

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2018  
FOR  
SCOTIA HOMES LIMITED**



CHARTERED ACCOUNTANTS

[www.bainhenryreid.co.uk](http://www.bainhenryreid.co.uk)

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COMPANIES HOUSE

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2018**

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|                                           | <b>Page</b>     |
|-------------------------------------------|-----------------|
| <b>Company Information</b>                | <b>1</b>        |
| <b>Strategic Report</b>                   | <b>2 to 3</b>   |
| <b>Report of the Directors</b>            | <b>4 to 5</b>   |
| <b>Report of the Independent Auditors</b> | <b>6 to 7</b>   |
| <b>Income Statement</b>                   | <b>8</b>        |
| <b>Other Comprehensive Income</b>         | <b>9</b>        |
| <b>Balance Sheet</b>                      | <b>10</b>       |
| <b>Statement of Changes in Equity</b>     | <b>11</b>       |
| <b>Notes to the Financial Statements</b>  | <b>12 to 24</b> |

**SCOTIA HOMES LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30 APRIL 2018**

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**DIRECTORS:**

Mr W H Bruce  
Mr W M Bruce  
Mr S Burnett  
Mr F D Fairlie  
Mr W L McLeod  
Mr D W Watt  
Mr M L Zanre  
Mrs C Beaton  
Mr R G Begbie  
Mr P J Boyle  
Mr G J Gerrard  
Mr A Lonie

**SECRETARY:**

Burness Paull LLP

**REGISTERED OFFICE:**

50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

**REGISTERED NUMBER:**

SC141011 (Scotland)

**AUDITORS:**

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

**BANKERS:**

Bank of Scotland  
3 - 5 Albyn Place  
Aberdeen  
AB10 1PY

**SOLICITORS:**

Burness Paull LLP  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 APRIL 2018**

The directors present their strategic report for the year ended 30 April 2018.

**PRINCIPAL ACTIVITY**

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

**GROUP STRUCTURE**

The company is a wholly owned subsidiary of Scotia Homes (Holdings) Limited. Scotia Homes Limited remains the key subsidiary of the group. Copies of the group accounts can be obtained from The Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

**REVIEW OF BUSINESS**

**Results**

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

**Key Performance Indicators**

|                                                                          | 2018    | 2017    | Movement<br>% |
|--------------------------------------------------------------------------|---------|---------|---------------|
| Turnover                                                                 | £37.18m | £37.21m | -             |
| Gross profit margin                                                      | 23.16%  | 20.72%  | 2             |
| Earnings before interest, tax, depreciation, amortisation and impairment | £3.94m  | £3.66m  | 8             |
| Operating profit                                                         | £3.38m  | £2.93m  | 15            |
| Net assets                                                               | £25.53m | £23.66m | £1.87m        |

Turnover for the year ended 30th April 2018 remained stable despite the continuing depressed market conditions prevailing across Aberdeen & NE Scotland. Housebuild completions for the year were 147 units (2017 161 units) and there was a land sale for affordable housing of 44 units (2017 no land sales). Notwithstanding sales volumes and prices remaining subdued, it is pleasing to see our business KPI's showing positive variances in comparison to 2017 which reflects the actions taken by the board during the downturn in the Oil & Gas sector in recent years. Our business has been rebased and rightsized and is now well positioned to benefit from any market recovery. The balance sheet remains strong with net assets increased to £25.53m and there was again no net bank debt outstanding at the end of the financial year end.

