

Registration number: SC057721

A & J Stephen (Holdings) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2018

**COMPANIES HOUSE
EDINBURGH**

21 DEC 2018

FRONT DESK



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

A & J Stephen (Holdings) Limited

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A & J Stephen (Holdings) Limited

Company Information

Directors Mr John S Stephen
Mr Dale Stephen
Mr John W Stephen
Mrs Lorna Finlay

Company secretary John Webster

Registered office Stephen House
Edinburgh Road
PERTH
PH2 8BS

Solicitors Blackadders Solicitors
30-34 Reform Street
Dundee
DD1 1RJ

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 2018

The directors present their strategic report for the year ended 31 March 2018.

Principal activity

The principal activity of the group is house building.

Fair review of the business

The Group performed satisfactorily during the year in spite of continuing challenges and returned results in line with those forecast. Turnover for the year was £18.9m an increase of £1.4m on the previous year. Similarly, profitability improved to £0.7m, up from £0.2m last year. This year 73 new homes were sold (2017 – 63).

The gross margin was broadly maintained at 17%, a good performance in times of inflationary pressures; both raw material and subcontractor rates saw significant price rises. The housing market was reasonably buoyant for much of the year but house price inflation remained rather flat and a proportion of these cost increases had to be absorbed by the business.

The Group continues to operate from a position of financial strength with total equity in excess of £25.5m. The Group generated £1.4m of cash during the year and at the year-end had no borrowings and had cash resources in excess of £5m.

Outlook

The financial outlook for the year ahead will be down on the current performance. We anticipate approximately 50 new homes being sold next year and this will return a financial loss. This position wholly derives from delays in new development sites coming forward. We are hopeful that West Woodlands and Glenfarg will be the first new developments to come forward but it is unlikely that they will lead to many settlements within the financial year.

Sales at our Chapelton site in Aberdeenshire remain challenging. We have a significant investment in this new town and we are hopeful that the price of Brent Crude will continue to rise and we will start to see a recovery in the fortunes of the North East economy.

On a more positive note our development at Tornagrain on the outskirts of Inverness has been well received and we have now almost sold out our first phase of 43 units. We are about to commence our next phase of 49. Demand remains strong and we have taken a number of advance reservations.

With reduced activity on development sites we have taken the opportunity to invest in our timber fabrication factory. It is widely accepted that the construction industry is facing a skills shortage and there will be a greater emphasis on offsite manufacturing in the future. We have made a significant investment in state of the art Swedish technology that will allow the prefabrication of timber panels complete with windows and doors. This investment will help reduce our dependence on traditional trades, reduce construction times on site and improve margins.

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

	Unit	2018	2017
Turnover	£	18,955,231	17,473,754
Gross Margin	%	17	18
Profit(loss) on ordinary activities before tax	£	656,068	209,564
Total Equity	£	25,523,590	25,181,475

A & J Stephen (Holdings) Limited

Strategic Report for the Year Ended 31 March 2018

The Group continues to invest in strategic land acquisitions to maintain its long term sustainable growth strategy. In-house expertise in promoting development through the planning process helps drive this vision. However, as previously stated, the extent of information required by the planning process and the numerous statutory consultees is significantly impacting the businesses ability to grow, deliver new homes at the levels Scotland requires and provide ongoing employment opportunities.

Turnover, profitability and return on capital are all carefully forecast and monitored. However, opening up new development sites also brings with it demands on the working capital of the business. In such times of economic and political uncertainty, the management of cash and the prudent use of banking facilities are of prime importance. The group had no net borrowings during the year and met all of its banking covenants.

The Board recognise that people are at the core of our business success and acknowledge the dedication, hard work and enthusiasm displayed. A & J Stephen is fortunate to have a long serving and dedicated workforce. There are currently 72 employees in the group across development sites and head office. We continue to invest in our people through a range of apprenticeship and development programmes. This is vital to ensure we retain and develop skills and knowledge for the future.

It is always rewarding to see quality recognised. Once again, Alan Robertson; the Site Manager at the Balgarvie Farm development; won NHBC Pride in the Job Award for the Scottish Region in the Small Builder category. This is the 5th time Alan has won the regional award and went on to represent Scotland in the national finals. The quality of a Stephen Home was also recognised by Homes for Scotland at their annual awards ceremony with the Chapelton development winning an award in the Small Development of the Year category.

