

Registration number: SC057721

A & J Stephen (Holdings) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2014

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

Company secretary John Webster

Registered office Stephen House
 Edinburgh Road
 PERTH
 PH2 8BS

Solicitors Condies
 2 Tay Street
 PERTH
 PH1 5LJ

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

A & J Stephen (Holdings) Limited

Strategic Report for the Year Ended 31 March 2014

The directors present their strategic report for the year ended 31 March 2014.

Business review

Fair review of the business

Turnover at £12.5m is 33% up on the previous year. The number of units sold in the year was 49, 25% up on 2013. This improving picture reflects the recent increase in activity in the wider housing market as customer confidence shows signs of returning. The government sponsored initiative, MI New Home, helped secure some sales however there was a very slow uptake in Perthshire to the Scottish Ministers, Help to Buy Scheme and this did not feature in this year's results. The group continued to offer shared equity on selected units but take up was less than previous years with only 3 units concluded under this scheme.

The gross margin at 22% was in line with the prior year and budgeted levels. This is a good achievement in a climate of material price increases and zero house price inflation. Tighter commercial control and better buying strategies are the cornerstone underpinning this result with no reduction in the quality of our product or standard of service.

Operating profit before tax at 5% is also encouraging however the board recognises that administrative expenses are disproportionally high for the current revenue levels. It is forecast that this will be corrected as growth continues and margins return to levels enjoyed prior to the recession.

The balance sheet remains strong with shareholders' funds in excess of £23m at the year end.

The group generated cash in the year and has no net borrowing.

Outlook

The group moves towards 2015 with a note of cautious optimism as we see real signs of improvement starting to come through in the market place. The Scottish Governments Help to Buy initiatives has been effective in stimulating the Scottish housing market and we are eventually starting to see its impact on our business. Sales since the year end have improved with a significant proportion of buyers making use of this incentive.

In general demand for our product remains strong. During the year we opened a new site at Chapelton in Aberdeenshire that has proved to be very popular with all of our first phase sold out. Chapelton will be Scotland's first new town for a generation with an excess of 4000 homes planned. Following a lengthy selection process we are one of three builders chosen to deliver the project and we are working very closely with the landowner to deliver his vision.

We are confident this relationship will endure for many years to come.

Looking to further secure the long term future of the group, the philosophy of reinvesting in the business remains unchanged. In the current year we further added to our land bank as well as entering into a number of new option agreements with landowners. The group cash position is carefully monitored and it is anticipated to remain strong over the next 12 months.

A & J Stephen (Holdings) Limited
Strategic Report for the Year Ended 31 March 2014

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

	Unit	2014	2013
Turnover	£	12,563,025	9,435,817
Gross Margin	%	22	23
Profit(loss) on ordinary activities before tax	£	633,744	95,491
Shareholders funds	£	23,426,879	22,925,092

The group currently employs 68 people. Our results are a reflection of the dedication and commitment of our employees at all levels of the organisation. A & J Stephen remain fully committed to developing our people through extensive training initiatives to ensure that we remain at the forefront of quality house building in Scotland. During the year our commitment to health and safety and quality was recognised by NHBC and we once again won the Pride in the Job National Site Manager completion for Scotland in the small builder category.

Principal risks and uncertainties

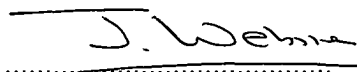
As with any Company operating in this challenging sector the group's financial and operating performance is subject to a number of risks. The board recognise that the management of risk is fundamental to the success of the business and seek to ensure that appropriate processes are put in place to manage, monitor and mitigate these risks where possible. As such, all tiers of management are involved in this process.

Uncertainty at the macroeconomic level remains the principal risk however we have seen increasing employment levels, also the availability of mortgage finance and customer confidence seems to be improving. Any rise in mortgage interest rates linked to the housing bubble in the south east of England may impede growth but we are hopeful that the Scottish Government will recognise the need to continue initiatives such as Help to Buy to assist the house building sector in Scotland. Should these initiatives continue, the expectation is that they would go some way to mitigating the effect of any rise in mortgage rates

At a local level, introduction by Perth & Kinross Council of an infrastructure levy further adds to the cost of planning gain facing local developers and make some development sites uneconomical. The industry is currently considering challenging the legality of this measure.

In times of growth, liquidity management is fundamental to our plans. The group regularly reviews its 12 month rolling cashflow forecast to proactively manage its working capital requirements. With demand for new homes on the rise again the Board must ensure that the group is financially well positioned to capitalise on an improving market.

