

Company Registration No. 57721 (Scotland)

A & J STEPHEN (HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2003



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COMPANIES HOUSE 12/12/03

A & J STEPHEN (HOLDINGS) LIMITED

NOTICE OF MEETING

Notice is given that the Twenty Sixth Annual General Meeting of the shareholders of A & J Stephen (Holdings) Limited will be held in Stephen House, Edinburgh Road, Perth on Friday 1st August, 2003 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 2003.
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

Stephen House,
Edinburgh Road,
Perth.

18th June 2003.

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 John W Stephen
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	Condies 2 Tay Street Perth PH1 5LJ

A & J STEPHEN (HOLDINGS) LIMITED

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A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The directors present their report and financial statements for the year ended 31 March 2003.

Directors

The following directors have held office since 1 April 2002:

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

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 5.

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.

A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

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 2003	1 April 2002
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
John W Stephen	23,614	23,614

A & J Stephen Limited

	Ordinary shares of £ 1 each	
	31 March 2003	1 April 2002
John S Stephen	-	-
Derek M Stephen	-	-
Dale M Stephen	-	-
John W Stephen	-	-

A & J Stephen (Builders) Ltd

	Ordinary shares of £ 1 each	
	31 March 2003	1 April 2002
John S Stephen	-	-
Derek M Stephen	-	-
Dale M Stephen	-	-
John W Stephen	-	-

Castle Homes (Scotland) Ltd

	Ordinary Shares of £ 1 each	
	31 March 2003	1 April 2002
John S Stephen	-	-
Derek M Stephen	-	-

Paul Stephen, 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 30 (2002 - 19) 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.

A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

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

18 June 2003

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 on pages 5 to 21 for the year ended 31 March 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting 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.

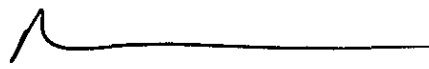
Basis of audit opinion

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.

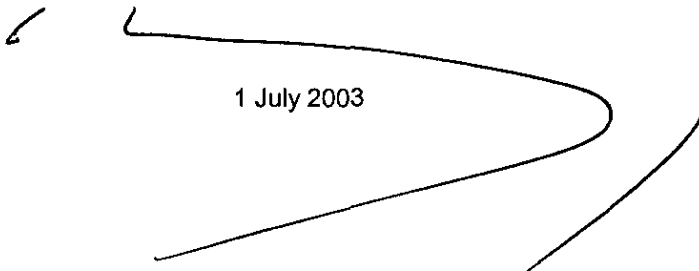
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 and the group's affairs as at 31 March 2003 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 Auditors,
6 Atholl Crescent,
Perth.
PH1 5JN.



1 July 2003

A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Turnover	2	16,581,689	12,504,430
Cost of sales		(11,892,172)	(9,775,773)
Gross profit		<u>4,689,517</u>	<u>2,728,657</u>
Administrative expenses		(1,961,427)	(2,130,804)
Other operating income		13,475	7,768
Operating profit	3	<u>2,741,565</u>	<u>605,621</u>
Investment income	4	40,164	29,625
Other interest receivable and similar income		92,764	48,192
Interest payable and similar charges	5	(2,120)	(23,983)
Profit on ordinary activities before taxation		<u>2,872,373</u>	<u>659,455</u>
Tax on profit on ordinary activities	6	(614,030)	(203,515)
Profit on ordinary activities after taxation		<u>2,258,343</u>	<u>455,940</u>
Dividends	8	(361,294)	(181,710)
Retained profit for the year	17	<u><u>1,897,049</u></u>	<u><u>274,230</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

