

Registered No 91421

Ogilvie Homes Limited

Report and financial statements

30 June 2008

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Directors' report

The directors present their report and financial statements for the year ended 30 June 2008

Results and dividends

The profit for the year, after taxation, amounted to £1,219,000. An ordinary dividend of £750,000 was paid during the year.

Review of the business

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

The company performed reasonably well despite the unprecedented speed of downturn in the housebuilding sector. The Company will continue to widen core activities by pursuing opportunities in the social housing sector.

The land bank for future developments has been strengthened through further land purchases and strategic joint ventures.

The key performance indicator is the land bank, which is in a healthy position at the year end.

Directors

The directors who served during the year were

D H Ogilvie

J F Watson

A D Ogilvie

S P Lloyd

J Milne

R G H Moyes

M McCann (retired 13 June 2008)

J G McDade (appointed 25 June 2008)

Disabled employees

Disabled persons are employed by the company where a suitable vacancy occurs. The aptitudes and abilities of disabled persons are not easily met in those aspects of our business involving site work, however, they are given full and fair consideration where vacancies arise in more suitable areas such as joinery. Every effort is made to ensure that employees who become injured or disabled in the course of their employment are given training so that they can continue employment with the company.

Close company

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

Financial risk management objectives and policies

The company's principal financial instruments comprise cash and cash equivalents. Other financial assets and liabilities such as trade creditors and trade debtors arise directly from operating activities.

Interest rate risk The company invests surplus cash in a floating rate interest yielding bank deposit account. The company's interest income and expenses are therefore affected by the movements in interest rates. The company does not undertake active hedging of this risk.

Directors' report

Directors statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Ogilvie House
Pirnhall Business Park
Whins of Milton
Stirling

14 NOV 2008

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Ogilvie Homes Limited

We have audited the company's financial statements for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related 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 annual report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 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.

Independent auditors' report

to the members of Ogilvie Homes Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its 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

Ernst & Young UK

Ernst & Young LLP
Registered Auditor
Glasgow

18/11/ 2008

Profit and loss account

for the year ended 30 June 2008

	Notes	2008 £000	2007 £000
Turnover	2	19,422	22,108
Cost of sales		13,802	15,743
Gross profit		5,640	6,365
Distribution costs		470	496
Administrative expenses		2,664	2,137
Operating profit	3	2,506	3,732
Interest receivable		128	
Interest payable	5	1,032	532
Profit on ordinary activities before taxation		1,602	3,200
Tax on profit on ordinary activities	6	383	781
Profit on ordinary activities after taxation	15	1,219	2,419

Statement of total recognised gains and losses

for the year ended 30 June 2008

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £1,219,000 in the year ended 30 June 2008 and £2,419,000 in the year ended 30 June 2007

Balance sheet

at 30 June 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Tangible assets	8		
Investments	9	1	1
		<u>1</u>	<u>1</u>
Current assets			
Stocks	10	26,036	15,691
Debtors	11	8,364	8,378
Cash at bank and in hand			1
		<u>34,400</u>	<u>24,070</u>
Creditors amounts falling due within one year	12	30,523	20,662
		<u>3,877</u>	<u>3,408</u>
Net current assets		<u>3,878</u>	<u>3,409</u>
Capital and reserves			
Share capital	14		
Profit and loss account	15	3,878	3,409
		<u>3,878</u>	<u>3,409</u>
Equity shareholders' funds		<u>3,878</u>	<u>3,409</u>

These financial statements were approved by the directors and authorised for issue on 14 November 2008, and are signed on their behalf by



Steve Lloyd

Director

Notes to the financial statements

at 30 June 2008

1 Accounting policies

Accounting convention

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

Non-consolidation

The company is exempt from preparing consolidated financial statements by virtue of Section 228 of the Companies Act 1985 on the grounds that it and its subsidiaries are included within the financial statements of a larger group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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 financial statements of this company are publicly available.

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land and investment properties at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Sales office equipment	over 3 years
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The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks and work in progress

Work in progress is valued at the cost of related land, direct materials and labour plus attributable production overheads less provision for foreseeable 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.