**FUTURE OUTLOOK**

The local market in Aberdeen & NE Scotland remains challenging as a consequence of the downturn in the Oil and Gas sector. Oil prices have now stabilised above \$70 per barrel and we are now seeing initial signs of market stabilisation and increased sales activity levels across our operational sites. We have not yet seen any uplift in house prices and therefore we are continuing to use incentives such as part-exchange, assisted sale, discounts, Help-to-Buy etc to support sales levels. The board continues to monitor the level of incentives being utilised very closely, in particular our exposure to part-exchange properties. The company remains in good shape financially and operationally and has an excellent platform from which to continue to grow the business against a backdrop of increasing activity levels with continued turnover and profitability growth being forecast.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the company's objectives are subject to a number of risks. The key business risks and uncertainties affecting the company relate to periodic downturns in the housing market and the delays in the planning system and in the production of local authority development plans. These risks are formally reviewed by the board and processes are put in place to monitor them and to deal with them as appropriate.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 APRIL 2018**

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**FINANCIAL RISK MANAGEMENT**

The company's financial instruments comprise borrowings, cash and short-term deposits, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to fund the company's operations as well as to manage its working capital and liquidity.

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and related finance costs. The company does not use derivative financial instruments. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

**Price Risk**

The company is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

**Liquidity Risk**

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that it has sufficient available funds for operations and planned expansions.

**ON BEHALF OF THE BOARD:**



Mr W M Bruce - Director

Date: 12 October 2018

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 APRIL 2018**

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The directors present their report with the financial statements of the company for the year ended 30 April 2018.

**DIVIDENDS**

An interim dividend of £368,183 was paid during the financial year. A final dividend of £519,073 has been authorised, making a total of £887,256 in respect of the year ended 30th April 2018.

**DIRECTORS**

The directors set out in the table below have held office during the whole of the period from 1 May 2017 to the date of this report.

The directors shown below were in office at 30 April 2018 but did not hold any interest in the Ordinary shares of £1 each at 1 May 2017 or 30 April 2018.

Mr W H Bruce  
Mr W M Bruce  
Mr S Burnett  
Mr F D Fairlie  
Mr W L McLeod  
Mr D W Watt  
Mr M L Zanre  
Mrs C Beaton  
Mr R G Begbie  
Mr P J Boyle  
Mr G J Gerrard  
Mr A Lonie

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**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 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

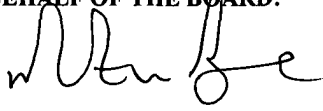
**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 APRIL 2018**

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**AUDITORS**

The auditors, Bain Henry Reid, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



Mr W M Bruce - Director

Date: 12 October 2018

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

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### Opinion

We have audited the financial statements of Scotia Homes Limited (the 'company') for the year ended 30 April 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

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

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### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.



W Graeme Rattray MA CA (Senior Statutory Auditor)  
for and on behalf of Bain Henry Reid  
Statutory Auditors  
Chartered Accountants  
28 Broad Street  
Peterhead  
Aberdeenshire  
AB42 1BY

Date: 12 October 2018

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2018**

|                                        | Notes | 2018<br>£               | 2017<br>£               |
|----------------------------------------|-------|-------------------------|-------------------------|
| <b>TURNOVER</b>                        |       | <b>37,177,646</b>       | <b>37,207,651</b>       |
| Cost of sales                          |       | <u>(28,565,005)</u>     | <u>(29,496,771)</u>     |
| <b>GROSS PROFIT</b>                    |       | <b>8,612,641</b>        | <b>7,710,880</b>        |
| Selling expenses                       |       | <u>(820,306)</u>        | <u>(904,743)</u>        |
| Other operating expenses               |       | <u>(4,668,894)</u>      | <u>(4,220,609)</u>      |
|                                        |       | <b>3,123,441</b>        | <b>2,585,528</b>        |
| Other operating income                 |       | <u>253,771</u>          | <u>348,733</u>          |
| <b>OPERATING PROFIT</b>                | 4     | <b>3,377,212</b>        | <b>2,934,261</b>        |
| Interest receivable and similar income |       | <u>19,985</u>           | <u>69,568</u>           |
|                                        |       | <b>3,397,197</b>        | <b>3,003,829</b>        |
| Interest payable and similar expenses  | 5     | <u>(90,967)</u>         | <u>(251,737)</u>        |
| <b>PROFIT BEFORE TAXATION</b>          |       | <b>3,306,230</b>        | <b>2,752,092</b>        |
| Tax on profit                          | 6     | <u>(545,409)</u>        | <u>(280,074)</u>        |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>   |       | <b><u>2,760,821</u></b> | <b><u>2,472,018</u></b> |