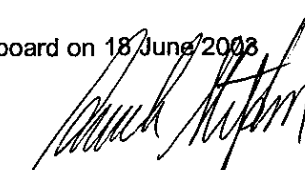
BALANCE SHEETS AS AT 31 MARCH 2003

		Group		Company	
	Notes	2003	2002	2003	2002
		£	£	£	£
Fixed assets					
Tangible assets	9	809,860	832,900	-	-
Investments	10	16,741	16,741	366,620	366,620
		<u>826,601</u>	<u>849,641</u>	<u>366,620</u>	<u>366,620</u>
Current assets					
Stocks	11	10,438,545	9,120,530	-	-
Debtors: amounts falling due within one year	12	294,203	256,051	371,631	271,629
Debtors: amounts falling due after more than one year	12	698,385	979,655	-	-
Cash at bank and in hand		4,214,635	1,807,683	66,339	447,646
		<u>15,645,768</u>	<u>12,163,919</u>	<u>437,970</u>	<u>719,275</u>
Creditors: amounts falling due within one year	13	(3,597,890)	(1,988,365)	(82,235)	(83,872)
Net current assets		<u>12,047,878</u>	<u>10,175,554</u>	<u>355,735</u>	<u>635,403</u>
Total assets less current liabilities		<u>12,874,479</u>	<u>11,025,195</u>	<u>722,355</u>	<u>1,002,023</u>
Provisions for liabilities and charges	14	(44,907)	(92,672)	-	-
		<u>12,829,572</u>	<u>10,932,523</u>	<u>722,355</u>	<u>1,002,023</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	12,488,052	10,591,003	380,835	660,503
Shareholders' funds - equity interests	18	<u>12,829,572</u>	<u>10,932,523</u>	<u>722,355</u>	<u>1,002,023</u>

The financial statements were approved by the board on 18 June 2003.



John W Stephen
Director



Derek M Stephen
Director

A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	2003		2002	
	£	£	£	£
Net cash inflow from operating activities		1,854,060		585,284
Returns on investments and servicing of finance				
Interest received	92,764		48,192	
Interest paid	(2,120)		(23,983)	
Dividends received	40,164		29,625	
Net cash inflow for returns on investments and servicing of finance		130,808		53,834
Taxation		(173,606)		(59,057)
Capital expenditure				
Payments to acquire tangible assets	(412,693)		(247,098)	
Receipts from sales of tangible assets	768,279		64,410	
Net cash inflow/(outflow) for capital expenditure		355,586		(182,688)
Equity dividends paid		(361,294)		(181,710)
Net cash inflow before management of liquid resources and financing		1,805,554		215,663
Financing				
Capital element of hire purchase contracts	(1,943)		(21,303)	
Net cash outflow from financing		(1,943)		(21,303)
Increase in cash in the year		1,803,611		194,360

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003		2002	
		£		£	
	Operating profit	2,741,565		605,621	
	Depreciation of tangible assets	234,170		224,864	
	Profit on disposal of tangible assets	(566,716)		(2,432)	
	Increase in stocks	(1,318,015)		(342,497)	
	Decrease in debtors	243,118		108,049	
	Increase/(decrease) in creditors within one year	519,938		(8,321)	
	Net cash inflow from operating activities	1,854,060		585,284	
2	Analysis of net funds	1 April 2002		31 March 2003	
		£		£	
	Net cash:				
	Cash at bank and in hand	1,807,683	2,406,952	-	4,214,635
	Bank overdrafts	(495,188)	(603,341)	-	(1,098,529)
		<u>1,312,495</u>	<u>1,803,611</u>	<u>-</u>	<u>3,116,106</u>
	Debt:				
	Finance leases	(1,943)	1,943	-	-
		<u>1,310,552</u>	<u>1,805,554</u>	<u>-</u>	<u>3,116,106</u>
3	Reconciliation of net cash flow to movement in net debt	2003		2002	
		£		£	
	Increase in cash in the year	1,803,611		194,360	
	Cash outflow/(inflow) from decrease/(increase) in debt	1,943		(1,943)	
	Movement in net funds in the year	1,805,554		192,417	
	Opening net funds	1,310,552		1,118,135	
	Closing net funds	3,116,106		1,310,552	

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 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 2003. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. The subsidiaries are A & J Stephen Limited, A & J Stephen (Builders) Limited and Castle Homes Limited. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

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

1.5 Goodwill

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

1.6 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

1.7 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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

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

1.9 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1

1.10 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.11 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment.

1.12 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.

1.13 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	2003 £	2002 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	234,170	224,864
	Auditors' remuneration (company £450; 2002 : £450)	7,000	7,000
	Remuneration of auditors for non-audit work	6,690	7,090
	and after crediting:		
	Rents receivable	1,440	2,275
	Gain on fixed asset disposals	566,716	2,432
		<u> </u>	<u> </u>
4	Investment income	2003 £	2002 £
	Income from fixed asset investments	40,164	29,625
		<u> </u>	<u> </u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

5	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	2,120	5,983
	On other loans wholly repayable within 5 years	-	18,000
		<u>2,120</u>	<u>23,983</u>
6	Taxation	£	£
	Domestic current year tax		
	U.K. corporation tax	662,449	173,612
	Adjustment for prior years	(654)	-
	Current tax charge	<u>661,795</u>	<u>173,612</u>
	Deferred tax		
	Deferred tax charge/credit current year	(47,765)	29,903
		<u>614,030</u>	<u>203,515</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>2,872,373</u>	<u>659,455</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002 : 20.00%)	<u>861,712</u>	<u>131,891</u>
	Effects of:		
	Non deductible expenses	1,050	1,504
	Depreciation	(99,764)	44,485
	Capital allowances	(66,699)	(42,072)
	Adjustments to previous periods	(654)	-
	Dividends and distributions received	(12,049)	(5,925)
	Other tax adjustments	(21,801)	43,729
		<u>(199,917)</u>	<u>41,721</u>
	Current tax charge	<u>661,795</u>	<u>173,612</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

