed asset investments

Group	Interest in joint ventures £000
<i>Loans</i>	
At beginning of year	2,738
Additional loans	2,101
Capitalised interest on loan	110
	<hr/>
At end of year	4,949
	<hr/>
<i>Amounts provided against investments</i>	
At beginning of year	(55)
Provided during the year	(11)
	<hr/>
At end of year	(66)
	<hr/>
<i>Share of post acquisition reserves</i>	
At beginning of year	(307)
Share of retained losses for the year	(135)
	<hr/>
At end of year	(442)
	<hr/>
<i>Net book value</i>	
At end of year	4,441
	<hr/>
At beginning of year	2,376
	<hr/>

Notes (continued)

12 Fixed asset investments (continued)

Company

	Shares in subsidiary undertakings £000
<i>Cost</i>	
At beginning and end of year	50

The issued share capital of subsidiary undertakings, all of which are wholly owned and registered in Scotland, is in the form of ordinary shares. Details of trading subsidiary undertakings are as follows:

Subsidiary undertaking	Principal activity
Muir Construction Limited	Building contractor
Muir Homes Limited	Private housing
Muir Timber Systems Limited	Manufactured joinery
Hermiston Securities Limited	Property development
Muir Leisure Limited	Golf and country club
JW Muir Group Limited	Holding company

In addition, the group held the following shareholdings in joint ventures:

Joint venture	% shareholding	Principal activity
Scarborough Muir Group Limited	45%	Property development
Envirofix Limited	50%	Development of patented sealed coatings for lead products
Halladale Muir Limited	50%	Property development
Fairmuir Limited	50%	Property development
Deanway Muir Limited	50%	Property development

All of the above companies are registered in Scotland, with the exception of Fairmuir Limited which is registered in England.

13 Other investments

	Group	
	2008	2007
	£000	£000
Unlisted	253	250

In 2007 other investments were included within current assets.

14 Stocks and work in progress

	Group	
	2008	2007
	£000	£000
Raw materials, consumables and sundry stores	577	532
Work in progress - contracts	404	138
- housing and manufactured joinery	12,618	14,151
Finished goods	15	52
Sites held for development	31,391	19,164
Costs incurred on development sites	2,321	1,920
	47,326	35,957

Notes (continued)

15 Debtors

	2008	Group
	£000	2007
		£000
Trade debtors	5,885	7,363
Amounts recoverable on contracts	2,794	3,452
Due from related company	1,693	1,410
Other debtors	987	141
Deferred tax asset (note 17)	-	310
Prepayments	226	152
	<hr/>	<hr/>
	11,585	12,828
	<hr/> <hr/>	<hr/> <hr/>

16 Creditors: amounts falling due within one year

	2008	Group
	£000	2007
		£000
Trade creditors	15,894	16,246
Due to related party	1	-
Corporation tax	1,129	512
Other tax and social security	1,136	403
Other creditors	781	1,366
Accruals and deferred income	5,872	7,451
	<hr/>	<hr/>
	24,813	25,978
	<hr/> <hr/>	<hr/> <hr/>

17 Deferred taxation

		Group
		£000
<i>Accelerated capital allowances</i>		
At beginning of year		310
Charge to profit and loss account		(549)
		<hr/>
At end of year		(239)
		<hr/> <hr/>
		Group
	2008	2007
	£000	£000
Deferred tax comprises:		
Accelerated capital allowances	24	23
Other short term timing differences	(263)	287
	<hr/>	<hr/>
	(239)	310
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

18 Called up share capital	2008	2007
	£000	£000
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
50,000 ordinary shares of £1 each	50	50
	<hr/>	<hr/>
19 Reserves	Merger	Profit and
	reserve	loss account
Group	£000	£000
At beginning of year as stated using merger accounting	1,092	55,477
Profit for the financial year	-	7,100
Actuarial gain recognised in the pension scheme	-	89
Deferred tax arising on gain in the pension scheme	-	(27)
	<hr/>	<hr/>
At end of year	1,092	62,639
	<hr/>	<hr/>
	2008	2007
	£000	£000
Profit and loss reserve excluding pension liability	63,345	56,809
Pension liability	(706)	(1,332)
	<hr/>	<hr/>
Profit and loss reserve including pension liability	62,639	55,477
	<hr/>	<hr/>
20 Reconciliation of movements in shareholders' funds	2008	2007
	£000	£000
Profit for the financial year	7,100	6,721
Dividends on shares classified in shareholders' funds	-	(64)
	<hr/>	<hr/>
Revaluation surplus on revaluation of investment properties	7,100	6,657
Actuarial gain/(loss) recognised in the pension scheme	-	3,714
Deferred tax arising on (gain)/loss in the pension scheme	89	(321)
Group reorganisation – dividend in specie	(27)	97
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	7,162	(8,053)
Opening shareholder's funds	56,619	64,672
	<hr/>	<hr/>
Closing shareholders' funds	63,781	56,619
	<hr/>	<hr/>

Notes (continued)

21 Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £336,000 (2007: £734,000). Contributions amounting to £42,000 (2007: £39,000) were payable to the scheme and are included in creditors.