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 APRIL 2018**

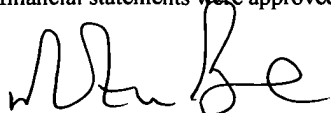
|                                                    | Notes | 2018<br>£               | 2017<br>£               |
|----------------------------------------------------|-------|-------------------------|-------------------------|
| <b>PROFIT FOR THE YEAR</b>                         |       | <b>2,760,821</b>        | <b>2,472,018</b>        |
| <b>OTHER COMPREHENSIVE INCOME</b>                  |       | <b>-</b>                | <b>-</b>                |
| <b>TOTAL COMPREHENSIVE INCOME FOR<br/>THE YEAR</b> |       | <b><u>2,760,821</u></b> | <b><u>2,472,018</u></b> |

The notes form part of these financial statements

**BALANCE SHEET**  
**30 APRIL 2018**

|                                              | Notes | 2018<br>£         | 2017<br>£         |
|----------------------------------------------|-------|-------------------|-------------------|
| <b>FIXED ASSETS</b>                          |       |                   |                   |
| Intangible assets                            | 8     | -                 | 207,470           |
| Tangible assets                              | 9     | 783,491           | 972,200           |
| Investments                                  | 10    | 50                | 50                |
|                                              |       | <u>783,541</u>    | <u>1,179,720</u>  |
| <b>CURRENT ASSETS</b>                        |       |                   |                   |
| Stocks                                       | 11    | 16,651,291        | 18,656,285        |
| Debtors                                      | 12    | 15,274,737        | 10,907,581        |
| Cash at bank and in hand                     |       | 2,243,792         | 2,849,047         |
|                                              |       | <u>34,169,820</u> | <u>32,412,913</u> |
| <b>CREDITORS</b>                             |       |                   |                   |
| Amounts falling due within one year          | 13    | (9,335,334)       | (9,891,487)       |
| <b>NET CURRENT ASSETS</b>                    |       | <u>24,834,486</u> | <u>22,521,426</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>25,618,027</u> | <u>23,701,146</u> |
| <b>CREDITORS</b>                             |       |                   |                   |
| Amounts falling due after more than one year | 14    | (82,979)          | (39,663)          |
| <b>NET ASSETS</b>                            |       | <u>25,535,048</u> | <u>23,661,483</u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                   |                   |
| Called up share capital                      | 18    | 3,976,547         | 3,976,547         |
| Share premium                                | 19    | 3,435,961         | 3,435,961         |
| Retained earnings                            | 19    | 18,122,540        | 16,248,975        |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u>25,535,048</u> | <u>23,661,483</u> |

The financial statements were approved by the Board of Directors on 14 September 2018 and were signed on its behalf by:



Mr W M Bruce - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2018**

|                                 | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Share<br/>premium<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|---------------------------------|----------------------------------------------|------------------------------------|--------------------------------|-------------------------------|
| <b>Balance at 1 May 2016</b>    | 3,976,547                                    | 14,483,292                         | 3,435,961                      | 21,895,800                    |
| <b>Changes in equity</b>        |                                              |                                    |                                |                               |
| Dividends                       | -                                            | (706,335)                          | -                              | (706,335)                     |
| Total comprehensive income      | -                                            | 2,472,018                          | -                              | 2,472,018                     |
| <b>Balance at 30 April 2017</b> | <u>3,976,547</u>                             | <u>16,248,975</u>                  | <u>3,435,961</u>               | <u>23,661,483</u>             |
| <b>Changes in equity</b>        |                                              |                                    |                                |                               |
| Dividends                       | -                                            | (887,256)                          | -                              | (887,256)                     |
| Total comprehensive income      | -                                            | 2,760,821                          | -                              | 2,760,821                     |
| <b>Balance at 30 April 2018</b> | <u>3,976,547</u>                             | <u>18,122,540</u>                  | <u>3,435,961</u>               | <u>25,535,048</u>             |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2018**

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**1. STATUTORY INFORMATION**

Scotia Homes Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of work in progress

The company's work in progress comprises development land and building cost for the construction of residential properties, which is sensitive to changes in market conditions due to consumer demand and wider economic factors. As a result it is necessary to consider the recoverability of the cost of work in progress and the associated provisioning required. When calculating any work in progress impairment, management considers the current market conditions in the construction industry and the anticipated saleability in the future.

