

DIRECTORS' REPORT

The directors submit their report and accounts for the year to 30 June 1996.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £216,636 and is transferred from reserves. The directors do not recommend the payment of a final dividend.

REVIEW OF THE BUSINESS

The company's principal activity during the year was residential property development.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were:

D H Ogilvie	
J F Watson	
R G H Moyes	(resigned 21 June 1996)
D F Ross	(resigned 27 September 1995)
D A Baker	(appointed 6 October 1995)
R D Cheape	(appointed 2 November 1995)

None of the directors held any interest in the shares of the company.

The directors' interests in other group companies are disclosed in the directors' report of Ogilvie Group Limited, the ultimate parent company.

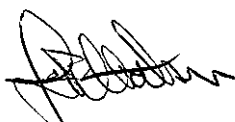
CLOSE COMPANY

The company is a close company within the provisions of the Income and Corporation Taxes Act, 1988.

AUDITORS

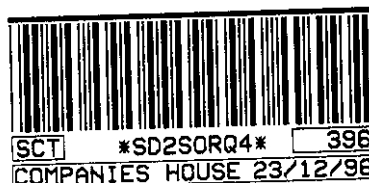
Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

On behalf of the Board



J F Watson
Director and Secretary
Pirnhall Works
Whins of Milton
Stirling

31 October 1996



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Ogilvie Homes Limited

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

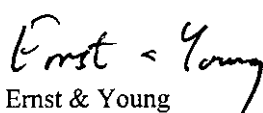
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts are free from material mis-statement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 June 1996 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads 'Ernst & Young'.
Ernst & Young
Chartered Accountants
Registered Auditor
Glasgow

31 October 1996

Ogilvie Homes Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 June 1996

			<i>18 month period ended 30 June</i>
	<i>Notes</i>	<i>1996</i>	<i>1995</i>
		<i>£</i>	<i>£</i>
TURNOVER	3	6,298,573	10,088,906
Cost of sales		5,485,462	8,907,870
GROSS PROFIT		813,111	1,181,036
Distribution costs/sales		522,995	571,902
Administrative expenses		269,165	655,460
OPERATING PROFIT/(LOSS)	4	20,951	(46,326)
Interest payable	6	237,587	665,703
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(216,636)	(712,029)
Tax on loss on ordinary activities	7	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	14	(216,636)	(712,029)

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £216,636 in the year ended 30 June 1996 and £712,029 in the period ended 30 June 1995.

Ogilvie Homes Limited

BALANCE SHEET at 30 June 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	8	19,462	26,945
Investments	9	100	100
		<u>19,562</u>	<u>27,045</u>
CURRENT ASSETS			
Stocks	10	6,192,831	5,196,289
Debtors	11	1,586,764	2,121,469
Cash at bank and in hand		300	692
		<u>7,779,895</u>	<u>7,318,450</u>
CREDITORS: amounts falling due within one year	12	<u>9,167,942</u>	<u>8,497,344</u>
NET CURRENT LIABILITIES		<u>(1,388,047)</u>	<u>(1,178,894)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,368,485)</u>	<u>(1,151,849)</u>
CAPITAL AND RESERVES			
Share capital	13	100	100
Profit and loss account	14	(1,368,585)	(1,151,949)
EQUITY SHAREHOLDERS' FUNDS		<u>(1,368,485)</u>	<u>(1,151,849)</u>



J F Watson

Director

31 October 1996

NOTES TO THE ACCOUNTS

at 30 June 1996

1. FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared under the going concern concept because the parent company has confirmed its intention to support the activities of the company over the next twelve months from 31 October 1996 or, if shorter, for so long as the company remains a wholly owned subsidiary of the parent company.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention. The accounts are prepared in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on fixed assets on the following basis:

Fixtures and fittings	-	20% reducing balance
Sales office equipment	-	33 ¹ / ₃ % straight line

Stocks

Work-in-progress is valued at the cost of related land, direct materials and labour plus attributable production overheads less provision for any known or anticipated losses.

Pensions

The company operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

3. TURNOVER

Turnover which is stated net of value added tax represents the invoiced amount of goods sold and services provided. The date of sale is taken as the date a habitation certificate is issued following signing of missives.

