

A & J STEPHEN (HOLDINGS) LIMITED

Company No: 57721

FINANCIAL STATEMENTS

- for the year ended -

31ST MARCH 1997

*M.*



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

Reference SP/1743/PY

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

NOTICE OF MEETING

Notice is given that the Twentieth Annual General Meeting of the Shareholders of A & J Stephen (Holdings) Limited will be held in Stephen House, Edinburgh Road, Perth on Thursday 31st July 1997 at 5.00pm for the following purposes.

1. To receive and consider the Directors' and Auditors' Reports and the Accounts for the year ended 31st March 1997.
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.

27th June 1997

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

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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 1997.

### **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 £250,680 is transferred to reserves.

### **FIXED ASSETS**

The movements in fixed assets during the year are set out in note 10 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>1997</u>             | <u>1996</u> |
| J.S.Stephen       | Ordinary shares       | 47,035                  | 59,035      |
| Derek M. Stephen  | Ordinary shares       | 47,035                  | 59,035      |
| Dale M. Stephen   | Ordinary shares       | 59,035                  | 59,035      |
| Mrs. Lorna Finlay | Ordinary shares       | 59,035                  | 59,035      |

### **LAND AND BUILDINGS**

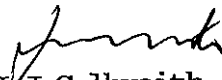
A professional valuation of the land and buildings at Edinburgh Road, Perth was obtained from Messrs John G. Hardie & Son, Chartered Surveyors, Perth on 5th May 1989. The market value of the company's land and buildings with vacant possession was estimated to be £490,000 as compared with a book value 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: 27th June 1997

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 22 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.

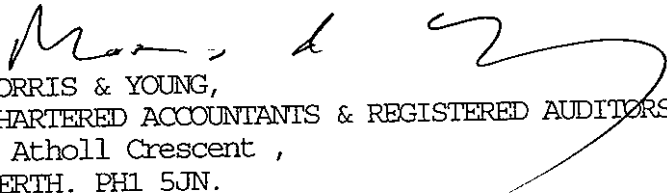
#### **Basis of opinion**

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 1997 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 : 30th June 1997

A & J STEPHEN (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 March 1997

|                                                  | Notes | 1997<br>£       | 1996<br>£       |
|--------------------------------------------------|-------|-----------------|-----------------|
| TURNOVER                                         |       | 145,000         | 100,000         |
| Administrative expenses                          |       | <u>(27,506)</u> | <u>(28,537)</u> |
| PROFIT ON ORDINARY<br>ACTIVITIES BEFORE TAXATION |       | 117,494         | 71,463          |
| Tax on profit on<br>ordinary activities          | 9     | <u>(30,167)</u> | <u>(17,866)</u> |
| PROFIT FOR THE FINANCIAL YEAR                    | 18    | <u>£ 87,327</u> | <u>£ 53,597</u> |

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 22 form part of these financial statements.

A & J STEPHEN (HOLDINGS) LIMITED

BALANCE SHEET AT 31 March 1997

|                                                       | Notes   | £                | 1997<br>£        | £                | 1996<br>£        |
|-------------------------------------------------------|---------|------------------|------------------|------------------|------------------|
| <b>FIXED ASSETS</b>                                   |         |                  |                  |                  |                  |
| Investments                                           | 11      |                  | 366,620          |                  | 366,620          |
| <b>CURRENT ASSETS</b>                                 |         |                  |                  |                  |                  |
| Debtors                                               | 14      | 874,806          |                  | 757,294          |                  |
|                                                       |         | <u>874,806</u>   |                  | <u>757,294</u>   |                  |
| <b>CREDITORS: Amounts falling due within one year</b> | 15      | <u>(335,125)</u> |                  | <u>(304,940)</u> |                  |
| <b>NET CURRENT ASSETS</b>                             |         |                  | 539,681          |                  | 452,354          |
|                                                       |         |                  | <u>£ 906,301</u> |                  | <u>£ 818,974</u> |
| <b>CAPITAL AND RESERVES</b>                           |         |                  |                  |                  |                  |
| Called up share capital                               | 17      |                  | 236,140          |                  | 236,140          |
| Capital redemption reserve                            | 18      |                  | 105,380          |                  | 105,380          |
| Profit and loss account                               | 18 & 19 |                  | 564,781          |                  | 477,454          |
|                                                       |         |                  | <u>£ 906,301</u> |                  | <u>£ 818,974</u> |

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

John S. Stephen

Derek M. Stephen

)  
) Directors  
)

The notes on pages 9 to 22 form part of these financial statements.

