

Company Registration No. 57721 (Scotland)

A & J STEPHEN (HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2007

THURSDAY



S6MY9UO9

SCT

15/11/2007

463

COMPANIES HOUSE

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 Webster
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	The Royal Bank of Scotland 12 Dunkeld Road Perth PH1 5RB
Solicitors	Condies 2 Tay Street Perth PH1 5LJ

A & J STEPHEN (HOLDINGS) LIMITED

CONTENTS

	Page
Directors' report	1 3
Independent auditors' report	4 5
Consolidated profit and loss account	6
Statement of recognised gains and losses	7
Balance sheets	8
Consolidated cash flow statement	9
Notes to the consolidated cash flow statement	10
Notes to the financial statements	11 24

A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2007

The directors present their report and financial statements for the year ended 31 March 2007

Directors

The following directors have held office since 1 April 2006

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

Highlights

Turnover	£23,346,859
Gross Margin	35.4%
Profit on ordinary activities before tax	£5,735,878
Shareholders' funds	£22,304,174

Overview

Turnover has increased 30% on last years figure to £23.3 million. This significant movement reflects a rise in the average house price and the increased influence on revenue of our prestigious Clathymore development. Margins have remained healthy and a profit on ordinary activities before taxation of £5,735,878 was achieved. The Board's philosophy of reinvesting profits within the business has continued and Shareholders' funds have increased to in excess of £22 million at the year end. There was a net cash inflow to the business in the year of £1.3 million, thereby further enhancing the group's strong liquidity position. The Board has witnessed a considerable increase in the cost of land purchases in recent years and believe this level of reserves will be required to finance the Group's growth aspirations.

Outlook

The directors remain confident about the future prosperity of the Group. Despite increasing market competition and recent interest rate increases, demand for our houses remain strong. Our new developments at Errol, Brechin and Murthly, coupled with our successful Clathymore and Scone sites, will ensure a healthy house supply over the coming years. As ever, the Group are actively seeking new land acquisition opportunities to ensure the Group's generic growth continues.

Employees

The Group currently employ 107 employees. The directors recognise the importance of a healthy and well trained workforce. During the year there has been significant investment in both healthy and safety and competence based training. The apprentice training programme was also further expanded.

A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2007

Results and dividends

The consolidated profit and loss account for the year is set out on page 6

Interim ordinary dividends were paid amounting to £836,550. The directors do not recommend payment of a final dividend.

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 2007	1 April 2006
John S Stephen	23,600	23,600
Derek M Stephen	23,600	23,600
Dale M Stephen	68,440	68,440
Lorna Finlay	30,000	30,000
John W Stephen	37,760	37,760

A & J Stephen Limited

	Ordinary shares of £1 each	
	31 March 2007	1 April 2006
John S Stephen		
Derek M Stephen		
Dale M Stephen		
John W Stephen		

A & J Stephen (Builders) Ltd

	Ordinary shares of £1 each	
	31 March 2007	1 April 2006
John S Stephen		
Derek M Stephen		
Dale M Stephen		
John W Stephen		

Castle Homes (Scotland) Ltd

	Ordinary Shares of £1 each	
	31 March 2007	1 April 2006
John S Stephen		
Derek M Stephen		

Paul Stephen, Derek Stephen's son, holds 11,800 Ordinary shares. Joanne Stephen, Derek Stephen's daughter, holds 11,800 Ordinary shares. Brian Finlay, a director of A & J Stephen Limited and A & J Stephen (Builders) Limited and Lorna Finlay's husband, holds 29,000 Ordinary shares.

A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2007

	2007 £	2006 £
During the year the group made the following payments		
Charitable donations	3,605	3,286

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

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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

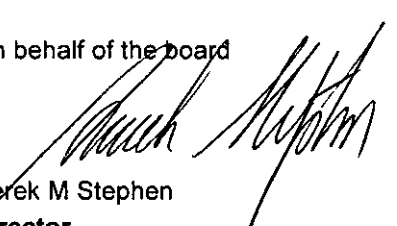
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



Derek M Stephen
Director

14 August 2007

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 2007 set out on pages 6 to 24. These financial statements have been prepared under 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