Principal risks and uncertainties

The Board recognise that the management of risk is fundamental to the success of the business. Within the Stephen Group all tiers of management are involved in the managing risks down to acceptable levels and mitigating risks where possible.

Uncertainties outwith the control of the group remain our principal risks:

- **Delivery of new developments**

At the year-end the Group was operating on seven development sites but many of these were on their final stage of construction. In order to protect the core operation and support the significant fixed overhead it is vitally important that our new developments emerge from the approvals process and start to deliver much needed turnover.

- **Economy**

The housing market has remained reasonably buoyant despite the uncertainty that comes with Brexit. However, as the tempo of negotiations rise as we near the exit deadline, it is likely that the political outfall and consequential increase in economic uncertainty will affect the housing sector.

A & J Stephen (Holdings) Limited

Strategic Report for the Year Ended 31 March 2018

Approved by the Board on 26 November 2018 and signed on its behalf by:


.....
John Webster
Company secretary

A & J Stephen (Holdings) Limited

Directors' Report for the Year Ended 31 March 2018

The directors present their report and the for the year ended 31 March 2018.

Directors of the group

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

Mr John S Stephen

Mr Derek Stephen (deceased 24 September 2018)

Mr Dale Stephen

Mr John W Stephen

Mrs Lorna Finlay

Financial instruments

Objectives and policies

In terms of the financial risk in the present economic climate, the group seeks to finance any development through bank funding where the funding term is matched to the development.

Price risk, credit risk, liquidity risk and cash flow risk

The group does not trade in financial instruments.

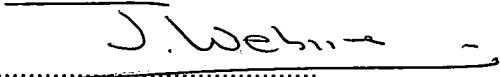
Disclosure of information to the auditor

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 of which they know the auditor is unaware.

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 26 November 2018 and signed on its behalf by:


.....
John Webster
Company secretary

A & J Stephen (Holdings) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A & J Stephen (Holdings) Limited

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

Opinion

We have audited the financial statements of A & J Stephen (Holdings) Limited (the 'parent group') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

A & J Stephen (Holdings) Limited

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

A & J Stephen (Holdings) Limited

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

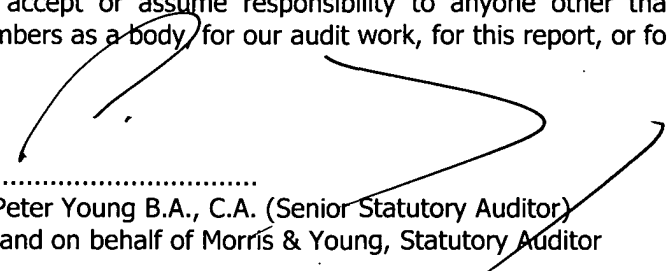
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A & J Stephen (Holdings) Limited

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

Use of our report

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 group and parent 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 group and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
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

27 November 2018

A & J Stephen (Holdings) Limited

Consolidated Income Statement for the Year Ended 31 March 2018

	Note	Total 31 March 2018 £	Total 31 March 2017 £
Revenue	3	18,955,231	17,473,754
Cost of sales		<u>(15,640,236)</u>	<u>(14,409,026)</u>
Gross profit		3,314,995	3,064,728
Administrative expenses		(2,705,552)	(2,873,407)
Other operating income	4	<u>78,152</u>	<u>49,680</u>
Operating profit	5	<u>687,595</u>	<u>241,001</u>
Other interest receivable and similar income	6	6,544	12,403
Interest payable and similar expenses	7	<u>(38,071)</u>	<u>(43,840)</u>
		<u>(31,527)</u>	<u>(31,437)</u>
Profit before tax		656,068	209,564
Taxation	11	<u>(125,153)</u>	<u>(41,178)</u>
Profit for the financial year		<u>530,915</u>	<u>168,386</u>
Profit/(loss) attributable to:			
Owners of the company		<u>530,915</u>	<u>168,386</u>

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

A & J Stephen (Holdings) Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Profit for the year		<u>530,915</u>	<u>168,386</u>
Total comprehensive income for the year		<u>530,915</u>	<u>168,386</u>
Total comprehensive income attributable to:			
Owners of the company		<u>530,915</u>	<u>168,386</u>

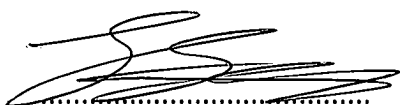
A & J Stephen (Holdings) Limited

(Registration number: SC057721)

