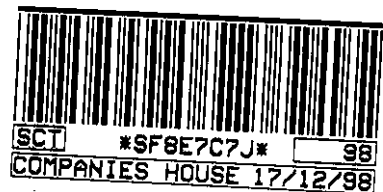


A & J STEPHEN (HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 1998



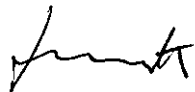
A & J STEPHEN (HOLDINGS) LIMITED

NOTICE OF MEETING

Notice is given that the Twenty First Annual General Meeting of the shareholders of A & J Stephen (Holdings) Limited will be held in Stephen House, Edinburgh Road, Perth on Friday 7th August, 1998 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 1998.
2. To re-elect Directors.
3. 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.
4. To transact any other ordinary business of the Company.

By order of the Board,



J. J. Galbraith
Secretary

Stephen House,
Edinburgh Road,
Perth.

26th June 1998.

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 AND ADVISERS

Directors	John S. Stephen Derek M. Stephen Dale M. Stephen Lorna Finlay
Secretary	John J. Galbraith
Company number	57721
Registered office	Stephen House Edinburgh Road, Perth
Registered auditors	Morris & Young Chartered Accountants & Registered Auditors, 6 Atholl Crescent, Perth. PH1 5JN.

A & J STEPHEN (HOLDINGS) LIMITED

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A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998

The directors present their report and financial statements for the year ended 31 March 1998.

Directors

The following directors have held office since 1 April 1997:

John S. Stephen
Derek M. Stephen
Dale M. Stephen
Lorna Finlay

Principal activities and review of the business

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

The directors are pleased with the result for the year and hope for continued success in the present year.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

It is proposed that the retained profit of £709,767 is transferred to the group's reserves.

Fixed assets

The significant changes in fixed assets during the year are explained in notes 8 and 9 to the financial statements.

Market value of land and buildings

The directors are of the view that the market value of the company's land and buildings is considerably in excess of the book value in the accounts of £66,400.

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 March 1998	1 April 1997
John S. Stephen	35,421	47,035
Derek M. Stephen	35,421	47,035
Dale M. Stephen	59,035	59,035
Lorna Finlay	30,000	59,035

There were no options to subscribe for shares exercised or granted during the year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Morris & Young be reappointed as auditors of the company will be put to the Annual General Meeting.

A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998

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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



J.J. Galbraith

Secretary

26 June 1998

A & J STEPHEN (HOLDINGS) LIMITED

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

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company'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.

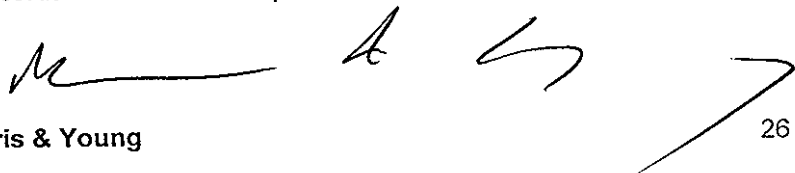
Basis of opinion

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 the 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's and the group's affairs as at 31 March 1998 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Morris & Young

Chartered Accountants

Registered Auditor

26 June 1998

Chartered Accountants & Registered
Auditors,
6 Atholl Crescent,
Perth.
PH1 5JN.

A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1998

	Notes	1998 £	1997 £
Turnover	2	10,351,507	8,695,944
Cost of sales		(7,403,430)	(6,533,249)
Gross profit		<u>2,948,077</u>	<u>2,162,695</u>
Administrative expenses		(1,936,876)	(1,829,557)
Other operating income		44,903	68,492
Operating profit	3	<u>1,056,104</u>	<u>401,630</u>
Investment income	4	3,084	3,084
Other interest receivable and similar income	4	35,946	894
Interest payable and similar charges	5	(95,701)	(76,786)
Profit on ordinary activities before taxation	3	<u>999,433</u>	<u>328,822</u>
Tax on profit on ordinary activities	6	(289,666)	(78,142)
Profit on ordinary activities after taxation		<u><u>709,767</u></u>	<u><u>250,680</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