A & J STEPHEN (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1997

|                                                  | Notes | 1997<br>£        | 1996<br>£       |
|--------------------------------------------------|-------|------------------|-----------------|
| TURNOVER                                         |       | 7,822,003        | 7,392,093       |
| Change in stock of land<br>and work-in-progress  |       | 2,331,645        | 671,880         |
|                                                  |       | <hr/> 10,153,648 | <hr/> 8,063,973 |
| Cost of sales                                    |       | (8,038,007)      | (5,926,782)     |
|                                                  |       | <hr/> 2,115,641  | <hr/> 2,137,191 |
| GROSS PROFIT                                     |       |                  |                 |
| Administrative expenses                          |       | (1,782,503)      | (1,938,394)     |
|                                                  |       | <hr/> 333,138    | <hr/> 198,797   |
| Other operating income                           | 2     | 68,492           | 86,573          |
|                                                  |       | <hr/> 401,630    | <hr/> 285,370   |
| OPERATING PROFIT                                 | 3     |                  |                 |
| Interest receivable                              | 4     | 894              | 18,851          |
| Income from investments                          | 5     | 3,084            | 1,542           |
| Interest payable                                 | 6     | (76,786)         | (15,903)        |
|                                                  |       | <hr/>            | <hr/>           |
| PROFIT ON ORDINARY<br>ACTIVITIES BEFORE TAXATION |       | 328,822          | 289,860         |
| Tax on profit on<br>ordinary activities          | 9     | (78,142)         | (77,103)        |
|                                                  |       | <hr/>            | <hr/>           |
| PROFIT FOR THE FINANCIAL YEAR                    | 18    | £ 250,680        | £ 212,757       |
|                                                  |       | <hr/> <hr/>      | <hr/> <hr/>     |

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 22 form part of these financial statements.

A & J STEPHEN (HOLDINGS) LIMITED

GROUP BALANCE SHEET AT 31ST MARCH 1997

|                                                       | Notes   | £                 | 1997<br>£          | £                | 1996<br>£          |
|-------------------------------------------------------|---------|-------------------|--------------------|------------------|--------------------|
| <b>FIXED ASSETS</b>                                   |         |                   |                    |                  |                    |
| Tangible assets                                       | 10      |                   | 970,397            |                  | 902,127            |
| Investments                                           | 11      |                   | 4,934              |                  | 4,934              |
| Feuduties                                             |         |                   | 5,198              |                  | 5,575              |
| Deferred asset                                        | 12      |                   | 1,332,836          |                  | 1,199,352          |
|                                                       |         |                   | <u>2,313,365</u>   |                  | <u>2,111,988</u>   |
| <b>CURRENT ASSETS</b>                                 |         |                   |                    |                  |                    |
| Stocks & work in progress                             | 13      | 8,834,924         |                    | 6,846,920        |                    |
| Debtors                                               | 14      | 96,026            |                    | 147,538          |                    |
| Cash at bank and in hand                              |         | 1,133,605         |                    | 1,651,918        |                    |
|                                                       |         | <u>10,064,555</u> |                    | <u>8,646,376</u> |                    |
| <b>CREDITORS: Amounts falling due within one year</b> | 15      | (4,317,222)       |                    | (2,949,304)      |                    |
| <b>NET CURRENT ASSETS</b>                             |         |                   | <u>5,747,333</u>   |                  | <u>5,697,072</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |         |                   | 8,060,698          |                  | 7,809,060          |
| <b>PROVISION FOR LIABILITIES AND CHARGES</b>          | 16      |                   | (38,288)           |                  | (37,328)           |
|                                                       |         |                   | <u>£8,022,410</u>  |                  | <u>£7,771,732</u>  |
| <b>CAPITAL AND RESERVES</b>                           |         |                   |                    |                  |                    |
| Called up share capital                               | 17      |                   | 236,140            |                  | 236,140            |
| Capital redemption reserve                            | 18      |                   | 105,380            |                  | 105,380            |
| Profit and loss account                               | 18 & 19 |                   | 7,680,890          |                  | 7,430,212          |
|                                                       |         |                   | <u>£ 8,022,410</u> |                  | <u>£ 7,771,732</u> |

The financial statements were approved  
by the board on 27th June 1997 and  
signed on its behalf by

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

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

The notes on pages 9 to 22 form part of these financial statements.