Consolidated Statement of Financial Position as at 31 March 2018

	Note	2018 £	2017 £
Non Current Assets			
Property Plant & Equipment	12	467,127	509,800
Current assets			
Inventories	14	20,755,986	23,620,139
Receivables	15	968,438	642,006
Cash at bank and in hand		5,491,804	4,046,856
		27,216,228	28,309,001
Payables: Amounts falling due within one year	17	(2,038,001)	(2,498,872)
Net current assets		25,178,227	25,810,129
Total assets less current liabilities		25,645,354	26,319,929
Payables: Amounts falling due after more than one year	17	(36,166)	(1,056,841)
Provisions for liabilities	18	(85,598)	(81,613)
Net assets		25,523,590	25,181,475
Equity			
Called up share capital	20	236,000	236,000
Capital redemption reserve	21	105,520	105,520
Profit and loss account	21	25,182,070	24,839,955
Equity attributable to owners of the company		25,523,590	25,181,475
Total equity		25,523,590	25,181,475

Approved and authorised by the Board on 26 November 2018 and signed on its behalf by:



Mr John W Stephen
Director

The notes on pages 18 to 38 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited

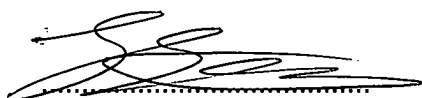
(Registration number: SC057721)

Statement of Financial Position as at 31 March 2018

	Note	2018 £	2017 £
Non Current Assets			
Investments	13	366,620	366,620
Current assets			
Receivables	15	2,367,030	2,321,509
Cash at bank and in hand		9,117	547
		<u>2,376,147</u>	<u>2,322,056</u>
Payables: Amounts falling due within one year	17	<u>(1,283,326)</u>	<u>(90,808)</u>
Net current assets		<u>1,092,821</u>	<u>2,231,248</u>
Total assets less current liabilities		1,459,441	2,597,868
Creditors: Amounts falling due after more than one year	17	<u>-</u>	<u>(1,000,000)</u>
Net assets		<u>1,459,441</u>	<u>1,597,868</u>
Equity			
Called up share capital		236,000	236,000
Capital redemption reserve		105,520	105,520
Profit and loss account		<u>1,117,921</u>	<u>1,256,348</u>
Total equity		<u>1,459,441</u>	<u>1,597,868</u>

The company made a profit after tax for the financial year of £50,373 (2017 - profit of £70,390).

Approved and authorised by the Board on 26 November 2018 and signed on its behalf by:



Mr John W Stephen
Director

The notes on pages 18 to 38 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2018
Equity attributable to the parent company

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £	Total equity £
At 1 April 2017	236,000	105,520	24,839,955	25,181,475	25,181,475
Profit for the year	-	-	530,915	530,915	530,915
Total comprehensive income	-	-	530,915	530,915	530,915
Dividends	-	-	(188,800)	(188,800)	(188,800)
At 31 March 2018	236,000	105,520	25,182,070	25,523,590	25,523,590
	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £	Total equity £
At 1 April 2016	236,000	105,520	24,671,569	25,013,089	25,013,089
Profit for the year	-	-	168,386	168,386	168,386
Total comprehensive income	-	-	168,386	168,386	168,386
At 31 March 2017	236,000	105,520	24,839,955	25,181,475	25,181,475

The notes on pages 18 to 38 form an integral part of these financial statements.
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A & J Stephen (Holdings) Limited

Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2017	236,000	105,520	1,256,348	1,597,868
Profit for the year	-	-	50,373	50,373
Total comprehensive income	-	-	50,373	50,373
Dividends	-	-	(188,800)	(188,800)
At 31 March 2018	<u>236,000</u>	<u>105,520</u>	<u>1,117,921</u>	<u>1,459,441</u>
	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2016	236,000	105,520	1,185,958	1,527,478
Profit for the year	-	-	70,390	70,390
Total comprehensive income	-	-	70,390	70,390
At 31 March 2017	<u>236,000</u>	<u>105,520</u>	<u>1,256,348</u>	<u>1,597,868</u>