A & J STEPHEN (HOLDINGS) LIMITED

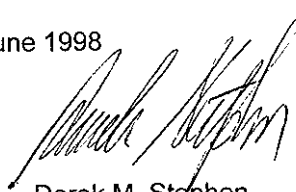
BALANCE SHEETS AS AT 31 MARCH 1998

	Notes	Group 1998 £	1997 £	Company 1998 £	1997 £
Fixed assets					
Tangible assets	8	986,461	970,397	-	-
Investments	9	9,422	10,132	366,620	366,620
		<u>995,883</u>	<u>980,529</u>	<u>366,620</u>	<u>366,620</u>
Current assets					
Stocks	10	8,622,265	8,834,924	-	-
Debtors	11	1,654,827	1,428,864	969,341	874,806
Cash at bank and in hand		157,419	1,133,612	-	-
		<u>10,434,511</u>	<u>11,397,400</u>	<u>969,341</u>	<u>874,806</u>
Creditors: amounts falling due within one year	12	<u>(2,646,897)</u>	<u>(4,317,230)</u>	<u>(354,989)</u>	<u>(335,125)</u>
Net current liabilities		<u>7,787,614</u>	<u>7,080,170</u>	<u>614,352</u>	<u>539,681</u>
Total assets less current liabilities		<u>8,783,497</u>	<u>8,060,699</u>	<u>980,972</u>	<u>906,301</u>
Provisions for liabilities and charges	13	<u>(51,318)</u>	<u>(38,288)</u>	<u>-</u>	<u>-</u>
		<u>8,732,179</u>	<u>8,022,411</u>	<u>980,972</u>	<u>906,301</u>
Capital and reserves					
Called up share capital	15	236,140	236,140	236,140	236,140
Other reserves	16	105,380	105,380	105,380	105,380
Profit and loss account	16	8,390,659	7,680,891	639,452	564,781
Shareholders' funds - equity interests	17	<u>8,732,179</u>	<u>8,022,411</u>	<u>980,972</u>	<u>906,301</u>

The financial statements were approved by the board on 26 June 1998



John S. Stephen
Director



Derek M. Stephen
Director

A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1998

	1998 £	1997 £
Net cash inflow/(outflow) from operating activities	1,148,810	(1,277,955)
Returns on investments and servicing of finance		
Interest received	35,946	894
Interest paid	(95,693)	(76,656)
Interest element of finance lease rentals	(8)	(130)
Dividends received	3,084	3,084
Net cash outflow for returns on investments and servicing of finance	(56,671)	(72,808)
Taxation	(77,735)	(79,180)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(311,591)	(331,394)
Receipts from sales of tangible assets	121,108	108,988
Receipts from sales of investments	710	375
Net cash outflow for capital expenditure	(189,773)	(222,031)
Net cash inflow/(outflow) before management of liquid resources and financing	824,631	(1,651,974)
Increase/(decrease) in cash in the year	<u>824,631</u>	<u>(1,651,974)</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1998

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	1998	1997
		£	£
	Operating profit	1,056,104	401,630
	Depreciation of tangible assets	196,017	176,160
	Profit on disposal of tangible assets	(21,597)	(22,023)
	Decrease/(increase) in stocks	212,659	(1,988,004)
	(Increase)/decrease in debtors	(225,963)	806,484
	Decrease in creditors within one year	(68,410)	(652,202)
	Net cash inflow/(outflow) from operating activities	1,148,810	(1,277,955)

2	Analysis of net debt	1 April 1997	Cash flow	Other 31 March 1998 non-cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	1,133,612	(976,193)	157,419
	Bank overdrafts	(2,841,516)	1,800,824	(1,040,692)
		<u>(1,707,904)</u>	<u>824,631</u>	<u>(883,273)</u>
	Debt:			
	Net debt	<u>(1,707,904)</u>	<u>824,631</u>	<u>-</u>

3	Reconciliation of net cash flow to movement in net debt	1998	1997
		£	£
	Increase/(decrease) in cash in the year	824,631	(1,651,976)
	Cash (inflow)/outflow from (increase)/decrease in debt	-	2
	Movement in net debt in the year	824,631	(1,651,974)
	Opening net debt	(1,707,904)	(55,930)
	Closing net debt	(883,273)	(1,707,904)

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 1998. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Straight line over 50 years
Leased Assets	2% Straight Line
Plant and machinery	20% Reducing Balance
Fixtures, fittings & equipment	20 - 50% Reducing Balance
Motor vehicles	25% Reducing Balance

1.6 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 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.

