

Company Registration No. 57721 (Scotland)

A & J STEPHEN (HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2008

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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	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 2008

The directors present their report and financial statements for the year ended 31 March 2008

Directors

The following directors have held office since 1 April 2007

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	£19,376,605
Gross Margin	28.5%
Profit on ordinary activities before tax	£3,369,866
Shareholders' funds	£23,399,983

Overview

Turnover has decreased in the year from the high of 2007. This reduction is largely due to the runoff in sales from developments completed in the year. Our new developments at Brechin, Errol and Murthly have been well received by the market but infrastructure delays resulted in the first sales not being realised until the second trading quarter. The gross margin has also experienced a slip this year. This is largely explained by the cost of enhanced exterior finishes in the first phase of our Brechin development along with high underbuilding costs on the latest phase at Bargarvie Farm, Scone. In addition to these specific factors the cost base came under severe pressure during the year with unprecedented increases to material prices experienced. Despite this a satisfactory level of profitability was maintained with a pre tax result of £3.3 million achieved. The board's philosophy of reinvesting profits within the business has continued and shareholders' funds have increased to £23.4 million.

Outlook

The house building industry is currently experiencing the full effects of the global credit crunch and it is likely that this will continue throughout 2008 and possibly beyond. Clearly such significant market realignment will adversely impact our performance until market confidence is restored. However, the directors believe that with minimal gearing and a strong balance sheet, the group is well placed to weather this storm and remain confident over long term prosperity. Moreover, in these difficult times we will continue to identify strategic land acquisitions and enhance the land bank in order that the long term growth aspirations of the group are achieved.

A & J STEPHEN (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2008

Employees

The group currently employs 105 employees. The directors recognise the importance of a healthy and well trained workforce. To this end there has been a further significant investment in both health and safety and competence based training.

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 £1,380,600. The directors do not recommend payment of a final dividend.

	2008 £	2007 £
During the year the group made the following payments:		
Charitable donations	3,070	3,605

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 2008

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

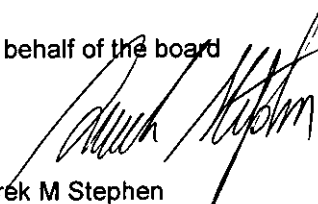
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding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

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all 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
26 August 2008

A & J STEPHEN (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT

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

We have audited the group and parent company financial statements (the "financial statements") of A & J Stephen (Holdings) Limited for the year ended 31 March 2008 set out on pages 6 to 26. 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 group's and the company'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

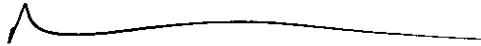
INDEPENDENT AUDITORS' REPORT

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

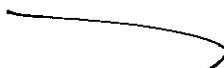
Opinion

In our opinion

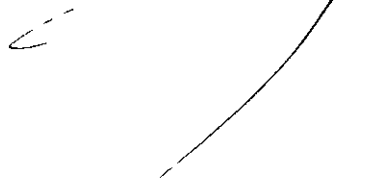
the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31 March 2008 and of the group's profit for the year then ended,
the financial statements have been properly prepared 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



2 September 2008



A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
Turnover	2	19,376,605	23,166,858
Cost of sales		(13,845,167)	(15,079,292)
Gross profit		5,531,438	8,087,566
Administrative expenses		(2,397,290)	(2,523,635)
Other operating income		4,818	4,390
Operating profit	3	3,138,966	5,568,321
Investment income	4	328,175	56,637
Other interest receivable and similar income		39,904	130,682
Interest payable and similar charges	5	(137,179)	(19,762)
Profit on ordinary activities before taxation		3,369,866	5,735,878
Tax on profit on ordinary activities	6	(893,457)	(1,730,326)
Profit on ordinary activities after taxation		2,476,409	4,005,552

