

A & J STEPHEN (HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2001

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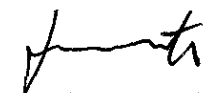
A & J STEPHEN (HOLDINGS) LIMITED

NOTICE OF MEETING

Notice is given that the Twenty Fourth Annual General Meeting of the shareholders of A & J Stephen (Holdings) Limited will be held in Stephen House, Edinburgh Road, Perth on Friday 3rd August, 2001 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 2001.
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 FCIS
Secretary

19th June 2001.

Stephen House,
Edinburgh Road,
Perth.

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 FCIS
Company number	57721
Registered office	Stephen House Edinburgh Road, Perth
Registered auditors	Morris & Young Chartered Accountants & Registered Auditors, 6 Atholl Crescent, Perth. PH1 5JN.
Business address	Stephen House Edinburgh Road, Perth
Bankers	Bank of Scotland, 50 St John Street, Perth. PH1 5SL
Solicitors	Condie 2 Tay Street, Perth. PH1 5LJ

A & J STEPHEN (HOLDINGS) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Consolidated profit and loss account	4
Balance sheets	5
Consolidated cash flow statement	6
Notes to the consolidated cash flow statement	7
Notes to the financial statements	8 - 18

A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

The directors present their report and financial statements for the year ended 31 March 2001.

Directors

The following directors have held office since 1 April 2000:

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.

The directors do not recommend payment of an ordinary dividend.

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.

Directors' interests

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

A & J Stephen (Holdings) Limited

	Ordinary shares of £ 1 each	
	31 March 2001	1 April 2000
John S. Stephen	35,421	35,421
Derek M. Stephen	35,421	35,421
Dale M. Stephen	59,035	59,035
Lorna Finlay	30,000	30,000

A & J Stephen Limited

	Ordinary of £ 1 each	
	31 March 2001	1 April 2000
John S. Stephen	-	-
Derek M. Stephen	-	-
Dale M. Stephen	-	-

A & J Stephen (Builders) Ltd

	Ordinary shares of £ 1 each	
	31 March 2001	1 April 2000
John S. Stephen	-	-
Derek M. Stephen	-	-
Dale M. Stephen	-	-

A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

Castle Homes (Scotland) Ltd

	Ordinary Shares of £ 1 each	
	31 March 2001	1 April 2000
John S. Stephen	-	-
Derek M. Stephen	-	-

John W Stephen, a director of A & J Stephen Limited and A & J Stephen (Builders) Limited and John S Stephen's son, holds 23,614 Ordinary shares. Paul Stephen, a director of A & J Stephen Limited and Derek Stephen's son, holds 11,807 Ordinary shares. Joanne Stephen, Derek Stephen's daughter, holds 11,807 Ordinary shares. Brian Finlay, a director of A & J Stephen Limited and A & J Stephen (Builders) Limited and Lorna Finlay's husband, holds 29,035 Ordinary shares.

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 21 (2000 - 31) days' purchases.

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.

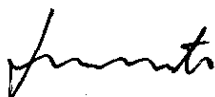
Directors' responsibilities

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 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 company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



John J. Galbraith FCIS

Secretary

19 June 2001

A & J STEPHEN (HOLDINGS) LIMITED

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

We have audited the financial statements of A & J Stephen (Holdings) Limited for the year ended 31 March 2001 on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Auditing Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

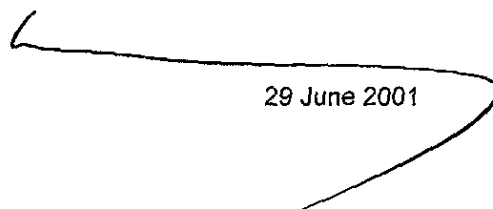
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 affairs as at 31 March 2001 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.



29 June 2001

A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	Notes	2001 £	2000 £
Turnover	2	11,293,805	10,909,347
Cost of sales		(9,338,267)	(8,227,333)
Gross profit		1,955,538	2,682,014
Administrative expenses		(1,503,483)	(2,084,224)
Other operating income		19,141	14,101
Operating profit	3	471,196	611,891
Investment income	4	5,184	5,184
Other interest receivable and similar income		61,321	81,752
Interest payable and similar charges	5	(4,420)	(3,772)
Profit on ordinary activities before taxation	3	533,281	695,055
Tax on profit on ordinary activities	6	(52,733)	(190,592)
Profit on ordinary activities after taxation		480,548	504,463
Dividends	8	(106,263)	-
Retained profit for the year	17	374,285	504,463

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

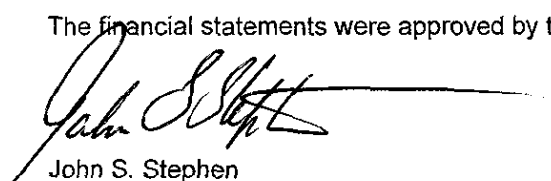
There are no recognised gains and losses other than those passing through the profit and loss account.

