

Registration number: SC057721

A & J Stephen (Holdings) Limited

Directors' Report and Consolidated Financial Statements

for the Year Ended 31 March 2012

Morris & Young, Statutory Auditor
Chartered Accountants
6 Atholl Crescent
PERTH
PH1 5JN

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A & J Stephen (Holdings) Limited
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A & J Stephen (Holdings) Limited
Company Information

Directors	John S Stephen Derek Stephen Dale Stephen John W Stephen Lorna Finlay
Registered office	Stephen House Edinburgh Road PERTH PH2 8BS
Solicitors	Condie Solicitors 2 Tay Street PERTH PH1 5LJ
Auditors	Morris & Young, Statutory Auditor Chartered Accountants 6 Atholl Crescent PERTH PH1 5JN

A & J Stephen (Holdings) Limited

Directors' Report for the Year Ended 31 March 2012

The directors present their report and the consolidated financial statements for the year ended 31 March 2012.

Directors of the company

The directors who held office during the year were as follows:

John S Stephen

Derek Stephen

Dale Stephen

John W Stephen

Lorna Finlay

Principal activity

The principal activity of the group is general building contracting, principally in the field of private house building.

Business review

Fair review of the business

The year to March 2012 experienced market conditions similar to 2011 as this extremely challenging period for the construction industry continues. Volatility in the global financial markets coupled with on-going uncertainty in the Eurozone countries have led to a contraction in the UK economy. The housebuilding industry has been particularly badly impacted with low consumer confidence and lack of mortgage availability driving down activity.

The overall performance of the group is disappointing given that this is the first loss reported in over a decade.

Turnover at £9.7 million showed a significant drop from previous years despite the fact that new home numbers were on par with 2011. Average floor area was however down as a result of a strategic decision to build some smaller properties to make a Stephen Home more achievable in the current market. In addition, a lack of contracting with third parties, a feature of recent years performances, also in part accounted for the drop in revenues.

The gross margin at 14% showed a drop of 6%. Raw material price increases and incentives to secure sales continue to erode margins but a bigger factor in this year's performance was the mix of sales. The balance sheet of the group remains strong with Shareholders' funds in excess of £22 million at the year end. The group has generated cash in the year.

A & J Stephen (Holdings) Limited
Directors' Report for the Year Ended 31 March 2012

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Outlook

We believe that the challenging market conditions will continue in the coming year. Indeed given the global financial turmoil it is difficult to predict when market confidence will return. In such times the Board continue to focus on the fundamentals of the business to ensure that we operate efficiently and is taking steps to align the group's overhead with the current level of trading. The Board believe these actions coupled to a strategy of opening up sites with a low historical land cost should see the group return to profitability in the short to medium term.

Demand for our products remains strong but potential buyers are having difficulty selling their own property. Lack of mortgage finance to the first time buyer continues to frustrate the supply chain. We have invested in Shared Equity, Part Exchange and Rent to Buy initiatives to help address this problem. We are also encouraged by government backed schemes such as MI New Home which have been devised with a view to rebuilding the housing market. There is a vast shortage of new homes in Scotland and we are confident that when mortgage liquidity improves we will see a return to the levels of activity previously enjoyed.

Looking to further secure the long term future, the Board's philosophy of reinvesting in the business remains unchanged. The group has a substantial land bank and during 2012 this was further augmented through a combination of outright purchase and new option agreements. The group's cash position is anticipated to remain strong.

The group's key financial and other performance indicators during the year were as follows:

	Unit	2012	2011
Turnover	£	9,741,668	14,387,369
Gross Margin	%	14	20
Profit(loss) on ordinary activities before tax	£	(850,026)	624,650
Shareholders funds	£	22,850,940	23,807,166

The group currently employs 64 people. The dedication and commitment of our people has ensured that A & J Stephen remains at the forefront of quality housebuilding in Scotland. A number of our sites were shortlisted for NHBC awards this year and the Board congratulate all nominees and winners. In particular, Alan Robertson, our Site Manager at Balgarvie Farm, who won National Site Manager of the year for Scotland and the North of England.