A & J STEPHEN (HOLDINGS) LIMITED

GROUP CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 1997

|                                                                      | 1997        | 1996        |
|----------------------------------------------------------------------|-------------|-------------|
|                                                                      | £           | £           |
| Net cash inflow from operating activities (note a )                  | (1,277,959) | (867,866)   |
| Returns on investments and servicing of finance                      |             |             |
| Interest received                                                    | 894         | 18,851      |
| Dividends received                                                   | 3,084       | 1,542       |
| Interest paid                                                        | (76,786)    | (15,903)    |
| Net cash inflow from returns on investments and servicing of finance | (72,808)    | 4,490       |
| Taxation                                                             |             |             |
| UK Corporation tax paid                                              | (79,182)    | (189,016)   |
| Tax paid                                                             | (79,182)    | (189,016)   |
| Investing activities                                                 |             |             |
| Purchase of tangible fixed assets                                    | (331,394)   | (174,823)   |
| Receipts from sales of tangible fixed assets                         | 108,988     | 82,800      |
| Feu Duties Redeemed                                                  | 375         | 101         |
| Net cash inflow from investing activities                            | (222,031)   | (91,922)    |
| Increase/(Decrease) in cash and cash equivalents                     | (1,651,980) | (1,144,314) |

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 1997

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

|                                              | 1997<br>£           | 1996<br>£         |
|----------------------------------------------|---------------------|-------------------|
| Operating profit                             | 401,630             | 285,370           |
| Depreciation charges                         | 176,160             | 164,322           |
| (Gain)/Loss on sale of tangible fixed assets | (22,023)            | (14,483)          |
| Increase in stock                            | (1,988,004)         | (1,078,430)       |
| Increase in debtors                          | 51,512              | 13,097            |
| Increase in creditors                        | 236,250             | 26,413            |
| Increase in deferred asset                   | (133,484)           | (264,155)         |
| Net cash inflow from operating activities    | <u>£(1,277,959)</u> | <u>£(867,866)</u> |

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

|                             | 1997<br>£           | 1996<br>£          |
|-----------------------------|---------------------|--------------------|
| Balance at 1 April 1996     | (55,928)            | 1,088,386          |
| Net cash inflow / (outflow) | <u>(1,651,980)</u>  | <u>(1,144,314)</u> |
| Balance at 31 March 1997    | <u>£(1,707,908)</u> | <u>£(55,928)</u>   |

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

|                          | 1997<br>£           | 1996<br>£          | 1997<br>Change<br>in year<br>£ | 1996<br>Change<br>in year<br>£ |
|--------------------------|---------------------|--------------------|--------------------------------|--------------------------------|
| Cash at bank and in hand | 1,133,605           | 1,651,918          | (518,313)                      | (1,714,198)                    |
| Bank overdrafts          | <u>(2,841,513)</u>  | <u>(1,707,846)</u> | <u>(1,133,667)</u>             | <u>569,884</u>                 |
|                          | <u>£(1,707,908)</u> | <u>£(55,928)</u>   | <u>£(1,651,980)</u>            | <u>£(1,144,314)</u>            |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

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 1997.

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 1997

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

|                                 | 1997    | 1996    |
|---------------------------------|---------|---------|
|                                 | £       | £       |
| Rent received                   | 59,402  | 81,596  |
| Feuduties received              | 791     | 1,356   |
| Gain on redemption of feuduties | 349     | 21      |
| Consultancy fee                 | 3,400   | 3,400   |
| Sundry income                   | 4,550   | 200     |
|                                 | <hr/>   | <hr/>   |
|                                 | £68,492 | £86,573 |
|                                 | <hr/>   | <hr/>   |

