

Company Registration No. 57721 (Scotland)

A & J STEPHEN (HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2005



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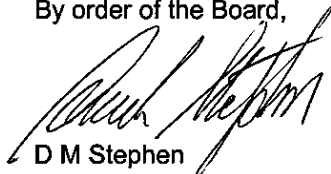
A & J STEPHEN (HOLDINGS) LIMITED

NOTICE OF MEETING

Notice is given that the Twenty Eighth Annual General Meeting of the shareholders of A & J Stephen (Holdings) Limited will be held in Stephen House, Edinburgh Road, Perth on Friday 26th August, 2005 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 2005.
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,



D M Stephen
Director

Stephen House,
Edinburgh Road,
Perth.

28th June 2005.

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, 10 - 16 King Edward Street, Perth. PH1 5UT.
Solicitors	Condie 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 2005

The directors present their report and financial statements for the year ended 31 March 2005.

Directors

The following directors have held office since 1 April 2004:

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.

An interim ordinary dividend was paid amounting to £584,447. The directors do not recommend payment of a final 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 2005

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 2005	1 April 2004
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 2005	1 April 2004
John S Stephen	-	-
Derek M Stephen	-	-
Dale M Stephen	-	-
John W Stephen	-	-

A & J Stephen (Builders) Ltd

	Ordinary shares of £ 1 each	
	31 March 2005	1 April 2004
John S Stephen	-	-
Derek M Stephen	-	-
Dale M Stephen	-	-
John W Stephen	-	-

Castle Homes (Scotland) Ltd

	Ordinary Shares of £ 1 each	
	31 March 2005	1 April 2004
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.

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 2005

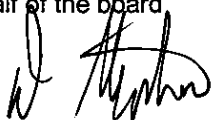
Directors' responsibilities

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.

On behalf of the board



Dale M Stephen

Director

28 June 2005

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 23 for the year ended 31 March 2005. 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 or assume 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.

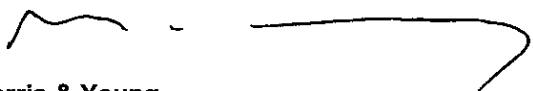
Basis of audit opinion

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 2005 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
PH1 5JN

14 July 2005

A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

		2005	2004
	Notes	£	as restated £
Turnover	2	21,482,152	20,376,509
Cost of sales		(14,362,627)	(13,535,770)
Gross profit		7,119,525	6,840,739
Administrative expenses		(2,618,451)	(2,608,713)
Other operating income		3,500	8,726
Operating profit		4,504,574	4,240,752
Investment income	3	90,712	66,059
Other interest receivable and similar income		105,165	126,170
Amounts written off investments	4	3,057	(30,242)
Interest payable and similar charges	5	(30,964)	(44,916)
Profit on ordinary activities before taxation		4,672,544	4,357,823
Tax on profit on ordinary activities	6	(1,828,399)	(867,006)
Profit on ordinary activities after taxation		2,844,145	3,490,817
Dividends	8	(584,447)	(472,870)
Retained profit for the year	17	2,259,698	3,017,947

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

A & J STEPHEN (HOLDINGS) LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2005

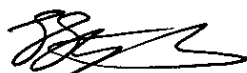
	2005 £	2004 £
Profit for the financial year	2,844,145	3,490,817
Prior year adjustment	1,394,981	-
Total gains and losses recognised since last financial statements	4,239,126	3,490,817

A & J STEPHEN (HOLDINGS) LIMITED

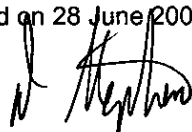
BALANCE SHEETS AS AT 31 MARCH 2005

		Group		Company	
		2005	2004	2005	2004
		as restated			
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9	1,052,346	832,654	-	-
Investments	10	2,815,967	2,280,648	366,620	366,620
		<u>3,868,313</u>	<u>3,113,302</u>	<u>366,620</u>	<u>366,620</u>
Current assets					
Stocks	11	12,256,675	8,641,761	-	-
Debtors: amounts falling due within one year	12	3,189,790	5,802,151	1,829,936	401,440
Debtors: amounts falling due after more than one year	12	38,877	32,515	-	-
Cash at bank and in hand		3,681,238	3,162,309	166,303	2,145,140
		<u>19,166,580</u>	<u>17,638,736</u>	<u>1,996,239</u>	<u>2,546,580</u>
Creditors: amounts falling due within one year	13	(4,829,569)	(4,856,951)	(77,325)	(103,263)
Net current assets		<u>14,337,011</u>	<u>12,781,785</u>	<u>1,918,914</u>	<u>2,443,317</u>
Total assets less current liabilities		18,205,324	15,895,087	2,285,534	2,809,937
Provisions for liabilities and charges	14	(98,108)	(47,568)	-	-
		<u>18,107,216</u>	<u>15,847,519</u>	<u>2,285,534</u>	<u>2,809,937</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	17,765,696	15,505,999	1,944,014	2,468,417
Shareholders' funds - equity interests	18	<u>18,107,216</u>	<u>15,847,519</u>	<u>2,285,534</u>	<u>2,809,937</u>

