

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2004
FOR
SCOTIA HOMES LIMITED**



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SCOTIA HOMES LIMITED

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FOR THE YEAR ENDED 30TH APRIL 2004**

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SCOTIA HOMES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30TH APRIL 2004**

DIRECTORS:

W H Bruce
W M Bruce
S Burnett
F D Fairlie
W L McLeod
M J Taylor
D W Watt
M L Zanre

SECRETARY:

M L Zanre

REGISTERED OFFICE:

28 Broad Street
Peterhead
Aberdeenshire
AB42 1BY

REGISTERED NUMBER:

141011 (Scotland)

AUDITORS:

Bain Henry Reid
Registered Auditors
Chartered Accountants
28 Broad Street
Peterhead
Aberdeenshire
AB42 1BY

BANKERS:

Bank of Scotland plc
5 The Square
Ellon
Aberdeenshire
AB41 9JB

SOLICITORS:

Laurie & Company
17 Victoria Street
Aberdeen
AB10 1PU

SCOTIA HOMES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH APRIL 2004

The directors present their report with the financial statements of the company and the group for the year ended 30th April 2004.

PRINCIPAL ACTIVITIES

The principal activity of the group in the year under review was that of the acquisition and development of land and the sale of residential property.

GROUP ACCOUNTS

The Group Accounts consolidate the accounts of the company and Scotia Developments Limited for the year ended 30th April 2004. Comparative figures are provided for information purposes only and it should be noted that the companies did not form part of a group during the year ended 30th April 2003. The Group Accounts also consolidate the accounts of Haddington Maltings Limited for the period from 21st January 2004 to 30th April 2004.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year and financial position of the company and of the group are as shown in the annexed financial statements.

The year has seen considerable progress with the Group now being consolidated with the acquisition of Scotia Developments Ltd, as reported last year, and Haddington Maltings Ltd, a company involved with the development of a substantial prestige flatted development in Haddington. In addition since the year end Burnett Building Services Ltd and Burnett Plumbing and Electrical Ltd have been acquired.

The new year has started with a considerable forward sales position and an anticipated increase in profitability.

DIVIDENDS

An interim dividend of 7p per share was paid on 28th November 2003. The directors recommend that no final dividend be paid.

DIRECTORS

The directors during the year under review were:

W H Bruce

W M Bruce

S Burnett

F D Fairlie

W L McLeod

M J Taylor

D W Watt

M L Zanre

- appointed 1/5/03

The beneficial interests of the directors holding office on 30th April 2004 in the issued share capital of the company were as follows:

	30.4.04	1.5.03 or date of appointment if later
Ordinary £1.00 shares		
W H Bruce	193,025	80,001
W M Bruce	380,738	113,250
S Burnett	211,896	113,000
F D Fairlie	386,916	113,250
W L McLeod	193,623	113,000
M J Taylor	70,640	-
D W Watt	217,735	113,000
M L Zanre	221,881	113,001

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH APRIL 2004**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Bain Henry Reid, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

M L Zanre

.....
M L Zanre - Secretary

Date: 21st July 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SCOTIA HOMES LIMITED

We have audited the financial statements of Scotia Homes Limited for the year ended 30th April 2004 on pages five to twenty two. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the group'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 group'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 group and the group'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

As described on page three the group's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom 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 Report of the Directors is not consistent with the financial statements, if the group 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 group is not disclosed.

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

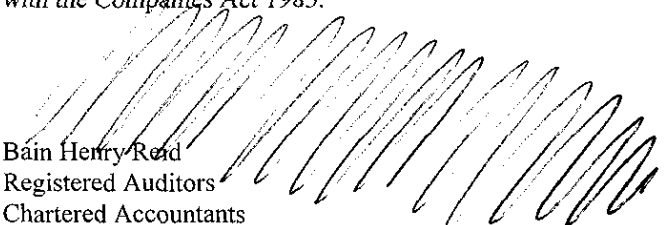
Basis of audit opinion

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 group'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 and the group as at 30th April 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Bain Henry Reid
Registered Auditors
Chartered Accountants
28 Broad Street
Peterhead
Aberdeenshire
AB42 1BY

Date: 21st July 2004

SCOTIA HOMES LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH APRIL 2004**