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:

	2003 £	2002 £
Holding company's profit for the financial year	<u>81,626</u>	<u>79,908</u>

8 Dividends

	2003 £	2002 £
Ordinary interim paid	<u>361,294</u>	<u>181,710</u>
	<u>361,294</u>	<u>181,710</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

9 Tangible fixed assets Group

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2002	50,393	1,196,269	325,921	605,256	2,177,839
Additions	-	213,199	10,741	188,753	412,693
Disposals	(49,629)	(230,968)	-	(162,672)	(443,269)
At 31 March 2003	764	1,178,500	336,662	631,337	2,147,263
Depreciation					
At 1 April 2002	13,136	700,535	279,873	351,395	1,344,939
On disposals	(12,977)	(128,031)	-	(100,698)	(241,706)
Charge for the year	15	121,199	17,796	95,160	234,170
At 31 March 2003	174	693,703	297,669	345,857	1,337,403
Net book value					
At 31 March 2003	590	484,797	38,993	285,480	809,860
At 31 March 2002	37,257	495,734	46,048	253,861	832,900

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 31 March 2003	-	-	-	-
At 31 March 2002	22,720	-	-	22,720
Depreciation charge for the year				
31 March 2003	-	-	-	-
31 March 2002	5,680	-	-	5,680

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

10 Fixed asset investments Group

	Unlisted investments £	Total £
Cost		
At 1 April 2002 & at 31 March 2003	16,741	16,741
At 31 March 2002	16,741	16,741

10 Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 April 2002 & at 31 March 2003	366,620
At 31 March 2002	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

In the directors opinion the value of the investments disclosed in the accounts is reasonable.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

11 Stocks and work in progress

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Raw materials and consumables	5,313,467	4,702,385	-	-
Work in progress	4,825,078	4,418,145	-	-
Finished goods and goods for resale	300,000	-	-	-
	<u>10,438,545</u>	<u>9,120,530</u>	<u>-</u>	<u>-</u>

12 Debtors

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	158,807	46,027	-	-
Amounts owed by group undertakings	-	-	371,485	271,483
Other debtors	823,325	1,172,590	146	146
Prepayments and accrued income	10,456	17,089	-	-
	<u>992,588</u>	<u>1,235,706</u>	<u>371,631</u>	<u>271,629</u>

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

	2003	2002	2003	2002
	£	£	£	£
Other debtors	<u>698,385</u>	<u>979,655</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 2003 was £1,079,208 (2002 - £1,495,690).

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

13 Creditors : amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	1,098,529	495,188	-	-
Net obligations under finance lease and hire purchase contracts	-	1,943	-	-
Trade creditors	968,297	517,217	-	-
Amounts owed to group undertakings	-	-	100	100
Corporation tax	671,846	183,657	18,994	20,631
Taxes and social security costs	154,207	148,633	62,691	62,691
Other creditors	25,723	28,017	-	-
Accruals and deferred income	679,288	613,710	450	450
	<u>3,597,890</u>	<u>1,988,365</u>	<u>82,235</u>	<u>83,872</u>

The Bank of Scotland 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 Douglas and Angus Estates over 6.4902 hectares at Coldstream and a standard security over the Glebe at Abernethy.

Net obligations under finance leases and hire purchase contracts

Repayable within one year	-	1,943	-	-
Finance charges and interest allocated to future accounting periods	-	-	-	-
	<u>-</u>	<u>1,943</u>	<u>-</u>	<u>-</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

14 Provisions for liabilities and charges Group

	Deferred taxation £
Balance at 1 April 2002	92,672
Profit and loss account	(47,765)
	<u>44,907</u>
Balance at 31 March 2003	<u>44,907</u>

The deferred tax liability is made up as follows:

Deferred taxation provided in the financial statements is as follows:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Accelerated capital allowances	<u>44,907</u>	<u>92,672</u>	<u>-</u>	<u>-</u>

15 Pension costs

Defined contribution

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 £66,897 (2002: £73,083).

The directors pension contributions of £662,740 (2002:£336,843) 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.

