

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2007
FOR
SCOTIA HOMES LIMITED**



CHARTERED ACCOUNTANTS

your gateway to business on the web



www.bainhenryreid.co.uk

THURSDAY



S3FS7X06

SCT

07/02/2008

1881

COMPANIES HOUSE

SCOTIA HOMES LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2007**

	Page
Company Information	1
Report of the Directors	2 to 3
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Consolidated Cash Flow Statement	8
Notes to the Consolidated Cash Flow Statement	9 to 10
Notes to the Financial Statements	11 to 23

SCOTIA HOMES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30TH APRIL 2007**

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 2007

The directors present their report with the financial statements of the company and the group for the year ended 30th April 2007

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

Principal activities

The principal activity of the group continues to be the acquisition and development of land and the construction and sale of residential properties

Results

The results for the year and financial position of the company and the group are as shown in the annexed financial statements. Group turnover increased by 18.5% to £85.2m with 338 new residential properties being completed and sold during the year. Group profit before taxation increased by 9.5% to £10.4m reflecting a highly satisfactory trading performance. The net current assets of the group increased by 30.2% and shareholders' funds increased by 34.9% to £24.9m reflecting continued growth in the financial strength of the group.

Future Outlook

The commercial environment in the property development and house building sector continues to be buoyant and the group is well placed to take advantage of this having acquired a substantial land bank with further development and land acquisition opportunities continuing to be vigorously pursued. The group is currently developing and selling on a significant number of sites throughout Scotland and aims to increase completions and sales to over 500 properties per annum by 2010. The group aims to achieve this objective by continuing to provide excellence in every aspect of house design and build and to continue to exceed customer expectations.

Principal risks and uncertainties

The management of the business and the execution of the group's objectives are subject to a number of risks. The key business risks and uncertainties affecting the group relate entirely to the massive shortage of land with outline planning permission and the enormous delays taking place in the planning system by the local authorities to produce their Development Plans. These risks are formally reviewed by the board and processes are put in place to try and monitor them and deal with them as appropriately as possible.

DIVIDENDS

An interim dividend of 10p per share was paid during the financial year. A final dividend of 15p per share has subsequently been paid, making a total of 25p per share (£734,910) in respect of the year ended 30th April 2006.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st May 2006 to the date of this report.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 the group and of the profit or loss of the group for that period. In preparing these 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.

SCOTIA HOMES LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH APRIL 2007**

STATEMENT OF DIRECTORS' RESPONSIBILITIES (Cont'd)

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

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

14th August 2007

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 2007 on pages five to twenty three. 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

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 Report of the Directors 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 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

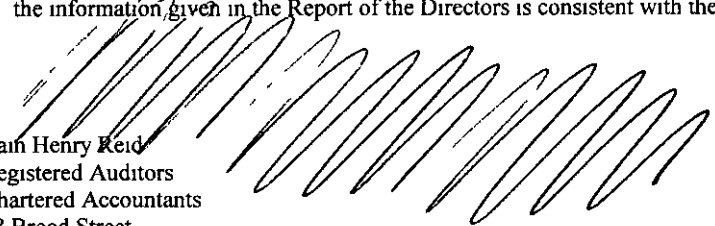
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group as at 30th April 2007 and of the profit of the group 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 Report of the Directors is consistent with the financial statements.



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

14th August 2007

SCOTIA HOMES LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH APRIL 2007**

	Notes	2007 £	2006 £
TURNOVER		85,233,711	71,934,869
Cost of sales		<u>(64,355,999)</u>	<u>(51,109,105)</u>
GROSS PROFIT		20,877,712	20,825,764
Selling expenses		<u>(1,825,902)</u>	<u>(1,576,805)</u>
Other operating expenses		<u>(6,694,144)</u>	<u>(8,313,959)</u>
		12,357,666	10,935,000
Other operating income		<u>30,319</u>	<u>36,370</u>
OPERATING PROFIT	3	12,387,985	10,971,370
Interest receivable and similar income		<u>653,447</u>	<u>379,928</u>
		13,041,432	11,351,298
Interest payable and similar charges	4	<u>(2,616,500)</u>	<u>(1,827,446)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,424,932	9,523,852
Tax on profit on ordinary activities	5	<u>(3,240,575)</u>	<u>(2,864,844)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>7,184,357</u>	<u>6,659,008</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current year or previous year

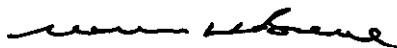
The notes form part of these financial statements