A & J STEPHEN (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT

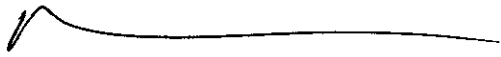
TO THE SHAREHOLDERS OF A & J STEPHEN (HOLDINGS) LIMITED

Opinion

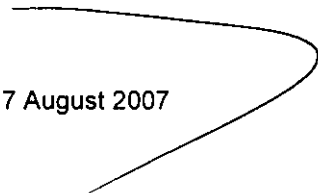
In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and the group's affairs as at 31 March 2007 and of the group's profit for the year then ended,

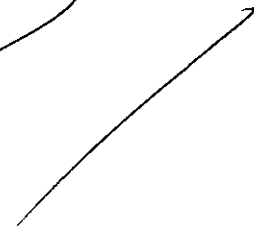
the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the directors' report is consistent with the financial statements



Morris & Young
Chartered Accountants & Registered Auditors
6 Atholl Crescent
Perth
PH1 5JN



17 August 2007



A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 £
Turnover	2	23,346,858	17,956,971
Cost of sales		(15,079,292)	(11,679,003)
Gross profit		8,267,566	6,277,968
Administrative expenses		(2,703,635)	(3,056,947)
Other operating income		4,390	10,791
Operating profit	3	5,568,321	3,231,812
Investment income	4	56,637	164,378
Other interest receivable and similar income		130,682	94,297
Interest payable and similar charges	5	(19,762)	(5,300)
Profit on ordinary activities before taxation		5,735,878	3,485,187
Tax on profit on ordinary activities	6	(1,730,326)	(819,184)
Profit on ordinary activities after taxation		4,005,552	2,666,003

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 2007

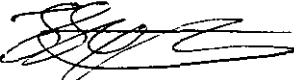
	2007	2006
	£	£
Profit for the financial year	4,005,552	2,666,003
Prior year adjustment		(733,303)
Total gains and losses recognised since last financial statements	4,005,552	1,932,700

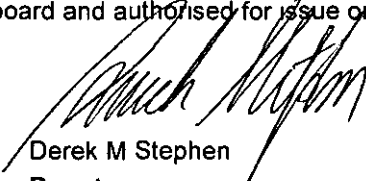
A & J STEPHEN (HOLDINGS) LIMITED

BALANCE SHEETS AS AT 31 MARCH 2007

	Notes	Group 2007 £	2006 £	Company 2007 £	2006 £
Fixed assets					
Tangible assets	9	716,343	947,724		
Investments	10	4,999,876	2,954,566	366,620	366,620
		<u>5,716,219</u>	<u>3,902,290</u>	<u>366,620</u>	<u>366,620</u>
Current assets					
Stocks	11	17,902,842	16,745,551		
Debtors amounts falling due within one year	12	1,010,384	421,346	8,966	691,502
Debtors amounts falling due after more than one year	12	62,077	38,877		
Cash at bank and in hand		6,377,174	3,906,285	2,939,000	454,474
		<u>25,352,477</u>	<u>21,112,059</u>	<u>2,947,966</u>	<u>1,145,976</u>
Creditors amounts falling due within one year	13	(8,480,777)	(5,664,389)	(162,471)	(83,431)
Net current assets		<u>16,871,700</u>	<u>15,447,670</u>	<u>2,785,495</u>	<u>1,062,545</u>
Total assets less current liabilities		<u>22,587,919</u>	<u>19,349,960</u>	<u>3,152,115</u>	<u>1,429,165</u>
Creditors amounts falling due after more than one year	14	(157,368)	(112,575)		
Provisions for liabilities and charges	15	(126,377)	(102,213)		
		<u>22,304,174</u>	<u>19,135,172</u>	<u>3,152,115</u>	<u>1,429,165</u>
Capital and reserves					
Called up share capital	17	236,000	236,000	236,000	236,000
Other reserves	18	105,520	105,520	105,520	105,520
Profit and loss account	18	21,962,654	18,793,652	2,810,595	1,087,645
Shareholders' funds - equity interests	19	<u>22,304,174</u>	<u>19,135,172</u>	<u>3,152,115</u>	<u>1,429,165</u>

The financial statements were approved by the board and authorised for issue on 14 August 2007


