

A & J STEPHEN (HOLDINGS) LIMITED

Company No: 57721

FINANCIAL STATEMENTS

- for the year ended -

31ST MARCH 1996

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MORRIS & YOUNG , CHARTERED ACCOUNTANTS & REGISTERED AUDITORS
6 Atholl Crescent ,
PERTH. , PH1 5JN.

Reference SP/1743/PY

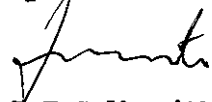
A & J STEPHEN (HOLDINGS) LIMITED

NOTICE OF MEETING

Notice is given that the nineteenth Annual General Meeting of the Shareholders of A & J Stephen (Holdings) Limited will be held in Stephen House, Edinburgh Road, Perth on Thursday 8th August 1996 at 10.00am for the following purposes.

1. To receive and consider the Directors' and Auditors' Reports and the Accounts for the year ended 31st March 1996.
2. To fix the Director's remuneration.
3. To re-elect Directors.
4. To consider the payment of a dividend.
5. To re-appoint Morris & Young, Chartered Accountants, as the Auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year.
6. To transact any other ordinary business of the Company.

By Order of the Board,



J J Galbraith
Secretary.

Stephen House,
Edinburgh Road,
PERTH.

14th June, 1996

Note:

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. The Proxy need not also be a member of the Company but notification of his appointment must be made to the Company in writing not less than 48 hours before the time of the meeting.

A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS

J.S. Stephen - Chairman
Derek M. Stephen
Dale M. Stephen
Mrs. Lorna Finlay

SECRETARY

J.J.Galbraith

REGISTERED OFFICE

Stephen House,
Edinburgh Road,
PERTH

AUDITORS

Morris & Young , Chartered Accountants
6 Atholl Crescent ,
PERTH.
PH1 5JN.

REGISTERED IN SCOTLAND

Company No. 57721

A & J STEPHEN (HOLDINGS) LIMITED

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A & J STEPHEN (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The group is engaged in the business of general building contracting, principally in the field of private house building.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £212,757 is transferred to reserves.

FIXED ASSETS

The movements in fixed assets during the year are set out in note to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the company were as stated below.

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1996</u>	<u>1995</u>
J.S.Stephen	Ordinary shares	59,035	59,035
Derek M. Stephen	Ordinary shares	59,035	59,035
Dale M. Stephen	Ordinary shares	59,035	59,035
Mrs. Lorna Finlay	Ordinary shares	59,035	59,035

LAND AND BUILDINGS

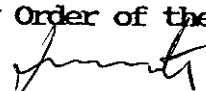
A professional valuation of the land and buildings at Edinburgh Road, Perth was obtained from Messrs John G. Hardie & Son, Chartered Surveyors, Perth on 5th May 1989. The market value of the company's land and buildings with vacant possession was estimated to be £490,000 as compared with a book value in the accounts of £66,400.

AUDITORS

The auditors, Morris & Young, Chartered Accountants, are willing to be re-appointed in accordance with section 385 of the Companies Act 1985.

Date: 14th June 1996

By Order of the Board


J.J. Galbraith
Secretary

A & J STEPHEN (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and group for that period. In preparing those financial statements, the directors are required to (a) select suitable accounting policies and then apply them consistently, (b) make judgements and estimates that are reasonable and prudent, and (c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR'S REPORT TO THE SHAREHOLDERS OF A & J STEPHEN (HOLDINGS) LIMITED

We have audited the financial statements on pages 3 to 21 which have been prepared following the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditor

As described above the company's and group's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

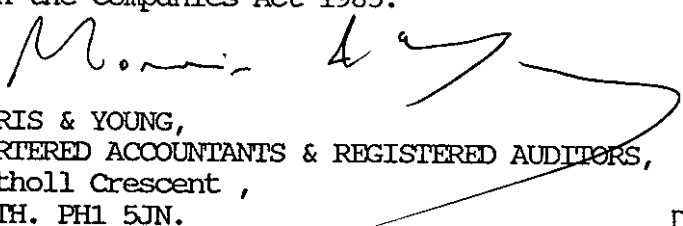
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company and group's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


MORRIS & YOUNG,
CHARTERED ACCOUNTANTS & REGISTERED AUDITORS,
6 Atholl Crescent,
PERTH. PH1 5JN.

