REGISTERED NUMBER: 141011 (Scotland)

# REPORT OF THE DIRECTORS AND

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 30TH APRIL 2008

# FOR

# SCOTIA HOMES LIMITED

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CHARTERED ACCOUNTANTS
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**SCOTIA HOMES LIMITED**

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**FOR THE YEAR ENDED 30TH APRIL 2008**

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CHARTERED ACCOUNTANTS

# COMPANY INFORMATION
## FOR THE YEAR ENDED 30TH APRIL 2008

| | |
|---|---|
| **DIRECTORS:** | W H Bruce<br>W M Bruce<br>S Burnett<br>F D Fairlie<br>W L McLeod<br>M J Taylor<br>D W Watt<br>M L Zanre |
| **SECRETARY:** | M L Zanre |
| **REGISTERED OFFICE:** | 28 Broad Street<br>Peterhead<br>Aberdeenshire<br>AB42 1BY |
| **REGISTERED NUMBER:** | 141011 (Scotland) |
| **AUDITORS:** | Bain Henry Reid<br>Registered Auditors<br>Chartered Accountants<br>28 Broad Street<br>Peterhead<br>Aberdeenshire<br>AB42 1BY |
| **BANKERS:** | Bank of Scotland plc<br>5 The Square<br>Ellon<br>Aberdeenshire<br>AB41 9JB |
| **SOLICITORS:** | Laurie & Company<br>17 Victoria Street<br>Aberdeen<br>AB10 1PU |

# REPORT OF THE DIRECTORS
# FOR THE YEAR ENDED 30TH APRIL 2008

The directors present their report with the financial statements of the company and the group for the year ended 30th April 2008.

## 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 amounted to £80m with 327 new residential properties being completed and sold during the year. Although this represented a 6.2% decrease in turnover group profit before taxation increased by 8.8% to £11.3m reflecting a highly satisfactory trading performance. The net current assets of the group increased by 9.5% and shareholders funds increased by 28.4% to £32m reflecting continued growth in the financial strength of the group.

**Future Outlook**
Predicting the future is difficult in the current economic climate although we entered the new financial year with advance sales of over 250. Whilst selling is extremely difficult in the south, the north and east are rather more optimistic but considerable difficulties exist with the provision of mortgages as the banks seem to be unclear as to where they are going. We would anticipate an extremely difficult year with any upturn in trading conditions not likely to happen until beyond the end of the current year.

**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 to downturns in the housing market and the continued and lengthy delays in the planning system and the local authorities' production of 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 2008.

## DIRECTORS
The directors shown below have held office during the whole of the period from 1st May 2007 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.

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.



CHARTERED ACCOUNTANTS

**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

8th August 2008



CHARTERED ACCOUNTANTS

## 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 2008 on pages five to twenty four. 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 2008 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

8th August 2008



CHARTERED ACCOUNTANTS

**SCOTIA HOMES LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
**FOR THE YEAR ENDED 30TH APRIL 2008**

| | Notes | 2008 £ | 2007 £ |
|---|---|---|---|
| **TURNOVER** | | **79,969,495** | 85,233,711 |
| Cost of sales | | **(56,160,519)** | (64,355,999) |
| **GROSS PROFIT** | | **23,808,976** | 20,877,712 |
| Selling expenses | | **(1,747,569)** | (1,825,902) |
| Other operating expenses | | **(9,150,565)** | (6,694,144) |
| | | **12,910,842** | 12,357,666 |
| Other operating income | | **345,479** | 30,319 |
| **OPERATING PROFIT** | 3 | **13,256,321** | 12,387,985 |
| Interest receivable and similar income | | **179,443** | 653,447 |
| | | **13,435,764** | 13,041,432 |
| Interest payable and similar charges | 4 | **(2,086,450)** | (2,616,500) |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | **11,349,314** | 10,424,932 |
| Tax on profit on ordinary activities | 5 | **(3,534,571)** | (3,240,575) |
| **PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION** | | **7,814,743** | 7,184,357 |