SCOTIA HOMES LIMITED

**CONSOLIDATED BALANCE SHEET
30TH APRIL 2007**

	Notes	2007 £	2006 £
FIXED ASSETS			
Intangible assets	8	30,267	835,706
Tangible assets	9	914,475	835,407
Investments	10	50	50
		<u>944,792</u>	<u>1,671,163</u>
CURRENT ASSETS			
Stocks	11	61,923,541	52,743,846
Debtors	12	4,493,280	5,775,642
Cash at bank and in hand		2,168,967	10,807,304
		<u>68,585,788</u>	<u>69,326,792</u>
CREDITORS			
Amounts falling due within one year	13	(41,772,067)	(48,731,564)
NET CURRENT ASSETS		<u>26,813,721</u>	<u>20,595,228</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>27,758,513</u>	<u>22,266,391</u>
CREDITORS			
Amounts falling due after more than one year	14	(2,908,077)	(3,770,023)
PROVISIONS FOR LIABILITIES	18	(27,716)	(23,095)
NET ASSETS		<u>24,922,720</u>	<u>18,473,273</u>
CAPITAL AND RESERVES			
Called up share capital	19	2,939,637	2,939,637
Share premium	20	3,435,961	3,435,961
Profit and loss account	20	18,547,122	12,097,675
SHAREHOLDERS' FUNDS	21	<u>24,922,720</u>	<u>18,473,273</u>

The financial statements were approved by the Board of Directors on 26th July 2007 and were signed on its behalf by



W H Bruce Director

The notes form part of these financial statements



SCOTIA HOMES LIMITED

**COMPANY BALANCE SHEET
30TH APRIL 2007**

	Notes	2007 £	2006 £
FIXED ASSETS			
Intangible assets	8		
Tangible assets	9	91,356	113,221
Investments	10	<u>6,271,430</u>	<u>7,075,869</u>
		<u>6,362,786</u>	<u>7,189,090</u>
CURRENT ASSETS			
Stocks	11	61,409,676	48,897,567
Debtors	12	<u>3,799,589</u>	<u>3,200,360</u>
		65,209,265	52,097,927
CREDITORS			
Amounts falling due within one year	13	<u>(42,896,495)</u>	<u>(40,916,310)</u>
NET CURRENT ASSETS		<u>22,312,770</u>	<u>11,181,617</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		28,675,556	18,370,707
CREDITORS			
Amounts falling due after more than one year	14	<u>(2,500,000)</u>	
NET ASSETS		<u>26,175,556</u>	<u>18,370,707</u>
CAPITAL AND RESERVES			
Called up share capital	19	2,939,637	2,939,637
Share premium	20	3,435,961	3,435,961
Profit and loss account	20	<u>19,799,958</u>	<u>11,995,109</u>
SHAREHOLDERS' FUNDS	21	<u>26,175,556</u>	<u>18,370,707</u>

The financial statements were approved by the Board of Directors on 26th July 2007 and were signed on its behalf by



W H Bruce Director

The notes form part of these financial statements

SCOTIA HOMES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL 2007**

	Notes	2007 £	2006 £
Net cash inflow from operating activities	1	5,775,819	12,031,890
Returns on investments and servicing of finance	2	(1,934,834)	(1,442,880)
Taxation		(2,560,057)	(2,268,118)
Capital expenditure	2	(358,124)	(346,948)
Equity dividends paid		(734,910)	(587,928)
		187,894	7,386,016
Financing	2	(2,291,459)	(7,394,955)
Decrease in cash in the period		(2,103,565)	(8,939)
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(2,103,565)	(8,939)
Cash outflow from decrease in debt and lease financing		2,291,459	7,394,955
Change in net debt resulting from cash flows		187,894	7,386,016
Movement in net debt in the period		187,894	7,386,016
Net debt at 1st May		(24,786,529)	(32,172,545)
Net debt at 30th April		(24,598,635)	(24,786,529)

The notes form part of these financial statements

SCOTIA HOMES LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL 2007**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	12,387,985	10,971,370
Depreciation charges	285,340	292,684
Profit on disposal of fixed assets	(6,284)	(26,164)
Amortisation of goodwill	805,439	98,913
(Increase)/Decrease in stocks	(9,179,695)	702,181
Decrease/(Increase) in debtors	1,321,531	(1,899,600)
Increase in creditors	161,503	1,892,506
Net cash inflow from operating activities	5,775,819	12,031,890

