

OGILVIE HOMES LIMITED

Report and Accounts

30 June 2002



Ogilvie Homes Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the year to 30 June 2002.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £266,767. The directors do not recommend the payment of a final dividend, leaving a balance of £266,767 to be transferred to reserves.

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 year were:

D H Ogilvie
J F Watson
A D Ogilvie
S P Lloyd
R MacDonald
J Milne (appointed 1 July 2002)

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.

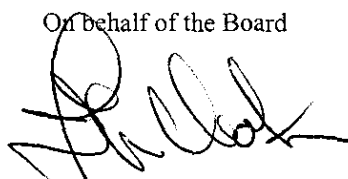
CLOSE COMPANY

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

AUDITORS

Ernst & Young LLP will be reappointed as the company's auditors in accordance with the elective resolution passed by the company under section 386 Companies Act 1985.

On behalf of the Board



John Watson
Director and Secretary

Pirnhall Works
Whins of Milton
Stirling

3 October 2002

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OGILVIE HOMES LIMITED

We have audited the company's financial statements for the year ended 30 June 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

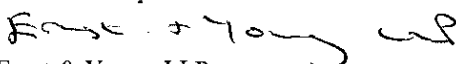
Basis of audit opinion

We conducted our audit in accordance with 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 2002 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
Glasgow

3 October 2002

Ogilvie Homes Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2002

	Notes	2002 £	2001 £
TURNOVER	3	19,090,246	13,464,595
Cost of sales		16,994,262	11,676,045
GROSS PROFIT		<u>2,095,984</u>	<u>1,788,550</u>
Distribution costs		489,946	532,503
Administrative expenses		887,303	752,629
OPERATING PROFIT	4	<u>718,735</u>	<u>503,418</u>
Interest payable	6	315,437	350,444
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>403,298</u>	<u>152,974</u>
Taxation on ordinary activities	7	136,531	5,467
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	<u><u>266,767</u></u>	<u><u>147,507</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £266,767 in the year ended 30 June 2002 and £147,507 in the year ended 30 June 2001.

Ogilvie Homes Limited

BALANCE SHEET at 30 June 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	17,603	15,373
Investments	9	100	100
		<u>17,703</u>	<u>15,473</u>
CURRENT ASSETS			
Stocks	10	7,024,974	7,220,312
Debtors	11	5,263,998	4,027,656
Cash at bank and in hand		674	543
		<u>12,289,646</u>	<u>11,248,511</u>
CREDITORS: amounts falling due within one year	12	13,324,133	12,547,535
NET CURRENT LIABILITIES		<u>(1,034,487)</u>	<u>(1,299,024)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,016,784)</u>	<u>(1,283,551)</u>
CAPITAL AND RESERVES			
Share capital	14	100	100
Profit and loss account	15	(1,016,884)	(1,283,651)
EQUITY SHAREHOLDERS' FUNDS		<u>(1,016,784)</u>	<u>(1,283,551)</u>



Steve Lloyd

Director

3 October 2002

NOTES TO THE ACCOUNTS

at 30 June 2002

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 3 October 2002 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.

Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard 1 (Revised) to include a cash flow statement as part of its financial statements, as it is a wholly-owned subsidiary undertaking of Ogilvie Group Limited, which will produce a consolidated cash flow statement. The accounts of this company are publicly available.

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.

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, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account so 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 house is substantially complete following signing of missives.

Ogilvie Homes Limited

NOTES TO THE ACCOUNTS at 30 June 2002

4. OPERATING PROFIT

	2002	2001
	£	£
a) This is stated after charging:		
Auditors' remuneration - audit services	7,750	7,500
Depreciation	12,770	3,914
b) Directors' remuneration:		
	£	£
Directors' emoluments including pension contributions	186,248	170,460
Emoluments of highest paid director	72,473	57,510
Defined pension contributions of highest paid director	6,716	4,869

5. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	537,349	496,827
Social security costs	58,006	45,979
Pension costs	35,356	32,133
	630,711	574,939

	No.	No.
The average weekly number of employees during the year was	17	17

6. INTEREST PAYABLE

	2002	2001
	£	£
Bank overdraft interest	315,437	350,444

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£	£
UK corporation tax:		
UK corporation tax on profits of the period	138,411	5,467
Deferred tax:		
Originating and reversal of timing differences	(1,880)	-
	136,531	5,467

NOTES TO THE ACCOUNTS
at 30 June 2002

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting the tax charge for the period:

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK.