Approved by the Board on 18 December 2014 and signed on its behalf by:



.....
John Webster
Company secretary

A & J Stephen (Holdings) Limited
Directors' Report for the Year Ended 31 March 2014

The directors present their report and the consolidated financial statements for the year ended 31 March 2014.

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

Disclosure of information to the auditor

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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

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 18 December 2014 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J. Webster', is written over a horizontal line. Below the line is a dotted line.

John Webster
Company secretary

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 2014, set out on pages 8 to 31. 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 group and parent 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 auditor

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 Annual Report and Consolidated Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of the group's profit 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 and Strategic 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**

..... continued

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 December 2014

A & J Stephen (Holdings) Limited
Consolidated Profit and Loss Account for the Year Ended 31 March 2014

	Note	2014 £	2013 £
Turnover		12,563,025	9,435,817
Cost of sales		<u>(9,847,359)</u>	<u>(7,308,622)</u>
Gross profit		2,715,666	2,127,195
Administrative expenses		(2,092,712)	(2,051,034)
Other operating income		<u>44,909</u>	<u>46,374</u>
Group operating profit	2	667,863	122,535
Other interest receivable and similar income	6	10,867	14,116
Interest payable and similar charges	7	<u>(44,986)</u>	<u>(41,160)</u>
Profit on ordinary activities before taxation		633,744	95,491
Tax on profit on ordinary activities	8	<u>(25,757)</u>	<u>(21,340)</u>
Profit for the financial year attributable to members of the parent company	17	<u><u>607,987</u></u>	<u><u>74,151</u></u>

Turnover and operating profit derive wholly from continuing operations.

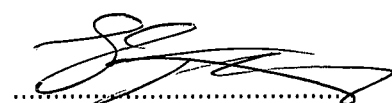
The group has no recognised gains or losses for the year other than the results above.

The notes on pages 13 to 31 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited
Consolidated Balance Sheet at 31 March 2014

		2014		2013	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	9		239,724		101,263
Current assets					
Stocks	11	21,904,358		21,990,870	
Debtors	12	1,295,212		614,470	
Cash at bank and in hand		<u>4,815,242</u>		<u>3,919,784</u>	
		28,014,812		26,525,124	
Creditors: Amounts falling due within one year	13	<u>(4,749,170)</u>		<u>(3,280,795)</u>	
Net current assets			<u>23,265,642</u>		<u>23,244,329</u>
Total assets less current liabilities			23,505,366		23,345,592
Creditors: Amounts falling due after more than one year	14		<u>(78,487)</u>		<u>(420,500)</u>
Net assets			<u><u>23,426,879</u></u>		<u><u>22,925,092</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>23,085,359</u>		<u>22,583,572</u>	
Shareholders' funds	18		<u><u>23,426,879</u></u>		<u><u>22,925,092</u></u>

Approved and authorised for issue by the Board on 18 December 2014 and signed on its behalf by:

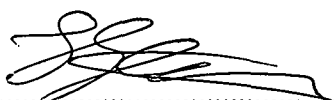


John W Stephen
Director

A & J Stephen (Holdings) Limited
(Registration number: SC057721)
Balance Sheet at 31 March 2014

	Note	2014 £	2013 £
Fixed assets			
Investments	10	<u>366,620</u>	<u>366,620</u>
Current assets			
Debtors	12	2,894,576	1,900,571
Creditors: Amounts falling due within one year	13	<u>(1,853,052)</u>	<u>(811,240)</u>
Net current assets		<u>1,041,524</u>	<u>1,089,331</u>
Net assets		<u><u>1,408,144</u></u>	<u><u>1,455,951</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>1,066,624</u>	<u>1,114,431</u>
Shareholders' funds	18	<u><u>1,408,144</u></u>	<u><u>1,455,951</u></u>

Approved by the Board on 18 December 2014 and signed on its behalf by:



 John W Stephen
 Director

A & J Stephen (Holdings) Limited
Consolidated Cash Flow Statement for the Year Ended 31 March 2014

Reconciliation of operating profit to net cash flow from operating activities

	2014	2013
	£	£
Operating profit	667,863	122,535
Depreciation, amortisation and impairment charges	50,883	45,763
(Profit)/loss on disposal of fixed assets	(36,500)	1,776
Decrease in stocks	86,512	382,565
Increase in debtors	(680,742)	(133,753)
Increase in creditors	1,029,112	132,899
Net cash inflow from operating activities	<u>1,117,128</u>	<u>551,785</u>