1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

1.10 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating profit	1998	1997
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	196,017	176,160
	Auditors' remuneration (company £565; 1997 : £550)	11,505	10,775
	and after crediting:		
	Rents receivable	35,196	47,751
		<u> </u>	<u> </u>
4	Income from investments, other interest receivable and similar income	1998	1997
		£	£
	Income from listed investments	3,084	3,084
	Bank interest	7,717	894
	Other interest	28,229	-
		<u> </u>	<u> </u>
		39,030	3,978
		<u> </u>	<u> </u>
5	Interest payable	1998	1997
		£	£
	On bank loans and overdrafts	95,693	70,124
	On other loans wholly repayable within 5 years	-	1,812
	Lease finance charges	8	130
	Other interest	-	4,720
		<u> </u>	<u> </u>
		95,701	76,786
		<u> </u>	<u> </u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

6 Taxation

	£	£
U.K. current year taxation		
U.K. corporation tax at 31% (1997 - 23%)	276,019	77,117
Tax credits on franked investment income	617	617
Deferred taxation	13,030	960
	<u>289,666</u>	<u>78,694</u>
Prior years		
U.K. Corporation tax	-	(552)
	<u>289,666</u>	<u>78,142</u>

7 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	1998 £	1997 £
Holding company's profit for the financial year	<u>74,671</u>	<u>87,327</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

8 Tangible fixed assets

Group

	Land and buildings Freehold £	Leased Assets £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 April 1997	424,802	7,234	846,538	221,860	382,391	1,882,825
Additions	-	-	149,158	6,225	156,208	311,591
Disposals	(49,295)	(7,234)	(69,729)	-	(104,823)	(231,081)
At 31 March 1998	375,507	-	925,967	228,085	433,776	1,963,335
Depreciation						
At 1 April 1997	46,933	7,234	425,604	192,707	239,950	912,428
On disposals	(2,957)	(7,234)	(35,349)	-	(86,030)	(131,570)
Charge for the year	7,510	-	107,142	11,400	69,964	196,016
At 31 March 1998	51,486	-	497,397	204,107	223,884	976,874
Net book value						
At 31 March 1998	324,021	-	428,570	23,978	209,892	986,461
At 31 March 1997	377,869	-	420,934	29,153	142,441	970,397

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

9 Fixed asset investments Group

	Unlisted investments £	Total £
Cost		
At 1 April 1997	10,132	10,132
Disposals	(710)	(710)
At 31 March 1998	9,422	9,422
At 31 March 1997	10,132	10,132

9 Fixed asset investments Company

	Shares in subsidiary undertakings £
Cost	
At 1 April 1997 & at 31 March 1998	366,620
At 31 March 1997	366,620

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
A & J Stephen (Builders) Limited	Scotland	Ordinary	100
A & J Stephen Limited	Scotland	Ordinary	100
Castle Homes (Scotland) Limited	Scotland	Ordinary	100
Inch Farms Limited	Scotland	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
A & J Stephen (Builders) Limited	General Building
A & J Stephen Limited	Land Developers
Castle Homes (Scotland) Limited	Dormant
Inch Farms Limited	Dormant

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

10 Stocks and work in progress

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Land and materials	3,714,443	4,040,653	-	-
Work in progress	4,907,822	4,560,761	-	-
Finished goods and goods for resale	-	233,510	-	-
	<u>8,622,265</u>	<u>8,834,924</u>	<u>-</u>	<u>-</u>

11 Debtors

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	241,770	21,394	-	-
Amounts owed by group undertakings	-	(36)	969,195	874,660
Amounts owed by participating interests	-	36	-	-
Other debtors	1,401,629	1,401,892	146	146
Prepayments and accrued income	11,428	5,578	-	-
	<u>1,654,827</u>	<u>1,428,864</u>	<u>969,341</u>	<u>874,806</u>

Amounts falling due after more than one year and included in the debtors above are:

	1998	1997	1998	1997
	£	£	£	£
Other debtors	<u>1,326,044</u>	<u>1,332,837</u>	<u>-</u>	<u>-</u>

Included in other debtors are deferred assets, being the 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 31 March 1998 was £2,023,436 (1997 - £2,053,771).

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

12 Creditors : amounts falling due within one year

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank loans and overdrafts	1,040,692	2,841,516	271,899	241,717
Trade creditors	414,500	569,485	-	-
Amounts owed to group undertakings	-	4	100	100
Corporation tax	276,019	77,118	19,849	30,167
Taxes and social security costs	138,719	117,226	62,691	62,691
Other creditors	105,187	27,571	-	-
Accruals and deferred income	671,780	684,310	450	450
	<u>2,646,897</u>	<u>4,317,230</u>	<u>354,989</u>	<u>335,125</u>

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, 0.049 hectares of land lying to the west of Edinburgh Road, Perth, site at Broxden, Perth and 20 acres at Burnside, Balmullo. The bank also holds a bond and floating charge over all of the assets of A & J Stephen Limited, A & J Stephen (Builders) Limited and A & J Stephen (Holdings) Limited.

In addition to the Bond and Floating Charge over all of 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.