	Notes	2004 £	Information only 2003 £
TURNOVER		30,949,502	29,701,008
Cost of sales		<u>(24,829,961)</u>	<u>(24,573,698)</u>
GROSS PROFIT		6,119,541	5,127,310
Selling expenses		(1,618,507)	(1,493,857)
Other operating expenses		<u>(1,830,870)</u>	<u>(1,380,114)</u>
		2,670,164	2,253,339
Other operating income		<u>122,903</u>	<u>188,916</u>
OPERATING PROFIT	3	2,793,067	2,442,255
Interest receivable and similar income		<u>23,230</u>	<u>4,691</u>
		2,816,297	2,446,946
Interest payable and similar charges	4	<u>(917,179)</u>	<u>(610,063)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,899,118	1,836,883
Tax on profit on ordinary activities	5	<u>(555,713)</u>	<u>(550,249)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		1,343,405	1,286,634
Dividends	7	<u>(183,839)</u>	<u>(178,469)</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP		<u>1,159,566</u>	<u>1,108,165</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

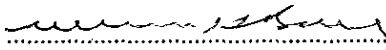


SCOTIA HOMES LIMITED

CONSOLIDATED BALANCE SHEET
30TH APRIL 2004

		2004	Information only 2003
	Notes	£	£
FIXED ASSETS			
Intangible assets	8	1,102,180	-
Tangible assets	9	77,318	166,612
Investments	10	50	4
		<u>1,179,548</u>	<u>166,616</u>
CURRENT ASSETS			
Stocks	11	35,256,240	22,429,033
Debtors	12	2,198,517	2,086,745
Cash at bank and in hand		-	500,250
		<u>37,454,757</u>	<u>25,016,028</u>
CREDITORS			
Amounts falling due within one year	13	(24,913,387)	(14,118,343)
NET CURRENT ASSETS		<u>12,541,370</u>	<u>10,897,685</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,720,918</u>	<u>11,064,301</u>
CREDITORS			
Amounts falling due after more than one 14 year		(5,500,000)	(4,002,949)
		<u>8,220,918</u>	<u>7,061,352</u>
CAPITAL AND RESERVES			
Called up share capital	18	2,626,272	
Share premium	19	2,906,771	
Profit and loss account	19	2,687,875	
SHAREHOLDERS' FUNDS	20	<u>8,220,918</u>	

ON BEHALF OF THE BOARD:


W H Bruce - Director

Approved by the Board on 24th June 2004

The notes form part of these financial statements

SCOTIA HOMES LIMITED

**COMPANY BALANCE SHEET
30TH APRIL 2004**

	Notes	2004 £	2003 £
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	77,318	111,756
Investments	10	<u>5,831,994</u>	<u>-</u>
		<u>5,909,312</u>	<u>111,756</u>
CURRENT ASSETS			
Stocks	11	18,686,140	6,666,145
Debtors	12	2,646,039	933,450
Cash in hand		<u>-</u>	<u>250</u>
		21,332,179	7,599,845
CREDITORS			
Amounts falling due within one year	13	<u>(19,579,623)</u>	<u>(3,675,341)</u>
NET CURRENT ASSETS		<u>1,752,556</u>	<u>3,924,504</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,661,868	4,036,260
CREDITORS			
Amounts falling due after more than one 14 year		-	(1,602,949)
		<u>7,661,868</u>	<u>2,433,311</u>
CAPITAL AND RESERVES			
Called up share capital	18	2,626,272	905,002
Share premium	19	2,906,771	-
Profit and loss account	19	<u>2,128,825</u>	<u>1,528,309</u>
SHAREHOLDERS' FUNDS	20	<u>7,661,868</u>	<u>2,433,311</u>

ON BEHALF OF THE BOARD:


.....
W H Bruce - Director

Approved by the Board on 24th June 2004

The notes form part of these financial statements

SCOTIA HOMES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL 2004**

	Notes	2004 £
Net cash outflow from operating activities	1	(8,079,257)
Returns on investments and servicing of finance	2	(880,319)
Taxation		(824,734)
Capital expenditure and financial investment	2	63,707
Acquisitions and disposals	2	(1,102,230)
Equity dividends paid		<u>(183,839)</u>
		(11,006,672)
Financing	2	<u>11,904,039</u>
Increase/(Decrease) in cash in the period		<u>897,367</u>