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

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	653,447	399,801
Interest paid	(2,568,990)	(1,823,957)
Interest element of hire purchase payments	(19,291)	(18,724)
Net cash outflow for returns on investments and servicing of finance	(1,934,834)	(1,442,880)
Capital expenditure		
Purchase of tangible fixed assets	(401,837)	(443,716)
Sale of tangible fixed assets	43,713	96,768
Net cash outflow for capital expenditure	(358,124)	(346,948)
Financing		
New loans in year	20,226,922	1,990,000
Loan repayments in year	(22,491,922)	(9,475,000)
Hire purchase loans in year	198,034	305,498
Capital repayments in year	(224,493)	(215,453)
Net cash outflow from financing	(2,291,459)	(7,394,955)

The notes form part of these financial statements

SCOTIA HOMES LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH APRIL 2007**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1.5.06 £	Cash flow £	At 30.4.07 £
Net cash			
Cash at bank and in hand	10,807,304	(8,638,337)	2,168,967
Bank overdraft	<u>(11,542,812)</u>	<u>6,534,772</u>	<u>(5,008,040)</u>
	<u>(735,508)</u>	<u>(2,103,565)</u>	<u>(2,839,073)</u>
Debt			
Hire purchase	(351,021)	26,459	(324,562)
Debts falling due within one year	(20,200,000)	1,265,000	(18,935,000)
Debts falling due after one year	<u>(3,500,000)</u>	<u>1,000,000</u>	<u>(2,500,000)</u>
	<u>(24,051,021)</u>	<u>2,291,459</u>	<u>(21,759,562)</u>
Total	<u>(24,786,529)</u>	<u>187,894</u>	<u>(24,598,635)</u>

The notes form part of these financial statements

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 2007. 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 comprises amounts receivable from the sale of residential properties recognised on legal completion.

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 or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	25% 50% straight line and 25% on reducing balance
Fittings and equipment	25% 50% straight line
Motor vehicles	25% on reducing balance and 25% on cost

Stocks and developments in progress

Stocks, including land held for development and completed and part exchange houses and residential work in progress are stated at the lower of cost and 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 paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

Companies within the group operate defined contribution pension schemes. The assets of these schemes are held separately from those of the companies in independently administered funds. Contributions payable for the year are charged in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30TH APRIL 2007

1 ACCOUNTING POLICIES continued**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.

2 STAFF COSTS

	2007	2006
	£	£
Wages and salaries	4,668,224	3,881,638
Social security costs	468,495	408,084
Other pension costs	<u>56,030</u>	<u>57,299</u>
	<u>5,192,749</u>	<u>4,347,021</u>

The average monthly number of employees during the year was as follows

	2007	2006
Production	106	98
Administration	<u>49</u>	<u>49</u>
	<u>155</u>	<u>147</u>

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2007	2006
	£	£
Other operating leases	145,997	117,283
Depreciation owned assets	136,388	134,840
Depreciation assets on hire purchase contracts	148,952	157,844
Profit on disposal of fixed assets	(6,284)	(26,164)
Auditors' remuneration	<u>43,750</u>	<u>35,250</u>
Directors' emoluments	<u>20,000</u>	<u>—</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Bank interest	2,474,271	1,789,742
Loan interest	91,644	17,785
Other interest	31,294	1,195
Hire purchase interest	<u>19,291</u>	<u>18,724</u>
	<u>2,616,500</u>	<u>1,827,446</u>

5 TAXATION

Analysis of the tax charge

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

	2007 £	2006 £
Current tax		
UK corporation tax	3,219,493	2,872,412
Tax adjustment in respect of previous year	16,461	62
Total current tax	3,235,954	2,872,474
Deferred tax	4,621	(7,630)
Tax on profit on ordinary activities	3,240,575	2,864,844

Factors affecting the tax charge

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

	2007 £	2006 £
Profit on ordinary activities before tax	10,424,932	9,523,852
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	3,127,480	2,857,156
Effects of		
Expenses not deductible for tax purposes	12,357	4,357
Capital allowances in excess of depreciation	2,573	9,650
Tax losses	2,361	
Other short term timing difference	3,150	1,249
Adjustment to tax charge in respect of previous periods	16,461	62
Amortisation of investment	241,632	
Land remediation relief	(170,060)	
Current tax charge	3,235,954	2,872,474

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 £8,539,759 (2006 £9,673,361)