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

|    |                                                    |                   |                   |
|----|----------------------------------------------------|-------------------|-------------------|
| 3. | OPERATING PROFIT                                   | 1997<br>£         | 1996<br>£         |
|    | The operating profit is stated<br>after charging:- |                   |                   |
|    | Depreciation                                       | 176,159           | 164,322           |
|    | Auditors' remuneration                             | 11,175            | 11,350            |
|    | Gain/(Loss) on sale of Fixed Assets                | (22,023)          | (14,483)          |
|    |                                                    | <u>          </u> | <u>          </u> |
| 4. | INTEREST RECEIVABLE                                | 1997<br>£         | 1996<br>£         |
|    | Bank deposit interest                              | 894               | 18,851            |
|    |                                                    | <u>          </u> | <u>          </u> |
|    |                                                    | £894              | £18,851           |
|    |                                                    | <u>          </u> | <u>          </u> |
| 5. | INCOME FROM INVESTMENTS                            | 1997<br>£         | 1996<br>£         |
|    | Income from unlisted investments (tax credit £617) | 3,084             | 1,542             |
|    |                                                    | <u>          </u> | <u>          </u> |
|    |                                                    | £ 3,084           | £ 1,542           |
|    |                                                    | <u>          </u> | <u>          </u> |
| 6. | INTEREST PAYABLE                                   | 1997<br>£         | 1996<br>£         |
|    | Bank overdraft                                     | 71,936            | 15,525            |
|    | Interest on purchase of land                       | 4,720             | -                 |
|    | Hire purchase interest                             | 130               | 378               |
|    |                                                    | <u>          </u> | <u>          </u> |
|    |                                                    | £ 76,786          | £ 15,903          |
|    |                                                    | <u>          </u> | <u>          </u> |

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

| 7. DIRECTORS AND EMPLOYEES | 1997<br>£         | 1996<br>£         |
|----------------------------|-------------------|-------------------|
| Staff costs:-              |                   |                   |
| Wages and salaries         | 1,477,986         | 1,588,478         |
| Social security costs      | 139,704           | 142,949           |
| Other pension costs        | 194,051           | 265,438           |
| Other costs                | 14,111            | 13,700            |
|                            | <u>£1,825,852</u> | <u>£2,010,565</u> |

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

|                       | Number     | Number     |
|-----------------------|------------|------------|
| Office and management | 43         | 41         |
| Building              | 88         | 94         |
|                       | <u>131</u> | <u>135</u> |

|                         | £               | £               |
|-------------------------|-----------------|-----------------|
| Directors' emoluments:- |                 |                 |
| Remuneration            | <u>£ 86,806</u> | <u>£ 86,350</u> |

The emoluments of directors disclosed above include the following amount:

|                       |                 |                 |
|-----------------------|-----------------|-----------------|
| Highest paid director | <u>£ 22,450</u> | <u>£ 22,338</u> |
|-----------------------|-----------------|-----------------|

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

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 £80,051.

Directors Pension Arrangements

The directors pension contributions of £114,000 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 1997

| 9. TAX ON PROFIT ON ORDINARY ACTIVITIES                           | 1997<br>£ | 1996<br>£ |
|-------------------------------------------------------------------|-----------|-----------|
| <u>Group</u>                                                      |           |           |
| The taxation charge based on<br>the profit before tax comprises:- |           |           |
| U.K. corporation tax                                              | 78,351    | 79,116    |
| Transfer to deferred taxation                                     | 960       | (2,157)   |
| Tax credit attributable to franked<br>investment income           | (617)     | 308       |
|                                                                   | <hr/>     | <hr/>     |
|                                                                   | 78,694    | 77,267    |
|                                                                   | (552)     | (164)     |
| Adjustment in respect of prior years                              | <hr/>     | <hr/>     |
|                                                                   | £ 78,142  | £ 77,103  |
|                                                                   | <hr/>     | <hr/>     |
| <u>Company</u>                                                    |           |           |
| The taxation charge/(credit) comprises:                           |           |           |
| A.C.T. on dividends proposed and paid                             | -         | -         |
| U.K. corporation tax                                              | 30,167    | 17,866    |
| A.C.T. surrendered                                                | -         | -         |
|                                                                   | <hr/>     | <hr/>     |
|                                                                   | £ 30,167  | £ 17,866  |
|                                                                   | <hr/>     | <hr/>     |