**Reconciliation of net cash flow
to movement in net debt**

	3	
Increase/(Decrease) in cash in the period		897,367
Cash inflow from increase in debt and lease financing		<u>(11,904,039)</u>
Change in net debt resulting from cash flows		<u>(11,006,672)</u>
Movement in net debt in the period		(11,006,672)
Net debt at 1st May		<u>(12,772,605)</u>
Net debt at 30th April		<u>(23,779,277)</u>

The notes form part of these financial statements



**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL 2004**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2004 £
Operating profit	2,793,067
Depreciation charges	30,487
(Profit)/Loss on disposal of fixed assets	(4,899)
Increase in stocks	(12,827,207)
Increase in debtors	(113,251)
Increase in creditors	<u>2,042,546</u>
Net cash outflow from operating activities	<u>(8,079,257)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £
Returns on investments and servicing of finance	
Interest received	24,709
Interest paid	(905,028)
Interest element of hire purchase payments	<u>-</u>
Net cash outflow for returns on investments and servicing of finance	<u>(880,319)</u>
 Capital expenditure and financial investment	
Purchase of tangible fixed assets	(62,251)
Purchase of fixed asset investments	-
Sale of tangible fixed assets	<u>125,958</u>
Net cash inflow for capital expenditure and financial investment	<u>63,707</u>
 Acquisitions and disposals	
Goodwill on acquisition of subsidiary	(1,102,180)
Investment in joint venture	<u>(50)</u>
Net cash outflow for acquisitions and disposals	<u>(1,102,230)</u>
 Financing	
New loans in year	25,209,322
Loan repayments in year	(13,300,000)
Capital repayments in year	<u>(5,283)</u>
Net cash inflow from financing	<u>11,904,039</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL 2004

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.5.03 £	Cash flow £	At 30.4.04 £
Net cash:			
Cash at bank and in hand	500,250	(500,250)	-
Bank overdraft	<u>(4,632,572)</u>	<u>1,397,617</u>	<u>(3,234,955)</u>
	<u>(4,132,322)</u>	<u>897,367</u>	<u>(3,234,955)</u>
Debt:			
Hire purchase	(5,283)	5,283	-
Debts falling due within one year	(4,635,000)	(10,409,322)	(15,044,322)
Debts falling due after one year	<u>(4,000,000)</u>	<u>(1,500,000)</u>	<u>(5,500,000)</u>
	<u>(8,640,283)</u>	<u>(11,904,039)</u>	<u>(20,544,322)</u>
Total	<u>(12,772,605)</u>	<u>(11,006,672)</u>	<u>(23,779,277)</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2004

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30th April 2004. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition.

Turnover and profits arising on trading between group companies is excluded.

Under section 230 (4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill arising on the acquisition of subsidiary companies represents the excess of cost over the net book value of tangible assets acquired. In accordance with Financial Reporting Standard (FRS) 10 such goodwill is capitalised as an intangible asset and amortised against profit over its expected life.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Heritable property	- 4% straight line
Fixtures and fittings	- 20% - 50% straight line

Stocks

Developments in progress comprise residential developments in progress valued at the lower of cost and estimated net realisable value. Properties for resale are properties acquired in part exchange on sales, and are valued at the lower of cost and estimated net realisable value.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals applicable to operating leases where substantially all benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Investment properties

No depreciation is provided on investment properties which are stated at market value. Investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

2. STAFF COSTS

The directors are the only employees of the company.