Cash flow statement

	2014	2013
	£	£
Net cash inflow from operating activities	<u>1,117,128</u>	<u>551,785</u>
Returns on investments and servicing of finance		
Interest received	10,867	14,116
Interest paid	<u>(44,986)</u>	<u>(41,160)</u>
	<u>(34,119)</u>	<u>(27,044)</u>
Tax (paid)/received	<u>(101,337)</u>	<u>14,999</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(189,344)	(9,195)
Sale of tangible fixed assets	<u>36,500</u>	<u>5,195</u>
	<u>(152,844)</u>	<u>(4,000)</u>
Equity dividends paid	<u>(106,200)</u>	<u>-</u>
Net cash inflow before management of liquid resources and financing	<u>722,628</u>	<u>535,740</u>
Financing		
Repayment of loans and borrowings	967,000	(336,000)
Repayment of capital element of finance leases and HP contracts	<u>123,443</u>	<u>-</u>
	<u>1,090,443</u>	<u>(336,000)</u>
Increase in cash	<u>1,813,071</u>	<u>199,740</u>

The notes on pages 13 to 31 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited
Consolidated Cash Flow Statement for the Year Ended 31 March 2014

..... continued

Reconciliation of net cash flow to movement in net debt

	Note	2014 £	2013 £
Increase in cash		1,813,071	199,740
Cash outflow from repayment of loans		(967,000)	336,000
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		<u>(123,443)</u>	<u>-</u>
Change in net debt resulting from cash flows	23	<u>722,628</u>	<u>535,740</u>
 Movement in net debt	23	 722,628	 535,740
Net funds at 1 April	23	<u>2,199,011</u>	<u>1,663,271</u>
Net funds at 31 March	23	<u><u>2,921,639</u></u>	<u><u>2,199,011</u></u>

A & J Stephen (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 March 2014

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 2014.

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 £58,393 (2013 - £88,669).

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.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

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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.

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.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

..... continued

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 2014

..... *continued*

2 Operating profit

Operating profit is stated after charging:

	2014 £	2013 £
Operating leases - other assets	84,407	92,988
(Profit)/loss on sale of tangible fixed assets	(36,500)	1,776
Depreciation of owned assets	50,883	45,763
Hire purchase interest	3,678	-
Auditor's remuneration	<u>20,420</u>	<u>16,170</u>

3 Auditor's remuneration

	2014 £	2013 £
Audit of the financial statements	8,800	8,505
Other fees to auditors		
Other services	<u>11,620</u>	<u>7,665</u>
	<u>20,420</u>	<u>16,170</u>

£1,020 (2013 - £465) 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:

	2014 No.	2013 No.
Administration and support	35	30
Production	<u>29</u>	<u>32</u>
	<u>64</u>	<u>62</u>

A & J Stephen (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 March 2014
..... continued

The aggregate payroll costs were as follows:

	2014 £	2013 £
Wages and salaries	1,902,680	1,844,994
Social security costs	226,249	155,025
Staff pensions	148,833	124,762
	<u>2,277,762</u>	<u>2,124,781</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2014 £	2013 £
Remuneration	344,175	288,427
Company contributions paid to money purchase schemes	<u>49,082</u>	<u>21,044</u>

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

	2014 No.	2013 No.
Accruing benefits under money purchase pension scheme	<u>5</u>	<u>5</u>

In respect of the highest paid director:

	2014 £	2013 £
Remuneration	<u>145,059</u>	<u>122,757</u>

6 Other interest receivable and similar income

	2014 £	2013 £
Bank interest receivable	2,477	13,446
Other interest receivable	<u>8,390</u>	<u>670</u>
Group interest receivable	<u>10,867</u>	<u>14,116</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

..... *continued*

7 Interest payable and similar charges

	2014 £	2013 £
Interest on other loans	24,486	20,660
Other interest payable	20,500	20,500
Group interest payable and similar charges	<u>44,986</u>	<u>41,160</u>

8 Taxation

Tax on profit on ordinary activities

	2014 £	2013 £
Current tax		
Corporation tax charge	23,356	21,340
Adjustments in respect of previous years	2,401	-
UK Corporation tax	<u>25,757</u>	<u>21,340</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%).