Date : 14th June 1996

A & J STEPHEN (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 March 1996

	Notes	1996 £	1995 £
TURNOVER		100,000	32,000
Administrative expenses		(28,537)	(28,182)
OPERATING PROFIT	3	71,463	3,818
Interest payable	6	—	(112)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		71,463	3,706
Tax on profit on ordinary activities	9	(17,866)	(955)
PROFIT FOR THE FINANCIAL YEAR	18	£ 53,597	£ 2,751

The company's turnover and expenses all relate to continuing operations

The company has no recognised gains or losses other than the profit for the year. The profit for the year has been calculated on the historical cost basis.

The notes on pages 9 to 21 form part of these financial statements.

A & J STEPHEN (HOLDINGS) LIMITED

BALANCE SHEET AT 31 March 1996

	Notes	£	1996 £	£	1995 £
FIXED ASSETS					
Investments	11		366,620		366,620
CURRENT ASSETS					
Debtors	14	757,294		685,794	
		<u>757,294</u>		<u>685,794</u>	
CREDITORS: Amounts falling due within one year	15	(304,940)		(287,037)	
NET CURRENT ASSETS			452,354		398,757
			<u>£ 818,974</u>		<u>£ 765,377</u>
CAPITAL AND RESERVES					
Called up share capital	17		236,140		236,140
Capital redemption reserve	18		105,380		105,380
Profit and loss account	18 & 19		477,454		423,857
			<u>£ 818,974</u>		<u>£ 765,377</u>

The financial statements were approved
by the board on 14th June 1996 and
signed on its behalf by

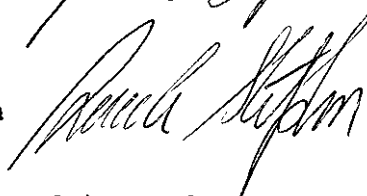
John S. Stephen



)

) Directors

Derek M. Stephen



)

The notes on pages 9 to 21 form part of these financial statements.

A & J STEPHEN (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1996

	Notes	1996 £	1995 £
TURNOVER		7,392,093	7,367,354
Change in stock of land and work-in-progress		671,880	715,833
Cost of sales		8,063,973 (5,926,782)	8,083,187 (5,834,266)
GROSS PROFIT		2,137,191	2,248,921
Administrative expenses		(1,938,394)	(1,779,493)
		198,797	469,428
Other operating income	2	86,573	99,133
OPERATING PROFIT	3	285,370	568,561
Interest receivable	4	18,851	103,903
Income from investments	5	1,542	1,579
Interest payable	6	(15,903)	(2,123)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		289,860	671,920
Tax on profit on ordinary activities	9	(77,103)	(214,125)
PROFIT FOR THE FINANCIAL YEAR	18	£ 212,757	£ 457,795

The company's turnover and expenses all relate to the continuing operations.

The company has no recognised gains or losses other than the profit for the year. The profit for the year has been calculated on the historical cost basis.

The notes on pages 9 to 21 form part of these financial statements.

A & J STEPHEN (HOLDINGS) LIMITED

GROUP BALANCE SHEET AT 31ST MARCH 1996

	Notes	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	10		902,129		959,943
Investments	11		4,934		4,934
Feuduties			5,573		5,673
Deferred asset	12		1,199,353		935,198
			<u>2,111,989</u>		<u>1,905,748</u>
CURRENT ASSETS					
Stocks & work in progress	13	6,846,920		5,768,490	
Debtors	14	147,538		160,635	
Cash at bank and in hand		1,651,918		3,366,116	
		<u>8,646,376</u>		<u>9,295,241</u>	
CREDITORS: Amounts falling due within one year	15	(2,949,304)		(3,602,529)	
NET CURRENT ASSETS			<u>5,697,072</u>		<u>5,692,712</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,809,061		7,598,460
PROVISION FOR LIABILITIES AND CHARGES	16		(37,328)		(39,485)
			<u>£7,771,733</u>		<u>£7,558,975</u>
CAPITAL AND RESERVES					
Called up share capital	17		236,140		236,140
Capital redemption reserve	18		105,380		105,380
Profit and loss account	18 & 19		7,430,212		7,217,455
			<u>£ 7,771,732</u>		<u>£ 7,558,975</u>