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Depreciation - owned assets	30,486	16,776
Depreciation - assets on hire purchase contracts	-	1,280
(Profit)/Loss on disposal of fixed assets	(4,899)	1,825
Auditors remuneration	<u>13,700</u>	<u>13,350</u>

Directors' emoluments	<u>-</u>	<u>-</u>
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4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank interest	895,675	589,893
Loan	14,172	19,058
Other interest	7,332	894
Hire purchase	<u>-</u>	<u>218</u>
	<u>917,179</u>	<u>610,063</u>

5. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2004	2003
	£	£
Current tax:		
UK corporation tax	<u>555,713</u>	<u>550,249</u>
Tax on profit on ordinary activities	<u>555,713</u>	<u>550,249</u>

UK corporation tax has been charged at 30%

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

5. TAXATION - continued**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>1,899,118</u>	<u>1,836,883</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	569,735	551,065
Effects of:		
Expenses not deductible for tax purposes	405	375
Capital allowances in excess of depreciation	2,006	(1,191)
Land remediation relief	<u>(16,433)</u>	<u>-</u>
Current tax charge	<u>555,713</u>	<u>550,249</u>

6. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is *not presented as part of these financial statements*. The parent company's profit for the financial year was £784,355 (2003 - £700,464).

7. DIVIDENDS

	2004 £	2003 £
Equity shares:		
Interim	<u>183,839</u>	<u>178,469</u>

8. INTANGIBLE FIXED ASSETS**Group**

	Goodwill £
COST	
Additions	<u>1,102,180</u>
At 30th April 2004	<u>1,102,180</u>
NET BOOK VALUE	
At 30th April 2004	<u>1,102,180</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

9. TANGIBLE FIXED ASSETS

Group

	Heritable property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1st May 2003	112,688	100,461	7,680	220,829
Additions	1,036	55,040	6,175	62,251
Disposals	(72,627)	(78,443)	(7,680)	(158,750)
At 30th April 2004	<u>41,097</u>	<u>77,058</u>	<u>6,175</u>	<u>124,330</u>
DEPRECIATION				
At 1st May 2003	5,584	47,353	1,280	54,217
Charge for year	-	28,586	1,900	30,486
Eliminated on disposal	(5,584)	(30,827)	(1,280)	(37,691)
At 30th April 2004	<u>-</u>	<u>45,112</u>	<u>1,900</u>	<u>47,012</u>
NET BOOK VALUE				
At 30th April 2004	<u>41,097</u>	<u>31,946</u>	<u>4,275</u>	<u>77,318</u>
At 30th April 2003	<u>107,104</u>	<u>53,108</u>	<u>6,400</u>	<u>166,612</u>

Company

	Heritable property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1st May 2003	79,604	42,108	7,680	129,392
Additions	-	54,870	6,175	61,045
Disposals	(38,507)	(30,296)	(7,680)	(76,483)
At 30th April 2004	<u>41,097</u>	<u>66,682</u>	<u>6,175</u>	<u>113,954</u>
DEPRECIATION				
At 1st May 2003	-	16,356	1,280	17,636
Charge for year	-	28,586	1,900	30,486
Eliminated on disposal	-	(10,206)	(1,280)	(11,486)
At 30th April 2004	<u>-</u>	<u>34,736</u>	<u>1,900</u>	<u>36,636</u>
NET BOOK VALUE				
At 30th April 2004	<u>41,097</u>	<u>31,946</u>	<u>4,275</u>	<u>77,318</u>
At 30th April 2003	<u>79,604</u>	<u>25,752</u>	<u>6,400</u>	<u>111,756</u>

Investment properties are revalued by the directors at the end of the financial year, the net surplus arising on the revaluation being credited to revaluation reserve. The historical cost of investment properties included above at a valuation of £41,097 was £41,997 (2003 £78,904).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

10. FIXED ASSET INVESTMENTS

Group

	<i>Interest in joint venture £</i>
COST	
Additions	<u>50</u>
At 30th April 2004	<u>50</u>
NET BOOK VALUE	
At 30th April 2004	<u><u>50</u></u>

Company

	<i>Shares in group undertakings £</i>	<i>Interest in joint venture £</i>	<i>Totals £</i>
COST			
Additions	<u>5,831,944</u>	<u>50</u>	<u>5,831,994</u>
At 30th April 2004	<u>5,831,944</u>	<u>50</u>	<u>5,831,994</u>
NET BOOK VALUE			
At 30th April 2004	<u><u>5,831,944</u></u>	<u><u>50</u></u>	<u><u>5,831,994</u></u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries**Scotia Developments Limited**

