

Ogilvie Homes Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the year to 30 June 1997.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £140,373 and is transferred to 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
D A Baker
R D Cheape (resigned 25 July 1997)

Mr A D Ogilvie was appointed a director on 1 September 1997

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.

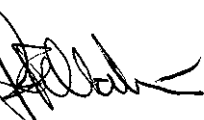
CLOSE COMPANY

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 1997



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 9 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.

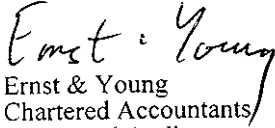
Basis of opinion

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 1997 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Chartered Accountants
Registered Auditor
Glasgow

31 October 1997

Ogilvie Homes Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 June 1997

	Notes	1997 £	1996 £
TURNOVER	3	12,193,044	6,298,573
Cost of sales		11,013,365	5,485,462
GROSS PROFIT		1,179,679	813,111
Distribution costs		481,757	522,995
Administrative expenses		255,083	269,165
OPERATING PROFIT	4	442,839	20,951
Interest payable	6	302,466	237,587
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		140,373	(216,636)
Tax on profit on ordinary activities	7	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	140,373	(216,636)

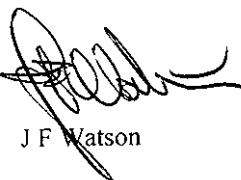
RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £140,373 in the year ended 30 June 1997 and the loss of £216,636 in the period ended 30 June 1996.

Ogilvie Homes Limited

BALANCE SHEET at 30 June 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	8	14,213	19,462
Investments	9	100	100
		<u>14,313</u>	<u>19,562</u>
CURRENT ASSETS			
Stocks	10	4,880,571	6,192,831
Debtors	11	2,591,788	1,586,764
Cash at bank and in hand		1,000,402	300
		<u>8,472,761</u>	<u>7,779,895</u>
CREDITORS: amounts falling due within one year	12	9,715,186	9,167,942
		<u>(1,242,425)</u>	<u>(1,388,047)</u>
NET CURRENT LIABILITIES			
		<u>(1,228,112)</u>	<u>(1,368,485)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>(1,228,112)</u>	<u>(1,368,485)</u>
CAPITAL AND RESERVES			
Share capital	13	100	100
Profit and loss account	14	(1,228,212)	(1,368,585)
		<u>(1,228,112)</u>	<u>(1,368,485)</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>(1,228,112)</u>	<u>(1,368,485)</u>


J F Watson

Director

31 October 1997

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:

Sales office equipment	-	33 $\frac{1}{3}$ % straight line
Fixtures and fittings	-	20% reducing balance

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 until 31 December 1996 operated a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. Contributions were 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 were treated as either provisions or prepayments in the balance sheet.

From 1 January 1997 the company operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

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

	1997 £	1996 £
a) This is stated after charging:		
Auditors' remuneration - audit services	6,500	6,000
- non audit services	-	1,255
Depreciation	8,157	8,422
	<u> </u>	<u> </u>
b) Directors' remuneration:	£	£
Directors' emoluments including pension contributions	44,722	51,013
Emoluments of highest paid director	<u>39,976</u>	<u>33,599</u>

Ogilvie Homes Limited

NOTES TO THE ACCOUNTS at 30 June 1997

5. STAFF COSTS

	1997 £	1996 £
Wages and salaries	172,678	247,904
Social security costs	15,458	18,084
Pension costs	7,219	16,913
	<u>195,355</u>	<u>282,901</u>
The average weekly number of employees during the year was:	No.	No.
	10	13

6. INTEREST PAYABLE

	1997 £	1995 £
Bank and development loan interest	<u>302,466</u>	<u>237,587</u>

7. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax credit in 1997 or 1996 due to the utilisation of group relief for which no payments are received.

8. TANGIBLE FIXED ASSETS

	Sales office equipment £	Fixtures and fittings £	Total £
Cost:			
At 1 July 1996	16,374	22,103	38,477
Additions	249	2,660	2,909
	<u>16,623</u>	<u>24,763</u>	<u>41,386</u>
At 30 June 1997			
Depreciation:			
At 1 July 1996	9,630	9,385	19,015
Charge for year	5,458	2,700	8,158
	<u>15,088</u>	<u>12,085</u>	<u>27,173</u>
At 30 June 1997			
Net book value:			
At 30 June 1997	<u>1,535</u>	<u>12,678</u>	<u>14,213</u>
At 1 July 1996	<u>6,744</u>	<u>12,718</u>	<u>19,462</u>

Ogilvie Homes Limited

NOTES TO THE ACCOUNTS at 30 June 1997

9. INVESTMENTS

Subsidiary undertakings at cost:

£

At 1 July 1996 and 30 June 1997

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>1997</i> £	<i>1996</i> £
Land held for development	642,887	729,819
Work in progress	4,237,684	5,463,012
	<u>4,880,571</u>	<u>6,192,831</u>

11. DEBTORS

	<i>1997</i> £	<i>1996</i> £
Trade debtors	2,081,832	1,131,500
Amounts recoverable on contracts	61,200	-
Amounts due by group undertakings	401,780	395,555
Other taxes and social security costs	38,379	24,345
Prepayments	8,597	35,364
	<u>2,591,788</u>	<u>1,586,764</u>

12. CREDITORS: amounts falling due within one year

	<i>1997</i> £	<i>1996</i> £
Bank overdraft (see below)	3,819,174	2,976,787
Development loans (see below)	2,696,232	3,129,451
Trade creditors	177,321	119,043
Amounts due to group undertakings	1,710,133	2,912,187
Other taxes and social security costs	3,489	3,216
Other creditors	1,103,193	1,860
Provision for future costs	167,000	-
Accruals	36,444	17,548
Payments in advance	2,200	7,850
	<u>9,715,186</u>	<u>9,167,942</u>

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

Ogilvie Homes Limited

NOTES TO THE ACCOUNTS at 30 June 1997

13. SHARE CAPITAL

	1997 £	1996 £
Authorised: Ordinary shares of £1 each	100	100
Allotted, called up and fully paid Ordinary shares of £1 each	100	100

14. REVENUE RESERVE

	£
At 1 July 1996	(1,368,585)
Profit for the year	140,373
At 30 June 1997	(1,228,212)

15. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit/(loss) for the period	140,373	(216,636)
Opening equity shareholders' funds	(1,368,485)	(1,151,849)
Closing equity shareholders' funds	(1,228,112)	(1,368,485)

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, operated a group scheme which was a defined benefit pension scheme until 31 December 1996 under which a common group rate applied in respect of contributions paid by all sponsoring employers. From 1 January 1997 the group operates a defined contribution pension scheme, the assets of which are held separately from those of the group in an independently administered fund. Details of these schemes 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, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.