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

10. TANGIBLE FIXED ASSETS  
GROUP:

| <u>Cost</u>                  | Beginning<br>of year<br>£ | Additions<br>£          | Disposals<br>£       | End<br>of year<br>£ |
|------------------------------|---------------------------|-------------------------|----------------------|---------------------|
| Freehold property            | 425,498                   | 833                     | (1,529)              | 424,802             |
| Plant and machinery          | 758,895                   | 231,253                 | (143,610)            | 846,538             |
| Furniture & equipment        | 212,063                   | 9,797                   | -                    | 221,860             |
| Motor vehicles               | 380,242                   | 89,511                  | (87,362)             | 382,391             |
|                              | <u>1,776,698</u>          | <u>331,394</u>          | <u>(232,501)</u>     | <u>1,875,591</u>    |
| <u>Depreciation</u>          | Beginning<br>of year<br>£ | Charge<br>for year<br>£ | On<br>disposals<br>£ | End<br>of year<br>£ |
| Freehold Property            | 38,666                    | 8,496                   | (229)                | 46,933              |
| Plant and machinery          | 408,304                   | 105,233                 | (87,933)             | 425,604             |
| Furniture & equipment        | 177,757                   | 14,950                  | -                    | 192,707             |
| Motor vehicles               | 249,844                   | 47,480                  | (57,374)             | 239,950             |
|                              | <u>874,571</u>            | <u>176,159</u>          | <u>(145,536)</u>     | <u>905,194</u>      |
|                              | Beginning<br>of year      |                         |                      | End<br>of year      |
| <u>Total net book values</u> | <u>£902,127</u>           |                         |                      | <u>£970,397</u>     |

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

| 11. INVESTMENTS                                                                                                           | 1997<br>£                          | 1996<br>£                        |                               |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------|-------------------------------|
| <u>Group</u>                                                                                                              |                                    |                                  |                               |
| 4,934 (1996- 4,934) Ordinary shares of £1<br>in the Fife Building Supply Company Ltd. at<br>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<br/>Registration</u> | <u>Group Share<br/>of equity</u> | <u>Principal<br/>Activity</u> |
| A & J Stephen (Builders) Ltd.                                                                                             | Scotland                           | 100%                             | General<br>Building           |
| A & J Stephen Ltd.                                                                                                        | Scotland                           | 100%                             | Land<br>Developers            |
| Castle Homes (Scotland) Ltd.                                                                                              | Scotland                           | 100%                             | Not trading                   |
| Inch Farms 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 1997 was £2,053,771 (1996- £1,865,516).

| 13. STOCKS           | Group<br>1997<br>£ | Company<br>1997<br>£ | Group<br>1996<br>£ | Company<br>1996<br>£ |
|----------------------|--------------------|----------------------|--------------------|----------------------|
| Land                 | 3,771,430          | -                    | 2,313,726          | -                    |
| Materials            | 269,223            | -                    | 239,809            | -                    |
| Work in progress     | 4,560,761          | -                    | 3,747,535          | -                    |
| Property for re-sale | 233,510            | -                    | 545,850            | -                    |
|                      | £8,834,924         | -                    | £6,846,920         | -                    |

# A & J STEPHEN (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

|     |                                                   |                    |                      |                    |                      |
|-----|---------------------------------------------------|--------------------|----------------------|--------------------|----------------------|
| 14. | DEBTORS                                           | Group<br>1997<br>£ | Company<br>1997<br>£ | Group<br>1996<br>£ | Company<br>1996<br>£ |
|     | Trade debtors                                     | 21,392             | -                    | 91,896             | -                    |
|     | Amount due from subsidiaries                      | -                  | 874,660              | -                  | 757,148              |
|     | Sundry Debtors                                    | 69,056             | 146                  | 50,167             | 146                  |
|     | Prepayments                                       | 5,578              | -                    | 5,475              | -                    |
|     |                                                   | <u>£96,026</u>     | <u>£874,806</u>      | <u>£147,538</u>    | <u>£757,294</u>      |
| 15. | CREDITORS: AMOUNTS FALLING DUE<br>WITHIN ONE YEAR | Group<br>1997<br>£ | Company<br>1997<br>£ | Group<br>1996<br>£ | Company<br>1996<br>£ |
|     | Bank loans and overdrafts                         | 2,841,513          | 241,717              | 1,707,846          | 223,833              |
|     | Trade creditors                                   | 569,485            | -                    | 322,747            | -                    |
|     | Amounts due to<br>Group companies                 | -                  | 100                  | -                  | 100                  |
|     | Directors Loan                                    | -                  | -                    | 30,000             | -                    |
|     | Corporation tax                                   | 139,808            | 92,858               | 141,807            | 80,557               |
|     | Taxes & social security costs                     | 54,535             | -                    | 58,650             | -                    |
|     | Sundry Creditors                                  | 64,071             | -                    | 108,113            | -                    |
|     | Accruals                                          | 647,810            | 450                  | 580,141            | 450                  |
|     |                                                   | <u>£4,317,222</u>  | <u>£335,125</u>      | <u>£2,949,304</u>  | <u>£304,940</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.