Nature of business: Property Developers

	%
Class of shares:	holding
Ordinary shares	100.00

Haddington Maltings Limited

Nature of business: Property Developers

	%
Class of shares:	holding
Ordinary 'A' shares	100.00
Ordinary 'B' shares	100.00

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

10. FIXED ASSET INVESTMENTS - continued**Joint Venture****Lothian Shelf (130) Limited**

Nature of business: Property Developers

	%
Class of shares:	holding
Ordinary 'B' shares	100.00

11. STOCKS

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Stocks	-	35,000	-	-
Developments in progress	35,256,240	22,394,033	18,686,140	6,666,145
	<u>35,256,240</u>	<u>22,429,033</u>	<u>18,686,140</u>	<u>6,666,145</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	1,334,081	1,849,749	851,016	875,044
Other debtors	574,436	236,996	245,823	58,406
Amounts owed by group undertakings	-	-	1,259,200	-
Amounts owed by joint venture	290,000	-	290,000	-
	<u>2,198,517</u>	<u>2,086,745</u>	<u>2,646,039</u>	<u>933,450</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Loan Stock 2011 (see note 15)	609,322	-	609,322	-
Bank loans and overdrafts (see note 15)	16,384,955	9,132,572	14,128,283	800,166
Other loans (see note 15)	1,285,000	135,000	735,000	135,000
Hire purchase contracts (see note 16)	-	2,334	-	2,334
Deposits in advance	852,439	472,685	466,762	293,930
Trade creditors	4,756,073	2,616,448	3,170,820	1,723,391
Tax	281,228	550,249	72,024	300,933
Accruals and deferred income	744,370	1,209,055	397,412	419,587
	<u>24,913,387</u>	<u>14,118,343</u>	<u>19,579,623</u>	<u>3,675,341</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans (see note 15)	5,500,000	4,000,000	-	1,600,000
Hire purchase contracts (see note 16)	-	2,949	-	2,949
	<u>5,500,000</u>	<u>4,002,949</u>	<u>-</u>	<u>1,602,949</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Amounts falling due within one year or on demand:				
Loan Stock 2011	609,322	-	609,322	-
Bank overdrafts	3,234,955	4,632,572	4,978,283	600,166
Bank loans	13,150,000	4,500,000	9,150,000	200,000
Other loans	<u>1,285,000</u>	<u>135,000</u>	<u>735,000</u>	<u>135,000</u>
	<u>18,279,277</u>	<u>9,267,572</u>	<u>15,472,605</u>	<u>935,166</u>
Amounts falling due between one and two years:				
Bank loans	<u>1,000,000</u>	<u>500,000</u>	<u>-</u>	<u>200,000</u>
Amounts falling due between two and five years:				
Bank loans	<u>3,000,000</u>	<u>1,500,000</u>	<u>-</u>	<u>600,000</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	<u>1,500,000</u>	<u>2,000,000</u>	<u>-</u>	<u>800,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group

	Hire purchase contracts	
	2004	2003
	£	£
Gross obligations repayable:		
Within one year	-	2,596
Between one and five years	-	3,255
	-	<u>5,851</u>
Finance charges repayable:		
Within one year	-	262
Between one and five years	-	306
	-	<u>568</u>
Net obligations repayable:		
Within one year	-	2,334
Between one and five years	-	2,949
	-	<u>5,283</u>

Company

	Hire purchase contracts	
	2004	2003
	£	£
Gross obligations repayable:		
Within one year	-	2,596
Between one and five years	-	3,255
	-	<u>5,851</u>
Finance charges repayable:		
Within one year	-	262
Between one and five years	-	306
	-	<u>568</u>
Net obligations repayable:		
Within one year	-	2,334
Between one and five years	-	2,949
	-	<u>5,283</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Loan Stock 2011	609,322	-	609,322	-
Bank overdraft	3,234,955	4,632,572	4,978,283	600,166
Bank loans	18,650,000	8,500,000	9,150,000	1,800,000
Hire purchase contracts	-	5,283	-	5,283
	<u>22,494,277</u>	<u>13,137,855</u>	<u>14,737,605</u>	<u>2,405,449</u>

Bank loans and overdrafts are secured by a Bond and Floating Charge over the assets of the group.

