

Ogilvie Homes Limited

Annual report and financial statements

Registered number SC091421

30 June 2021



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Strategic Report

The directors present their strategic report and audited financial statements for the year ended 30 June 2021.

Results and dividends

The Profit before taxation amounted to £4m (2020: loss of £368k).

The directors recommended a final dividend of £1m (2020: 250k).

As at 30 June 2021 the net assets of the company were £5m an increase of £3.9m from 30 June 2020.

Principal activities and review of the business

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

In the last year the company has performed strongly in a challenging trading environment due to Covid-19 restrictions and supply chain disruption.

The management teams successfully adapted their ways of working to implement compliant controls for evolving Government Covid-19 Regulations and Guidance resulting in all developments being reopened with reduced contractor numbers on each site by June 2020. Sales Offices were also able to reopen safely on an appointment only basis to minimise unnecessary contacts. The company recognises the input of all employees and contractors for their support in implementing and adhering to revised procedures allowing the business to function well. The company has continued to promote homeworking throughout the year with optional office working on a part-time rotational basis ensuring team members can communicate and collaborate effectively with colleagues.

Total unit completions were in line with business expectations at 242 in the year with well-developed units delayed at the initial Lockdown and carried forward contributing to the total number, an increase of 102 from the previous year.

The company as large developer is no longer a participant of the Help to Buy scheme, the removal of the assistance for purchasers has not reduced sales which remained strong throughout the last twelve months. The company had taken sales on 390 homes including 146 forward sales (135 missives and 11 reservations) to a value of £35.5m with an average selling price of £226,000 an increase of 8.7% on the previous year.

In July the company was awarded the ROSPA Gold Award for health and safety performance in the calendar year to December 2020. The company strives to continually improve health and safety, it is the third successive year that the business has received the award.

The company currently has several ongoing large developments that provide stability in terms of available unit numbers and geographic outlets. This is combined with owned land, secured sites and option land maintains a strong position going forward. Success has been achieved in competitively securing or negotiating site and in the coming year the company will focus on increasing the geographical area covered.

Principal risks and uncertainties

The company's principal risks for the coming year are labour and construction material availability and the planning process.

Disruption to the supply chain has affected production due to labour shortages and it is envisaged that this will continue for some time. There is significant pressure on material prices with increases occurring on a more regular basis and of a higher level than normal. The company mitigates against the risk through effective communication with contractors and the supply chain and directly purchased materials stocks are monitored and replenished on a more regular basis.

Strategic report *(continued)*

The current Planning System that we operate within creates uncertainty for the business. The land acquisition and approvals process are subject to continually expanding regulations and requirements associated with Planning, Technical, and Environmental applications. These evolutions have generally become increasingly stringent and more complex, which has contributed to – along with a noticeable drop in Local Authority response times - a marked increase in the timescales associated with development approvals. Through early discussion between our in-house professionals, trusted consultants, and statutory stakeholders we maintain a proactive mindset to mitigate these issues. The Planning System in Scotland however presents an additional challenge in relation to Planning Committee powers of veto over applications Recommended for Approval. This inevitably leads to additional applications being submitted to offset this specific risk, which in turn exacerbates the resource and timescale issues being experienced. The business intends to align itself with competitors to lobby through industry bodies for positive change in this respect.

Financial Risk Management

The company's interest, income and expenses are affected by any movement in interest rates. The directors do not consider it necessary to undertake any active hedging of this risk.

Going concern

The Directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis. Details of this can be found at note 1 to the financial statements.

After making suitable enquiries, the Directors have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for at least the next twelve months. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Key performance indicators

The company has continuing interest in the acquisition of a number of sites with house building land bank/options of 2,058 units (2020: 2,226 units) considered to be reasonable at the year end and, therefore, the directors are confident the company will trade profitability going forward.

By order of the board



J F Watson
Director
26 January 2022

200 Glasgow Road
Stirling
FK7 8ES

Directors' Report

The directors present their report and financial statements for the year ended 30 June 2021.

Results and dividends

The Profit before taxation amounted to £4m (2020: loss of £368k).

The directors recommended a final dividend of £1m (2020: £250k).

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 the company's 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.

Employee involvement

During the year the policy of providing employees with information about the company has been continued through the newsletter 'Ogilvie Outlook' in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit-sharing schemes.

Directors

The directors who served the company during the year and up to the date of signing this report were as follows:

D H Ogilvie
J F Watson
A D Ogilvie (Resigned 14 December 2021)
E Ross
J G McDade
R W Johnston

Disclosure of information to the auditor

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 auditor is unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Johnston Carmichael LLP were appointed as auditor to Ogilvie Homes Ltd and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they re-appointed will be put a General Meeting.