A & J STEPHEN (HOLDINGS) LIMITED

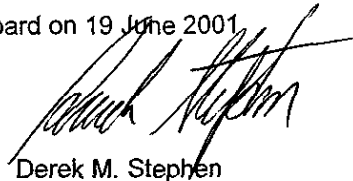
BALANCE SHEETS AS AT 31 MARCH 2001

		Group		Company	
	Notes	2001	2000	2001	2000
		£	£	£	£
Fixed assets					
Tangible assets	9	849,398	768,716	-	-
Investments	10	16,741	9,396	366,620	366,620
		<u>866,139</u>	<u>778,112</u>	<u>366,620</u>	<u>366,620</u>
Current assets					
Stocks	11	8,778,033	9,654,343	-	-
Debtors	12	1,343,755	1,435,248	1,257,015	1,160,689
Cash at bank and in hand		2,447,372	1,597,948	-	-
		<u>12,569,160</u>	<u>12,687,539</u>	<u>1,257,015</u>	<u>1,160,689</u>
Creditors: amounts falling due within one year	13	(2,714,237)	(3,112,545)	(519,810)	(394,247)
Net current assets		<u>9,854,923</u>	<u>9,574,994</u>	<u>737,205</u>	<u>766,442</u>
Total assets less current liabilities		<u>10,721,062</u>	<u>10,353,106</u>	<u>1,103,825</u>	<u>1,133,062</u>
Provisions for liabilities and charges	14	(62,769)	(69,099)	-	-
		<u>10,658,293</u>	<u>10,284,007</u>	<u>1,103,825</u>	<u>1,133,062</u>
Capital and reserves					
Called up share capital	16	236,140	236,140	236,140	236,140
Other reserves	17	105,380	105,380	105,380	105,380
Profit and loss account	17	10,316,773	9,942,487	762,305	791,542
Shareholders' funds - equity interests	18	<u>10,658,293</u>	<u>10,284,007</u>	<u>1,103,825</u>	<u>1,133,062</u>

The financial statements were approved by the board on 19 June 2001.



John S. Stephen
Director



Derek M. Stephen
Director

A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2001

	2001 £	2000 £
Net cash inflow from operating activities	941,622	674,931
Returns on investments and servicing of finance		
Interest received	61,321	81,752
Interest paid	(4,420)	(3,706)
Dividends received	5,184	5,184
Net cash inflow for returns on investments and servicing of finance	62,085	83,230
Taxation	(43,105)	(523,974)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(427,881)	(314,416)
Payments to acquire investments	(7,550)	-
Receipts from sales of tangible assets	409,111	111,543
Receipts from sales of investments	205	584
Net cash outflow for capital expenditure	(26,115)	(202,289)
Equity dividends paid	(106,263)	-
Net cash inflow before management of liquid resources and financing	828,224	31,898
Increase in cash in the year	828,224	31,898

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2001

1	Reconciliation of operating profit to net cash inflow from operating activities	2001	2000
		£	£
	Operating profit	471,196	611,891
	Depreciation of tangible assets	224,875	209,289
	Profit on disposal of tangible assets	(286,788)	(37,519)
	Decrease/(increase) in stocks	876,310	(619,758)
	Decrease in debtors	35,645	208,155
	(Decrease)/Increase in creditors within one year	(379,616)	302,873
	Net cash inflow from operating activities	941,622	674,931

2	Analysis of net funds	1 April 2000	Cash flow	Other non- 31 March 2001 cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	1,597,948	849,424	- 2,447,372
	Bank overdrafts	(1,308,039)	(21,198)	- (1,329,237)
		289,909	828,226	- 1,118,135
	Debt:			
	Net funds	289,909	828,226	- 1,118,135

3	Reconciliation of net cash flow to movement in net debt	2001	2000
		£	£
	Increase in cash in the year	828,226	31,902
	Movement in net funds in the year	828,226	31,902
	Opening net funds	289,909	258,007
	Closing net funds	1,118,135	289,909

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

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 2001. 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 other than freehold land 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
Plant and machinery	20% Reducing Balance
Fixtures, fittings & equipment	20 - 50 % Reducing Balance
Motor vehicles	25% Reducing Balance

1.6 Investments

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

1.7 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.