Principal risks and uncertainties

The group's financial and operational performance is subject to a number of risks. The principal risk at this time remains the on-going uncertainty in the financial markets and the impact on mortgage finance and customer confidence. The Board recognise that the management of risk is fundamental to the success of the business and seek to ensure that appropriate processes are put in place to manage, monitor and mitigate these risks.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

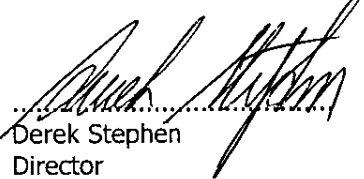
A & J Stephen (Holdings) Limited
Directors' Report for the Year Ended 31 March 2012

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Reappointment of auditors

The auditors Morris & Young, Statutory Auditor are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 11 September 2012 and signed on its behalf by:


.....
Derek Stephen
Director

A & J Stephen (Holdings) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of A & J Stephen (Holdings) Limited

We have audited the financial statements of A & J Stephen (Holdings) Limited for the year ended 31 March 2012, set out on pages 8 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of
A & J Stephen (Holdings) Limited**

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

.....
Mr Peter Young B.A., C.A. (Senior Statutory Auditor)
For and on behalf of Morris & Young, Statutory Auditor

Chartered Accountants
6 Atholl Crescent
PERTH
PH1 5JN

18 September 2012

A & J Stephen (Holdings) Limited
Consolidated Profit and Loss Account for the Year Ended 31 March 2012

	Note	2012 £	2011 £
Turnover		9,741,668	14,387,369
Cost of sales		<u>(8,412,101)</u>	<u>(11,526,793)</u>
Gross profit		1,329,567	2,860,576
Administrative expenses		(2,227,514)	(2,257,006)
Other operating income		<u>59,130</u>	<u>39,580</u>
Group operating (loss)/profit	2	(838,817)	643,150
Other interest receivable and similar income	6	23,139	8,854
Interest payable and similar charges	7	<u>(34,348)</u>	<u>(27,354)</u>
(Loss)/profit on ordinary activities before taxation		(850,026)	624,650
Tax on (loss)/profit on ordinary activities	8	<u>1</u>	<u>(177,000)</u>
(Loss)/profit for the financial year attributable to members of the parent company	17	<u><u>(850,025)</u></u>	<u><u>447,650</u></u>

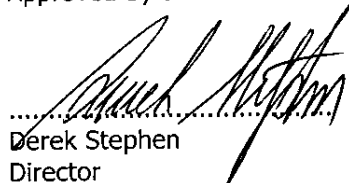
Turnover and operating profit derive wholly from continuing operations.

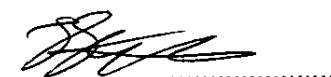
The group has no recognised gains or losses for the year other than the results above.

A & J Stephen (Holdings) Limited
Consolidated Balance Sheet at 31 March 2012

		2012		2011	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	9		144,802		153,079
Current assets					
Stocks	11	22,373,435		23,666,604	
Debtors	12	480,717		1,060,582	
Cash at bank and in hand		<u>3,797,821</u>		<u>2,920,787</u>	
		26,651,973		27,647,973	
Creditors: Amounts falling due within one year	13	<u>(3,617,834)</u>		<u>(3,993,886)</u>	
Net current assets			<u>23,034,139</u>		<u>23,654,087</u>
Total assets less current liabilities			23,178,941		23,807,166
Creditors: Amounts falling due after more than one year	14		<u>(328,000)</u>		<u>-</u>
Net assets			<u>22,850,941</u>		<u>23,807,166</u>
Capital and reserves					
Called up share capital	15	236,000		236,000	
Capital redemption reserve	17	105,520		105,520	
Profit and loss account	17	<u>22,509,421</u>		<u>23,465,646</u>	
Shareholders' funds	18		<u>22,850,941</u>		<u>23,807,166</u>

Approved by the Board on 11 September 2012 and signed on its behalf by:

.....