The financial statements were approved by the board on 28 June 2005



John W Stephen
Director



Dale M Stephen
Director

A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005	2004
	£	£
Net cash inflow from operating activities	3,545,473	1,487,021
Returns on investments and servicing of finance		
Interest received	154,461	178,841
Interest paid	(30,964)	(44,916)
Dividends received	-	13,388
Net cash inflow for returns on investments and servicing of finance	123,497	147,313
Taxation	(1,246,105)	(984,002)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(586,976)	(390,476)
Payments to acquire investments	(1,296,731)	(2,294,344)
Receipts from sales of intangible assets	2,323	1,282
Receipts from sales of tangible assets	75,165	134,696
Receipts from sales of investments	805,885	195
Net cash outflow for capital expenditure	(1,000,334)	(2,548,647)
Equity dividends paid	(584,447)	(472,870)
Net cash inflow/(outflow) before management of liquid resources and financing	838,084	(2,371,185)
Increase/(decrease) in cash in the year	838,084	(2,371,185)

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

1	Reconciliation of operating profit to net cash inflow from operating activities	2005	2004
		£	£
	Operating profit	4,504,574	4,240,752
	Depreciation of tangible assets	290,253	232,622
	Loss on disposal of tangible assets	1,865	364
	Profit on disposal of intangible assets	(2,323)	(1,282)
	(Increase)/decrease in stocks	(3,614,914)	1,796,784
	Decrease/(increase) in debtors	2,606,249	(4,832,469)
	(Decrease)/Increase in creditors within one year	(240,231)	50,250
	Net cash inflow from operating activities	3,545,473	1,487,021

2	Analysis of net funds	1 April 2004	Cash flow	Other non- 31 March 2005 cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	3,162,309	518,929	- 3,681,238
	Bank overdrafts	(2,417,388)	319,155	- (2,098,233)
		<u>744,921</u>	<u>838,084</u>	<u>- 1,583,005</u>
	Debt:			
	Net funds	<u>744,921</u>	<u>838,084</u>	<u>- 1,583,005</u>

3	Reconciliation of net cash flow to movement in net debt	2005	2004
		£	£
	Increase/(decrease) in cash in the year	838,084	(2,371,185)
	Movement in net funds in the year	838,084	(2,371,185)
	Opening net funds	744,921	3,116,106
	Closing net funds	1,583,005	744,921

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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 2005. 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 and includes:

-legally completed house sales and

-the appropriate proportion of transactions that have been missed.

The above amounts to a change in accounting policy. The previous policy was to account for sales when legally completed.

The adoption of the new policy requires a prior period adjustment to be made to recognise the asset which existed at the start of the financial year and which was not recognised under the old accounting policy. This has increased the previous year current assets and retained profits by £1,401,739. If the previous accounting policy had been applied in the current year current assets and the profit and loss account would be decreased by £733,303.

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

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1 Accounting policies

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.

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 reflects 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.

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.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

3	Investment income	2005	2004
		£	£
	Income from fixed asset investments	90,712	66,059
4	Amounts written off investments	2005	2004
		£	£
	Amounts written off fixed asset investments:		
	- temporary diminution in value	-	30,242
	Amounts written off investments in prior years written back:		
	- fixed assets	(3,057)	-
		(3,057)	30,242
5	Interest payable	2005	2004
		£	£
	On bank loans and overdrafts	27,158	44,916
	On overdue tax	3,806	-
		30,964	44,916