	2003 £	2002 £
Contributions payable by the company for the year	<u>729,637</u>	<u>409,926</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

16 Share capital	2003	2002
	£	£
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 2002	105,380	10,591,003
Retained profit for the year	-	1,897,049
	<u> </u>	<u> </u>
Balance at 31 March 2003	105,380	12,488,052
	<u> </u>	<u> </u>
Other reserves		
Capital redemption reserve		
Balance at 1 April 2002 & at 31 March 2003	105,380	
	<u> </u>	
Company		
	Other reserves (see below)	Profit and loss account
	£	£
Balance at 1 April 2002	105,380	660,503
Retained loss for the year	-	(279,668)
	<u> </u>	<u> </u>
Balance at 31 March 2003	105,380	380,835
	<u> </u>	<u> </u>
Other reserves		
Capital redemption reserve		
Balance at 1 April 2002 & at 31 March 2003	105,380	
	<u> </u>	

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

18 Reconciliation of movements in shareholders' funds	2003	2002
Group	£	£
Profit for the financial year	2,258,343	455,940
Dividends	(361,294)	(181,710)
Net addition to shareholders' funds	1,897,049	274,230
Opening shareholders' funds	10,932,523	10,658,293
Closing shareholders' funds	12,829,572	10,932,523
	2003	2002
Company	£	£
Profit for the financial year	81,626	79,908
Dividends	(361,294)	(181,710)
Net depletion in shareholders' funds	(279,668)	(101,802)
Opening shareholders' funds	1,002,023	1,103,825
Closing shareholders' funds	722,355	1,002,023

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	
	2003	2002	2003	2002
	£	£	£	£
Contracted for but not provided in the financial statements	-	52,000	-	-
Authorised but not contracted for	-	26,786	-	-
	-	78,786	-	-

The capital commitments contracted for was for a new lorry which was not to be delivered until August. The authorised but not contracted for commitments were for two new cars

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

21 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	390,000	342,860
Company pension contributions to money purchase schemes	662,740	336,843
Pensions to former directors	17,179	16,639
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 6 (2002 - 6).

During the year four of the directors all received remuneration of £60,000 and therefore there is no one highest paid director.

22 Transactions with directors

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. Brian Finlay is due the company £1,323 at the year end. John W Stephen is due the company £7,570 at the year end. Both of these balances have been received after the year end.

23 Employees

Number of employees

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

	2003 Number	2002 Number
Office and Management	27	31
Building	96	108
	<u> </u>	<u> </u>
	123	139
	<u> </u>	<u> </u>

Employment costs

	£	£
Wages and salaries	2,295,494	2,318,371
Social security costs	214,874	211,941
Other pension costs	746,816	426,565
	<u> </u>	<u> </u>
	3,257,184	2,956,877
	<u> </u>	<u> </u>

24 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 2003

25 Related party transactions

Group

During the year, A & J Stephen (Builders) Limited was charged rent totalling £55,000, £13,667 of which is a creditor at the year end, for the office and an industrial unit which is considered to be a fair market rent, by A & J Stephen Limited Retirement & Death Benefit Scheme, the directors pension scheme.

A & J Stephen (Builders) Limited has paid £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 £388 at the year end. There has been no movement on the loan account with Elmcliff Limited a company John S Stephen, Derek Stephen, Dale Stephen and Brian Finlay are directors of. Elmcliff Limited is due A & J Stephen (Builders) Limited £111 at the year end.

Included in A & J Stephen Limited's creditors is a balance of £529 due to the A & J Stephen Limited Retirement & Death Benefit Scheme for rent received for the industrial units on behalf of the pension scheme. During the year A & J Stephen Limited has sold the yard at Edinburgh Road, Perth to the A & J Stephen Limited Retirement & Death Benefit Scheme for £600,000 which was the valuation given by J & E Shepherd, a firm of chartered surveyors. Also during the year A & J Stephen Limited has paid £29,000 for the stamp duty on the purchase of the yard on behalf of the A & J Stephen Limited Retirement & Death Benefit Scheme. A & J Stephen Limited Retirement & Death Benefit Scheme is due A & J Stephen Limited £29,000 at the year end.

During the year A & J Stephen Limited has sold shared equity to Elmcliff Limited, a company John Stephen, Derek Stephen, Dale Stephen and Brian Finlay, directors, are also directors of for £191,261. The shared equity was valued on a discounted cashflow basis based on previous cashflows. Also during the year A & J Stephen Limited has received £425 rent on behalf of Elmcliff Limited. A & J Stephen Limited has paid £4,943 of legal fees on behalf of Elmcliff Limited. These transactions have been entered into a loan account and the balance due to A & J Stephen Limited at the year end is £4,518

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.