John W Stephen
Director


Derek M Stephen
Director

A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	£	2007 £	£	2006 £
Net cash inflow from operating activities		4,862,265		2,179,830
Returns on investments and servicing of finance				
Interest received	187,319		150,045	
Interest paid	(19,762)		(5,300)	
Net cash inflow for returns on investments and servicing of finance		167,557		144,745
Taxation		(912,584)		(1,912,956)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(7,446)		(255,023)	
Payments to acquire investments	(2,045,310)		(894,599)	
Receipts from sales of tangible assets	256,238		155,577	
Receipts from sales of investments			864,630	
Net cash outflow for capital expenditure		(1,796,518)		(129,415)
Equity dividends paid		(836,550)		(892,294)
Net cash inflow/(outflow) before management of liquid resources and financing		1,484,170		(610,090)
Financing				
Purchase of own shares			(12,450)	
Capital element of hire purchase contracts	(135,924)		(4,895)	
Net cash outflow from financing		(135,924)		(17,345)
Increase/(decrease) in cash in the year		1,348,246		(627,435)

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

1	Reconciliation of operating profit to net cash inflow from operating activities	2007	2006
		£	£
	Operating profit	5,568,321	3,231,812
	Depreciation of tangible assets	215,896	264,530
	Loss on disposal of tangible assets	10,995	115,742
	Increase in stocks	(1,157,291)	(2,565,284)
	(Increase)/decrease in debtors	(762,609)	263,389
	Increase in creditors within one year	986,953	869,641
	Net cash inflow from operating activities	4,862,265	2,179,830

2	Analysis of net funds	1 April 2006	Cash flow	Other non cash changes	31 March 2007
		£	£	£	£
	Net cash				
	Cash at bank and in hand	3,906,285	2,470,889		6,377,174
	Bank overdrafts	(2,950,715)	(1,122,643)		(4,073,358)
		<u>955,570</u>	<u>1,348,246</u>		<u>2,303,816</u>
	Finance leases	(171,309)	(108,378)		(279,687)
	Net funds	<u>784,261</u>	<u>1,239,868</u>		<u>2,024,129</u>

3	Reconciliation of net cash flow to movement in net debt	2007	2006
		£	£
	Increase/(decrease) in cash in the year	1,348,246	(627,435)
	Cash inflow from increase in debt	(108,378)	(171,309)
	Movement in net funds in the year	1,239,868	(798,744)
	Opening net funds	784,261	1,583,005
	Closing net funds	<u>2,024,129</u>	<u>784,261</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

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 2007. 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 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% Straight line
Fixtures, fittings & equipment	20 & 50 % Straight line
Motor vehicles	25% Straight line

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.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

1 Accounting policies

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 Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.11 Deferred taxation

Deferred taxation 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.

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	2007 £	2006 £
	Operating profit is stated after charging		
	Depreciation of tangible assets	215,896	264,530
	Loss on disposal of tangible assets	10,995	115,742
	Operating lease rentals		
	Plant and machinery	36,524	
	Auditors' remuneration (company £450, 2006 £450)	7,050	7,195
	Remuneration of auditors for non audit work	6,750	12,880
		<u> </u>	<u> </u>
4	Investment income	2007 £	2006 £
	Income from fixed asset investments	56,637	164,378
		<u> </u>	<u> </u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

5	Interest payable	2007	2006
		£	£
	On bank loans and overdrafts	440	206
	Hire purchase interest	15,111	2,505
	On overdue tax		2,589
	Other interest	4,211	
		<u>19,762</u>	<u>5,300</u>
6	Taxation	2007	2006
		£	£
	Domestic current year tax		
	U K corporation tax	1,706,108	821,549
	Adjustment for prior years	53	(6,469)
		<u>1,706,161</u>	<u>815,080</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	24,165	4,104
		<u>1,730,326</u>	<u>819,184</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>5,735,878</u>	<u>3,485,187</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 30.00%)	<u>1,720,763</u>	<u>1,045,556</u>
	Effects of		
	Non deductible expenses	1,942	2,418
	Depreciation add back	68,067	114,082
	Capital allowances	(76,585)	(91,085)
	Adjustments to previous periods	53	(226,460)
	Chargeable disposals		(5,625)
	Other tax adjustments	(8,079)	(23,806)
		<u>(14,602)</u>	<u>(230,476)</u>
	Current tax charge	<u>1,706,161</u>	<u>815,080</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