Derek Stephen
Director

.....

John W Stephen
Director

A & J Stephen (Holdings) Limited
(Registration number: SC057721)
Balance Sheet at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	10	<u>366,620</u>	<u>366,620</u>
Current assets			
Debtors	12	1,786,566	1,778,762
Cash at bank and in hand		<u>-</u>	<u>332,439</u>
		1,786,566	2,111,201
Creditors: Amounts falling due within one year	13	<u>(457,904)</u>	<u>(1,083,262)</u>
Net current assets		<u>1,328,662</u>	<u>1,027,939</u>
Total assets less current liabilities		1,695,282	1,394,559
Creditors: Amounts falling due after more than one year	14	<u>(328,000)</u>	<u>-</u>
Net assets		<u><u>1,367,282</u></u>	<u><u>1,394,559</u></u>
Capital and reserves			
Called up share capital	15	236,000	236,000
Capital redemption reserve	17	105,520	105,520
Profit and loss account	17	<u>1,025,762</u>	<u>1,053,039</u>
Shareholders' funds	18	<u><u>1,367,282</u></u>	<u><u>1,394,559</u></u>

The notes on pages 13 to 30 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited
Consolidated Cash Flow Statement for the Year Ended 31 March 2012

Reconciliation of operating loss/profit to net cash flow from operating activities

	2012 £	2011 £
Operating (loss)/profit	(838,817)	643,150
Depreciation, amortisation and impairment charges	90,172	102,000
Profit on disposal of fixed assets	(41,934)	(150)
Decrease/(increase) in stocks	1,293,169	(202,226)
Decrease/(increase) in debtors	572,060	(554,730)
Decrease in creditors	(186,486)	(206,300)
Receipt/release of government grants	(2,690)	(2,692)
Net cash inflow/(outflow) from operating activities	<u>885,474</u>	<u>(220,948)</u>

Cash flow statement

	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	<u>885,474</u>	<u>(220,948)</u>

Returns on investments and servicing of finance

Interest received	23,139	8,854
HP and finance lease interest	-	(347)
Interest paid	<u>(34,348)</u>	<u>(27,007)</u>
	<u>(11,209)</u>	<u>(18,500)</u>
Tax paid	<u>(72,000)</u>	<u>(244,185)</u>

Capital expenditure and financial investment

Purchase of tangible fixed assets	(89,298)	(24,006)
Sale of tangible fixed assets	49,337	150
Receipts of government grants	<u>1,345</u>	<u>1,346</u>
	<u>(38,616)</u>	<u>(22,510)</u>
Equity dividends paid	<u>(106,200)</u>	<u>-</u>
Net cash inflow/(outflow) before management of liquid resources and financing	<u>657,449</u>	<u>(506,143)</u>

Financing

Repayment of loans and borrowings	(336,000)	-
Repayment of capital element of finance leases and HP contracts	-	(21,215)
	<u>(336,000)</u>	<u>(21,215)</u>
Increase/(decrease) in cash	<u>321,449</u>	<u>(527,358)</u>

The notes on pages 13 to 30 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited
Consolidated Cash Flow Statement for the Year Ended 31 March 2012

..... continued

Reconciliation of net cash flow to movement in net debt

	Note	2012 £	2011 £
Increase/(decrease) in cash		321,449	(527,358)
Cash outflow from repayment of loans		336,000	-
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		-	21,215
Change in net debt resulting from cash flows	23	<u>657,449</u>	<u>(506,143)</u>
Movement in net debt	23	657,449	(506,143)
Net funds at 1 April	23	<u>1,005,822</u>	<u>1,511,965</u>
Net funds at 31 March	23	<u><u>1,663,271</u></u>	<u><u>1,005,822</u></u>

A & J Stephen (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 March 2012

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2012.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year was £78,923 (2011 - £56,316).