7 DIVIDENDS

	2007 £	2006 £
Ordinary shares of £1.00 each		
Final	440,946	440,946
Interim	293,964	293,964
	734,910	734,910

SCOTIA HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30TH APRIL 2007**

8 INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1st May 2006	835,706
Transferred to cost of sales	(805,439)
At 30th April 2007	<u>30,267</u>
NET BOOK VALUE	
At 30th April 2007	<u>30,267</u>
At 30th April 2006	<u>835,706</u>

9 TANGIBLE FIXED ASSETS

Group	Investment property £	Plant and machinery £	Fittings and equipment £	Motor vehicles £	Totals £
COST					
At 1st May 2006	41,097	764,216	248,458	231,238	1,285,009
Additions	245	241,801	70,645	89,146	401,837
Disposals		(83,900)		(10,250)	(94,150)
At 30th April 2007	<u>41,342</u>	<u>922,117</u>	<u>319,103</u>	<u>310,134</u>	<u>1,592,696</u>
DEPRECIATION					
At 1st May 2006		224,910	152,186	72,506	449,602
Charge for year		162,899	57,934	64,507	285,340
Eliminated on disposal		(48,259)		(8,462)	(56,721)
At 30th April 2007		<u>339,550</u>	<u>210,120</u>	<u>128,551</u>	<u>678,221</u>
NET BOOK VALUE					
At 30th April 2007	<u>41,342</u>	<u>582,567</u>	<u>108,983</u>	<u>181,583</u>	<u>914,475</u>
At 30th April 2006	<u>41,097</u>	<u>539,306</u>	<u>96,272</u>	<u>158,732</u>	<u>835,407</u>



9 TANGIBLE FIXED ASSETS continued

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £	Fittings and equipment £	Motor vehicles £	Totals £
COST				
At 1st May 2006	576,116		129,854	705,970
Additions	178,345	19,401	54,569	252,315
Transfer to ownership	(122,225)		(20,898)	(143,123)
At 30th April 2007	<u>632,236</u>	<u>19,401</u>	<u>163,525</u>	<u>815,162</u>
DEPRECIATION				
At 1st May 2006	102,293		55,942	158,235
Charge for year	120,581	1,213	27,158	148,952
Transfer to ownership	(63,968)		(20,152)	(84,120)
At 30th April 2007	<u>158,906</u>	<u>1,213</u>	<u>62,948</u>	<u>223,067</u>
NET BOOK VALUE				
At 30th April 2007	<u>473,330</u>	<u>18,188</u>	<u>100,577</u>	<u>592,095</u>
At 30th April 2006	<u>473,823</u>		<u>73,912</u>	<u>547,735</u>

Company

	Investment property £	Fittings and equipment £	Totals £
COST			
At 1st May 2006	41,097	192,405	233,502
Additions	245	19,112	19,357
At 30th April 2007	<u>41,342</u>	<u>211,517</u>	<u>252,859</u>
DEPRECIATION			
At 1st May 2006		120,281	120,281
Charge for year		41,222	41,222
At 30th April 2007		<u>161,503</u>	<u>161,503</u>
NET BOOK VALUE			
At 30th April 2007	<u>41,342</u>	<u>50,014</u>	<u>91,356</u>
At 30th April 2006	<u>41,097</u>	<u>72,124</u>	<u>113,221</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 £41,342 was £41,342 (2006 £41,097).

SCOTIA HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30TH APRIL 2007**

10 FIXED ASSET INVESTMENTS

Group

	Interest in joint venture £
COST	
At 1st May 2006 and 30th April 2007	<u>50</u>
NET BOOK VALUE	
At 30th April 2007	<u><u>50</u></u>
At 30th April 2006	<u><u>50</u></u>

Company

	Shares in group undertakings £	Interest in joint venture £	Totals £
COST			
At 1st May 2006	7,075,819	50	7,075,869
Additions	1,000		1,000
Transferred to cost of sales	<u>(805,439)</u>		<u>(805,439)</u>
At 30th April 2007	<u>6,271,380</u>	<u>50</u>	<u>6,271,430</u>
NET BOOK VALUE			
At 30th April 2007	<u><u>6,271,380</u></u>	<u><u>50</u></u>	<u><u>6,271,430</u></u>
At 30th April 2006	<u><u>7,075,819</u></u>	<u><u>50</u></u>	<u><u>7,075,869</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	%
Ordinary shares	holding 100 00