Impairments of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 APRIL 2018**

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**2. ACCOUNTING POLICIES - continued**

**Revenue recognition**

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover represents amounts receivable from the sale of goods and from the rendering of services.

Sale of goods:

Sale of goods represents amounts receivable from the sale of residential properties recognised on completion. Completion occurs when properties are completed and an agreement is in place to transfer the significant risks and rewards of ownership to the customer.

The company also sells development land. Sales of development land are recognised when there is a legally binding obligation to pay by the customer.

Rendering of services:

Rendering of services represent contracting sales. Revenue is recognised in the accounting period in which the services are rendered.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised as interest accrues using the effective interest method.

**Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight line method. The intangible assets are amortised over the following economic useful lives:

|          |         |
|----------|---------|
| Goodwill | 5 years |
|----------|---------|

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

**Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their estimated useful life or, if held under a finance lease, over the term of the lease, whichever is the shorter. The rates applicable are:

|                       |                                                      |
|-----------------------|------------------------------------------------------|
| Plant and machinery   | - 25% on reducing balance and 25 - 33% straight line |
| Fixtures and fittings | - 25 - 33% straight line                             |
| Motor vehicles        | - 25% on reducing balance and 25% straight line      |

**Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Work in progress is also assessed for impairment at each reporting date. The carrying amount is compared with its selling price less costs to complete and sell. If work in progress is impaired, its carrying amount is reduced to its selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Fixed asset investments**

Investments held are stated at cost less accumulated impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2018**

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**2. ACCOUNTING POLICIES - continued**

**Investment property**

Investment properties are initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently, investment properties whose fair value can be measured reliably without undue cost or effort on an on-going basis are measured at fair value. The gains or losses on revaluation are recognised in the Income Statement in the period in which they arise.

Deferred taxation is provided on gains at the rate expected to apply when the property is sold and on losses where these losses are expected to reverse in the future.

**Stocks and work 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 selling price less costs to complete and sell.

Shared purchase properties are stated at the lower of cost and selling price less costs to complete and sell of the equity retained by the company.

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.

Viability reports which include an estimation of costs to complete and remaining revenues are carried out at regular intervals throughout the year during which site development costs are allocated between units built in the current year and those to be built in future years. These reports assess the profitability of each site and any impairment provisions which may be required.

**Trade debtors**

Trade debtors on normal terms are stated at their nominal value and are assessed for recoverability on an ongoing basis.

Trade debtors on extended terms granted as part of a sales transaction are secured by way of a legal charge on the respective properties and are stated at net present value.

**Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments like loans and other accounts receivable and payable are initially measured at the present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate, or in the case of an outright short term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the net present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 APRIL 2018**

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**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred taxation**

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Leases**

Leases are classified as finance leases or hire purchase contracts whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Assets held under finance lease or hire purchase contracts are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease or hire purchase contract obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases or hire purchase contracts are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the profit or loss on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

**Employee benefits**

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 APRIL 2018**
**2. ACCOUNTING POLICIES - continued**
**Provisions for liabilities**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary cost payable for the period of absence.