The financial statements were approved by the board on 14th June 1996 and signed on its behalf by

.....) John S. Stephen - Director

.....) Derek M. Stephen - Director

The notes on pages 9 to 21 form part of these financial statements.

A & J STEPHEN (HOLDINGS) LIMITED

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 1996

	1996	1995
£	£	£
Net cash inflow from operating activities (note a)	(867,866)	263,988
Returns on investments and servicing of finance		
Interest received	18,851	103,903
Dividends received	1,542	1,579
Interest paid	(15,903)	(415)
Interest element of finance lease rental payments	-	(1,708)
Dividends paid	-	(47,228)
Net cash inflow from returns on investments and servicing of finance	4,490	56,131
Taxation		
UK Corporation tax paid	(189,016)	(362,434)
Tax paid	(189,016)	(362,434)
Investing activities		
Purchase of tangible fixed assets	(174,823)	(503,118)
Receipts from sales of tangible fixed assets	82,800	195,944
Feu Duties Redeemed	100	1,586
Net cash inflow from investing activities	(91,923)	(305,589)
Increase/(Decrease) in cash and cash equivalents	(1,144,315)	(347,904)

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 1996

(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit	285,370	568,561
Depreciation charges	164,322	168,431
(Gain)/Loss on sale of tangible fixed assets	(14,483)	(40,356)
Increase in stock	(1,078,430)	(506,740)
Increase in debtors	13,097	176,192
Increase in creditors	26,413	105,846
Increase in deferred asset	(264,155)	(207,946)
Net cash inflow from operating activities	£(867,866)	£263,988

(b) ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1996 £	1995 £
Balance at 1 April 1995	1,088,386	1,436,290
Net cash inflow / (outflow)	(1,144,314)	(347,904)
Balance at 31 March 1996	£(55,928)	£1,088,386

(c) ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1996 £	1995 £	1996 Change in year £	1995 Change in year £
Cash at bank and in hand	1,651,918	3,366,116	(1,714,198)	(992,050)
Bank overdrafts	(1,707,846)	(2,277,730)	569,884	644,146
	£(55,928)	£1,088,386	£(1,144,314)	£(347,904)

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

1.2 BASIS OF CONSOLIDATION

The Group accounts comprise those of the holding company and all of its subsidiaries made up 31 March 1996 .

1.3 TURNOVER

Turnover represents the invoiced amount of sales for the year stated net of value added tax.

1.4 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by monthly instalments the cost of the tangible assets over their estimated useful lives.

Land and buildings	Straight line basis over fifty years
Plant and machinery	20% p.a. - reducing balance
Office Equipment	20% p.a. - reducing balance
Motor Vehicles	25% p.a. - reducing balance
Computer Software	50% p.a. - reducing balance

Depreciation is provided on leased assets on the straight line basis over the expected useful lives of the assets concerned. Motor vehicles have been depreciated at the rate of 20% p.a. and plant, machinery and office equipment at 20% p.a.

1.5 STOCK

Stocks of building land, materials and short term work in progress are valued at the lower of cost and net realisable value. In this context, cost includes the direct cost of materials, labour and sub-contractors and no amount is included for attributable overheads as these are considered to be insignificant. Net realisable value comprises estimated selling price less all further costs to the point of sale.

Private house building is classified as short term work in progress.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

1. ACCOUNTING POLICIES (Continued)

1.6 DEFERRED TAXATION

Provision is made at current rates for timing differences between the treatment of certain items for taxation and accounting purposes, except to the extent that it can be reasonably foreseen that such deferred taxation will not be payable within three years of the end of the financial year.