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 2008

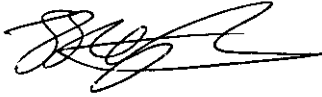
	Notes	Group 2008 £	2007 £	Company 2008 £	2007 £
Fixed assets					
Tangible assets	9	602,569	716,343		
Investments	10	2,850,000	4,999,876	366,620	366,620
		<u>3,452,569</u>	<u>5,716,219</u>	<u>366,620</u>	<u>366,620</u>
Current assets					
Stocks	11	24,047,422	17,902,842	-	
Debtors amounts falling due within one year	12	884,093	669,470	726,959	8,966
Debtors amounts falling due after more than one year	12	62,077	62,077		
Cash at bank and in hand		958,263	6,377,174	809,726	2,939,000
		<u>25,951,855</u>	<u>25,011,563</u>	<u>1,536,685</u>	<u>2,947,966</u>
Creditors' amounts falling due within one year	13	<u>(5,864,520)</u>	<u>(8,139,863)</u>	<u>(82,421)</u>	<u>(162,471)</u>
Net current assets		<u>20,087,335</u>	<u>16,871,700</u>	<u>1,454,264</u>	<u>2,785,495</u>
Total assets less current liabilities		<u>23,539,904</u>	<u>22,587,919</u>	<u>1,820,884</u>	<u>3,152,115</u>
Creditors' amounts falling due after more than one year	14	(102,101)	(157,368)		
Provisions for liabilities	15	(33,783)	(126,377)		
Accruals and deferred income	16	<u>(4,037)</u>			
		<u>23,399,983</u>	<u>22,304,174</u>	<u>1,820,884</u>	<u>3,152,115</u>
Capital and reserves					
Called up share capital	18	236,000	236,000	236,000	236,000
Other reserves	19	105,520	105,520	105,520	105,520
Profit and loss account	19	23,058,463	21,962,654	1,479,364	2,810,595
Shareholders' funds	20	<u>23,399,983</u>	<u>22,304,174</u>	<u>1,820,884</u>	<u>3,152,115</u>

A & J STEPHEN (HOLDINGS) LIMITED

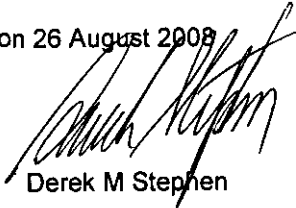
BALANCE SHEETS

AS AT 31 MARCH 2008

Approved by the Board and authorised for issue on 26 August 2008



John W Stephen
Director



Derek M Stephen
Director

A & J STEPHEN (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	£	2008 £	£	2007 £
Net cash (outflow)/inflow from operating activities		(3,277,319)		4,862,265
Returns on investments and servicing of finance				
Interest received	92,464		187,319	
Interest paid	(137,179)		(19,762)	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(44,715)		167,557
Taxation		(1,243,183)		(912,584)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(55,464)		(7,446)	
Payments to acquire investments	(42,048)		(2,045,310)	
Receipts from sales of tangible assets	68,614		256,238	
Receipts from sales of investments	2,467,539			
Net cash inflow/(outflow) for capital expenditure		2,438,641		(1,796,518)
Equity dividends paid		(1,380,600)		(836,550)
Net cash (outflow)/inflow before management of liquid resources and financing		(3,507,176)		1,484,170
Financing				
Government grant received	4,037			
Capital element of hire purchase contracts	(139,998)		(135,924)	
Net cash outflow from financing		(135,961)		(135,924)
Decrease in cash in the year		(3,643,137)		1,348,246