There are also Standard Securities in favour of Guthrie Trustees over 19.555 hectares at Tarvit Farm, Cupar and in favour of Douglas and Angus Estates over 7.1077 hectares at Coldstream.

### 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 1997

16. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is calculated at 33% (1996 - 33%) analysed over the following timing differences:-

|                                                          | Fully<br>Provided |                 |
|----------------------------------------------------------|-------------------|-----------------|
|                                                          | 1997              | 1996            |
|                                                          | £                 | £               |
| On the excess of capital<br>allowances over depreciation | 38,288            | 37,328          |
|                                                          | <u>£ 38,288</u>   | <u>£ 37,328</u> |

17. SHARE CAPITAL

|                                                                                 | 1997             | 1996             |
|---------------------------------------------------------------------------------|------------------|------------------|
|                                                                                 | £                | £                |
| <u>Authorised</u><br>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><br>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 1997

18. RESERVES

| Group                        | Capital<br>Redemption<br>Reserve<br>£ | Profit<br>& Loss<br>Account<br>£ | Total<br>Shareholders<br>Funds<br>£ |
|------------------------------|---------------------------------------|----------------------------------|-------------------------------------|
| Balance at 1 April 1996      | 105,380                               | 7,430,210                        | 7,535,590                           |
| Retained profit for the year | -                                     | 250,680                          | 250,680                             |
| Balance at 31 March 1997     | 105,380                               | 7,680,890                        | 7,786,270                           |

| Company                      | Capital<br>Redemption<br>Reserve<br>£ | Profit<br>& Loss<br>Account<br>£ | Total<br>Shareholders<br>Funds<br>£ |
|------------------------------|---------------------------------------|----------------------------------|-------------------------------------|
| Balance at 1 April 1996      | 105,380                               | 477,454                          | 582,834                             |
| Retained profit for the year | -                                     | 87,327                           | 87,327                              |
| Balance at 31 March 1997     | 105,380                               | 564,781                          | 670,161                             |

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| Group                                | 1997      | 1996      |
|--------------------------------------|-----------|-----------|
|                                      | £         | £         |
| Profit/(loss) for the financial year | 250,680   | 212,757   |
| Dividends paid and proposed          | -         | -         |
| Net Addition to Shareholders Funds   | 250,680   | 212,757   |
| Opening Shareholders' Funds          | 7,771,730 | 7,558,975 |
| Closing Shareholders' Funds          | 8,022,410 | 7,771,732 |

| Company                              | 1997    | 1996    |
|--------------------------------------|---------|---------|
|                                      | £       | £       |
| Profit/(loss) for the financial year | 87,327  | 53,597  |
| Dividends paid and proposed          | -       | -       |
| Net Addition to Shareholders Funds   | 87,327  | 53,597  |
| Opening Shareholders' Funds          | 818,974 | 765,377 |
| Closing Shareholders' Funds          | 906,301 | 818,974 |

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

20. CAPITAL COMMITMENTS

Details of capital commitments at the accounting date are as follows:-

Group

|                                                                | 1997            | 1996       |
|----------------------------------------------------------------|-----------------|------------|
|                                                                | £               | £          |
| Contracted for but not provided in<br>the financial statements | 54,442          | -          |
|                                                                | <u>£ 54,442</u> | <u>£ -</u> |

21. 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 Group is involved in three court actions, none of which are expected to have a material effect on the accounts.

ii) Performance bonds in favour of local authorities amounted to £4,600 as at 31st March 1997.

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.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1997

22. RELATED PARTY TRANSACTIONS

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 £70,000 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 £60,000 during the year by A and J Stephen (Builders) Ltd of whom he is also a director.

A & J Stephen (Builders) Limited were contracted to build a conservatory for Derek M Stephen who is a director of both that company and the holding company. The value of the contract was £11,565. This value represents cost plus 25% to cover the company's indirect costs.