Haddington Maltings Limited

Nature of business Property Developers

Class of shares	%
Ordinary 'A' shares	holding 100 00
Ordinary 'B' shares	100 00

Scotia Homes (North) Limited (formerly Scotia BBS Limited)

Nature of business Building Contractors

Class of shares	%
Ordinary shares	holding 100 00

SCOTIA HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued FOR THE YEAR ENDED 30TH APRIL 2007

10 FIXED ASSET INVESTMENTS continued

Burnett Plumbing and Electrical Limited

Nature of business Plumbing & Electrical Contractors

	%
Class of shares	holding
Ordinary shares	100 00

Scotia Homes (South) Limited

Nature of business Property developers

	%
Class of shares	holding
Ordinary	100 00

Joint Venture

Countesswells Limited (formerly Lothian Shelf (130) Ltd)

Nature of business Property Developers

	%
Class of shares	holding
Ordinary 'B' shares	100 00

11 STOCKS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Materials	51,138	33,808		
Developments in progress	61,482,903	52,391,538	61,020,176	48,579,067
Properties for resale	389,500	318,500	389,500	318,500
	<u>61,923,541</u>	<u>52,743,846</u>	<u>61,409,676</u>	<u>48,897,567</u>

12 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	3,233,119	4,661,667	3,065,857	2,425,658
Amounts owed by group undertakings			17,254	
Other debtors	906,119	804,102	401,605	464,829
Amounts owed by joint venture	314,873	309,873	314,873	309,873
Tax	39,169			
	<u>4,493,280</u>	<u>5,775,642</u>	<u>3,799,589</u>	<u>3,200,360</u>

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30TH APRIL 2007

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts (see note 15)	23,008,040	24,292,812	23,008,040	23,292,812
Other loans (see note 15)	935,000	7,450,000	935,000	7,450,000
Hire purchase contracts (see note 16)	202,431	201,512		
Deposits in advance	2,204,826	2,586,475	2,083,225	1,586,187
Trade creditors	9,749,748	9,203,680	3,651,465	3,147,472
Amounts owed to group undertakings			8,522,345	3,062,287
Tax	2,580,991	1,865,925	2,545,784	505,582
Social security and other taxes	296,767	203,824		
Proposed dividends	440,946	440,946	440,946	440,946
Accruals and deferred income	2,353,318	2,486,390	1,709,690	1,431,024
	<u>41,772,067</u>	<u>48,731,564</u>	<u>42,896,495</u>	<u>40,916,310</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans (see note 15)	2,500,000	3,500,000	2,500,000	
Hire purchase contracts (see note 16)	122,131	149,509		
Trade creditors	185,946	120,514		
	<u>2,808,077</u>	<u>3,770,023</u>	<u>2,500,000</u>	

15 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	5,008,040	11,542,812	5,008,040	11,542,812
Bank loans	18,000,000	12,750,000	18,000,000	11,750,000
Other loans	935,000	7,450,000	935,000	7,450,000
	<u>23,943,040</u>	<u>31,742,812</u>	<u>23,943,040</u>	<u>30,742,812</u>
Amounts falling due between one and two years				
Bank loans	1,000,000	1,000,000	1,000,000	
Amounts falling due between two and five years				
Bank loans	1,500,000	2,500,000	1,500,000	

16 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2007	2006
	£	£
Gross obligations repayable		
Within one year	220,947	219,160
Between one and five years	134,023	162,908
	<u>354,970</u>	<u>382,068</u>
Finance charges repayable		
Within one year	18,516	17,648
Between one and five years	11,892	13,399
	<u>30,408</u>	<u>31,047</u>
Net obligations repayable		
Within one year	202,431	201,512
Between one and five years	122,131	149,509
	<u>324,562</u>	<u>351,021</u>

The following operating lease payments are committed to be paid within one year

Group

	Other operating leases	
	2007	2006
	£	£
<i>Expiring</i>		
Within one year	18,199	14,991
Between one and five years	69,306	51,466
	<u>87,505</u>	<u>66,457</u>

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30TH APRIL 2007

17 SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank overdrafts	5,008,040	11,542,812	5,008,040	11,542,812
Bank loans	20,500,000	16,250,000	20,500,000	11,750,000
Hire purchase contracts	324,562	351,021		
Other loans		6,500,000		6,500,000
	<u>25,832,602</u>	<u>34,643,833</u>	<u>25,508,040</u>	<u>29,792,812</u>