**3. EMPLOYEES AND DIRECTORS**

|                       | 2018<br>£        | 2017<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 7,092,353        | 6,736,543        |
| Social security costs | 750,966          | 718,519          |
| Other pension costs   | 222,472          | 215,829          |
|                       | <u>8,065,791</u> | <u>7,670,891</u> |

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

|                | 2018       | 2017       |
|----------------|------------|------------|
| Production     | 110        | 118        |
| Administration | <u>100</u> | <u>97</u>  |
|                | <u>210</u> | <u>215</u> |

Key management are considered to be the directors of the company. The compensation paid or payable to directors is as follows:

|                                                            | 2018<br>£ | 2017<br>£     |
|------------------------------------------------------------|-----------|---------------|
| Directors' remuneration                                    | 973,603   | 847,537       |
| Directors' pension contributions to money purchase schemes | 41,882    | 48,882        |
| Compensation to director for loss of office                | <u>-</u>  | <u>30,000</u> |

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

|                        | 2018     | 2017     |
|------------------------|----------|----------|
| Money purchase schemes | <u>6</u> | <u>7</u> |

Information regarding the highest paid director is as follows:

|                                                 | 2018<br>£ | 2017<br>£    |
|-------------------------------------------------|-----------|--------------|
| Emoluments etc                                  | 177,903   | 134,094      |
| Pension contributions to money purchase schemes | <u>-</u>  | <u>3,518</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2018

## 4. OPERATING PROFIT

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

|                                                  | 2018         | 2017          |
|--------------------------------------------------|--------------|---------------|
|                                                  | £            | £             |
| Other operating leases                           | 175,167      | 176,558       |
| Depreciation - owned assets                      | 291,167      | 280,083       |
| Depreciation - assets on hire purchase contracts | 88,543       | 237,915       |
| (Profit)/loss on disposal of fixed assets        | (36,091)     | 789           |
| Goodwill amortisation                            | 207,470      | 207,360       |
| Auditors' remuneration                           | 18,000       | 25,000        |
| Auditors' remuneration for non audit work        | <u>7,740</u> | <u>11,510</u> |

## 5. INTEREST PAYABLE AND SIMILAR EXPENSES

|                            | 2018          | 2017           |
|----------------------------|---------------|----------------|
|                            | £             | £              |
| Other interest             | 12,826        | -              |
| Group interest and charges | -             | 157,641        |
| Hire purchase              | 15,126        | 28,345         |
| Bank charges               | <u>63,015</u> | <u>65,751</u>  |
|                            | <u>90,967</u> | <u>251,737</u> |

## 6. TAXATION

## Analysis of the tax charge

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

|                                   | 2018           | 2017           |
|-----------------------------------|----------------|----------------|
|                                   | £              | £              |
| Current tax:                      |                |                |
| UK corporation tax                | -              | 12,385         |
| Adjustment re previous years      | 71,760         | -              |
| Group relief (repayable)/ payable | <u>(6,875)</u> | <u>27,745</u>  |
| Total current tax                 | 64,885         | 40,130         |
| Deferred tax                      | <u>480,524</u> | <u>239,944</u> |
| Tax on profit                     | <u>545,409</u> | <u>280,074</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2018

## 6. TAXATION - continued

**Reconciliation of total tax charge included in profit and loss**

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

|                                                                                             | 2018<br>£        | 2017<br>£        |
|---------------------------------------------------------------------------------------------|------------------|------------------|
| Profit before tax                                                                           | <u>3,306,230</u> | <u>2,752,092</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.918%) | 628,184          | 548,162          |
| Effects of:                                                                                 |                  |                  |
| Expenses not deductible for tax purposes                                                    | 24,980           | 20,607           |
| Land remediation relief                                                                     | (8,191)          | (7,176)          |
| Amortisation of non-qualifying goodwill                                                     | 39,419           | 41,302           |
| Gain on sale of non-qualifying asset                                                        | -                | (10)             |
| Movement in general provision                                                               | (210,742)        | (352,471)        |
| Tax in respect of previous year                                                             | <u>71,759</u>    | <u>29,660</u>    |
| Total tax charge                                                                            | <u>545,409</u>   | <u>280,074</u>   |

## 7. DIVIDENDS

|         | 2018<br>£      | 2017<br>£      |
|---------|----------------|----------------|
| Final   | 519,073        | 421,920        |
| Interim | <u>368,183</u> | <u>284,415</u> |
|         | <u>887,256</u> | <u>706,335</u> |