Going concern

A & J Stephen (Holdings) Limited is the parent company of A & J Stephen Limited and A & J Stephen (Builders) Limited. The company also is a borrower and guarantor under the group's borrowing facilities as set out in Note 21. These accounts have been prepared having regard to the group's trading forecasts for the next twelve months. These forecasts include detailed cashflow projections. Notwithstanding the above, given the current economic environment, there remains a risk that the external trading environment may be worse than currently envisaged, and as a result, the directors of A & J Stephen (Holdings) Limited have also reviewed forecasts which include sensitivities that make allowance for that risk. Should such a scenario arise, the directors of A & J Stephen (Holdings) Limited have confidence that they have adequate liquidity and covenant headroom to ensure that the group can meet its liabilities as they fall due for the foreseeable future. After taking this in to account the directors of A & J Stephen (Holdings) Limited consider that it is appropriate to prepare these accounts on a going concern basis.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services to third parties in the normal course of business net of VAT and trade discounts. Revenue from goods and services is recognised when goods and services have been provided and the right to consideration has been earned.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

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.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Plant & machinery	20% Straight line
Fixtures, fittings & equipment	20% & 50% Straight line
Motor vehicles	25% Straight line

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Pensions

The group operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... *continued*

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2012 £	2011 £
Operating leases - other assets	94,977	89,422
Profit on sale of tangible fixed assets	(41,934)	(150)
Depreciation of owned assets	90,172	102,000
Government grants receivable	(1,345)	(1,346)
Auditor's remuneration	<u>15,725</u>	<u>15,365</u>

3 Auditor's remuneration

	2012 £	2011 £
Audit of the financial statements	8,440	8,325
Other fees to auditors		
Other services	<u>7,285</u>	<u>7,040</u>
	<u>15,725</u>	<u>15,365</u>

£465 (2011 - £450) of the fee for auditing the financial statements relates to the company.

4 Particulars of employees

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2012 No.	2011 No.
Administration and support	37	40
Production	<u>36</u>	<u>40</u>
	<u>73</u>	<u>80</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

The aggregate payroll costs were as follows:

	2012	2011
	£	£
Wages and salaries	2,124,202	2,133,062
Social security costs	173,463	176,278
Staff pensions	117,733	108,171
	<u>2,415,398</u>	<u>2,417,511</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2012	2011
	£	£
Remuneration	286,876	323,142
Company contributions paid to money purchase schemes	<u>18,727</u>	<u>17,302</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2012	2011
	No.	No.
Accruing benefits under money purchase pension scheme	<u>8</u>	<u>8</u>

In respect of the highest paid director:

	2012	2011
	£	£
Remuneration	<u>121,819</u>	<u>138,062</u>

6 Other interest receivable and similar income

	2012	2011
	£	£
Bank interest receivable	13,350	8,854
Other interest receivable	<u>9,789</u>	<u>-</u>
Group interest receivable	<u>23,139</u>	<u>8,854</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

7 Interest payable and similar charges

	2012 £	2011 £
Interest on bank borrowings	-	330
Interest on other loans	34,348	26,677
Finance charges	-	347
Group interest payable and similar charges	<u>34,348</u>	<u>27,354</u>

8 Taxation

Tax on (loss)/profit on ordinary activities

	2012 £	2011 £
Current tax		
Corporation tax charge	-	177,000
Adjustments in respect of previous years	(1)	-
UK Corporation tax	<u>(1)</u>	<u>177,000</u>

Factors affecting current tax charge for the year

Tax on (loss)/profit on ordinary activities for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 26% (2011 - 28%).