The notes on pages 18 to 38 form an integral part of these financial statements.
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A & J Stephen (Holdings) Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the year		530,915	168,386
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	117,082	140,062
Profit on disposal of property plant & equipment		(32,993)	-
Finance income	6	(6,544)	(12,403)
Finance costs	7	38,071	43,840
Income tax expense	11	125,153	41,178
		771,684	381,063
Working capital adjustments			
Decrease in inventories	14	2,864,153	1,453,199
(Increase)/decrease in receivables	15	(326,432)	60,076
Decrease in payables	17	(432,259)	(2,203,873)
Cash generated from operations		2,877,146	(309,535)
Income taxes paid	11	(87,713)	(55,158)
Net cash flow from operating activities		2,789,433	(364,693)
Cash flows from investing activities			
Interest received		6,544	12,403
Acquisitions of property plant & equipment		(101,416)	(7,670)
Proceeds from sale of property plant & equipment		60,000	-
Net cash flows from investing activities		(34,872)	4,733
Cash flows from financing activities			
Interest paid	7	(31,038)	(29,789)
Proceeds from bank borrowing draw downs		-	1,000,000
Repayment of other borrowing		(1,000,000)	(600,000)
Payments to finance lease liabilities		(89,775)	(124,128)
Dividends paid		(188,800)	-
Net cash flows from financing activities		(1,309,613)	246,083
Net increase/(decrease) in cash and cash equivalents		1,444,948	(113,877)
Cash and cash equivalents at 1 April		4,046,856	4,160,733
Cash and cash equivalents at 31 March		5,491,804	4,046,856

The notes on pages 18 to 38 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

1 General information

The company is a private company limited by share capital incorporated in Scotland.

The address of its registered office is:

Stephen House
Edinburgh Road
PERTH
PH2 8BS

These financial statements were authorised for issue by the Board on 26 November 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the group and its subsidiary undertakings drawn up to 31 March 2018.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

A subsidiary is an entity controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the group and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

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 the contingent liability note. 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 2018

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

The Group recognises revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the Group's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property Plant & Equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property plant & equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Plant & machinery
Fixtures, fittings & equipment
Motor vehicles

Depreciation method and rate

20% Reducing balance
20% & 50% Straight line
25% Reducing balance

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits.

Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the latest cost price.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the payable for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Income Statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2018	2017
	£	£
Sale of goods	18,946,014	17,251,543
Rendering of services	<u>9,217</u>	<u>222,211</u>
	<u>18,955,231</u>	<u>17,473,754</u>

The analysis of the group's turnover for the year by class of business is as follows:

	2018	2017
	£	£
Housebuilders	<u>18,955,231</u>	<u>17,473,754</u>

The analysis of the group's turnover for the year by market is as follows:

	2018	2017
	£	£
UK	<u>18,955,231</u>	<u>17,473,754</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2018	2017
	£	£
Miscellaneous other operating income	<u>78,152</u>	<u>49,680</u>

5 Operating profit

Arrived at after charging/(crediting)

	2018	2017
	£	£
Depreciation expense	117,082	140,062
Operating lease expense - plant and machinery	103,728	130,193
Profit on disposal of property, plant and equipment	<u>(32,993)</u>	<u>-</u>

6 Other interest receivable and similar income

	2018	2017
	£	£
Interest income on bank deposits	6,543	11,145
Other finance income	<u>1</u>	<u>1,258</u>
	<u>6,544</u>	<u>12,403</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

7 Interest payable and similar charges

	2018 £	2017 £
Interest on bank overdrafts and borrowings	30,858	24,789
Interest on obligations under finance leases and hire purchase contracts	7,033	14,051
Interest expense on other finance liabilities	180	5,000
	<u>38,071</u>	<u>43,840</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	2,488,364	2,497,923
Social security costs	299,274	262,804
Pension costs, defined contribution scheme	132,041	172,403
Redundancy costs	24,714	-
Other employee expense	23,805	21,953
	<u>2,968,198</u>	<u>2,955,083</u>

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

	2018 No.	2017 No.
Production	38	42
Administration and support	41	43
	<u>79</u>	<u>85</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	364,617	320,861
Contributions paid to money purchase schemes	23,933	28,453
	<u>388,550</u>	<u>349,314</u>

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

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2018 £	2017 £
Remuneration	<u>134,719</u>	<u>132,648</u>

10 Auditors' remuneration

	2018 £	2017 £
Audit of these financial statements	<u>9,970</u>	<u>9,710</u>
Other fees to auditors		
All other non-audit services	<u>23,180</u>	<u>20,070</u>