The group operates a pension scheme providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 1 May 2005 and was updated for FRS 17 purposes to 3 February 2008 and 29 January 2007 by a qualified independent actuary.

The major assumptions used in this valuation were:

	2008	2007	2006
Rate of increase in salaries	-	-	4.2%
Rate of increase in pensions in payment and deferred pensions	3.45%	3.1%	2.7%
Discount rate	5.8 %	5.2%	4.75%
Inflation assumption	3.45%	3.1%	2.7%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 03 Feb 2008 £000	Expected rate of return at 03 Feb 2008 %	Value at 28 Jan 2007 £000	Expected rate of return at 28 Jan 2007 %	Value at 29 Jan 2006 £000	Expected rate of return at 29 Jan 2006 %
Equities	4,903	7.5%	4,753	7.5%	3,942	7.1%
Bonds	530	5.2%	601	4.8%	389	4.6%
Other – property	1,292	5.5%	672	4.8%	429	4.6%
Total market value of assets	6,725		6,026		4,760	
Present value of scheme liabilities	(7,734)		(7,929)		(7,864)	
Deficit in the scheme						
– pension liability	(1,009)		(1,903)		(3,104)	
Related deferred tax asset	303		571		931	
Net pension liability	(706)		(1,332)		(2,173)	

Movement in deficit during the year

	2008 £000	2007 £000
Deficit in scheme at beginning of year	(1,903)	(3,104)
Current service cost	-	(119)
Contributions paid	790	825
Settlements	-	865
Other finance cost	15	(49)
Actuarial gain/(loss)	89	(321)
Deficit in the scheme at end of year	(1,009)	(1,903)

Notes (continued)

21 Pension scheme (continued)

	2008	2007
	£000	£000
<i>Analysis of other pension costs charged in arriving at operating profit</i>		
Current service cost	-	119
	<hr/>	<hr/>
<i>Analysis of amounts included in other finance expense</i>		
Expected return on pension scheme assets	427	325
Interest on pension scheme liabilities	(412)	(374)
	<hr/>	<hr/>
	15	(49)
	<hr/>	<hr/>

Analysis of amount recognised in statement of total recognised gains and losses

	2008	2007
	£000	£000
Actual return less expected return on scheme assets	(413)	198
Experience losses arising on scheme liabilities	(38)	(41)
Changes in assumptions underlying present value of scheme liabilities	540	(478)
	<hr/>	<hr/>
Actuarial gain/ (loss) recognised in statement of total recognised gains and losses	89	(321)
	<hr/>	<hr/>

History of experience gains and losses

	2008	2007	2006	2005	2004
<i>Difference between the expected and actual return on scheme assets</i>					
Amount (£000)	(413)	198	446	144	306
Percentage of year end scheme assets	(5.3%)	3.3%	9.3%	3.8%	10%
<i>Experience gains and losses on scheme liabilities</i>					
Amount (£000)	(38)	(41)	(64)	37	(40)
Percentage of present value of year end scheme liabilities	(0.5%)	(0.7%)	(0.8%)	0.6%	(1%)
<i>Total amount recognised in statement of total recognised gains and losses</i>					
Amount (£000)	89	(321)	(831)	(403)	292
Percentage of present value of year end scheme liabilities	1.1%	(5.3%)	(10.5%)	(6.7%)	11%

22 Analysis of cash flows

	2008	2007
	£000	£000
Returns on investment and servicing of finance		
Interest received	1,377	686
Interest paid	(20)	(235)
	<hr/>	<hr/>
	1,357	451
	<hr/>	<hr/>

Notes (continued)

22 Analysis of cash flows (continued)

	2008	2007
	£000	£000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,897)	(1,091)
Purchase of investment properties	-	(1,642)
Sale of tangible fixed assets	419	210
Loans to joint ventures	(2,101)	(2,331)
Group reorganisation	-	(558)
	(3,579)	(5,412)
Management of liquid resources		
Purchase of current asset investments	-	(406)
Sale of current asset investments	-	69
	-	(337)
Financing		
Repayment of loan	-	(3,000)
New loans received	-	15,000
	-	12,000

23 Analysis of net funds

	At beginning of year £000	Cash flow £000	Non-cash movement £000	At end of year £000
Cash in hand and at bank	28,557	(6,778)	-	21,779
Current asset investments	250	3	(253)	-
Total	28,807	(6,775)	(253)	21,779

24 Contingent liabilities

Subsidiary undertakings have given indemnities amounting to £8,255,000 (2007: £5,836,000) in respect of contract performance bonds issued by banks.

25 Capital commitments

At the year end the group had contracted capital commitments amounting to £111,000 (2007: £41,000).

26 Related party transactions

During the year the group had transactions to the value of £1,354,000 (2007: £1,330,000) with Scarborough Muir Group Ltd. There was a balance due of £239,000 (2007: £562,000) from Scarborough Muir Group Ltd as at 3 February 2008.

During the year the group supplied services to JW Muir (Property Investments) Limited amounting to £432,000. At the year end an amount of £12,000 was outstanding in respect of this, and included within amounts owed from related parties.

At the year end the group owed £1,402 to Muir Financial Investments Limited, and was owed £1,681,090 by JW Muir (Property Investments) Limited, both related companies.