## 8. INTANGIBLE FIXED ASSETS

|                       | Goodwill<br>£    |
|-----------------------|------------------|
| <b>COST</b>           |                  |
| At 1 May 2017         |                  |
| and 30 April 2018     | <u>1,036,910</u> |
| <b>AMORTISATION</b>   |                  |
| At 1 May 2017         | 829,440          |
| Amortisation for year | <u>207,470</u>   |
| At 30 April 2018      | <u>1,036,910</u> |
| <b>NET BOOK VALUE</b> |                  |
| At 30 April 2018      | <u>-</u>         |
| At 30 April 2017      | <u>207,470</u>   |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2018

## 9. TANGIBLE FIXED ASSETS

|                        | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£      |
|------------------------|-----------------------------|----------------------------------|------------------------|------------------|
| <b>COST</b>            |                             |                                  |                        |                  |
| At 1 May 2017          | 1,323,171                   | 428,612                          | 990,597                | 2,742,380        |
| Additions              | -                           | 52,899                           | 206,196                | 259,095          |
| Disposals              | (186,176)                   | (153,515)                        | (124,794)              | (464,485)        |
| At 30 April 2018       | <u>1,136,995</u>            | <u>327,996</u>                   | <u>1,071,999</u>       | <u>2,536,990</u> |
| <b>DEPRECIATION</b>    |                             |                                  |                        |                  |
| At 1 May 2017          | 793,152                     | 328,253                          | 648,775                | 1,770,180        |
| Charge for year        | 135,589                     | 90,439                           | 153,682                | 379,710          |
| Eliminated on disposal | (141,616)                   | (153,515)                        | (101,260)              | (396,391)        |
| At 30 April 2018       | <u>787,125</u>              | <u>265,177</u>                   | <u>701,197</u>         | <u>1,753,499</u> |
| <b>NET BOOK VALUE</b>  |                             |                                  |                        |                  |
| At 30 April 2018       | <u>349,870</u>              | <u>62,819</u>                    | <u>370,802</u>         | <u>783,491</u>   |
| At 30 April 2017       | <u>530,019</u>              | <u>100,359</u>                   | <u>341,822</u>         | <u>972,200</u>   |

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

|                        | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£    |
|------------------------|-----------------------------|----------------------------------|------------------------|----------------|
| <b>COST</b>            |                             |                                  |                        |                |
| At 1 May 2017          | 695,821                     | 51,328                           | 354,558                | 1,101,707      |
| Additions              | -                           | -                                | 180,511                | 180,511        |
| Disposals              | -                           | -                                | (9,860)                | (9,860)        |
| Transfer to ownership  | (508,026)                   | (51,328)                         | (155,778)              | (715,132)      |
| At 30 April 2018       | <u>187,795</u>              | <u>-</u>                         | <u>369,431</u>         | <u>557,226</u> |
| <b>DEPRECIATION</b>    |                             |                                  |                        |                |
| At 1 May 2017          | 341,743                     | 31,367                           | 142,637                | 515,747        |
| Charge for year        | 28,704                      | -                                | 59,839                 | 88,543         |
| Eliminated on disposal | -                           | -                                | (3,903)                | (3,903)        |
| Transfer to ownership  | (268,768)                   | (31,367)                         | (75,332)               | (375,467)      |
| At 30 April 2018       | <u>101,679</u>              | <u>-</u>                         | <u>123,241</u>         | <u>224,920</u> |
| <b>NET BOOK VALUE</b>  |                             |                                  |                        |                |
| At 30 April 2018       | <u>86,116</u>               | <u>-</u>                         | <u>246,190</u>         | <u>332,306</u> |
| At 30 April 2017       | <u>354,078</u>              | <u>19,961</u>                    | <u>211,921</u>         | <u>585,960</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2018

## 10. FIXED ASSET INVESTMENTS

|                                    | Interest<br>in joint<br>venture<br>£ |
|------------------------------------|--------------------------------------|
| <b>COST</b>                        |                                      |
| At 1 May 2017<br>and 30 April 2018 | <u>50</u>                            |
| <b>NET BOOK VALUE</b>              |                                      |
| At 30 April 2018                   | <u>50</u>                            |
| At 30 April 2017                   | <u>50</u>                            |