**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



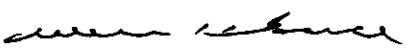
CHARTERED ACCOUNTANTS

**SCOTIA HOMES LIMITED**

**CONSOLIDATED BALANCE SHEET**
**30TH APRIL 2008**

| | Notes | 2008 £ | 2007 £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Intangible assets | 8 | **3,171,151** | 30,267 |
| Tangible assets | 9 | **2,386,313** | 873,133 |
| Investments | 10 | **50** | 50 |
| Investment property | 11 | **2,920,000** | 41,342 |
| | | **8,477,514** | 944,792 |
| **CURRENT ASSETS** | | | |
| Stocks | 12 | **54,647,570** | 61,820,268 |
| Debtors | 13 | **4,719,742** | 4,493,280 |
| Cash at bank and in hand | | **2,094,781** | 2,168,967 |
| | | **61,462,093** | 68,482,515 |
| **CREDITORS** | | | |
| Amounts falling due within one year | 14 | **(32,109,046)** | (41,668,794) |
| **NET CURRENT ASSETS** | | **29,353,047** | 26,813,721 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **37,830,561** | 27,758,513 |
| **CREDITORS** | | | |
| Amounts falling due after more than one year | 15 | **(5,790,239)** | (2,808,077) |
| **PROVISIONS FOR LIABILITIES** | 19 | **(37,769)** | (27,716) |
| **NET ASSETS** | | **32,002,553** | 24,922,720 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 20 | **2,939,637** | 2,939,637 |
| Share premium | 21 | **3,435,961** | 3,435,961 |
| Profit and loss account | 21 | **25,626,955** | 18,547,122 |
| **SHAREHOLDERS' FUNDS** | 22 | **32,002,553** | 24,922,720 |

The financial statements were approved by the Board of Directors on 5th August 2008 and were signed on its behalf by:



W H Bruce - Director

The notes form part of these financial statements



CHARTERED ACCOUNTANTS

**SCOTIA HOMES LIMITED**

**COMPANY BALANCE SHEET**
**30TH APRIL 2008**

| | Notes | 2008 £ | 2007 £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Intangible assets | 8 | - | - |
| Tangible assets | 9 | - | 50,014 |
| Investments | 10 | **10,040,529** | 6,271,430 |
| Investment property | 11 | - | 41,342 |
| | | **10,040,529** | 6,362,786 |
| **CURRENT ASSETS** | | | |
| Stocks | 12 | **5,895,585** | 61,409,676 |
| Debtors | 13 | **35,609,440** | 3,799,589 |
| Cash at bank | | **3,239,505** | - |
| | | **44,744,530** | 65,209,265 |
| **CREDITORS** | | | |
| Amounts falling due within one year | 14 | **(22,393,237)** | (42,896,495) |
| **NET CURRENT ASSETS** | | **22,351,293** | 22,312,770 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **32,391,822** | 28,675,556 |
| **CREDITORS** | | | |
| Amounts falling due after more than one year | 15 | **(4,230,000)** | (2,500,000) |
| **NET ASSETS** | | **28,161,822** | 26,175,556 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 20 | **2,939,637** | 2,939,637 |
| Share premium | 21 | **3,435,961** | 3,435,961 |
| Profit and loss account | 21 | **21,786,224** | 19,799,958 |
| **SHAREHOLDERS' FUNDS** | 22 | **28,161,822** | 26,175,556 |

The financial statements were approved by the Board of Directors on 5th August 2008 and were signed on its behalf by:

W H Bruce - Director

The notes form part of these financial statements



CHARTERED ACCOUNTANTS

**SCOTIA HOMES LIMITED**

**CASH FLOW STATEMENT**
**FOR THE YEAR ENDED 30TH APRIL 2008**

| | Notes | 2008 £ | 2007 £ |
|---|---|---|---|
| **Net cash inflow from operating activities** | 1 | **17,293,223** | 5,775,819 |
| **Returns on investments and servicing of finance** | 2 | **(1,892,272)** | (1,934,834) |
| **Taxation** | | **(3,729,244)** | (2,560,057) |
| **Capital expenditure and financial investment** | 2 | **(4,777,483)** | (358,124) |
| **Acquisitions and disposals** | 2 | **(3,171,151)** | - |
| **Equity dividends paid** | | **(734,910)** | (734,910) |
| | | **2,988,163** | 187,894 |
| **Financing** | 2 | **1,945,691** | (2,291,459) |
| **Increase/(Decrease) in cash in the period** | | **4,933,854** | (2,103,565) |

| | Notes | | |
|---|---|---|---|
| **Reconciliation of net cash flow to movement in net debt** | 3 | | |
| Increase/(Decrease) in cash in the period | | **4,933,854** | (2,103,565) |
| Cash (inflow)/outflow from (increase)/decrease in debt and lease financing | | **(1,945,691)** | 2,291,459 |
| Change in net debt resulting from cash flows | | **2,988,163** | 187,894 |
| **Movement in net debt in the period** | | **2,988,163** | 187,894 |
| **Net debt at 1st May** | | **(24,598,635)** | (24,786,529) |
| **Net debt at 30th April** | | **(21,610,472)** | (24,598,635) |

The notes form part of these financial statements



CHARTERED ACCOUNTANTS

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

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Operating profit | **13,256,321** | 12,387,985 |
| Depreciation charges | **435,795** | 285,340 |
| Profit on disposal of fixed assets | **(100,150)** | (6,284) |
| Amortisation of goodwill | **80,267** | 805,439 |
| Decrease/(Increase) in stocks | **7,172,698** | (9,076,422) |
| (Increase)/Decrease in debtors | **(265,631)** | 1,321,531 |
| (Decrease)/Increase in creditors | **(3,286,077)** | 58,230 |
| **Net cash inflow from operating activities** | **17,293,223** | 5,775,819 |

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

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| **Returns on investments and servicing of finance** | | |
| Interest received | **179,443** | 653,447 |
| Interest paid | **(2,046,442)** | (2,568,990) |
| Interest element of hire purchase payments | **(25,273)** | (19,291) |
| **Net cash outflow for returns on investments and servicing of finance** | **(1,892,272)** | (1,934,834) |
| **Capital expenditure and financial investment** | | |
| Purchase of intangible fixed assets | **(50,000)** | - |
| Purchase of tangible fixed assets | **(2,045,301)** | (401,592) |
| Purchase of investment property | **(2,920,000)** | (245) |
| Sale of tangible fixed assets | **196,476** | 43,713 |
| Sale of investment property | **41,342** | - |
| **Net cash outflow for capital expenditure and financial investment** | **(4,777,483)** | (358,124) |
| **Acquisitions and disposals** | | |
| Goodwill on acquisition of subsidiary | **(3,171,151)** | - |
| **Net cash outflow for acquisitions and disposals** | **(3,171,151)** | - |
| **Financing** | | |
| New loans in year | **7,968,868** | 20,226,922 |
| Loan repayments in year | **(6,320,108)** | (22,491,922) |
| Hire purchase loans in year | **583,880** | 198,034 |
| Capital repayments in year | **(286,949)** | (224,493) |
| **Net cash inflow/(outflow) from financing** | **1,945,691** | (2,291,459) |

The notes form part of these financial statements



CHARTERED ACCOUNTANTS

3. **ANALYSIS OF CHANGES IN NET DEBT**

| | At 1.5.07 £ | Cash flow £ | At 30.4.08 £ |
|---|---|---|---|
| Net cash: | | | |
| Cash at bank and in hand | 2,168,967 | (74,186) | 2,094,781 |
| Bank overdraft | (5,008,040) | 5,008,040 | - |
| | (2,839,073) | 4,933,854 | 2,094,781 |
| Debt: | | | |
| Hire purchase | (324,562) | (296,931) | (621,493) |
| Debts falling due within one year | (18,935,000) | 1,033,168 | (17,901,832) |
| Debts falling due after one year | (2,500,000) | (2,681,928) | (5,181,928) |
| | (21,759,562) | (1,945,691) | (23,705,253) |
| Total | (24,598,635) | 2,988,163 | (21,610,472) |

The notes form part of these financial statements



CHARTERED ACCOUNTANTS

## 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 2008. 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 and the appropriate proportion of the sales value of property construction contracts.