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2008		2007	
		£		£	
	Operating profit	3,138,966		5,568,321	
	Depreciation of tangible assets	237,072		215,896	
	Profit/(loss) on disposal of tangible assets	(12,694)		10,995	
	Increase in stocks	(6,144,580)		(1,157,291)	
	Increase in debtors	(215,439)		(421,695)	
	(Decrease)/Increase in creditors within one year	(280,644)		646,039	
	Net cash (outflow)/inflow from operating activities	(3,277,319)		4,862,265	
2	Analysis of net (debt)/funds	1 April 2007		31 March 2008	
		£		£	
	Net cash				
	Cash at bank and in hand	6,377,174	(5,418,911)		958,263
	Bank overdrafts	(4,073,358)	1,775,774		(2,297,584)
		2,303,816	(3,643,137)		(1,339,321)
	Finance leases	(279,687)	16,244		(263,443)
	Net funds/(debt)	2,024,129	(3,626,893)		(1,602,764)
3	Reconciliation of net cash flow to movement in net debt	2008		2007	
		£		£	
	(Decrease)/increase in cash in the year	(3,643,137)		1,348,246	
	Cash outflow/(inflow) from decrease/(increase) in debt	16,244		(108,378)	
	Movement in net (debt)/funds in the year	(3,626,893)		1,239,868	
	Opening net funds	2,024,129		784,261	
	Closing net (debt)/funds	(1,602,764)		2,024,129	

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

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 2008. 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:

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.

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 2008

1 Accounting policies

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 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.14 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 2008

3	Operating profit	2008	2007
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	237,072	215,896
	Loss on disposal of tangible assets		10,995
	Operating lease rentals		
	Plant and machinery	65,002	36,524
	and after crediting		
	Government grants	1,346	
	Profit on disposal of tangible assets	(12,694)	
		<u> </u>	<u> </u>
	Auditors' remuneration		
	Fees payable to the group's auditor for the audit of the group's annual accounts (company £450, 2007 £450)	8,050	7,050
	Statutory Accounts & Taxation	8,125	6,750
		<u> </u>	<u> </u>
		16,175	13,800
		<u> </u>	<u> </u>
4	Investment income	2008	2007
		£	£
	Income from fixed asset investments	328,175	56,637
		<u> </u>	<u> </u>
5	Interest payable	2008	2007
		£	£
	On bank loans and overdrafts	107,233	440
	Hire purchase interest	19,468	15,111
	On overdue tax	5,017	
	Other interest	5,461	4,211
		<u> </u>	<u> </u>
		137,179	19,762
		<u> </u>	<u> </u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

6	Taxation	2008 £	2007 £
	Domestic current year tax		
	U K corporation tax	977,970	1,706,108
	Adjustment for prior years	8,081	53
	Current tax charge	<u>986,051</u>	<u>1,706,161</u>
	Deferred tax		
	Deferred tax charge/credit current year	(92,594)	24,165
		<u>893,457</u>	<u>1,730,326</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>3,369,866</u>	<u>5,735,878</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2007 30.00%)	<u>1,010,960</u>	<u>1,720,763</u>
	Effects of		
	Non deductible expenses	4,040	1,942
	Depreciation add back	67,313	68,067
	Capital allowances	(55,799)	(76,585)
	Adjustments to previous periods	8,081	53
	Chargeable disposals	41,321	
	Other tax adjustments	(89,865)	(8,079)
		<u>(24,909)</u>	<u>(14,602)</u>
	Current tax charge	<u>986,051</u>	<u>1,706,161</u>

7 Profit for the financial year

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

	2008 £	2007 £
Holding company's profit for the financial year	<u>49,369</u>	<u>2,559,500</u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

8	Dividends	2008 £	2007 £
	Ordinary interim paid 13 April 2007	531,000	412,650
	Ordinary interim paid 30 August 2007	424,800	328,320
	Ordinary interim paid 5 December 2007	424,800	95,580
		1,380,600	836,550

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

9 Tangible fixed assets Group

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2007	898,687	359,317	419,562	1,677,566
Additions	179,218			179,218
Disposals	(116,500)			(116,500)
At 31 March 2008	961,405	359,317	419,562	1,740,284
Depreciation				
At 1 April 2007	349,682	333,407	278,134	961,223
On disposals	(60,580)			(60,580)
Charge for the year	165,084	5,665	66,323	237,072
At 31 March 2008	454,186	339,072	344,457	1,137,715
Net book value				
At 31 March 2008	507,219	20,245	75,105	602,569
At 31 March 2007	549,005	25,910	141,428	716,343