Long term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (as defined in Stocks above) as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Notes to the financial statements

at 30 June 2008

1 Accounting policies (continued)

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.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be readily measured. Revenue from the sales of services and revenue from construction contracts is recognised by reference to the stage of completion. The stage of completion of the contract is determined either by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, or by reference to the completion of a physical proportion of the contract work, dependent upon the nature of the underlying contract.

Revenue from house sales is recognised by reference to the date of sale which is taken as the date a house is substantially complete following signing of missives.

2. 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.

3. Operating profit

(a) This is stated after charging

	2008 £000	2007 £000
Auditors' remuneration – audit services	11	13

(b) Directors' remuneration

	2008 £000	2007 £000
Directors' emoluments excluding pension contributions	454	423
Defined pension contributions	49	46
Emoluments of highest paid director excluding pension contributions	144	127
Defined pension contributions of highest paid director	20	18

The number of directors who perform qualifying services for the company that are members of money purchase schemes is five.

Notes to the financial statements

at 30 June 2008

4. Staff costs

	2008 £000	2007 £000
Wages and salaries	1,678	1,160
Social security costs	178	127
Pension costs	127	100
	<u>1,983</u>	<u>1,387</u>

	2008 No	2007 No
The average weekly number of employees during the year was	<u>60</u>	<u>33</u>

5. Interest payable

	2008 £000	2007 £000
Bank overdraft interest	<u>1,032</u>	<u>532</u>

6 Tax on profit on ordinary activities

	2008 £000	2007 £000
The tax charge is made up as follows		
UK corporation tax		
UK corporation tax on profits of the period	378	818
Adjustments in respect of previous periods	4	(40)
	<u>382</u>	<u>778</u>
Deferred tax		
Originating and reversal of timing differences	1	3
	<u>383</u>	<u>781</u>

Notes to the financial statements

at 30 June 2008

6. 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 lower than the standard rate of corporation tax in the UK

The differences are explained below

	2008 £000	2007 £000
Profit on ordinary activities before tax	1,602	3,200
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.5% (2007 30%)	473	960
Effect of		
Disallowed expenses and non taxable income	8	6
Depreciation in excess of capital allowances	(1)	(1)
Adjustments in respect of previous periods	4	(40)
Group relief received for nil payment	(102)	(147)
Current tax charge for the period	382	778

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.

7. Dividends

	2008 £000	2007 £000
Equity dividends at £7,500 (2007 £10,000) per share	750	1,000

8 Tangible fixed assets

	Sales office equipment £000
Cost	
At 1 July 2007 and 30 June 2008	15
Depreciation	
At 1 July 2007 and 30 June 2008	15
Net book value	
At 30 June 2008	
At 1 July 2007	

Notes to the financial statements

at 30 June 2008

9. Investments

	<i>Subsidiary undertaking</i>	<i>Joint venture</i>	<i>Total</i>
	£	£	£
At cost			
At 1 July 2007 and 30 June 2008	100	500	600

Subsidiary undertakings

The company holds 100% of the allotted and issued ordinary share capital of Ogilvie Abbotsford Limited. This subsidiary undertaking is dormant and registered in Scotland.

The company also holds 100% of the allocated and issued ordinary share capital of Torbrex Development Company Limited. The subsidiary undertaking is dormant and registered in Scotland.

In April 2008 the company acquired the entire share capital of Torbrex Development Company Limited for a total price of £484,000 in order to solely acquire a development land site that the company held. Torbrex Development Company Limited had not carried out any activities other than the purchase of the development land site. The total price paid was in line with the market value for the land as valued by an external professional qualified valuer. Immediately after the acquisition the land, which was held at a cost of £134,000 in the books of Torbrex Development Company Limited, was hived up to Ogilvie Homes Limited as its book value. Immediately after the hive up Torbrex Development Company Limited became a dormant company. It is the intention of the directors that this company will be struck off.