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Joint venture****Countesswells Limited**

Registered office: Scotland

Nature of business: Property Development

Class of shares:  
Ordinary 'B' shares

%  
holding  
100.00

## 11. STOCKS

|                            | 2018<br>£         | 2017<br>£         |
|----------------------------|-------------------|-------------------|
| Work in progress           | 13,469,035        | 14,579,641        |
| Shared purchase properties | 239,355           | 264,456           |
| Properties for resale      | <u>2,942,901</u>  | <u>3,812,188</u>  |
|                            | <u>16,651,291</u> | <u>18,656,285</u> |

## 12. DEBTORS

|                                               | 2018<br>£         | 2017<br>£         |
|-----------------------------------------------|-------------------|-------------------|
| Amounts falling due within one year:          |                   |                   |
| Trade debtors                                 | 293,243           | 180,308           |
| Amounts owed by group undertakings            | 9,331,369         | 5,601,941         |
| Other debtors and prepayments                 | 2,621,692         | 2,360,997         |
| Amounts owed by joint venture                 | 205,000           | 205,000           |
| Tax                                           | <u>52,290</u>     | -                 |
|                                               | <u>12,503,594</u> | <u>8,348,246</u>  |
| Amounts falling due after more than one year: |                   |                   |
| Trade debtors                                 | 1,779,426         | 1,979,558         |
| Other debtors                                 | 32,055            | 32,055            |
| Deferred tax asset                            | <u>959,662</u>    | <u>547,722</u>    |
|                                               | <u>2,771,143</u>  | <u>2,559,335</u>  |
| Aggregate amounts                             | <u>15,274,737</u> | <u>10,907,581</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2018

## 12. DEBTORS - continued

Deferred tax asset

|                                | 2018           | 2017           |
|--------------------------------|----------------|----------------|
|                                | £              | £              |
| Accelerated capital allowances | (3,553)        | (29,372)       |
| Other timing differences       | <u>963,215</u> | <u>577,094</u> |
|                                | <u>959,662</u> | <u>547,722</u> |

Trade debtors and other debtors due after more than one year represent the net present value of secured loans amounting to £1,666,040 (2017: £1,875,049). The cost value of secured loans amounted to £1,666,868 (2017: £1,886,985).

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

|                                       | 2018             | 2017             |
|---------------------------------------|------------------|------------------|
|                                       | £                | £                |
| Hire purchase contracts (see note 15) | 88,115           | 234,633          |
| Deposits in advance                   | 268,945          | 290,193          |
| Trade creditors                       | 3,606,398        | 3,071,888        |
| Amounts owed to group undertakings    | -                | 24,964           |
| Tax                                   | -                | 12,385           |
| Social security and other taxes       | 15,608           | 181,201          |
| Proposed dividends                    | 519,073          | 421,920          |
| Other creditors                       | 3,735,242        | 4,762,282        |
| Accruals and deferred income          | <u>1,101,953</u> | <u>892,021</u>   |
|                                       | <u>9,335,334</u> | <u>9,891,487</u> |

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

|                                       | 2018          | 2017          |
|---------------------------------------|---------------|---------------|
|                                       | £             | £             |
| Hire purchase contracts (see note 15) | <u>82,979</u> | <u>39,663</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2018