4. OPERATING PROFIT

	1996	1995
	£	18 months £
a) This is stated after charging:		
Auditors' remuneration - audit services	6,000	5,500
- non audit services	1,255	890
Depreciation	8,422	7,432
b) Directors' remuneration:		
	£	£
Directors' emoluments including pension contributions	51,013	81,464

NOTES TO THE ACCOUNTS
at 30 June 1996

4. OPERATING PROFIT (continued)

The emoluments of the highest paid director, excluding pension contributions was £33,599 (1995 - £47,251). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996	1995
	No.	18 months No.
£Nil - £ 5,000	4	3
£10,000 - £20,000	1	1

5. STAFF COSTS

	1996	1995
	£	18 months £
Wages and salaries	247,904	396,482
Social security costs	18,084	31,407
Pension costs	16,913	28,501
	<u>282,901</u>	<u>456,390</u>

The average weekly number of employees during the year was:

	No.	No.
	13	20
	<u>13</u>	<u>20</u>

6. INTEREST PAYABLE

	1996	1995
	£	18 months £
Bank and development loan interest	<u>237,587</u>	<u>665,703</u>

7. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax credit in 1996 or 1995 due to the utilisation of group relief for which no payments are received.

NOTES TO THE ACCOUNTS
at 30 June 1996

8. TANGIBLE FIXED ASSETS

	<i>Sales office equipment</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost:			
At 1 July 1995	16,374	21,164	37,538
Additions	-	939	939
At 30 June 1996	16,374	22,103	38,477
Depreciation:			
At 1 July 1995	4,172	6,421	10,593
Charge for year	5,458	2,964	8,422
At 30 June 1996	9,630	9,385	19,015
Net book value:			
At 30 June 1996	6,744	12,718	19,462
At 1 July 1995	12,202	14,743	26,945

9. INVESTMENTS

Subsidiary undertakings at cost:	£
At 1 July 1995 and 30 June 1996	100

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Percentage held</i>	<i>Nature of business</i>
Ogilvie Abbotsford Limited	Scotland	Ordinary shares	100	Non-trading

10. STOCKS

	<i>1996</i> £	<i>1995</i> £
Land held for development	729,819	960,170
Work in progress	5,463,012	4,236,119
	6,192,831	5,196,289

NOTES TO THE ACCOUNTS
at 30 June 1996

11. DEBTORS

	1996 £	1995 £
Trade debtors	1,131,500	1,875,362
Amounts due by group undertakings	395,555	214,670
Other taxes and social security costs	24,345	27,317
Prepayments	35,364	4,120
	<u>1,586,764</u>	<u>2,121,469</u>

12. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Bank overdraft (see below)	2,976,787	2,829,076
Development loans (see below)	3,129,451	2,674,810
Trade creditors	119,043	154,216
Amounts due to group undertakings	2,912,187	2,755,853
Other taxes and social security costs	3,216	7,996
Other creditors	1,860	50,943
Accruals	17,548	15,400
Payments in advance	7,850	9,050
	<u>9,167,942</u>	<u>8,497,344</u>

The bank overdraft and development loans are secured by a floating charge granted in favour of the Clydesdale Bank PLC.

13. SHARE CAPITAL

	1996 £	1995 £
Authorised:		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

NOTES TO THE ACCOUNTS
at 30 June 1996

14. REVENUE RESERVE

	£
At 1 July 1995	(1,151,949)
Loss for the year	(216,636)
At 30 June 1996	<u>(1,368,585)</u>

15. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS

	1996 £	1995 £
Loss for the period	(216,636)	(712,029)
Opening equity shareholders' funds	<u>(1,151,849)</u>	<u>(439,820)</u>
Closing equity shareholders' funds	<u>(1,368,485)</u>	<u>(1,151,849)</u>

16. CONTINGENT LIABILITIES

The company has a contingent liability for the overdrafts of the other group undertakings which it has guaranteed without limit.

The company has other contingent liabilities in respect of performance bonds granted by the Bank.

17. PENSIONS

The company, together with other companies in the Ogilvie Group, operate a group scheme which is a defined benefit pension scheme under which a common group rate applies in respect of contributions paid by all sponsoring employers. Details of the actuarial valuation of the group scheme are contained in the accounts of Ogilvie Group Limited.

18. ULTIMATE PARENT COMPANY

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Ogilvie Group Limited registered in Scotland. Copies of Ogilvie Group Limited's accounts can be obtained from the Registrar of Companies, George Street, Edinburgh.