Information contained with the Strategic Report

The company has chosen in accordance with the Companies Act 2006, s.414C(1) to set out in the company's strategic report, information required by Large and Medium-sized Companies and Groups (Accounts and Regulations) 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

By order of the board



J F Watson
Director
26 January 2022

200 Glasgow Road
Stirling
FK7 8ES

Statement of directors' responsibilities in respect of the Strategic Report, Directors Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Ogilvie Homes Limited

Opinion

We have audited the financial statements of Ogilvie Homes Limited (the 'company') for the year ended 30 June 2021 which comprise the profit and loss account and retained earnings, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Ogilvie Homes Limited *(continued)*

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP
- Companies Act 2006
- Corporation Tax legislation
- Health and Safety Legislation

Independent auditor's report to the members of Ogilvie Homes Limited *(continued)*

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of board meeting minutes and legal fees.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level and reasoning behind the company's procurement of legal and professional services;
- Performing analytical review procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements by management in their calculation of accounting estimates for potential management bias; and
- Procedures to confirm the existence and completeness of revenue, ensuring recognised in line with the company's accounting policies.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Independent auditor's report to the members of Ogilvie Homes Limited *(continued)*

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Johnston Carmichael LLP

Allison Dalton (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP
26 January 2022

Chartered Accountants
Statutory Auditor
227 West George Street
Glasgow
G2 2ND

Profit and Loss Account and Retained Earnings
for the year ended 30 June 2021

	<i>Note</i>	2021 £000	2020 £000
Turnover	3	52,775	26,016
Cost of sales		(43,976)	(22,103)
Gross profit		8,799	3,913
Administrative expenses		(3,818)	(3,314)
Operating profit	4	4,981	599
Interest payable and similar expenses	7	(962)	(967)
Profit before taxation		4,019	(368)
Tax on profit	8	(764)	69
Profit for the financial year		3,255	(299)
Retained earnings as at 1 July		2,768	3,317
Dividends paid		(1,000)	(250)
Retained earnings as at 30 June		5,023	2,768

All amounts relate to continuing activities.

There is no other comprehensive income other than the profit attributable to the shareholders of the company of £3,255,000 in the year ended 30 June 2021 (2020: loss of £229,000).

Balance Sheet
at 30 June 2021

	<i>Note</i>	2021 £000	2020 £000
Fixed assets			
Tangible assets	9	85	89
Investments	10	507	507
		592	596
Current assets			
Stocks	11	31,185	27,842
Debtors (<i>Including £316k (2020: £482k) due after more than one year</i>)	12	21,207	13,286
Cash at bank and in hand		-	-
Creditors: amounts falling due within one year	13	52,392 (47,961)	41,128 (38,956)
Net current assets		4,431	2,172
Net assets		5,023	2,768
Capital and reserves			
Called up share capital	15	-	-
Retained earnings		5,023	2,768
Shareholders' funds		5,023	2,768

The notes on pages 11 to 20 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 26 January 2022 and were signed on its behalf by:



J G McDade
Director

Company registered number: SC091421

Notes

(forming part of the financial statements)

1 Accounting policies

Ogilvie Homes Limited ("The company") is a private company incorporated, domiciled and registered in Scotland in the United Kingdom. The registered number is SC091421. The address of its registered office is 200 Glasgow Road, Stirling, FK7 8ES. The presentation currency of these financial statements is Pounds Sterling. All amounts have been rounded to the nearest £1,000.

The Company financial statements of Ogilvie Homes Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The Company's parent undertaking, Ogilvie Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Ogilvie Group Limited are prepared in accordance with Financial Reporting Standard 102 and are available to the public and may be obtained from Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Ogilvie Group Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

1.1 Measurement convention

The financial statements are prepared under the historical cost convention and applicable accounting standards in the United Kingdom.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company manages its day to day and medium-term funding requirements through a revolving credit facility (RCF), which is available to entities across the Ogilvie group and was renewed until February 2023. This revolving credit facility is forecast to provide sufficient liquidity to finance monthly cash flows in the ordinary course of business for a period of at least 12 months from the approval of these financial statements ("the going concern period"). Concluding that there is no material uncertainty over the availability of funding for the going concern period, the directors have considered that the facility will continue to be available as: a) the group have continued to successfully service the debt through timely payments of interest; b) the headroom on the RCF facility throughout the 12-month period is forecast to be at a significant level and none of the covenants attached are expected to be breached.