**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.

| | |
|---|---|
| Heritable property | - 4% straight line and 2% on valuation |
| Plant and machinery | - 15 - 50% straight line and 25% on reducing balance, |
| Fittings and equipment | - 20% - 50% straight line, |
| Motor vehicles | - 25% on reducing balance and 15 – 25% on cost |

**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.

**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.

Amounts recoverable on contracts are included in debtors and stated at cost plus attributable profit less any foreseeable losses. Attributable profit is recognised in proportion to the stage of completion reached when the outcome of the contract can be assessed with reasonable certainty.

Payments received on account of contracts are deducted from the amounts recoverable on contracts.

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



continued...

CHARTERED ACCOUNTANTS

1. **ACCOUNTING POLICIES - continued**

**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.

**Pension contributions**
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.

2. **STAFF COSTS**

| | **2008** | 2007 |
|---|---|---|
| | **£** | £ |
| Wages and salaries | **8,452,388** | 4,668,224 |
| Social security costs | **921,908** | 468,495 |
| Other pension costs | **143,022** | 56,030 |
| | **9,517,318** | 5,192,749 |

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

| | **2008** | 2007 |
|---|---|---|
| Production | **168** | 106 |
| Administration | **126** | 49 |
| | **294** | 155 |

3. **OPERATING PROFIT**

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

| | **2008** | 2007 |
|---|---|---|
| | **£** | £ |
| Other operating leases | **226,394** | 145,997 |
| Depreciation - owned assets | **240,774** | 136,388 |
| Depreciation - assets on hire purchase contracts | **195,022** | 148,952 |
| Profit on disposal of fixed assets | **(100,150)** | - |
| Goodwill amortisation | **80,267** | - |
| Auditors' remuneration | **38,850** | 43,750 |
| Directors' emoluments | **136,183** | 20,000 |
| Directors' pension contributions to money purchase schemes | **7,500** | - |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|---|---|---|
| Money purchase schemes | **1** | - |



continued...

CHARTERED ACCOUNTANTS

## 4. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Bank interest | **1,902,085** | 2,474,271 |
| Loan interest | **124,178** | 91,644 |
| Other interest | **34,914** | 31,294 |
| Hire purchase interest | **25,273** | 19,291 |
| | **2,086,450** | 2,616,500 |

## 5. TAXATION

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

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | **3,538,067** | 3,219,493 |
| Tax adjustment in respect of previous year | **1,051** | 16,461 |
| Total current tax | **3,539,118** | 3,235,954 |
| Deferred tax | **(4,547)** | 4,621 |
| Tax on profit on ordinary activities | **3,534,571** | 3,240,575 |

**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:

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| Profit on ordinary activities before tax | **11,349,314** | 10,424,932 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 29.836% (2007 - 30%) | **3,386,181** | 3,127,480 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **13,029** | 12,357 |
| Capital allowances in excess of depreciation | **(11,152)** | 2,573 |
| Tax losses | **(2,348)** | 2,361 |
| Other short term timing difference | **-** | 3,150 |
| Adjustment to tax charge in respect of previous periods | **1,051** | 16,461 |
| Amortisation of investment | **9,031** | 241,632 |
| Land remediation relief | **-** | (170,060) |
| Gain on sale of non-qualifying assets | **(14,550)** | - |
| Marginal relief | **(5,260)** | - |
| Adjustment for pre-acquisition profits | **163,136** | - |
| Current tax charge | **3,539,118** | 3,235,954 |

## 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 £2,721,176 (2007 - £8,539,759).



continued...