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

6 Taxation

	£	£
Domestic current year tax		
U.K. corporation tax	1,777,860	864,400
Adjustment for prior years	-	(55)
	<u>1,777,860</u>	<u>864,345</u>
Current tax charge	1,777,860	864,345
Deferred tax		
Deferred tax charge/credit current year	50,539	2,661
	<u>1,828,399</u>	<u>867,006</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>4,672,544</u>	<u>4,357,823</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>1,401,763</u>	<u>1,307,347</u>
Effects of:		
Non deductible expenses	1,716	1,391
Depreciation add back	77,865	78,968
Capital allowances	(86,018)	(65,794)
Adjustments to previous periods	420,522	(420,577)
Chargeable disposals	(2,043)	-
Dividends and distributions received	-	(4,016)
Other tax adjustments	(35,945)	(32,974)
	<u>376,097</u>	<u>(443,002)</u>
Current tax charge	1,777,860	864,345

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:

	2005 £	2004 £
Holding company's profit for the financial year	<u>60,044</u>	<u>2,560,452</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

8	Dividends			2005 £	2004 £	
	Ordinary interim paid			584,447	472,870	
				<u>584,447</u>	<u>472,870</u>	
9	Tangible fixed assets Group					
		Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
	Cost					
	At 1 April 2004	764	1,205,024	346,065	666,064	2,217,917
	Additions	-	389,916	28,966	168,093	586,975
	Disposals	-	(147,754)	-	(123,641)	(271,395)
	At 31 March 2005	<u>764</u>	<u>1,447,186</u>	<u>375,031</u>	<u>710,516</u>	<u>2,533,497</u>
	Depreciation					
	At 1 April 2004	189	706,738	307,350	370,986	1,385,263
	On disposals	-	(93,327)	-	(101,038)	(194,365)
	Charge for the year	15	165,469	14,625	110,144	290,253
	At 31 March 2005	<u>204</u>	<u>778,880</u>	<u>321,975</u>	<u>380,092</u>	<u>1,481,151</u>
	Net book value					
	At 31 March 2005	<u>560</u>	<u>668,306</u>	<u>53,056</u>	<u>330,424</u>	<u>1,052,346</u>
	At 31 March 2004	575	498,286	38,715	295,078	832,654

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

10 Fixed asset investments

Group

	Listed investments £	Unlisted investments £	Total £
Cost			
At 1 April 2004	2,294,344	16,546	2,310,890
Additions	1,296,731	-	1,296,731
Disposals	(775,108)	(16,546)	(791,654)
At 31 March 2005	2,815,967	-	2,815,967
Provisions for diminution in value			
At 1 April 2004	30,242	-	30,242
On disposals	(27,185)	-	(27,185)
Charge for the year	(3,057)	-	(3,057)
At 31 March 2005	-	-	-
Net book value			
At 31 March 2005	2,815,967	-	2,815,967
At 31 March 2004	2,264,102	16,546	2,280,648

	Market value £	Directors' valuation £	Total £
At 31 March 2005	3,012,335	-	3,012,335
At 31 March 2004	2,316,872	16,546	2,333,418

Should the investments be sold at their valuation, a tax charge not exceeding £58,911 (2004 - £6,758) would arise.

10 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 April 2004 & at 31 March 2005	366,620
At 31 March 2004	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.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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.

11 Stocks and work in progress

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Raw materials and consumables	6,897,474	5,918,434	-	-
Work in progress	5,359,201	2,723,327	-	-
	<u>12,256,675</u>	<u>8,641,761</u>	<u>-</u>	<u>-</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

12 Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	2,940,817	5,559,973	-	-
Amounts owed by group undertakings	-	-	1,829,790	401,294
Corporation tax	9,859	-	-	-
Other debtors	248,923	264,984	146	146
Prepayments and accrued income	29,068	9,709	-	-
	<u>3,228,667</u>	<u>5,834,666</u>	<u>1,829,936</u>	<u>401,440</u>

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

	2005	2004	2005	2004
	£	£	£	£
Other debtors	<u>38,877</u>	<u>32,515</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 2005 was £50,747 (2004 - £44,385).