The continuing global COVID-19 coronavirus pandemic is impacting all businesses. As a result of the pandemic, the nature of the company's business is such that in the going concern period, there is expected to be some unpredictable variation in the value and timing of cash inflows. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. On the basis of these projections, the directors consider that, taking account of reasonably possible downsides, the company will have sufficient funds, through its access to the group bank loan facility which is expected to be available for the going concern period, as set out above, to meet its liabilities as they fall due for that period.

The intercompany loan of £20.0m is not repayable on demand and the group has confirmed this will not be called up for a period of 12 months from signing the financial statements at the detriment of other creditors.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Tangible assets

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

Fixtures and fittings - over 5 years

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.

1.4 Stocks

Stocks and work in progress, including land, is stated at the lower of cost and net realisable value. Cost comprises raw materials and direct labour based on a normal level of activity. Net realisable value is based on estimated selling price less anticipated costs to completion. Provision is made for all foreseeable losses.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss account. Reversal of impairment losses are also recognised in the profit and loss account.

Development land and land options are included at cost. If, or when, it becomes apparent that an option on land relating to a potential development site will not receive the necessary approvals, the options will be charged in full to the profit and loss account or written down to its estimated recoverable value.

Part exchange properties are initially recognised at cost, and subsequently held at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less costs of disposal.

Notes (continued)

1 Accounting policies (continued)

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors / creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in the profit and loss account. Other investments are measured at cost less impairment in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are repayable on demand and form an integral part of the Company's cash management and presented as current liabilities.

1.6 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements and defined benefit and contribution pension plans.

i) Short term benefits

Short term benefits, including bonus and other similar non – monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.7 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured.

Turnover 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 the missives.

The sales proceeds of part-exchange properties are included as an adjustment within cost of sales for any margin realised, as the directors view these transactions as a means of conducting the original new build house sale.

Notes (continued)

1 Accounting policies (continued)

1.8 Long term contracts

Profit on long term contracts is taken as the work is carried out if the outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of work carried out, by recording turnover and related costs of labour and materials as contract activity progresses. Revenues from variations on contracts are recognised only when they are considered to be reasonably certain. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.9 Interest receivable and Interest payable

Interest receivable and interest payable includes bank interest and interest on intercompany loans. These are recognised within the profit and loss account on an accruals basis.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.11 Dividends

Dividends are recognised at the time they are received or paid in accordance with accounting standards. Dividends declared and paid are not presented in the profit and loss account but instead included in the notes to the financial statements and the reconciliation of reserves.

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.

2 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Carrying value of WIP

Inventories of land and development work in progress are stated at the lower of cost or net realisable value. The company allocates site wide development costs such as infrastructure between units being built and / or completed in the current year and those in future years. This estimate is reflected in the margin recognised on developments and in the carrying value of land and work in progress. Whilst there is a degree of uncertainty in making this estimate, reviews are carried out monthly on the carrying value of stock.

Notes (continued)

3 Turnover

Turnover is generated in the UK.

	2021 £000	2020 £000
Sale of goods	47,406	24,739
Revenue from construction contracts	5,369	1,277
	<u>52,775</u>	<u>26,016</u>

4 Expenses and auditor's remuneration

	2021 £000	2020 £000
<i>Operating profit is stated after charging / (crediting)</i>		
Depreciation on tangible fixed assets	28	19
Audit of these financial statements	15	19
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	3	15
Job Retention Scheme Grant received	-	(225)
	<u></u>	<u></u>

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2021	2020
Administration	67	60

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	2,803	2,375
Social security costs	295	236
Contributions to defined contribution plans	194	213
	<u>3,292</u>	<u>2,824</u>

Notes (continued)

6 Directors' remuneration

	2021 £000	2020 £000
Directors' remuneration excluding pension contributions	438	408
Company contributions to defined contribution scheme	48	89
Remuneration of highest paid director excluding pension contributions	195	163
Company contributions to defined contribution schemes	17	56

The number of directors who perform qualifying services for the company that are members of defined contribution schemes is 4 (2019: 4).

Two other directors are also directors of the parent company, Ogilvie Group Limited, which levied charges of £132k (2020: £132k) in respect of management services to the company.