1.7 LEASING AND HIRE PURCHASE

Assets acquired under finance leases are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the assets useful lives.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the length of the lease term.

1.8 PENSIONS

Pension contributions are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the Company. These contributions are invested separately from the Company's assets.

2. OTHER OPERATING INCOME

	1996	1995
	£	£
Rent received	81,596	70,215
Feuduties received	1,356	446
Gain on redemption of feuduties	21	200
Consultancy fee	3,400	3,400
Gain on sale of property	-	21,442
Sundry income	200	3,430
	£86,573	£99,133

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

3.	OPERATING PROFIT	1996 £	1995 £
	The operating profit is stated after charging:-		
	Depreciation	164,322	168,431
	Auditors' remuneration	11,350	13,100
	Gain/(Loss) on sale of Fixed Assets	14,483	(18,914)
		<u>189,155</u>	<u>162,617</u>
4.	INTEREST RECEIVABLE	1996 £	1995 £
	Bank deposit interest	18,851	103,903
		<u>£18,851</u>	<u>£103,903</u>
5.	INCOME FROM INVESTMENTS	1996 £	1995 £
	Income from unlisted investments (tax credit £345)	1,542	1,579
		<u>£ 1,542</u>	<u>£ 1,579</u>
6.	INTEREST PAYABLE	1996 £	1995 £
	Bank overdraft	15,525	303
	On overdue tax	-	112
	Hire purchase interest	378	1,708
		<u>£ 15,903</u>	<u>£ 2,123</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

7. DIRECTORS AND EMPLOYEES	1996 £	1995 £
Staff costs:-		
Wages and salaries	1,588,478	1,480,020
Social security costs	142,949	146,849
Other pension costs	265,438	134,720
Other costs	13,700	13,301
	<u>£2,010,565</u>	<u>£1,883,348</u>

The average weekly number of employees during the year was made up as follows:

	Number	Number
Office and management	41	41
Building	94	96
	<u>135</u>	<u>137</u>

	£	£
Directors' emoluments:-		
Remuneration	<u>£ 274,350</u>	<u>£ 166,169</u>

The division of directors' emoluments, excluding pension contributions, is as follows:-

Highest paid director	<u>£ 22,338</u>	<u>£ 23,443</u>
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Other directors' remuneration fell within the following ranges:

	Number	Number
£Nil - £5,000	-	-
£5,001 - £10,000	1	1
£10,001 - £15,000	-	-
£15,001 - £20,000	-	-
£20,001 - £25,000	3	3
£25,001 - £30,000	-	-
£30,001 - £35,000	-	-
£35,001 - £40,000	-	-
£40,001 - £45,000	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

8. PENSION COSTS

Staff Section and Work Section.

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company, being invested in deferred annuity contracts issued by General Accident Life Assurance Limited. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Company.

The Company Secretary's Pension Arrangement

The Company Secretary has an individual pension arrangement which is jointly funded by the company and the individual. The arrangement is by way of a defined contribution scheme.

The total of the company's staff contribution for the year amounted to £77,438.

Directors Pension Arrangements

The directors pension contributions of £188,000 are to the A & J Stephen Retirement and Death Benefit Scheme which is a self administered pension scheme set up for the benefit of the Directors. The Directors were previously members of the same scheme as the company secretary.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

9. TAX ON PROFIT ON ORDINARY ACTIVITIES	1996 £	1995 £
<u>Group</u>		
The taxation charge based on the profit before tax comprises:-		
U.K. corporation tax at marginal rates (1995 - 33%)	79,116	200,676
Transfer from deferred taxation	(2,157)	12,857
A.C.T. surrendered	-	(11,807)
Tax credit attributable to franked investment income	308	345
	<u>77,267</u>	<u>202,071</u>
A.C.T. on dividends proposed and paid	-	11,807
Adjustment in respect of prior years	(164)	247
	<u>£ 77,103</u>	<u>£ 214,125</u>
<u>Company</u>		
The taxation charge/(credit) comprises:		
A.C.T. on dividends proposed and paid	-	11,807
U.K. corporation tax at 25% (1995 - 25%)	17,866	955
A.C.T. surrendered	-	(11,807)
	<u>£ 17,866</u>	<u>£ 955</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