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

13 Creditors : amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	2,098,233	2,417,388	-	-
Trade creditors	766,798	905,698	-	-
Amounts owed to group undertakings	-	-	100	25,943
Corporation tax	1,093,802	561,798	14,084	14,179
Taxes and social security costs	152,335	167,208	62,691	62,691
Other creditors	14,491	17,179	-	-
Accruals and deferred income	703,910	787,680	450	450
	<u>4,829,569</u>	<u>4,856,951</u>	<u>77,325</u>	<u>103,263</u>

The Royal 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 Royal 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, The Shareholding & Investment (Property) Ltd at Dronley Road, Birkhill and a standard security over the Glebe at Abernethy.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

14 Provisions for liabilities and charges Group

	Deferred taxation £
Balance at 1 April 2004	47,568
Profit and loss account	50,539
Balance at 31 March 2005	98,108

The deferred tax liability is made up as follows:

Deferred taxation provided in the financial statements is as follows:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Accelerated capital allowances	39,198	40,810	-	-
Other timing differences	58,910	6,758	-	-
	98,108	47,568	-	-

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 £78,706 (2004: £79,989).

The directors pension contributions of £286,516 (2004:£466,862) 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.

	2005 £	2004 £
Contributions payable by the company for the year	365,222	546,851

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

16 Share capital	2005	2004
	£	£
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 2004	105,380	14,111,017
Prior year adjustment	-	1,394,981
	<u> </u>	<u> </u>
Balance at 1 April 2004 as restated	105,380	15,505,998
Retained profit for the year	-	2,259,698
	<u> </u>	<u> </u>
Balance at 31 March 2005	105,380	17,765,696
	<u> </u>	<u> </u>
Other reserves		
Capital redemption reserve		
Balance at 1 April 2004 & at 31 March 2005	105,380	
	<u> </u>	
Company		
	Other reserves (see below)	Profit and loss account
	£	£
Balance at 1 April 2004	105,380	2,468,417
Retained loss for the year	-	(524,403)
	<u> </u>	<u> </u>
Balance at 31 March 2005	105,380	1,944,014
	<u> </u>	<u> </u>
Other reserves		
Capital redemption reserve		
Balance at 1 April 2004 & at 31 March 2005	105,380	
	<u> </u>	

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

18 Reconciliation of movements in shareholders' funds	2005	2004
Group	£	£
Profit for the financial year	2,844,145	3,490,817
Dividends	(584,447)	(472,870)
	<u>2,259,698</u>	<u>3,017,947</u>
Net addition to shareholders' funds	2,259,698	3,017,947
Opening shareholders' funds	15,847,519	12,829,572
	<u>18,107,216</u>	<u>15,847,519</u>
Closing shareholders' funds		
	<u>2005</u>	<u>2004</u>
Company	£	£
Profit for the financial year	60,044	2,560,452
Dividends	(584,447)	(472,870)
	<u>(524,403)</u>	<u>2,087,582</u>
Net (depletion in)/addition to shareholders' funds	(524,403)	2,087,582
Opening shareholders' funds	2,809,937	722,355
	<u>2,285,534</u>	<u>2,809,937</u>
Closing shareholders' funds		

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 Directors' emoluments	2005	2004
	£	£
Emoluments for qualifying services	440,000	440,000
Company pension contributions to money purchase schemes	286,515	466,862
Pensions to former directors	18,672	17,824
	<u>745,187</u>	<u>924,686</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 6 (2004- 6).

During the year three of the directors all received remuneration of £100,000 and therefore there is no one highest paid director.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

21 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 £1,120 at the year end. John S Stephen is due the company £737 at the year end. John W Stephen is due the company £1,821 at the year end. Dale Stephen is due the company £11 at the year end.

22 Employees

Number of employees

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

	2005 Number	2004 Number
Office and Management	30	30
Building	91	92
	<u>121</u>	<u>122</u>

Employment costs

	£	£
Wages and salaries	2,616,747	2,539,771
Social security costs	265,392	241,069
Other pension costs	383,894	564,675
	<u>3,266,033</u>	<u>3,345,515</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 2005

24 Related party transactions

Group

During the year, A & J Stephen (Builders) Limited was charged rent totalling £133,325, £17,500 of which is a prepayment at the year end, for the yard, 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 £565 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. In debtors is a balance due by A & J Stephen Limited Retirement & Death Benefit Scheme for £29,000. There has been no movement on this during the year.

During the year A & J Stephen Limited has bought back shared equity from Elmcliff Limited, a company John Stephen, Derek Stephen, Dale Stephen and Brian Finlay, directors, are also directors of for £6,362. The shared equity was valued on a discounted cashflow basis based on previous cashflows. The balance due to A & J Stephen Limited at the year end is £7,349.

Also during the year A & J Stephen Limited has sold it's shares for £24,738 in F B S Realisations Limited, a company Dale Stephen a director is also a director of. There are no amounts outstanding at the year end.

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.