There are also Standard Securities in favour of Guthrie Trustees over 19.555 hectares at Tarvit Farm, Cupar, a Standard Security in favour of Douglas and Angus Estates over 7.1077 hectares at Coldstream, and a Standard Security in favour of Lord Forteviot over land at Broxden Farm, Perth.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

13 Provisions for liabilities and charges Group

	Deferred taxation £
Balance at 1 April 1997	38,288
Profit and loss account	13,030
Balance at 31 March 1998	51,318

Deferred tax is provided at 31% (1997 - 33%) analysed over the following timing differences:

Group

	Fully provided 1998 £	1997 £
Accelerated capital allowances	51,318	38,288

14 Pension costs

The staff and work section : the company operates a defined contributons pension scheme. The assets of the scheme are held seperately from those of the company, being invested in deferred annuity contracts issued by the General Accident Life Assurance Limited. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pension over the employees' working life with the company.

The Company Secretary's pension: this 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 £86,150.

The directors pension contributions of £124,904 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.

15 Share capital	1998 £	1997 £
Authorised		
500,000 Ordinary shares of £1 each	500,000	500,000
Allotted, called up and fully paid		
236,140 Ordinary shares of £1 each	236,140	236,140

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

16 Statement of movements on reserves Group

	Other reserves £	Profit and loss account £
Balance at 1 April 1997	105,380	7,680,892
Retained profit for the year	-	709,767
Balance at 31 March 1998	<u>105,380</u>	<u>8,390,659</u>

Company

	Other reserves £	Profit and loss account £
Balance at 1 April 1997	105,380	564,781
Retained profit for the year	-	74,671
Balance at 31 March 1998	<u>105,380</u>	<u>639,452</u>

17 Reconciliation of movements in shareholders' funds Group

	1998 £	1997 £
Profit for the financial year	709,767	250,680
Opening shareholders' funds	<u>8,022,411</u>	<u>7,771,731</u>
Closing shareholders' funds	<u>8,732,179</u>	<u>8,022,411</u>

	1998 £	1997 £
Profit for the financial year	74,671	87,327
Opening shareholders' funds	<u>906,301</u>	<u>818,974</u>
Closing shareholders' funds	<u>980,972</u>	<u>906,301</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

18 Contingent liabilities

Group

There is a contingent liability in the form of £5,000 of Performance bonds in favour of local authorities as at 31 March 1998.

Company

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.

19 Employees

Number of employees

The average weekly number of employees (including directors) during the year was:

	1998 Number	1997 Number
Office and Management	42	43
Building	96	88
	<u>138</u>	<u>131</u>

Employment costs

	£	£
Wages and salaries	1,599,676	1,444,957
Social security costs	149,917	141,018
Other pension costs	225,589	208,162
	<u>1,975,182</u>	<u>1,794,137</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

21 Related party transactions

Group

JSS (Perth) Limited of whom John S. Stephen is a director, was paid a management fee of £85,000 during the year by A & J Stephen (Builders) Limited, of which he is also a director.

BJF Limited of whom Brian J. Finlay is a director, was paid a management fee of £107,000 during the year by A & J Stephen (Builders) Limited, of which he is also a director.

DRK Limited of whom Derek M. Stephen is a director, was paid a management fee of £95,000 during the year by A & J Stephen (Builders) Limited, of which he is also a director.

DAMACS Limited of whom Dale Stephen is a director, was paid a management fee of £105,000 during the year by A & J Stephen (Builders) Limited, of which he is also a director.

During the year, the company paid rent totalling £11,500, which is considered to be a fair market rent, to the Pension Scheme of the company.

During the year, J.W. Stephen, the son of a director, purchased a house totalling £115,603 from A & J Stephen (Builders) Limited. This is the market value of the property. At 31 March 1998, J.W. Stephen was due A & J Stephen (Builders) Limited a balance of £10,603 in respect of this property which is included in Trade Debtors in the accounts and has subsequently been repaid in full.

During the year a number of the directors and their families purchased consumable items, which are immaterial to the individuals concerned and the company, from A & J Stephen (Builders) Limited at market value. At 31 March 1998, £46 was outstanding from Mrs M. Stephen, mother of a director, and £93 was outstanding from B. Finlay, a director of the company, in respect of these purchases.

Also during the year A & J Stephen Limited sold two industrial units at market value to the pension scheme for £205,000. These transactions are included in sales. Furthermore, the company disposed of another unit to the pension scheme for £67,600, being market value, which is included in the accounts as a fixed asset disposal.

Company

All the relevant related party transactions are disclosed above.

22 Millennium Compliance Disclosure

The directors are aware of their responsibilities in respect of Millennium Compliance and are in the process of ensuring that all of their relevant systems and those of key suppliers are Year 2000 Ready.