The consideration paid included £350,000 for the share capital, with the balance being applied to settle liabilities in the books of the company. As a result of the transfer, the value of the investment in Torbrex Development Company Limited fell below the amount of £350,000 at which it would otherwise be stated in the company's accounting records. Schedule 4 to the Companies Act 1985 would require the investment in the company to be recorded at its original cost and then written down accordingly and the amount be charged as a loss in the company's profit and loss account. However, as the substance of the transaction was to acquire the development land site previously held by Torbrex Development Company Limited at its fair value of £484,000 and there is no loss to the company, it would therefore fail to give a true and fair view to charge the diminution to the Company's profit and loss account. Instead, the directors believe that it is necessary to include the entire cost of the acquisition within land held for development in order to give a true and fair view. This property reflects the substance of the transaction, the sole purpose of which was to acquire the development land at fair value. The effect on the company's balance sheet is to recognise development land at £484,000 rather than the £134,000 paid on the hive up, and no carrying amount of investment rather than the cost of £350,000.

Joint venture

The company holds 50% of the allotted and issued ordinary share capital of Freedom Homes (Stirling) Limited, incorporated in Scotland.

Group accounts have not been prepared by virtue of Section 228 of the Companies Act 1985 as Ogilvie Homes Limited is a subsidiary undertaking of Ogilvie Group Limited for which group accounts are prepared.

Notes to the financial statements

at 30 June 2008

10. Stocks

	2008	2007
	£000	£000
Land held for development	9,191	8,290
Work in progress	16,845	7,401
	<u>26,036</u>	<u>15,691</u>

11. Debtors

	2008	2007
	£000	£000
Trade debtors	4,020	4,619
Amount due from joint venture	3,910	3,237
Other taxes and social security costs	161	242
Prepayments	7	13
Amount Due by Group Undertaking	264	264
Deferred tax asset (note 13)	2	3
	<u>8,364</u>	<u>8,378</u>

An amount of £2,612,500 (2007 £2,612,500) included within 'amount due from joint venture' is due after more than one year

12 Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Bank overdraft (see below)	1,393	1,948
Trade creditors	2,323	2,362
Amounts due to group undertakings	25,026	14,187
Corporation tax	47	369
Other taxes and social security costs	100	58
Other creditors	1,101	1,204
Accruals	520	519
Payments on account	13	15
	<u>30,523</u>	<u>20,662</u>

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

Notes to the financial statements

at 30 June 2008

13. Deferred taxation

The deferred tax asset, calculated at 28% (2007 30%), included in the balance sheet is as follows

	£000
Deferred tax asset	
At 1 July 2007	3
Provided during year	(1)
At 30 June 2008	2
	2008
	£000
	2007
	£000
The deferred tax consists of	
Accelerated capital allowances	2
	3

14. Share capital

	2008	2007
	£	£
Authorised		
Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	100	100

15 Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 July 2006		1,990	1,990
Profit for the year		2,419	2,419
Dividends paid (see note 7)		(1,000)	(1,000)
At 30 June 2007		3,409	3,409
Profit for the year		1,219	1,219
Dividends paid (see note 7)		(750)	(750)
At 30 June 2008		3,878	3,878

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

Notes to the financial statements

at 30 June 2008

17. 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 financial statements of Ogilvie Group Limited.

18. Related party transactions

Included within debtors is an amount owed from Freedom Homes (Stirling) Limited of £3,910,000 (2007 £3,237,000). This amount appears in the accounts of Freedom Homes (Stirling) Limited within creditors.

S P Lloyd and D H Ogilvie are directors of Freedom Homes (Stirling) Limited.

19. Transactions with directors

During the year, the company acquired a development land site from Torbex Development Company Limited, a company in which Mr Duncan Ogilvie held a participating interest, for an arms length consideration of £484,000.

20. Ultimate parent company and controlling party

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is Ogilvie Group Limited registered in Scotland. Copies of Ogilvie Group Limited's financial statements can be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.

The directors consider that Duncan H Ogilvie is the company's ultimate controlling party by virtue of his office and his shareholding through Ogilvie Group Limited.