## 15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

|                              | Hire purchase contracts          |                |
|------------------------------|----------------------------------|----------------|
|                              | 2018                             | 2017           |
|                              | £                                | £              |
| Gross obligations repayable: |                                  |                |
| Within one year              | 93,751                           | 247,211        |
| Between one and five years   | <u>88,764</u>                    | <u>41,828</u>  |
|                              | <u>182,515</u>                   | <u>289,039</u> |
| Finance charges repayable:   |                                  |                |
| Within one year              | 5,636                            | 12,578         |
| Between one and five years   | <u>5,785</u>                     | <u>2,165</u>   |
|                              | <u>11,421</u>                    | <u>14,743</u>  |
| Net obligations repayable:   |                                  |                |
| Within one year              | 88,115                           | 234,633        |
| Between one and five years   | <u>82,979</u>                    | <u>39,663</u>  |
|                              | <u>171,094</u>                   | <u>274,296</u> |
|                              |                                  |                |
|                              | Non-cancellable operating leases |                |
|                              | 2018                             | 2017           |
|                              | £                                | £              |
| Within one year              | 56,211                           | 140,744        |
| Between one and five years   | <u>85,138</u>                    | <u>41,172</u>  |
|                              | <u>141,349</u>                   | <u>181,916</u> |

## 16. SECURED DEBTS

The following secured debts are included within creditors:

|                         | 2018           | 2017           |
|-------------------------|----------------|----------------|
|                         | £              | £              |
| Hire purchase contracts | <u>171,094</u> | <u>274,296</u> |

Bank loans and overdrafts are secured by standard securities over development land and a bond and floating charge over the assets of the company.

## 17. DEFERRED TAX

|                                        | £                |
|----------------------------------------|------------------|
| Balance at 1 May 2017                  | (547,722)        |
| Credit to Income Statement during year | <u>(411,940)</u> |
| Balance at 30 April 2018               | <u>(959,662)</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 APRIL 2018

## 18. CALLED UP SHARE CAPITAL

| Allotted and issued: |                 | Nominal<br>value:<br>£1 | 2018             | 2017             |
|----------------------|-----------------|-------------------------|------------------|------------------|
| Number:              | Class:          |                         | £                | £                |
| 3,976,547            | Share capital 1 |                         | <u>3,976,547</u> | <u>3,976,547</u> |

Each share is entitled to one vote in any circumstances and each share is also entitled pari passu to dividend payments or any other distributions, including a distribution arising from a winding up of the company.

## 19. RESERVES

|                     | Retained<br>earnings<br>£ | Share<br>premium<br>£ | Totals<br>£       |
|---------------------|---------------------------|-----------------------|-------------------|
| At 1 May 2017       | 16,248,975                | 3,435,961             | 19,684,936        |
| Profit for the year | 2,760,821                 | -                     | 2,760,821         |
| Dividends           | (887,256)                 | -                     | (887,256)         |
| At 30 April 2018    | <u>18,122,540</u>         | <u>3,435,961</u>      | <u>21,558,501</u> |

Share premium reserve

This reserve records any premiums received on the issue of share capital. Any transaction costs associated with issuing the shares are deducted for the share premium reserve.

Retained earnings

This reserve records all current and prior period retained profit and loss.

## 20. ULTIMATE PARENT COMPANY

Scotia Homes (Holdings) Limited is regarded by the directors as being the company's ultimate parent company.

Copies of the parent company accounts can be obtained from The Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

## 21. CONTINGENT LIABILITIES

Group borrowing facility

At 30th April 2018 the company has entered into a composite guarantee with its subsidiaries in connection with group borrowings and advances from the Bank of Scotland Plc net of cash at bank totalling £nil (2017: £nil).

Pension Scheme

The company participates in the Plumbing and Mechanical Services (UK) Industry Pension Scheme, a multi-employer defined benefit scheme. The directors consider that whilst it is possible that a liability could result in the future from a potential funding deficit, at present the amount of any such liability cannot be reliably estimated and no provision is being recognised.

## 22. RELATED PARTY DISCLOSURES

Material interests of directors

Services are provided to the group and company as follows:

Rents are paid to Burnett Management, in which S Burnett has an interest.

During the year the following transactions were made:

|                                   | 2018<br>£ | 2017<br>£ |
|-----------------------------------|-----------|-----------|
| Burnett Property Management       |           |           |
| Rent                              | 78,722    | 75,040    |
| Outstanding at balance sheet date | 12,600    | 7,504     |

**23. ULTIMATE 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 of Scotia Homes (Holdings) Limited.