7. **DIVIDENDS**

| | 2008 £ | 2007 £ |
|---|---|---|
| Ordinary shares of £1.00 each | | |
| Final | **440,946** | 440,946 |
| Interim | **293,964** | 293,964 |
| | **734,910** | 734,910 |

8. **INTANGIBLE FIXED ASSETS**

**Group**

| | Goodwill £ |
|---|---|
| **COST** | |
| At 1st May 2007 | **30,267** |
| Additions | **3,221,151** |
| At 30th April 2008 | **3,251,418** |
| **AMORTISATION** | |
| Amortisation for year | **80,267** |
| At 30th April 2008 | **80,267** |
| **NET BOOK VALUE** | |
| At 30th April 2008 | **3,171,151** |
| At 30th April 2007 | 30,267 |

9. **TANGIBLE FIXED ASSETS**

**Group**

| | Heritable property £ | Plant and machinery £ | Fittings and equipment £ | Motor vehicles £ | Totals £ |
|---|---|---|---|---|---|
| **COST** | | | | | |
| At 1st May 2007 | - | **922,117** | **319,103** | **310,134** | **1,551,354** |
| Additions | **500,000** | **482,099** | **79,094** | **984,108** | **2,045,301** |
| Disposals | - | **(220,390)** | **(25,464)** | **(157,590)** | **(403,444)** |
| At 30th April 2008 | **500,000** | **1,183,826** | **372,733** | **1,136,652** | **3,193,211** |
| **DEPRECIATION** | | | | | |
| At 1st May 2007 | - | **339,550** | **210,119** | **128,551** | **678,220** |
| Charge for year | - | **193,375** | **66,592** | **175,829** | **435,796** |
| Eliminated on disposal | - | **(146,821)** | **(25,364)** | **(134,933)** | **(307,118)** |
| At 30th April 2008 | - | **386,104** | **251,347** | **169,447** | **806,898** |
| **NET BOOK VALUE** | | | | | |
| At 30th April 2008 | **500,000** | **797,722** | **121,386** | **967,205** | **2,386,313** |
| At 30th April 2007 | - | 582,567 | 108,984 | 181,583 | 873,134 |



continued...

CHARTERED ACCOUNTANTS

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 2007 | **632,236** | **19,401** | **163,525** | **815,162** |
| Additions | **268,351** | **-** | **381,215** | **649,566** |
| Transfer to ownership | **(381,205)** | **-** | **(37,240)** | **(418,445)** |
| At 30th April 2008 | **519,382** | **19,401** | **507,500** | **1,046,283** |
| **DEPRECIATION** | | | | |
| At 1st May 2007 | **158,906** | **1,213** | **62,948** | **223,067** |
| Charge for year | **125,466** | **4,850** | **64,706** | **195,022** |
| Transfer to ownership | **(228,031)** | **-** | **(30,810)** | **(258,841)** |
| At 30th April 2008 | **56,341** | **6,063** | **96,844** | **159,248** |
| **NET BOOK VALUE** | | | | |
| At 30th April 2008 | **463,041** | **13,338** | **410,656** | **887,035** |
| At 30th April 2007 | 473,330 | 18,188 | 100,577 | 592,095 |

**Company**

| | Fittings and equipment £ |
|---|---|
| **COST** | |
| At 1st May 2007 | **211,517** |
| Disposals | **(125,692)** |
| At 30th April 2008 | **85,825** |
| **DEPRECIATION** | |
| At 1st May 2007 | **161,502** |
| Charge for year | **2,516** |
| Eliminated on disposal | **(78,193)** |
| At 30th April 2008 | **85,825** |
| **NET BOOK VALUE** | |
| At 30th April 2008 | **-** |
| At 30th April 2007 | 50,015 |



continued...