1.8 Pensions

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

1.9 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.

1.10 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.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

1 Accounting policies

1.11 Liquid resources

Included in liquid resources are current asset investments held as readily disposable stores of value. There has been no change in the definition of liquid resources during the year.

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	2001	2000
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	224,875	209,289
	Auditors' remuneration (company £1,180; 2000 : £595)	12,690	11,715
	Remuneration of auditors for non-audit work	-	850
	and after crediting:		
	Rents receivable	2,951	3,541
	Gain on fixed asset disposals	286,788	37,519
		<u>2,951</u>	<u>3,541</u>
4	Investment income	2001	2000
		£	£
	Income from fixed asset investments	5,184	5,184
		<u>5,184</u>	<u>5,184</u>
5	Interest payable	2001	2000
		£	£
	On bank loans and overdrafts	4,418	3,706
	On overdue tax	2	66
		<u>4,420</u>	<u>3,772</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

6	Taxation	2001 £	2000 £
	U.K. current year taxation		
	U.K. corporation tax at 20% (2000 - 30%)	59,063	177,194
	Deferred taxation	(6,330)	8,059
		<u>52,733</u>	<u>185,253</u>
	Prior years		
	U.K. corporation tax	-	5,339
		<u>52,733</u>	<u>190,592</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:

	2001 £	2000 £
Holding company's profit for the financial year	<u>77,026</u>	<u>77,462</u>

8	Dividends	2001 £	2000 £
	Ordinary interim paid	<u>106,263</u>	<u>-</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

9 Tangible fixed assets Group

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2000	75,208	1,034,563	303,833	480,891	1,894,495
Additions	-	263,133	13,726	151,021	427,880
Disposals	(24,815)	(183,589)	(336)	(59,282)	(268,022)
At 31 March 2001	50,393	1,114,107	317,223	572,630	2,054,353
Depreciation					
At 1 April 2000	16,615	585,864	251,648	271,652	1,125,779
On disposals	(5,495)	(102,512)	(168)	(37,524)	(145,699)
Charge for the year	1,008	126,151	13,091	84,625	224,875
At 31 March 2001	12,128	609,503	264,571	318,753	1,204,955
Net book value					
At 31 March 2001	38,265	504,604	52,652	253,877	849,398
At 31 March 2000	58,593	448,699	52,185	209,239	768,716

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

10 Fixed asset investments Group

	Unlisted investments £	Total £
Cost		
At 1 April 2000	9,396	9,396
Additions	7,550	7,550
Disposals	(205)	(205)
At 31 March 2001	16,741	16,741
At 31 March 2000	9,396	9,396

10 Fixed asset investments Company

	Shares in subsidiary undertakings £
Cost	
At 1 April 2000 & at 31 March 2001	366,620
At 31 March 2000	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

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

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

11 Stocks and work in progress

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Raw materials and consumables	3,858,686	4,456,380	-	-
Work in progress	4,833,497	5,197,963	-	-
Finished goods and goods for resale	85,850	-	-	-
	<u>8,778,033</u>	<u>9,654,343</u>	<u>-</u>	<u>-</u>

12 Debtors

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Trade debtors	72,106	33,036	-	-
Amounts owed by group undertakings	-	-	1,256,869	1,160,543
Corporation tax	-	55,848	-	-
Other debtors	1,255,300	1,336,132	146	146
Prepayments and accrued income	16,349	10,232	-	-
	<u>1,343,755</u>	<u>1,435,248</u>	<u>1,257,015</u>	<u>1,160,689</u>

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

	2001	2000	2001	2000
	£	£	£	£
Other debtors	<u>1,088,262</u>	<u>1,173,324</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 2001 was £1,649,925 (2000 - £1,784,450).

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

13 Creditors : amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans and overdrafts	1,329,237	1,308,039	436,665	311,640
Trade creditors	531,167	707,628	-	-
Amounts owed to group undertakings	-	-	100	100
Corporation tax	69,102	108,992	19,904	19,366
Taxes and social security costs	142,232	179,197	62,691	62,691
Other creditors	50,978	57,554	-	-
Accruals and deferred income	591,521	751,135	450	450
	<u>2,714,237</u>	<u>3,112,545</u>	<u>519,810</u>	<u>394,247</u>

Security is held by the Bank of Scotland over 0.049 hectares of land lying to the west of Edinburgh Road, Perth. 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 a cross corporate guarantee and letters of offset incorporating all group companies.

There are also Standard Securities in favour of Guthrie Trustees over 19.555 hectares at Tarvit Farm, Cupar and a Standard Security in favour of Douglas and Angus Estates over 6.4902 hectares at Coldstream.