11 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	121,168	68,263
UK corporation tax adjustment to prior periods	<u>-</u>	<u>19,626</u>
	121,168	87,889
Deferred taxation		
Arising from origination and reversal of timing differences	<u>3,985</u>	<u>(46,711)</u>
Tax expense in the income statement	<u>125,153</u>	<u>41,178</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>656,068</u>	<u>209,564</u>
Corporation tax at standard rate	124,653	41,913
Effect of expense not deductible in determining taxable profit (tax loss)	500	3,396
Increase in UK and foreign current tax from adjustment for prior periods	-	19,626
Tax (decrease)/increase from effect of capital allowances and depreciation	(3,985)	22,955
Tax increase/(decrease) from other short-term timing differences	<u>3,985</u>	<u>(46,712)</u>
Total tax charge	<u>125,153</u>	<u>41,178</u>

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £
2018	
Accelerated capital allowances	<u>85,598</u>
	Liability £
2017	
Accelerated capital allowances	<u>81,613</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

12 Property, plant and equipment

Group

	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 April 2017	379,046	373,723	1,231,898	1,984,667
Additions	-	-	101,416	101,416
Disposals	-	-	(139,750)	(139,750)
At 31 March 2018	<u>379,046</u>	<u>373,723</u>	<u>1,193,564</u>	<u>1,946,333</u>
Depreciation				
At 1 April 2017	378,281	226,610	869,976	1,474,867
Charge for the year	765	36,778	79,539	117,082
Eliminated on disposal	-	-	(112,743)	(112,743)
At 31 March 2018	<u>379,046</u>	<u>263,388</u>	<u>836,772</u>	<u>1,479,206</u>
Carrying amount				
At 31 March 2018	<u>-</u>	<u>110,335</u>	<u>356,792</u>	<u>467,127</u>
At 31 March 2017	<u>765</u>	<u>147,113</u>	<u>361,922</u>	<u>509,800</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of property plant & equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2018 £	2017 £
Motor vehicles	85,692	114,256
Plant & machinery	<u>81,951</u>	<u>169,319</u>
	<u>167,643</u>	<u>283,575</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

13 Investments

Group

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	Registered office	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
A & J Stephen Limited*	Scotland	Ordinary	100%	100%
A & J Stephen (Builders) Limited*		Ordinary	100%	100%
Castle Homes (Scotland) Limited*		Ordinary	100%	100%
Associates				
Inch Farms Limited*	Scotland	Ordinary	50%	50%

* indicates direct investment of the company

Subsidiary undertakings

The principal activity of A & J Stephen Limited is Land developers

The principal activity of A & J Stephen (Builders) Limited is General building

The principal activity of Castle Homes (Scotland) Limited is Dormant

Associate undertakings

The principal activity of Inch Farms Limited is Dormant .

Company

	2018	2017
	£	£
Investments in subsidiaries	<u>366,620</u>	<u>366,620</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

Subsidiaries	£
Cost or valuation	
At 1 April 2017	<u>366,620</u>
Provision	
Carrying amount	
At 31 March 2018	<u><u>366,620</u></u>
At 31 March 2017	<u><u>366,620</u></u>

Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
A & J Stephen Limited	Scotland	Ordinary	100%	100%
A & J Stephen (Builders) Limited	Scotland	Ordinary	100%	100%
Castle (Homes) Scotland Limited	Scotland	Ordinary	100%	100%
Associates				
Inch Farms Limited	Scotland	Ordinary	50%	50%

The principal activity of A & J Stephen Limited is Land developers

The principal activity of A & J Stephen (Builders) Limited is General building

The principal activity of Castle (Homes) Scotland Limited is Dormant

The principal activity of Inch Farms Limited is Dormant

The profit for the financial period of Inch Farms Limited was £Nil and the aggregate amount of capital and reserves at the end of the period was £(710).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

For the year ending 31 March 2018 the subsidiary Castle Homes (Scotland) Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

14 Inventories

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Work in progress	12,711,354	14,600,869	-	-
Finished goods and goods for resale	328,311	-	-	-
Other inventories	<u>7,716,321</u>	<u>9,019,270</u>	<u>-</u>	<u>-</u>
	<u>20,755,986</u>	<u>23,620,139</u>	<u>-</u>	<u>-</u>

Group

The cost of inventories recognised as an expense in the year amounted to £3,539,155 (2017 - £5,156,708).