Loan Stock 2011 is secured by the Bank of Scotland who in turn have a Bond and Floating Charge over the assets of the group. The Loan Stock is interest free and repayable on one months notice.

18. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2004	2003
			£	£
5,000,000	Ordinary	£1.00	5,000,000	1,000,000
(2003 - 1,000,000)			<u> </u>	<u> </u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2004	2003
			£	£
2,626,272	Ordinary	£1.00	2,626,272	905,002
(2003 - 905,002)			<u> </u>	<u> </u>

On 27th August 2003 1,721,270 Ordinary £1 shares were issued for a total consideration of £4,628,041 in exchange for the acquisition of the issued share capital of Scotia Developments Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

19. RESERVES**Group**

	Profit and loss account £	Share premium £	Totals £
At 1st May 2003	1,528,309	-	1,528,309
Retained profit for the year	1,159,566	-	1,159,566
Premium on share exchange	-	<u>2,906,771</u>	<u>2,906,771</u>
At 30th April 2004	<u>2,687,875</u>	<u>2,906,771</u>	<u>5,594,646</u>

Company

	Profit and loss account £	Share premium £	Totals £
At 1st May 2003	1,528,309	-	1,528,309
Retained profit for the year	600,516	-	600,516
Premium on share exchange	-	<u>2,906,771</u>	<u>2,906,771</u>
At 30th April 2004	<u>2,128,825</u>	<u>2,906,771</u>	<u>5,035,596</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**Group**

	£
Profit for the financial year	1,343,405
Dividends	<u>(183,839)</u>
	1,159,566
Share issue	<u>4,628,041</u>
Net addition to shareholders' funds	5,787,607
Opening shareholders' funds	<u>2,433,311</u>
Closing shareholders' funds	<u>8,220,918</u>
Equity interests	<u>8,220,918</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2004	2003
	£	£
Profit for the financial year	784,355	700,464
Dividends	<u>(183,839)</u>	<u>-</u>
	600,516	700,464
Share issue	<u>4,628,041</u>	<u>-</u>
Net addition to shareholders' funds	5,228,557	700,464
Opening shareholders' funds	<u>2,433,311</u>	<u>827,845</u>
Closing shareholders' funds	<u>7,661,868</u>	<u>1,528,309</u>
Equity interests	<u>7,661,868</u>	<u>1,528,309</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH APRIL 2004

21. RELATED PARTY TRANSACTIONS

Material interests of directors

Services are provided to the company as follows:

Selling and administrative services are provided by Bruce and Partners in which W H Bruce, W M Bruce, F D Fairlie, W L McLeod, D W Watt and M L Zanre have an interest.

Housebuilding services are provided by Burnett Building Services in which S Burnett has an interest.

The invoiced value of these services, for the group and the company respectively, during the year ended 30 April 2004 were as follows:

Group

Bruce and Partners £2,999,877 (2003: £2,352,989) of which £73,930 (2003: £34,910) is included in year end creditors.

Burnett Building Services £11,781,145 (2003: £10,103,617) of which £1,143,318 (2003: £970,285) is included in year end creditors.

Company

Bruce and Partners £1,178,223 (2003: 300,891) of which £34,323 (2003: £31,016) is included in year end creditors.

Burnett Building Services £3,291,170 (2003: £2,048,333) of which £468,174 (2003: £265,733) is included in year end creditors.

Loans

Loans were received from Bruce and Partners and from City Financial (Aberdeen) Limited in which W H Bruce, W M Bruce, F D Fairlie, W L McLeod, D W Watt and M L Zanre have an interest. The loans bear interest at base rate and have no fixed repayment terms.

Details of loan account transactions and year end balances are as follows:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bruce and Partners				
At 1st May 2003	-	-	-	-
Received during the year	1,200,000	-	700,000	-
Repaid during the year	(100,000)	-	(100,000)	-
At 30th April 2004	<u>1,100,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
City Financial (Aberdeen) Limited				
At 1st May 2003	135,000	135,000	135,000	135,000
Received during the year	50,000	-	-	-
Repaid during the year	-	-	-	-
At 30th April 2004	<u>185,000</u>	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>

Controlling party

W H Bruce, together with members of his family, control the company by virtue of an interest (directly or indirectly) in 65% of the issued ordinary share capital.