The differences are reconciled below:

	2014 £	2013 £
Profit on ordinary activities before taxation	633,744	95,491
Corporation tax at standard rate	145,761	22,918
Capital allowances in excess of depreciation	(44,650)	1,670
Non deductible expenses	284	446
Adjustment in respect of prior years	2,401	-
Tax losses	(74,536)	-
Other tax adjustments	(3,503)	(3,694)
Total current tax	<u>25,757</u>	<u>21,340</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

..... continued

9 Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2013	983,731	377,136	303,986	1,664,853
Additions	151,600	-	37,744	189,344
Disposals	(96,050)	-	-	(96,050)
At 31 March 2014	1,039,281	377,136	341,730	1,758,147
Depreciation				
At 1 April 2013	901,372	365,215	297,003	1,563,590
Charge for the year	39,911	4,833	6,139	50,883
Eliminated on disposals	(96,050)	-	-	(96,050)
At 31 March 2014	845,233	370,048	303,142	1,518,423
Net book value				
At 31 March 2014	194,048	7,088	38,588	239,724
At 31 March 2013	82,359	11,921	6,983	101,263

Leased assets

Included within the net book value of tangible fixed assets is £156,079 (2013 - £nil) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £12,165 (2013 - £nil).

A & J Stephen (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 March 2014
..... continued

10 Investments held as fixed assets

Company

	2014 £	2013 £
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 2013	<u>366,620</u>	<u>366,620</u>
At 31 March 2014	<u>366,620</u>	<u>366,620</u>
Net book value		
At 31 March 2014	<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
Associates			
Inch Farms Limited	Ordinary	50%	Dormant

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

..... *continued*

For the year ending 31 March 2014 the subsidiary Castle Homes (Scotland) Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

11 Stocks

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Stocks	9,253,780	9,416,746	-	-
Work in progress	12,650,578	12,574,124	-	-
	<u>21,904,358</u>	<u>21,990,870</u>	<u>-</u>	<u>-</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

..... continued

12 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	695,113	167,448	-	-
Amounts owed by group undertakings	-	-	2,893,951	1,899,947
Amounts owed by undertakings in which the company has a participating interest	625	624	625	624
Other debtors	578,011	432,647	-	-
Prepayments and accrued income	21,463	13,751	-	-
	<u>1,295,212</u>	<u>614,470</u>	<u>2,894,576</u>	<u>1,900,571</u>

Group debtors includes £375,171 (2013 - £379,371) receivable after more than one year and parent company debtors includes £nil (2013 - £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 2014 was £501,260 (2013 - £498,610).

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Other debtors	<u>375,171</u>	<u>379,371</u>	<u>-</u>	<u>-</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

..... continued

13 Creditors: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	1,187,918	259,828	-	-
Bank loans and overdrafts	1,770,160	1,720,773	1,770,161	739,000
Obligations under finance lease and hire purchase contracts	44,956	-	-	-
Corporation tax	16,263	91,843	82,441	71,790
Other taxes and social security	78,901	84,898	-	-
Other creditors	33,323	34,577	-	-
Directors' current accounts	441,000	-	-	-
Accruals and deferred income	1,176,649	1,088,876	450	450
	<u>4,749,170</u>	<u>3,280,795</u>	<u>1,853,052</u>	<u>811,240</u>

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

Group

	2014	2013
	£	£
Bank overdraft	457,161	1,392,773
Bank loan	1,295,000	328,000
Directors loan	441,000	-
	<u>2,193,161</u>	<u>1,720,773</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

..... *continued*

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.

The bank loan is secured by standard security over 7 houses and over the development at Abernethy.

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.

Derek Stephen's loan is secured by a Standard Security over plot 34 at Clathymore, Gask.

The bank loan is secured over a plot in Brechin, plots in Scone, a plot in Clathymore and plots in Carnock.

14 Creditors: Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Obligations under finance lease and hire purchase contracts	78,487	-	-	-
Directors' current accounts	-	420,500	-	-
	<u>78,487</u>	<u>420,500</u>	<u>-</u>	<u>-</u>

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

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

..... continued

Group

	2014 £	2013 £
Bank loan	-	-
Directors loan	-	420,500
	<u> </u>	<u>420,500</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. Derek Stephen's loan is secured by a Standard Security over plot 34 at Clathymore, Gask.

Obligations under finance leases and HP contracts

Amounts repayable:

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
In one year or less on demand	44,956	-	-	-
Between two and five years	78,487	-	-	-
	<u>123,443</u>	<u>-</u>	<u>-</u>	<u>-</u>

15 Share capital

Allotted, called up and fully paid shares

	2014		2013	
	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

	2014 £	2013 £
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 2014

..... continued

17 Reserves

Group

	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2013	105,520	22,583,572	22,689,092
Profit for the year	-	607,987	607,987
Dividends	-	(106,200)	(106,200)
At 31 March 2014	<u>105,520</u>	<u>23,085,359</u>	<u>23,190,879</u>