14 Provisions for liabilities and charges

Group	Deferred taxation £
Balance at 1 April 2000	69,099
Profit and loss account	(6,330)
Balance at 31 March 2001	<u>62,769</u>

Deferred taxation provided in the financial statements is as follows:

Group	Fully provided	
	2001	2000
	£	£
Accelerated capital allowances	<u>62,769</u>	<u>69,099</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

15 Pension costs

The staff and work section : the company operates a defined contribuitons pension scheme. The assets of the scheme are held seperately from those of the company, being invested in deferred annuity contracts issued by the Norwich Union. 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 group's staff contribution for the year amounted to £68,708 (2000: £61,398).

The directors pension contributions of £114,983 (2000:£146,983) 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.

16 Share capital	2001 £	2000 £
Authorised		
500,000 Ordinary shares of £ 1 each	500,000	500,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
236,140 Ordinary shares of £ 1 each	236,140	236,140
	<u> </u>	<u> </u>
 17 Statement of movements on reserves Group		
	Other reserves £	Profit and loss account £
Balance at 1 April 2000	105,380	9,942,488
Retained profit for the year	-	374,285
	<u> </u>	<u> </u>
Balance at 31 March 2001	105,380	10,316,773
	<u> </u>	<u> </u>
 Company		
	Other reserves £	Profit and loss account £
Balance at 1 April 2000	105,380	791,542
Retained loss for the year	-	(29,237)
	<u> </u>	<u> </u>
Balance at 31 March 2001	105,380	762,305
	<u> </u>	<u> </u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

18 Reconciliation of movements in shareholders' funds	2001	2000
Group	£	£
Profit for the financial year	480,548	504,463
Dividends	(106,263)	-
Net addition to shareholders' funds	374,285	504,463
Opening shareholders' funds	10,284,007	9,779,544
Closing shareholders' funds	10,658,293	10,284,007
Company	2001	2000
	£	£
Profit for the financial year	77,026	77,462
Dividends	(106,263)	-
Net (depletion in)/addition to shareholders' funds	(29,237)	77,462
Opening shareholders' funds	1,133,062	1,055,600
Closing shareholders' funds	1,103,825	1,133,062

19 Contingent liabilities

Group

There are corporate cross guarantees including offset provisions incorporating all group companies.

Company

There are contingent liabilities relating to cross corporate guarantees including offset provisions incorporating all group companies.

20 Capital commitments

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Contracted for but not provided in the financial statements	48,912	-	-	-

The capital commitment is for a new lorry on which a deposit has been paid but the lorry will not be delivered until June.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

21 Directors' emoluments	2001 £	2000 £
Emoluments for qualifying services	263,779	237,117
Company pension contributions to money purchase schemes	114,983	146,983
Pensions to former directors	16,037	15,570
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 7 (2000 - 7).

22 Employees

Number of employees

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

	2001 Number	2000 Number
Office and Management	34	34
Building	109	99
	<u> </u>	<u> </u>
	143	133
	<u> </u>	<u> </u>

Employment costs

	£	£
Wages and salaries	2,250,232	1,887,084
Social security costs	151,150	149,615
Other pension costs	199,728	223,951
	<u> </u>	<u> </u>
	2,601,110	2,260,650
	<u> </u>	<u> </u>

23 Control

There is no ultimate controlling party as no one shareholder has more than fifty percent of the shares.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

24 Related party transactions

Group

During the year, the company paid rent totalling £25,000, of which £6,667 is prepaid at the year end, for the office and an industrial unit which is considered to be a fair market rent, to the Pension Scheme of the company.

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.

A & J Stephen (Builders) Limited has paid £50 of legal fees and £15 for annual return filing fee on behalf of Inch Farms Limited, a company John S Stephen, Derek Stephen and Dale Stephen are directors of. Inch Farms Limited is due A & J Stephen (Builders) Limited £358 at the year end. A & J Stephen (Builders) Limited has paid £15 for an annual return filing fee on behalf of Elmcliff Limited a company John S Stephen and Derek Stephen are directors of. Elmcliff Limited is due A & J Stephen (Builders) Limited £96 at the year end.

Included in creditors is a balance of £529 due to the pension scheme for rent received for the industrial units on behalf of the pension scheme. A & J Stephen Limited has sold the office to the pension scheme for £300,000 which was the market value per J & E Shepherd, Chartered Surveyors.

No provision has been made against any of the debts due from related parties identified nor have any amounts been written off in respect of debts due to or from related parties during the year.

Company

All the relevant related party transactions are disclosed above.