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

	2007 £	2006 £
Holding company's profit for the financial year	2,559,500	48,375

8 Dividends

	2007 £	2006 £
Ordinary interim paid 28 April 2006	412,650	361,294
Ordinary interim paid 14 September 2006	328,320	424,800
Ordinary interim paid 23 January 2007	95,580	106,200
	836,550	892,294

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

9 Tangible fixed assets Group

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2006	935,324	357,619	633,850	1,926,793
Additions	195,503	1,698	54,547	251,748
Disposals	(232,140)		(268,835)	(500,975)
At 31 March 2007	898,687	359,317	419,562	1,677,566
Depreciation				
At 1 April 2006	328,910	320,410	329,749	979,069
On disposals	(118,504)		(115,238)	(233,742)
Charge for the year	139,276	12,997	63,623	215,896
At 31 March 2007	349,682	333,407	278,134	961,223
Net book value				
At 31 March 2007	549,005	25,910	141,428	716,343
At 31 March 2006	606,414	37,209	304,101	947,724

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 2007	218,618		44,680	263,298
At 31 March 2006	47,540		86,523	134,063
Depreciation charge for the year				
31 March 2007	43,873		16,640	60,513
31 March 2006	11,885		28,841	40,726

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

10 Fixed asset investments Group

	Listed investments £	Total £
Cost		
At 1 April 2006	2,954,566	2,954,566
Additions	2,045,310	2,045,310
	<u>4,999,876</u>	<u>4,999,876</u>
At 31 March 2007	4,999,876	4,999,876
	<u>2,954,566</u>	<u>2,954,566</u>
At 31 March 2006	2,954,566	2,954,566
	<u>5,338,178</u>	<u>5,338,178</u>
	<u>3,240,709</u>	<u>3,240,709</u>
	<u>5,338,178</u>	<u>5,338,178</u>
	<u>3,240,709</u>	<u>3,240,709</u>

Should the investments be sold at their valuation, a tax charge not exceeding £101,491 (2006 £85,843) would arise

Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 April 2006 & at 31 March 2007	366,620
	<u>366,620</u>
At 31 March 2006	366,620
	<u>366,620</u>

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

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

10 Fixed asset investments

Participating interests

Inch Farms Limited	Scotland	Ordinary	50
--------------------	----------	----------	----

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

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

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

11 Stocks and work in progress

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Raw materials and consumables	8,910,615	8,240,161		
Work in progress	8,992,227	8,505,390		
	<u>17,902,842</u>	<u>16,745,551</u>	<u></u>	<u></u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

12 Debtors

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	117,921	108,456		
Amounts owed by group undertakings	340,914		8,341	690,877
Corporation tax	11,328	161,699		
Other debtors	215,280	177,844	625	625
Prepayments and accrued income	387,018	12,224		
	<u>1,072,461</u>	<u>460,223</u>	<u>8,966</u>	<u>691,502</u>

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

	2007	2006	2007	2006
	£	£	£	£
Other debtors	<u>62,077</u>	<u>38,877</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 2007 was £73,947 (2006 £50,747)

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

13 Creditors amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	4,073,358	2,950,715		
Net obligations under finance lease and hire purchase contracts	122,319	58,734		
Trade creditors	1,958,671	933,990		1,383
Amounts owed to group undertakings	340,914		85,374	4,917
Corporation tax	790,972	147,765	13,956	13,990
Taxes and social security costs	167,958	301,061	62,691	62,691
Other creditors	16,577	63,804		
Accruals and deferred income	1,010,008	1,208,320	450	450
	<u>8,480,777</u>	<u>5,664,389</u>	<u>162,471</u>	<u>83,431</u>

The bank overdraft is secured by 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 The Shareholding & Investment (Property) Ltd at Dronley Road, Birkhill and a standard security over the Glebe at Abernethy

14 Creditors amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Net obligations under finance leases and hire purchase agreements	<u>157,368</u>	<u>112,575</u>		
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	122,319	58,734		
Repayable between one and five years	157,368	112,575		
	<u>279,687</u>	<u>171,309</u>		
Included in liabilities falling due within one year	<u>(122,319)</u>	<u>(58,734)</u>		
	<u>157,368</u>	<u>112,575</u>		

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

15 Provisions for liabilities and charges Group

	Deferred taxation £
Balance at 1 April 2006	102,213
Profit and loss account	24,165
Balance at 31 March 2007	126,377

The deferred tax liability is made up as follows:

Deferred taxation provided in the financial statements is as follows

	Group 2007 £	2006 £	Company 2007 £	2006 £
Accelerated capital allowances	24,886	16,369		
Other timing differences	101,491	85,844		
	126,377	102,213		

16 Pension costs

Defined contribution

The staff and work section the company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company, being invested in deferred annuity contracts issued by 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 total of the group's staff contribution for the year amounted to £89,823 (2006 £113,448)

The directors' pension contributions of £191,350 (2006 £0) 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.