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

18 PROVISIONS FOR LIABILITIES

	Group	
	2007	2006
	£	£
Deferred tax	<u>27,716</u>	<u>23,095</u>
Group		
		Deferred tax
		£
Balance at 1st May 2006		23,095
Decrease in provision		<u>4,621</u>
Balance at 30th April 2007		<u>27,716</u>

19 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2007	2006
			£	£
5,000,000	Ordinary	£1 00	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	2007	2006
			£	£
2,939,637	Ordinary	£1 00	<u>2,939,637</u>	<u>2,939,637</u>

SCOTIA HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30TH APRIL 2007**

20 RESERVES

Group

	Profit and loss account £	Share premium £	Totals £
At 1st May 2006	12,097,675	3,435,961	15,533,636
Profit for the year	7,184,357		7,184,357
Dividends	(734,910)		(734,910)
At 30th April 2007	<u>18,547,122</u>	<u>3,435,961</u>	<u>21,983,083</u>

Company

	Profit and loss account £	Share premium £	Totals £
At 1st May 2006	11,995,109	3,435,961	15,431,070
Profit for the year	8,539,759		8,539,759
Dividends	(734,910)		(734,910)
At 30th April 2007	<u>19,799,958</u>	<u>3,435,961</u>	<u>23,235,919</u>

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2007 £	2006 £
Profit for the financial year	7,184,357	6,659,008
Dividends	(734,910)	(734,910)
Net addition to shareholders' funds	6,449,447	5,924,098
Opening shareholders' funds	<u>18,473,273</u>	<u>12,549,175</u>
Closing shareholders' funds	<u>24,922,720</u>	<u>18,473,273</u>

Company

	2007 £	2006 £
Profit for the financial year	8,539,759	9,673,361
Dividends	(734,910)	(734,910)
Net addition to shareholders' funds	7,804,849	8,938,451
Opening shareholders' funds	<u>18,370,707</u>	<u>9,432,256</u>
Closing shareholders' funds	<u>26,175,556</u>	<u>18,370,707</u>

22 RELATED PARTY TRANSACTIONS

Material interests of directors

Services are provided to the company as follows

Administrative and technical 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

Management services are provided by Burnett Management 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 2007 were as follows

Group

Bruce and Partners	£5,432,125 (2006 £4,584,770) of which £773,855 (2006 £115,730) is included in year end creditors
Burnett Management	£626,492 (2006 £545,993) of which £110,155 (2006 £50,850) is included in year end creditors and £nil (2006 £31,138) in year end debtors

Company

Bruce and Partners	£5,160,519 (2006 £3,071,796) of which £773,855 (2006 £96,615) 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 follow

	Group 2007 £	2006 £	Company 2007 £	2006 £
Bruce and Partners				
At 1st May 2006	600,000		600,000	
Received during the year	2,470,000	1,000,000	2,470,000	1,000,000
Repaid during the year	(2,600,000)	(400,000)	(2,600,000)	(400,000)
At 30th April 2007	<u>470,000</u>	<u>600,000</u>	<u>470,000</u>	<u>600,000</u>
City Financial (Aberdeen) Limited				
At 1st May 2006	275,000	185,000	275,000	135,000
Received during the year	200,000	140,000	200,000	140,000
Repaid during the year	(10,000)	(50,000)	(10,000)	
At 30th April 2007	<u>465,000</u>	<u>275,000</u>	<u>465,000</u>	<u>275,000</u>
Bruce & Partners (Edinburgh)				
At 1st May 2006	75,000		75,000	
Received during the year		100,000		100,000
Repaid during the year	(75,000)	(25,000)	(75,000)	(25,000)
At 30th April 2007	<u></u>	<u>75,000</u>	<u></u>	<u>75,000</u>

SCOTIA HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30TH APRIL 2007**

RELATED PARTY TRANSACTIONS continued

A loan was received from Powernine Limited in which W M Bruce, F D Fairlie, W L McLeod, D W Watt and M L Zanre have an interest. Rents receivable by the company in respect of a development property were assigned to Powernine Limited.

Rents receivable and paid over to Powernine Limited amounted to £257,969 during the year ended 30th April 2007.

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

	2007 £	2006 £
Powernine Limited		
At 30th April 2006	6,500,000	6,500,000
Received during the year		
Repaid during the year	(6,500,000)	
At 30th April 2007		6,500,000

Controlling party

W H Bruce, together with members of his family, control the company by virtue of an interest (directly or indirectly) in 58% of the issued ordinary share capital.