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 2008	253,835		25,927	279,762
At 31 March 2007	218,618		44,680	263,298
Depreciation charge for the year				
31 March 2008	77,849		18,753	96,602
31 March 2007	43,873		16,640	60,513

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

10 Fixed asset investments

Group

	Listed investments £	Total £
Cost		
At 1 April 2007	4,999,876	4,999,876
Additions	42,048	42,048
Disposals	(2,191,924)	(2,191,924)
	<u>2,850,000</u>	<u>2,850,000</u>
At 31 March 2008	2,850,000	2,850,000
Net book value		
At 31 March 2008	<u>2,850,000</u>	<u>2,850,000</u>
At 31 March 2007	<u>4,999,876</u>	<u>4,999,876</u>
	Market value £	Total £
At 31 March 2008	2,918,037	2,918,037
At 31 March 2007	5,338,178	5,338,178

Should the investments be sold at their valuation, a tax charge not exceeding £20,411 (2007 £101,491) would arise

Company

	Shares in group undertakings £
Cost	
At 1 April 2007 & at 31 March 2008	<u>366,620</u>
Net book value	
At 31 March 2008	<u>366,620</u>
At 31 March 2007	<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

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

10 Fixed asset investments

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
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	
	2008	2007	2008	2007
	£	£	£	£
Raw materials and consumables	9,442,755	8,910,615		
Work in progress	14,604,667	8,992,227		
	<u>24,047,422</u>	<u>17,902,842</u>	<u></u>	<u></u>

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

12 Debtors

	Group 2008 £	2007 £	Company 2008 £	2007 £
Trade debtors	719,832	117,921		
Amounts owed by group undertakings			726,334	8,341
Corporation tax	10,512	11,328		
Other debtors	195,106	215,280	625	625
Prepayments and accrued income	20,720	387,018		
	<u>946,170</u>	<u>731,547</u>	<u>726,959</u>	<u>8,966</u>

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

	2008 £	2007 £	2008 £	2007 £
Other debtors	<u>62,077</u>	<u>62,077</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 2008 was £73,947 (2007 £73,947)

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

13 Creditors amounts falling due within one year

	Group 2008 £	2007 £	Company 2008 £	2007 £
Bank loans and overdrafts	2,297,584	4,073,358		
Net obligations under finance lease and hire purchase contracts	161,342	122,319		
Trade creditors	1,612,433	1,958,671		
Amounts owed to group undertakings			4,917	85,374
Corporation tax	533,024	790,972	14,363	13,956
Taxes and social security costs	175,827	167,958	62,691	62,691
Other creditors	16,487	16,577		
Accruals and deferred income	1,067,823	1,010,008	450	450
	<u>5,864,520</u>	<u>8,139,863</u>	<u>82,421</u>	<u>162,471</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 Furthermore there is a Standard Security in favour of Streetfield Property Limited over land at Aberargie as well as a Standard Security in favour of Charles Henry Butter for land at Lagreath Field, Pitlochry There are two Standard Securities at Bearehill, Brechin one in favour of Dr Robert William Young Martin and Mrs Jennifer Martin and one in favour of Maud Muir, James Muir, Jennifer Elaine Rushton and Hugh David Rushton

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

14 Creditors - amounts falling due after more than one year

	Group 2008 £	2007 £	Company 2008 £	2007 £
Net obligations under finance leases and hire purchase agreements	102,101	157,368		
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	161,342	122,319		
Repayable between one and five years	102,101	157,368		
	263,443	279,687		
Included in liabilities falling due within one year	(161,342)	(122,319)		
	102,101	157,368		

15 Provisions for liabilities and charges Group

	Deferred taxation £
Balance at 1 April 2007	126,377
Profit and loss account	(92,594)
Balance at 31 March 2008	33,783

The deferred tax liability is made up as follows.