The differences are reconciled below:

	2012 £	2011 £
(Loss)/profit on ordinary activities before taxation	<u>(850,026)</u>	<u>624,650</u>
Corporation tax at standard rate	(221,007)	174,902
Capital allowances in excess of depreciation	(22,347)	2,613
Non deductible expenses	732	4,475
Adjustment in respect of prior years	(1)	-
Tax losses	242,622	-
Other tax adjustments	-	(4,990)
Total current tax	<u>(1)</u>	<u>177,000</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

9 Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2011	1,016,022	377,222	408,048	1,801,292
Additions	76,709	12,589	-	89,298
Disposals	(110,400)	-	(71,330)	(181,730)
At 31 March 2012	<u>982,331</u>	<u>389,811</u>	<u>336,718</u>	<u>1,708,860</u>
Depreciation				
At 1 April 2011	881,108	359,057	408,048	1,648,213
Charge for the year	83,438	6,734	-	90,172
Eliminated on disposals	(102,997)	-	(71,330)	(174,327)
At 31 March 2012	<u>861,549</u>	<u>365,791</u>	<u>336,718</u>	<u>1,564,058</u>
Net book value				
At 31 March 2012	<u>120,782</u>	<u>24,020</u>	<u>-</u>	<u>144,802</u>
At 31 March 2011	<u>134,914</u>	<u>18,165</u>	<u>-</u>	<u>153,079</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

10 Investments held as fixed assets

Company

	2012 £	2011 £
Shares in group undertakings and participating interests	<u>366,620</u>	<u>366,620</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 April 2011	<u>366,620</u>	<u>366,620</u>
At 31 March 2012	<u>366,620</u>	<u>366,620</u>
Net book value		
At 31 March 2012	<u>366,620</u>	<u>366,620</u>

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
A & J Stephen (Builders) Limited	Ordinary	100%	General Building
A & J Stephen Limited	Ordinary	100%	Land Developers
Castle Homes (Scotland) Limited	Ordinary	100%	Dormant

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

Associates

Inch Farms Limited

Ordinary 50% Dormant

11 Stocks

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Stocks	9,662,131	10,036,565	-	-
Work in progress	12,711,304	13,630,039	-	-
	<u>22,373,435</u>	<u>23,666,604</u>	<u>-</u>	<u>-</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

12 Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	144,459	690,366	-	-
Amounts owed by group undertakings	-	-	1,785,942	1,778,137
Amounts owed by undertakings in which the company has a participating interest	624	625	624	625
Other debtors	319,719	354,870	-	-
Prepayments and accrued income	15,915	14,721	-	-
	<u>480,717</u>	<u>1,060,582</u>	<u>1,786,566</u>	<u>1,778,762</u>

Group debtors includes £250,503 (2011 - £171,153) receivable after more than one year and parent company debtors includes £nil (2011 - £nil) receivable after more than one year.

Included in other debtors over one year are deferred assets, being the costs 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 2012 was £326,785 (2011 - £220,895).

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Other debtors	<u>250,503</u>	<u>171,153</u>	<u>-</u>	<u>-</u>
	<u>250,503</u>	<u>171,153</u>	<u>-</u>	<u>-</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

13 Creditors: Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	339,784	317,244	-	-
Bank loans and overdrafts	1,806,550	1,914,965	389,613	1,000,000
Corporation tax	55,504	127,505	67,841	82,812
Other taxes and social security	94,254	82,359	-	-
Other creditors	44,912	32,698	-	-
Accruals and deferred income	1,276,830	1,519,115	450	450
	<u>3,617,834</u>	<u>3,993,886</u>	<u>457,904</u>	<u>1,083,262</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... *continued*

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company:

Group

	2012 £	2011 £
Bank overdraft	1,470,549	914,966
Bank loan	336,000	336,000
	<u>1,806,549</u>	<u>1,250,966</u>

The bank loan & overdraft is secured by a Bond and Floating Charge over all 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.

The bank overdraft is secured by a Bond and Floating Charge over all the assets of the company and letters of offset by A & J Stephen (Builders) Limited and A & J Stephen (Holdings) Limited.