10. **TANGIBLE FIXED ASSETS**
GROUP:

<u>Cost</u>	Beginning of year	Additions	Disposals	End of year
	£	£	£	£
Freehold property	466,204	-	(40,706)	425,498
Plant and machinery	680,140	131,801	(53,046)	758,895
Furniture & equipment	196,930	19,048	(3,915)	212,063
Motor vehicles	371,983	23,974	(15,715)	380,242
	<u>1,715,257</u>	<u>174,823</u>	<u>(113,382)</u>	<u>1,776,698</u>
 <u>Depreciation</u>	 Beginning of year	 Charge for year	 On disposals	 End of year
	£	£	£	£
Freehold Property	33,480	8,510	(3,324)	38,666
Plant and machinery	356,157	87,648	(35,501)	408,304
Furniture & equipment	155,369	24,698	(2,311)	177,756
Motor vehicles	210,306	43,466	(3,929)	249,843
	<u>755,312</u>	<u>164,322</u>	<u>(45,065)</u>	<u>874,569</u>
 <u>Total net book values</u>	 Beginning of year			 End of year
	<u>£959,945</u>			<u>£902,129</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

11. INVESTMENTS	1996 £	1995 £	
<u>Group</u>			
4,934 (1995- 4,934) Ordinary shares of £1 in the Fife Building Supply Company Ltd. at cost and Directors' valuation	£ 4,934	£ 4,934	
<u>Company</u>			
Investment in subsidiary companies	£ 366,620	£ 366,620	
<u>The subsidiary companies are:-</u>	<u>Country of Registration</u>	<u>Group Share of equity</u>	<u>Principal Activity</u>
A & J Stephen (Builders) Ltd.	Scotland	100%	General Building
A & J Stephen Ltd.	Scotland	100%	Land Developers
Castle Homes (Scotland) Ltd.	Scotland	100%	Not trading
Inch Farms Ltd.	Scotland	100%	Not trading
Elmcliff Ltd.	Scotland	100%	Not trading

12. DEFERRED ASSET

This represents the capitalised cost of the unrealised element of house sales under the company's deferred equity scheme. The total unrealised sales value of the retained equities as at 31st March 1996 was £1,865,516. (1995- £1,503,687).

13. STOCKS	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
Land	2,313,726	-	2,188,208	-
Materials	239,809	-	233,084	-
Work in progress	3,747,535	-	3,201,173	-
Property for re-sale	545,850	-	146,025	-
	£6,846,920	-	£5,768,490	-

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

14. DEBTORS	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
Trade debtors	91,896	-	104,685	-
Amount due from subsidiaries	-	757,148	-	685,648
Sundry Debtors	50,167	146	50,747	146
Prepayments	5,475	-	5,203	-
	<u>£147,538</u>	<u>£757,294</u>	<u>£160,635</u>	<u>£685,794</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
Bank loans and overdrafts	1,707,846	223,833	2,277,730	222,841
Trade creditors	322,747	-	327,932	-
Amounts due to Group companies	-	100	-	100
Directors Loan	30,000	-	30,000	-
Corporation tax	141,807	80,557	251,561	63,646
Taxes & social security costs	58,650	-	64,424	-
Sundry Creditors	108,113	-	100,907	-
Accruals	580,141	450	549,975	450
	<u>£2,949,304</u>	<u>£304,940</u>	<u>£3,602,529</u>	<u>£287,037</u>

Group

Security is held by the Bank of Scotland over 4.136 acres of land together with the buildings thereon situated at 16 Edinburgh Road, Perth and 0.049 hectares of land lying to the west of Edinburgh Road, Perth. The Bank also holds a Bond and Floating Charge over all the assets of A & J Stephen Limited, A & J Stephen (Builders) Limited and A & J Stephen (Holdings) Limited.