7 Interest payable and similar expenses

	2021 £000	2020 £000
Bank overdraft interest	362	367
Other interest	600	600

8 Taxation

Total tax credit recognised in the profit and loss account

	2021 £000	2020 £000
Current tax		
UK corporation tax on income for the period	767	(71)
Adjustment in respect of prior periods	-	-
Total current tax charge/(credit)	767	(71)
Deferred tax		
Origination and reversal of timing differences	(2)	-
Adjustment in respect of prior periods	(1)	2
Total deferred tax	(3)	2
Total tax charge/(credit)	764	(69)

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit for the year	3,255	(299)
Total tax charge/(credit)	764	(69)
Profit/(loss) excluding taxation	4,019	(368)
Tax using the UK corporation tax rate of 19% (2020: 19%)	764	(69)
Effects of:		
Disallowed expenses and non-taxable income	1	2
Adjustment in respect of prior periods	(1)	(2)
Group relief surrendered/(received) for nil payment	-	-
Total tax credit included in profit or loss	764	(69)

Deferred tax

The deferred tax asset calculated at 19% (2020: 17%), included in the balance sheet is as follows:

	£000
As at 1 July 2020	2
Adjustment in respect of prior periods	3
As at 30 June 2021	5

	2021 £000	2020 £000
The deferred tax asset consists of:		
Decelerated/accelerated capital allowances	-	(1)
Other timing differences	5	3
	5	2

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will impact the company's future current tax charge accordingly.

Notes (continued)

9 Tangible assets

	Fixtures and fittings £000
Cost	
Balance at 1 July 2020	134
Additions	24
Balance at 30 June 2021	158
Accumulated depreciation	
Balance at 1 July 2020	45
Charge for year	28
Balance at 30 June 2021	73
Net book value	
At 30 June 2021	85
At 30 June 2020	89

10 Investments

	£000
Cost	
Balance at 1 July 2020 and 30 June 2021	507

The Company holds more than 20% of the allotted and issued ordinary share capital of the following subsidiary undertakings and joint ventures all of which are registered in Scotland unless otherwise stated below; all subsidiary undertakings are included in consolidated financial statements.

<i>Name of company</i>	<i>Percentage held</i>	<i>Nature of business</i>
Freedom Homes (Stirling) Limited	100	House builders
Ogilvie Abbotsford Limited	100	Non trading
Torbrex Developments Limited	100	Non trading

The registered office of the above companies is 200 Glasgow Road, Stirling, FK7 8ES.

Notes (continued)

11 Stocks

	2021 £000	2020 £000
Work in progress	20,612	19,929
Land held for development	10,367	7,850
Part exchange properties	206	63
	<u>31,185</u>	<u>27,842</u>

12 Debtors

	2021 £000	2020 £000
Trade debtors	19,800	12,616
Amounts owed by group undertakings	268	269
Other debtors	1	15
Deferred tax assets (see note 8)	5	2
Taxation and social security	969	239
Prepayments and accrued income	164	145
	<u>21,207</u>	<u>13,286</u>

Included within trade debtors is an amount of £316k (2020: £482k) due out with one year.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank loans and overdrafts	16,564	15,527
Trade creditors	8,264	2,368
Amount due to group undertakings	21,685	20,741
Taxation and social security	145	102
Accruals and deferred income/receipts in advance	1,268	181
Other creditors	35	37
	<u>47,961</u>	<u>38,956</u>

The bank overdraft is secured by a floating charge granted in favour of Barclays Bank plc. Amounts owed to group undertakings include an amount of £20,000,000 (2020 £20,000,000) interest on this amount is 3%. The remaining amounts owed to group undertakings are payable on demand and accrue no interest.

Notes (continued)

14 Employee benefits

Defined contribution plans

The company operates a defined contribution pension plan.

The total expense relating to this plan in the current year was £194k (2020: £213k). The company pension commitment at 30 June 2021 was £23k (2020: £14k).

15 Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

16 Reserves

Share Capital

The share capital account records the nominal value of the shares issued. The ordinary shares carry no right to fixed income.

Retained Earnings

The retained earnings reserve represents the cumulative historic profits and losses, net of dividends and other adjustments.

17 Contingencies

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

18 Operating Leases

Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2021 £	2020 £
Less than one year	168,815	126,066
Between one and five years	163,726	150,441
More than five years	-	-

19 Related parties

The company does not disclose transactions with members of the same group that are wholly owned and has taken the exemption provided by paragraph 33.1A of FRS 102.

Transactions with directors;

- Included within work in progress is an amount of £223k (2020: £215k) due from Mr Duncan Ogilvie, Director.

20 Ultimate parent company and parent company of larger group

The company's immediate parent undertaking at 30 June 2021 is Ogilvie Group Limited, a company registered in Scotland. This is the only parent undertaking for which group financial statements are drawn up and of which the company is a member. Copies of Ogilvie Group Limited's financial statements can be obtained from the Registrar of Companies, Companies House, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

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.