There are also Standard Securities in favour of the The Shareholding & Investment (Property) Limited over the land at Dronley Road, Birkhill. 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 Lagreach 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. There is a standard security in favour of William Sutherland and Mrs Evelyn Sutherland over land at Abernethy. There are two Standard Securities in favour of the Trustees of Dorothy Jean Michie Howison or McKenzie Smith or Torrance's Trust Disposition and Settlement over land at Newburgh. There is a Standard Security in favour of A & J Stephen Limited Retirement and Death Benefit Scheme over the land at Carnock. There is a Standard Security in favour of Denmarkfield Limited over land at Denmarkfield Farm.

14 Creditors: Amounts falling due after more than one year

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Bank loans and overdrafts	<u>328,000</u>	<u>-</u>	<u>328,000</u>	<u>-</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the group/company:

Group

	2012	2011
	£	£
Bank loan	<u>328,000</u>	<u>664,000</u>

The bank loan is secured by a Bond and Floating Charge over all the assets of A & J Stephen Limited, A & J Stephen (Builders) Limited and A & J Stephen (Holdings) Limited.

15 Share capital

Allotted, called up and fully paid shares

	2012		2011	
	No.	£	No.	£
Ordinary shares of £1 each	<u>236,000</u>	<u>236,000</u>	<u>236,000</u>	<u>236,000</u>

16 Dividends

	2012	2011
	£	£
Dividends paid		
Current year interim dividend paid	<u>106,200</u>	<u>-</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

17 Reserves

Group

	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2011	105,520	23,465,646	23,571,166
Loss for the year	-	(850,025)	(850,025)
Dividends	-	(106,200)	(106,200)
At 31 March 2012	<u>105,520</u>	<u>22,509,421</u>	<u>22,614,941</u>

Company

	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2011	105,520	1,053,039	1,158,559
Profit for the year	-	78,923	78,923
Dividends	-	(106,200)	(106,200)
At 31 March 2012	<u>105,520</u>	<u>1,025,762</u>	<u>1,131,282</u>

18 Reconciliation of movement in shareholders' funds

Group

	2012 £	2011 £
(Loss)/profit attributable to the members of the group	(850,025)	447,650
Dividends	<u>(106,200)</u>	<u>-</u>
Net (reduction)/addition to shareholders' funds	(956,225)	447,650
Shareholders' funds at 1 April	<u>23,807,166</u>	<u>23,359,516</u>
Shareholders' funds at 31 March	<u>22,850,941</u>	<u>23,807,166</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

..... continued

Company

	2012	2011
	£	£
Profit attributable to the members of the company	78,923	56,316
Dividends	(106,200)	-
Net (reduction)/addition to shareholders' funds	(27,277)	56,316
Shareholders' funds at 1 April	1,394,559	1,338,243
Shareholders' funds at 31 March	1,367,282	1,394,559

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

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19 Pension schemes

Defined contributions pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £117,733 (2011 - £108,171).

Contributions totalling £nil (2011 - £nil) were payable to the schemes at the end of the year and are included in creditors.

20 Contingent assets

The group has sold land during 2009 to a housing association and has received credits in this regard. In the year to 31 March 2010 the group has provided services to a housing association and has received credits in this regard. These credits can only be used to offset the affordable housing requirement of future sites if agreed by the Local Authority.

21 Contingent liabilities

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.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

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22 Commitments

Operating lease commitments

Group

As at 31 March 2012 the group had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2012 £	2011 £
Land and buildings		
Within one year	120,000	55,000
Within two and five years	-	65,000
	<u>120,000</u>	<u>120,000</u>
Other		
Within one year	13,441	29,611
Within two and five years	62,925	48,334
	<u>76,366</u>	<u>77,945</u>

23 Analysis of net debt

	At 1 April 2011 £	Cash flow £	At 31 March 2012 £
Cash at bank and in hand	2,920,787	877,034	3,797,821
Bank overdraft	(914,965)	(555,585)	(1,470,550)
	<u>2,005,822</u>	<u>321,449</u>	<u>2,327,271</u>
Debt due within one year	(1,000,000)	664,000	(336,000)
Debt due after more than one year	-	(328,000)	(328,000)
Net funds	<u>1,005,822</u>	<u>657,449</u>	<u>1,663,271</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

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24 Related party transactions

Other related party transactions

During the year the company made the following related party transactions:

Dale Stephen

(director)

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. At the balance sheet date the amount due from Dale Stephen was £547 (2011 - £681).