	2007 £	2006 £
Contributions payable by the group for the year	281,173	113,448

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

17 Share capital	2007	2006
	£	£
Authorised		
500,000 Ordinary shares of £1 each	500,000	500,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
236,000 Ordinary shares of £1 each	236,000	236,000
	<u> </u>	<u> </u>
18 Statement of movements on reserves		
Group		
	Other reserves (see below)	Profit and loss account
	£	£
Balance at 1 April 2006	105,520	18,793,652
Profit for the year		4,005,552
Dividends paid		(836,550)
	<u> </u>	<u> </u>
Balance at 31 March 2007	105,520	21,962,654
	<u> </u>	<u> </u>
Other reserves		
Capital redemption reserve		
Balance at 1 April 2006 & at 31 March 2007	105,520	
	<u> </u>	
Company		
	Other reserves (see below)	Profit and loss account
	£	£
Balance at 1 April 2006	105,520	1,087,645
Profit for the year		2,559,500
Dividends paid		(836,550)
	<u> </u>	<u> </u>
Balance at 31 March 2007	105,520	2,810,595
	<u> </u>	<u> </u>
Other reserves		
Capital redemption reserve		
Balance at 1 April 2006 & at 31 March 2007	105,520	
	<u> </u>	

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

19 Reconciliation of movements in shareholders' funds	2007	2006
	£	£
Group		
Profit for the financial year	4,005,552	2,666,003
Dividends	(836,550)	(892,294)
Purchase of own shares		(12,450)
Net addition to shareholders' funds	3,169,002	1,761,259
Opening shareholders' funds	19,135,172	17,373,913
Closing shareholders' funds	22,304,174	19,135,172
	2007	2006
	£	£
Company		
Profit for the financial year	2,559,500	48,375
Dividends	(836,550)	(892,294)
Purchase of own shares		(12,450)
Net addition to/(depletion in) shareholders' funds	1,722,950	(856,369)
Opening shareholders' funds	1,429,165	2,285,534
Closing shareholders' funds	3,152,115	1,429,165

20 Contingent liabilities

Group

There is a contingent liability relating to the guarantee given by the group to the Royal Bank of Scotland in respect of a cross corporate guarantee including offset provision incorporating all group companies

Company

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

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

21 Financial commitments

At 31 March 2007 the group had annual commitments under non cancellable operating leases as follows

	Other	
	2007	2006
	£	£
Within one year	3,324	
Between two and five years	29,890	
	<u>33,214</u>	<u></u>

22 Directors' emoluments

	2007	2006
	£	£
Emoluments for qualifying services	164,516	621,000
Company pension contributions to money purchase schemes	191,350	
Pensions to former directors	19,464	19,322

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (2006 5)

23 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. John S Stephen is due the company £2,550 at the year end. John W Stephen is due the company £27 at the year end.

During the year the company provided services of £26,694 to Brian Finlay and £96,104 to Derek Stephen. There are no amounts due from Brian Finlay at the year end. Derek Stephen is due the company £112,923 at the year end.

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

24 Employees

Number of employees

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

	2007 Number	2006 Number
Office and Management	24	27
Building	86	90
	<u>110</u>	<u>117</u>

Employment costs

	2007 £	2006 £
Wages and salaries	2,621,307	3,077,023
Social security costs	268,836	333,479
Other pension costs	300,637	132,770
	<u>3,190,780</u>	<u>3,543,272</u>

25 Control

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

26 Related party transactions

Group

During the year A & J Stephen (Builders) Limited was charged rent totalling £120,000, 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 There are no amounts outstanding at the year end

During the year A & J Stephen (Builders) Limited has paid £15 on behalf of 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 £126 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