Deferred taxation provided in the financial statements is as follows

	Group 2008 £	2007 £	Company 2008 £	2007 £
Accelerated capital allowances	13,372	24,886		
Other timing differences	20,411	101,491		
	33,783	126,377		

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

16 Accruals and deferred income

Group	Government grants £
Grants received during the year	4,037
Balance at 31 March 2008	4,037

17 Pension and other post retirement benefit commitments

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 £113,350 (2007 £89,823).

The directors' pension contributions of £30,000 (2007 £191,350) 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.

	2008 £	2007 £
Contributions payable by the group for the year	143,350	281,173

18 Share capital

	2008 £	2007 £
Authorised		
500,000 Ordinary shares of £1 each	500,000	500,000
Allotted, called up and fully paid		
236,000 Ordinary shares of £1 each	236,000	236,000

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

19 Statement of movements on reserves Group

	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2007	105,520	21,962,654
Profit for the year		2,476,409
Dividends paid		(1,380,600)
Balance at 31 March 2008	<u>105,520</u>	<u>23,058,463</u>

Other reserves

Capital redemption reserve

Balance at 1 April 2007 & at 31 March 2008

105,520

Company

	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2007	105,520	2,810,595
Profit for the year		49,369
Dividends paid		(1,380,600)
Balance at 31 March 2008	<u>105,520</u>	<u>1,479,364</u>

Other reserves

Capital redemption reserve

Balance at 1 April 2007 & at 31 March 2008

105,520

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

20 Reconciliation of movements in shareholders' funds		2008	2007
Group		£	£
Profit for the financial year		2,476,409	4,005,552
Dividends		(1,380,600)	(836,550)
Net addition to shareholders' funds		1,095,809	3,169,002
Opening shareholders' funds		22,304,174	19,135,172
Closing shareholders' funds		23,399,983	22,304,174
Company		2008	2007
		£	£
Profit for the financial year		49,369	2,559,500
Dividends		(1,380,600)	(836,550)
Net (depletion in)/addition to shareholders' funds		(1,331,231)	1,722,950
Opening shareholders' funds		3,152,115	1,429,165
Closing shareholders' funds		1,820,884	3,152,115

21 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

22 Financial commitments

At 31 March 2008 the group had annual commitments under non cancellable operating leases as follows

	Other	
	2008	2007
	£	£
Within one year	13,738	3,324
Between two and five years	50,472	29,890
	64,210	33,214

A & J STEPHEN (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

23 Directors' emoluments	2008 £	2007 £
Emoluments for qualifying services	156,446	164,516
Company pension contributions to money purchase schemes	30,000	191,350
Pensions to former directors	19,464	19,464

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 6 (2007 5)

24 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 £2,628 at the year end John W Stephen is due the company £26 at the year end Brian Finlay is due the company £2,679 at the year end Dale Stephen is due the company £1,296 at the year end

25 Employees

Number of employees

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

	2008 Number	2007 Number
Office and Management	32	30
Building	85	80
	117	110

Employment costs

	2008 £	2007 £
Wages and salaries	2,709,813	2,621,307
Social security costs	280,824	268,836
Other pension costs	162,814	300,637
	3,153,451	3,190,780

26 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 2008

27 Related party transactions

Group

During the year A & J Stephen (Builders) Limited was charged rent totalling £120,000 (2007 £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 nil (2007 £15) on behalf of Elmcliff Limited a company. John S Stephen, Derek Stephen, Dale Stephen and Brian Finlay are directors of Elmcliff Limited. £126 (2007 £126) is due A & J Stephen (Builders) Limited at the year end.

Also during the year A & J Stephen Builders Limited provided services to Paul Stephen, a shareholder and Derek Stephen's son of £194,723 (2007 nil). There are no amounts outstanding this year or last.

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.