10. **FIXED ASSET INVESTMENTS**

**Group**

| | Interest in joint venture £ |
|---|---|
| **COST** | |
| At 1st May 2007 and 30th April 2008 | **50** |
| **NET BOOK VALUE** | |
| At 30th April 2008 | **50** |
| At 30th April 2007 | 50 |

**Company**

| | Shares in group undertakings £ | Interest in joint venture £ | Totals £ |
|---|---|---|---|
| **COST** | | | |
| At 1st May 2007 | **6,271,380** | **50** | **6,271,430** |
| Additions | **7,818,650** | **-** | **7,818,650** |
| Amount written off investments | **(3,851,724)** | **-** | **(3,851,724)** |
| Transferred to cost of sales | **(197,827)** | **-** | **(197,827)** |
| At 30th April 2008 | **10,040,479** | **50** | **10,040,529** |
| **NET BOOK VALUE** | | | |
| At 30th April 2008 | **10,040,479** | **50** | **10,040,529** |
| At 30th April 2007 | 6,271,380 | 50 | 6,271,430 |

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: Dormant

| Class of shares: | % holding |
|---|---|
| Ordinary shares | 100.00 |

**Haddington Maltings Limited**
Nature of business: Dormant

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

**Scotia Homes (North) Limited**
Nature of business: Building Contractors

| Class of shares: | % holding |
|---|---|
| Ordinary shares | 100.00 |



continued...

CHARTERED ACCOUNTANTS

10. **FIXED ASSET INVESTMENTS - continued**

**Burnett Plumbing and Electrical Limited**
Nature of business: Dormant

| | % |
|---|---|
| Class of shares: | holding |
| Ordinary shares | 100.00 |

**Scotia Homes (South) Limited**
Nature of business: Building Contractors

| | % |
|---|---|
| Class of shares: | holding |
| Ordinary | 100.00 |

**Webster Group Limited**
Nature of business: Non-Trading Holding Company

| | % |
|---|---|
| Class of shares: | holding |
| Ordinary | 100.00 |

**Joint Venture**

**Countesswells Limited**
Nature of business: Property Developers

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

11. **INVESTMENT PROPERTY**

**Group**

| | Total £ |
|---|---|
| **COST** | |
| At 1st May 2007 | **41,342** |
| Additions | **2,920,000** |
| Disposals | **(41,342)** |
| At 30th April 2008 | **2,920,000** |
| **NET BOOK VALUE** | |
| At 30th April 2008 | **2,920,000** |
| At 30th April 2007 | 41,342 |



continued...

## 11. INVESTMENT PROPERTY - continued

**Company**

| | Total £ |
|---|---|
| **COST** | |
| At 1st May 2007 | **41,342** |
| Disposals | **(41,342)** |
| At 30th April 2008 | - |
| **NET BOOK VALUE** | |
| At 30th April 2008 | - |
| At 30th April 2007 | 41,342 |

## 12. STOCKS

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Materials | **168,130** | 51,138 | **-** | - |
| Developments in progress | **54,171,423** | 61,379,630 | **5,895,585** | 61,020,176 |
| Properties for resale | **308,017** | 389,500 | **-** | 389,500 |
| | **54,647,570** | 61,820,268 | **5,895,585** | 61,409,676 |

## 13. DEBTORS

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | **2,995,452** | 3,233,119 | **6,561** | 3,065,857 |
| Amounts owed by group undertakings | **-** | - | **35,232,074** | 17,254 |
| Other debtors | **1,244,417** | 906,119 | **55,932** | 401,605 |
| Amounts owed by joint venture | **314,873** | 314,873 | **314,873** | 314,873 |
| Tax | **-** | 39,169 | **-** | - |
| | **4,554,742** | 4,493,280 | **35,609,440** | 3,799,589 |
| Amounts falling due after more than one year: | | | | |
| Other debtors | **165,000** | - | **-** | - |
| Aggregate amounts | **4,719,742** | 4,493,280 | **35,609,440** | 3,799,589 |



continued...