Company

	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2013	105,520	1,114,431	1,219,951
Profit for the year	-	58,393	58,393
Dividends	-	(106,200)	(106,200)
At 31 March 2014	<u>105,520</u>	<u>1,066,624</u>	<u>1,172,144</u>

18 Reconciliation of movement in shareholders' funds

Group

	2014 £	2013 £
Profit attributable to the members of the group	607,987	74,151
Dividends	(106,200)	-
Net addition to shareholders' funds	501,787	74,151
Shareholders' funds at 1 April	<u>22,925,092</u>	<u>22,850,941</u>
Shareholders' funds at 31 March	<u>23,426,879</u>	<u>22,925,092</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

..... continued

Company

	2014	2013
	£	£
Profit attributable to the members of the company	58,393	88,669
Dividends	(106,200)	-
Net (reduction)/addition to shareholders' funds	(47,807)	88,669
Shareholders' funds at 1 April	1,455,951	1,367,282
Shareholders' funds at 31 March	1,408,144	1,455,951

19 Pension schemes

Defined contribution 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 £148,833 (2013 - £124,762).

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. In the year to 31 March 2014 the company received credits for a new site. 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 2014

..... continued

22 Commitments

Operating lease commitments

Group

As at 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2014 £	2013 £
Land and buildings		
Within one year	<u>75,000</u>	<u>85,000</u>
Other		
Within one year	27,052	10,997
Within two and five years	<u>53,135</u>	<u>75,704</u>
	<u>80,187</u>	<u>86,701</u>

A & J Stephen (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 March 2014

..... *continued*

23 Analysis of net debt

	At 1 April 2013 £	Cash flow £	At 31 March 2014 £
Cash at bank and in hand	3,919,784	895,458	4,815,242
Bank overdraft	(1,392,773)	917,613	(475,160)
	<u>2,527,011</u>	<u>1,813,071</u>	<u>4,340,082</u>
Debt due within one year	(328,000)	(967,000)	(1,295,000)
Finance leases and hire purchase contracts	-	(123,443)	(123,443)
Net funds	<u>2,199,011</u>	<u>722,628</u>	<u>2,921,639</u>

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. Also during the year the company provided services of £228,000 which is unbilled work in progress at the year end. At the balance sheet date the amount due (to)/from Dale Stephen was £nil (2013 - £1,118).

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. Also during the year the company received a loan of nil (2013 - £400,000) from Derek Stephen. Derek Stephen has charged the company interest of £20,500 (2013 - £20,500). The loan is to be repaid in April 2014. At the balance sheet date the amount due to Derek Stephen was £441,000 (2013 - £419,633).

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 (to)/from Brian Finlay was £nil (2013 - £1,764).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2014

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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. At the balance sheet date the amount due (to)/from John S Stephen was £nil (2013 - £3,501).

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. At the balance sheet date the amount due to John W Stephen was £nil (2013 - £nil).

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 £79,375 (2013 - £92,500) 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 (2013 - £nil).

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 £8,400 (2013 - £14) on behalf of Elmcliff Limited. Also during the year the group provided services of £1,124 (2013 - £1,189) to Elmcliff Limited. At the balance sheet date the amount due from Elmcliff Limited was £8,584 (2013 - £184).

Tanera LLP

(a partnership A & J Stephen Limited is a partner of)

During the year the company has paid expenses of £nil (2013 - £142) on behalf of Tanera LLP. At the balance sheet date the amount due from Tanera LLP was £6,783 (2013 - £6,783).

Inch Farms Limited

(a company that A & J Stephen (Holdings) Limited owns 50% of)

During the year A & J Stephen (Builders) Limited paid £13 (2013 - £14) on behalf of Inch Farms Limited. At the balance sheet date the amount due from Inch Farms Limited was £87 (2013 - £74).

Dividends

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

John S Stephen(director) - £10,620 (2013 - £nil)

Derek Stephen (director) - £10,620 (2013- £nil)

Dale Stephen (director) - £26,550 (2013- £nil)

Lorna Finlay (director) - £13,500 (2013 - £nil)

John W Stephen (director) - £16,992 (2013 - £nil)

Brian Finlay (director of A & J Stephen (Builders) Limited) - £13,050 (2013 - £nil)

Paul Stephen (Derek Stephen's son) - £5,310 (2013 - £nil)

Joanne Thom (Derek Stephen's daughter) - £5,310 (2013 - £nil)

Kristian Stephen (Dale Stephen's son) - £2,124 (2013 - £nil)

Vivienne Stephen (Dale Stephen's daughter) - £2,124 (2013 - £nil)

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

A & J Stephen (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 March 2014
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25 Control

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