Parent

In addition to the Bond and Floating Charge over all the assets of the company, the Bank of Scotland holds security by way of guarantees and letters of offset from A & J Stephen (Builders) Limited and A & J Stephen Limited.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

16. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is calculated at 33% (1995 - 33%) analysed over the following timing differences:-

	Fully Provided	
	1996	1995
	£	£
On the excess of capital allowances over depreciation	37,328	39,485
	<u>£ 37,328</u>	<u>£ 39,485</u>

17. SHARE CAPITAL

	1996	1995
	£	£
<u>Authorised</u> 500,000 Ordinary shares of £1 each	500,000	500,000
	<u>£ 500,000</u>	<u>£ 500,000</u>
<u>Allotted, called up and fully paid</u> 236,140 Ordinary shares of £1 each	236,140	236,140
	<u>£ 236,140</u>	<u>£ 236,140</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

18. RESERVES

Group	Capital Redemption Reserve £	Profit & Loss Account £	Total Shareholders Funds £
Balance at 1 April 1995	105,380	7,217,455	7,322,835
Profit for the year	-	212,757	212,757
Balance at 31 March 1996	105,380	7,430,212	7,535,592

Company	Capital Redemption Reserve £	Profit & Loss Account £	Total Shareholders Funds £
Balance at 1 April 1995	105,380	423,857	529,237
Profit for the year	-	53,597	53,597
Balance at 31 March 1996	105,380	477,454	582,834

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	1996	1995
	£	£
Profit/(loss) for the financial year	212,757	457,795
Dividends paid and proposed	-	-
Net Addition to Shareholders Funds	212,757	457,795
Opening Shareholders' Funds	7,558,975	7,101,180
Closing Shareholders' Funds	7,771,732	7,558,975

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (Continued)

Company	1996	1995
	£	£
Profit/(loss) for the financial year	53,597	224,888
Dividends paid and proposed	-	(231,417)
Net Addition to Shareholders Funds	53,597	(6,529)
Opening Shareholders' Funds	765,377	769,155
Closing Shareholders' Funds	818,974	762,626

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1996

20. CONTINGENT LIABILITIES

Group and Parent

There is a contingent liability relating to the guarantee given by the company to Lombard Industrial Leasing Ltd. in respect of hire purchase, credit sale, conditional sale, hire and leasing.

Group

i) The company is involved in two court actions, neither of which is expected to have a material effect on the accounts.

ii) Performance bonds in favour of local authorities amounted to £9,950 as at 31st March 1996.

Parent

There are contingent liabilities relating to guarantees and letters of offset given to the Bank of Scotland in respect of any sums due by A & J Stephen (Builders) Limited and A & J Stephen Limited.

21. RELATED PARTY TRANSACTIONS

The Company is indebted to DAMACS Limited, a company of which Dale Stephen, a director of A and J Stephen (Builders) Ltd is also a director of, for the sum of £30,000, and interest is charged at 1/2% below the Bank of Scotland base rate.

DAMACS Ltd of whom Dale Stephen is a director, was paid a Management Fee of £80,000 during the year by A and J Stephen (Builders) Ltd of whom he is also a director.

B.J.F Ltd of whom Brian J. Finlay is a director was paid a Management Fee of £82,000 during the year by A and J Stephen (Builders) Ltd of whom he is also a director.

D.R.K Ltd of whom Derek M. Stephen is a director, was paid a Management Fee of £80,000 during the year by A and J Stephen (Builders) Ltd of whom he is also a director.

J.S.S (Perth) Ltd of whom John S. Stephen is a director was paid a Management Fee of £80,000 during the year by A and J Stephen (Builders) Ltd of whom he is also a director.

Dale Stephen, a director of A and J Stephen Ltd, who represents the company on the board of directors of Fife Building Supplies has Personal Indemnity Insurance premiums paid on his behalf by A and J Stephen Ltd totalling £267.