CHARTERED ACCOUNTANTS

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Debentures (see note 16) | **1,000,000** | - | **1,000,000** | - |
| Bank loans and overdrafts (see note 16) | **15,136,832** | 23,008,040 | **15,000,000** | 23,008,040 |
| Other loans (see note 16) | **1,765,000** | 935,000 | **1,765,000** | 935,000 |
| Hire purchase contracts (see note 17) | **275,223** | 202,431 | **-** | - |
| Deposits in advance | **1,713,106** | 2,101,553 | **77,758** | 2,083,225 |
| Trade creditors | **6,098,292** | 9,749,748 | **1,559,063** | 3,651,465 |
| Amounts owed to group undertakings | **-** | - | **798** | 8,522,345 |
| Tax | **2,458,191** | 2,580,991 | **1,204,826** | 2,545,784 |
| Social security and other taxes | **430,750** | 296,767 | **-** | - |
| Proposed dividends | **440,946** | 440,946 | **440,946** | 440,946 |
| Accruals and deferred income | **2,790,706** | 2,353,318 | **1,344,846** | 1,709,690 |
| | **32,109,046** | 41,668,794 | **22,393,237** | 42,896,495 |

## 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Debentures (see note 16) | **2,730,000** | - | **2,730,000** | - |
| Bank loans (see note 16) | **2,451,928** | 2,500,000 | **1,500,000** | 2,500,000 |
| Hire purchase contracts (see note 17) | **346,270** | 122,131 | **-** | - |
| Trade creditors | **262,041** | 185,946 | **-** | - |
| | **5,790,239** | 2,808,077 | **4,230,000** | 2,500,000 |



continued...

CHARTERED ACCOUNTANTS

## 16. LOANS

An analysis of the maturity of loans is given below:

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Amounts falling due within one year or on demand: | | | | |
| Loan notes | **1,000,000** | - | **1,000,000** | - |
| Bank overdrafts | - | 5,008,040 | - | 5,008,040 |
| Bank loans | **15,136,832** | 18,000,000 | **15,000,000** | 18,000,000 |
| Other loans | **1,765,000** | 935,000 | **1,765,000** | 935,000 |
| | **17,901,832** | 23,943,040 | **17,765,000** | 23,943,040 |
| Amounts falling due between one and two years: | | | | |
| Loan notes | **1,000,000** | - | **1,000,000** | - |
| Bank loans | **1,136,832** | 1,000,000 | **1,000,000** | 1,000,000 |
| | **2,136,832** | 1,000,000 | **2,000,000** | 1,000,000 |
| Amounts falling due between two and five years: | | | | |
| Loan notes | **1,730,000** | - | **1,730,000** | - |
| Bank loans | **910,497** | 1,500,000 | **500,000** | 1,500,000 |
| | **2,640,497** | 1,500,000 | **2,230,000** | 1,500,000 |
| Amounts falling due in more than five years: | | | | |
| Repayable by instalments | | | | |
| Bank loans | **404,599** | - | - | - |

## 17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

**Group**

| | Hire purchase contracts | |
|---|---|---|
| | **2008** | 2007 |
| | **£** | £ |
| Gross obligations repayable: | | |
| Within one year | **301,022** | 220,947 |
| Between one and five years | **377,995** | 134,023 |
| | **679,017** | 354,970 |
| Finance charges repayable: | | |
| Within one year | **25,799** | 18,516 |
| Between one and five years | **31,725** | 11,892 |
| | **57,524** | 30,408 |
| Net obligations repayable: | | |
| Within one year | **275,223** | 202,431 |
| Between one and five years | **346,270** | 122,131 |
| | **621,493** | 324,562 |



continued...

CHARTERED ACCOUNTANTS

## 17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

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

**Group**

| | Other operating leases | |
|---|---|---|
| | **2008** | 2007 |
| | **£** | £ |
| Expiring: | | |
| Within one year | **15,725** | 18,199 |
| Between one and five years | **81,977** | 69,306 |
| | **97,702** | 87,505 |

## 18. SECURED DEBTS

The following secured debts are included within creditors:

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Bank overdraft | **-** | 5,008,040 | **-** | 5,008,040 |
| Bank loans | **17,588,760** | 20,500,000 | **16,500,000** | 20,500,000 |
| Hire purchase contracts | **621,493** | 324,562 | **-** | - |
| | **18,210,253** | 25,832,602 | **16,500,000** | 25,508,040 |

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

## 19. PROVISIONS FOR LIABILITIES

| | Group | |
|---|---|---|
| | **2008** | 2007 |
| | **£** | £ |
| Deferred tax | **37,769** | 27,716 |

**Group**

| | **Deferred tax** |
|---|---|
| | **£** |
| Balance at 1st May 2007 | **27,716** |
| Increase in provision | **10,053** |
| Balance at 30th April 2008 | **37,769** |



continued...