Derek Stephen

(director)

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. At the balance sheet date the amount due from Derek Stephen was £59 (2011 - £1,178).

Brian Finlay

(shareholder of A & J Stephen (Holdings) Limited and director of A & J Stephen (Builders) Limited)

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. At the balance sheet date the amount due from/(to) Brian Finlay was £2,799 (2011 - £nil).

John S Stephen

(director)

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. Also during the year A & J Stephen (Builders) Limited has charged John Stephen £84,913 (2011 - £nil) for services. At the balance sheet date the amount due to John S Stephen was £nil (2011 - £nil).

John W Stephen

(director)

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. Also during the year A & J Stephen (Builders) Limited has provided services of £5,811 (2011 - £544,586) to John W Stephen. A & J Stephen (Builders) Limited has charged John W Stephen rent of nil (2011 - £9,900) during the year. At the balance sheet date the amount due from John W Stephen was £5,813 (2011 - £545,263).

A & J Stephen Limited Retirement & Death Benefit Scheme

(the director's pension scheme)

During the year A & J Stephen (Builders) Limited was charged rent totalling £100,000 (2011 - £88,959) for the yard, office and an industrial unit which is considered to be a fair market rent. At the balance sheet date the amount due to A & J Stephen Limited Retirement & Death Benefit Scheme was £nil (2011 - £nil).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2012

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Elmcliff Limited

(a company Derek Stephen, Dale Stephen, John S Stephen and Brian Finlay are directors of)
During the year A & J Stephen (Builders) Limited has paid £14 (2011 - £nil) on behalf of Elmcliff Limited. Also during the year the group provided services of £624 (2011 - £1,419) to Elmcliff Limited. At the balance sheet date the amount due from Elmcliff Limited was £170 (2011 - £156).

Tanera LLP

(a partnership A & J Stephen Limited is a partner of)
During the year the company has paid expenses of £nil (2011 - £130) on behalf of Tanera LLP. At the balance sheet date the amount due from Tanera LLP was £6,641 (2011 - £6,641).

Inch Farms Limited

(a company that A & J Stephen (Holdings) Limited owns 50% of)
During the year A & J Stephen (Builders) Limited paid nil (2010 - £15) on behalf of Inch Farms Limited. At the balance sheet date the amount due (to)/from Inch Farms Limited was £nil (2011 - £45).

Inch Farms Limited

(a company that A & J Stephen (Holdings) Limited owns 50% of)
There has been no movement on the loan account this year or last. At the balance sheet date the amount due (to)/from Inch Farms Limited was £nil (2011 - £625).

Dividends

During the year the group has paid dividends to the following shareholders:

John S Stephen (director) - £10,620 (2011 - £nil)
Derek Stephen (director) - £10,620 (2011 - £nil)
Dale Stephen (director) - £26,550 (2011 - £nil)
Lorna Finlay (director) - £13,500 (2011 - £nil)
John W Stephen (director) - £16,992 (2011 - £nil)
Brian Finlay (director of A & J Stephen (Builders) Limited) - £13,050 (2011 - £nil)
Paul Stephen (Derek Stephen's son) - £5,310 (2011 - £nil)
Joanne Thom (Derek Stephen's daughter) - £5,310 (2011 - £nil)
Kristian Stephen (Dale Stephen's son) - £2,124 (2011 - £nil)
Vivienne Stephen (Dale Stephen's daughter) - £2,124 (2011 - £nil)

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

25 Control

The company is controlled by the directors who own 73.71% of the called up share capital.