The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	403,298	152,974
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	120,989	45,892
Effect of:		
Disallowed expenses and non-taxable income	15,978	2,084
Depreciation in excess of capital allowances	1,444	(509)
Short term timing differences	-	300
Tax losses brought forward	-	(39,567)
Others	-	(2,733)
Current tax charge for the period	138,411	5,467

The impact of FRS 19 is to increase the tax credit and profit after tax by £1,880 for the current financial year, there was no impact on the prior year profit. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.

8. TANGIBLE FIXED ASSETS

	<i>Sales office equipment</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost:			
At 1 July 2001	17,315	57,731	75,046
Additions	15,000	-	15,000
	32,315	57,731	90,046
Depreciation:			
At 1 July 2001	17,274	42,399	59,673
Charge for year	9,970	2,800	12,770
At 30 June 2002	27,244	45,199	72,443
Net book value:			
At 30 June 2002	5,071	12,532	17,603
At 1 July 2001	41	15,332	15,373

Ogilvie Homes Limited

NOTES TO THE ACCOUNTS at 30 June 2002

9. INVESTMENTS

Subsidiary undertakings at cost:	£
At 1 July 2001 and 30 June 2002	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>2002</i>	<i>2001</i>
	£	£
Land held for development	2,849,414	411,608
Work in progress	4,175,560	6,808,704
	<u>7,024,974</u>	<u>7,220,312</u>

11. DEBTORS

	<i>2002</i>	<i>2001</i>
	£	£
Trade debtors	4,390,877	3,554,361
Other debtors	4,370	4,000
Amounts due by group undertakings	400,632	400,247
Other taxes and social security costs	372,965	47,145
Prepayments	93,274	21,903
Deferred tax asset (note 13)	1,880	-
	<u>5,263,998</u>	<u>4,027,656</u>

12. CREDITORS: amounts falling due within one year

	<i>2002</i>	<i>2001</i>
	£	£
Bank overdraft (see below)	2,206,511	1,602,740
Trade creditors	179,954	154,170
Amounts due to group undertakings	10,645,175	10,701,545
Corporation tax	138,614	5,467
Other taxes and social security costs	15,841	14,290
Accruals	127,938	68,073
Payments in advance	10,100	1,250
	<u>13,324,133</u>	<u>12,547,535</u>

The bank overdraft is secured by a floating charge granted in favour of The Royal Bank of Scotland PLC.

Ogilvie Homes Limited

NOTES TO THE ACCOUNTS at 30 June 2002

13. DEFERRED TAXATION

	£
Deferred tax asset:	
At 1 July 2001	-
Provided during year	1,880
	<u>1,880</u>
At 30 June 2002	<u>1,880</u>
The deferred tax consists of:	
Accelerated capital allowances	1,880
	<u>1,880</u>

14. SHARE CAPITAL

	2002	2001
	£	£
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>

15. REVENUE RESERVE

	£
At 1 July 2001	(1,283,651)
Profit for the year	266,767
	<u>(1,016,884)</u>
At 30 June 2002	<u>(1,016,884)</u>

16. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the year	266,767	147,507
Opening equity shareholders' funds	(1,283,651)	(1,431,158)
	<u>(1,016,884)</u>	<u>(1,283,651)</u>
Closing equity shareholders' funds	<u>(1,016,884)</u>	<u>(1,283,651)</u>

17. 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.

18. PENSIONS

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 the scheme are contained in the accounts of Ogilvie Group Limited.

NOTES TO THE ACCOUNTS
at 30 June 2002

19. 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.