## 20. CALLED UP SHARE CAPITAL

Authorised:

| Number: | Class: | Nominal value: | 2008 £ | 2007 £ |
|---|---|---|---|---|
| 5,000,000 | Ordinary | £1.00 | **5,000,000** | 5,000,000 |

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2008 £ | 2007 £ |
|---|---|---|---|---|
| 2,939,637 | Ordinary | £1.00 | **2,939,637** | 2,939,637 |

## 21. RESERVES

**Group**

| | Profit and loss account £ | Share premium £ | Totals £ |
|---|---|---|---|
| At 1st May 2007 | **18,547,122** | **3,435,961** | **21,983,083** |
| Profit for the year | **7,814,743** | | **7,814,743** |
| Dividends | **(734,910)** | | **(734,910)** |
| At 30th April 2008 | **25,626,955** | **3,435,961** | **29,062,916** |

**Company**

| | Profit and loss account £ | Share premium £ | Totals £ |
|---|---|---|---|
| At 1st May 2007 | **19,799,958** | **3,435,961** | **23,235,919** |
| Profit for the year | **2,721,176** | | **2,721,176** |
| Dividends | **(734,910)** | | **(734,910)** |
| At 30th April 2008 | **21,786,224** | **3,435,961** | **25,222,185** |

## 22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

**Group**

| | 2008 £ | 2007 £ |
|---|---|---|
| Profit for the financial year | **7,814,743** | 7,184,357 |
| Dividends | **(734,910)** | (734,910) |
| **Net addition to shareholders' funds** | **7,079,833** | 6,449,447 |
| Opening shareholders' funds | **24,922,720** | 18,473,273 |
| **Closing shareholders' funds** | **32,002,553** | 24,922,720 |



continued...

CHARTERED ACCOUNTANTS

22. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued**

**Company**

| | **2008** | 2007 |
|---|---|---|
| | **£** | £ |
| Profit for the financial year | **2,721,176** | 8,539,759 |
| Dividends | **(734,910)** | (734,910) |
| **Net addition to shareholders' funds** | **1,986,266** | 7,804,849 |
| Opening shareholders' funds | **26,175,556** | 18,370,707 |
| **Closing shareholders' funds** | **28,161,822** | 26,175,556 |



continued...

CHARTERED ACCOUNTANTS

## 23. 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 2006 were as follows:

**Group**

| | |
|---|---|
| Bruce and Partners | £4,341,867 (2007: £5,432,125) of which £834524 (2007: £773,855) is included in year end creditors. |
| Burnett Management | £104,785 (2007: £626,492) of which £6,917 (2007: £110,155) is included in year end creditors and £9,728 (2007: £nil) in year end debtors. |

**Company**

| | |
|---|---|
| Bruce and Partners | £nil (2007: £5,160,519)of which £nil (2007: £773,855) 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 | | Company | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| | **£** | £ | **£** | £ |
| Bruce and Partners | | | | |
| At 1st May 2007 | **470,000** | 600,000 | **470,000** | 600,000 |
| Received during the year | **3,000,000** | 2,470,000 | **3,000,000** | 2,470,000 |
| Repaid during the year | **(2,220,000)** | (2,600,000) | **(2,220,000)** | (2,600,000) |
| At 30th April 2008 | **1,250,000** | 470,000 | **1,250,000** | 470,000 |
| City Financial (Aberdeen) Limited | | | | |
| At 1st May 2007 | **465,000** | 275,000 | **465,000** | 275,000 |
| Received during the year | **50,000** | 200,000 | **50,000** | 200,000 |
| Repaid during the year | **-** | (10,000) | **-** | (10,000) |
| At 30th April 2008 | **515,000** | 465,000 | **515,000** | 465,000 |

**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.



CHARTERED ACCOUNTANTS