15 Receivables

		Group		Company	
	Note	2018	2017	2018	2017
		£	£	£	£
Receivables		623,242	210,084	-	-
Amounts owed by related parties	27	625	625	2,367,030	2,321,509
Other receivables		327,077	412,049	-	-
Prepayments		<u>17,494</u>	<u>19,248</u>	<u>-</u>	<u>-</u>
		968,438	642,006	2,367,030	2,321,509
Less non-current portion		<u>(181,695)</u>	<u>(259,544)</u>	<u>-</u>	<u>-</u>
Total current trade and other receivables		<u>786,743</u>	<u>382,462</u>	<u>2,367,030</u>	<u>2,321,509</u>

Details of non-current trade and other receivables

Group

£181,695 (2017 - £259,544) of other receivables is classified as non current. Included in other debtors are deferred assets, being the cost of the unrealised element of house sales under the group's deferred equity scheme. The total unrealised sales value of the retained equities as at 31 March 2018 was £243,285 (2017 - £347,085).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

16 Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Cash on hand	63	240	-	-
Cash at bank	5,469,986	4,031,191	9,117	547
Short-term deposits	21,755	15,425	-	-
	<u>5,491,804</u>	<u>4,046,856</u>	<u>9,117</u>	<u>547</u>

17 Payables

		Group		Company	
	Note	2018	2017	2018	2017
		£	£	£	£
Due within one year					
Loans and borrowings	22	70,800	132,867	-	-
Trade payables		185,604	624,263	-	-
Amounts due to related parties	27	-	-	1,203,217	4,918
Social security and other taxes		96,257	95,900	-	-
Other payables		52,367	36,135	-	-
Accrued expenses		1,438,908	1,449,097	450	450
Income tax liability	11	<u>194,065</u>	<u>160,610</u>	<u>79,659</u>	<u>85,440</u>
		<u>2,038,001</u>	<u>2,498,872</u>	<u>1,283,326</u>	<u>90,808</u>
Due after one year					
Loans and borrowings	22	<u>36,166</u>	<u>1,056,841</u>	<u>-</u>	<u>1,000,000</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

18 Deferred tax and other provisions

Group

	Deferred tax £
At 1 April 2017	81,613
Increase (decrease) in existing provisions	<u>3,985</u>
At 31 March 2018	<u><u>85,598</u></u>

19 Pension and other 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 £132,041 (2017 - £172,403).

20 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>236,000</u>	<u>236,000</u>	<u>236,000</u>	<u>236,000</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

There is a single class of ordinary shares. There are no restrictions on the distributions of dividends and the repayment of capital.

21 Reserves

Group

Called up share capital

Represents the nominal value of shares that have been issued.

Capital redemption reserve

Relates to the redemption of share capital.

Profit and loss account

Includes current and prior period retained profits and losses.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

Company

Called up share capital

Represents the nominal value of the shares that have been issued.

Capital redemption reserve

Relates to the redemption of share capital.

Profit and loss account

Includes current and prior period retained profits and losses.

22 Loans and borrowings

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	-	1,000,000	-	1,000,000
Finance lease liabilities	36,166	56,841	-	-
	<u>36,166</u>	<u>1,056,841</u>	<u>-</u>	<u>1,000,000</u>

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Current loans and borrowings				
Finance lease liabilities	70,800	132,867	-	-
	<u>70,800</u>	<u>132,867</u>	<u>-</u>	<u>-</u>

Group

Bank borrowings

Bank loan is denominated in £ with a nominal interest rate of 2.50, and the final instalment is due on 8 February 2019. The carrying amount at year end is £Nil (2017 - £1,000,000).

The bank loan is a development finance facility which is secured over various sites.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

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, Santander holds a cross corporate guarantee and letters of offset incorporating all group companies.

The bank also has a Standard Security over land at Newburgh and at Elswick, Stonehaven.

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 Denmarkfield Limited over land at Denmarkfield Farm.

There is a Standard Security in favour of Tornagrain Limited over land at Tornagrain.

Company

Bank borrowings

Bank loan is denominated in £ with a nominal interest rate of 2.50%, and the final instalment is due on 8 February 2019. The carrying amount at year end is £Nil (2017 - £1,000,000).

The bank loan is a development finance facility which is secured over various sites.

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, Santander holds a cross corporate guarantee and letters of offset incorporating all group companies.

The bank also has a Standard Security over land at Newburgh and at Elswick, Stonehaven.

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 Denmarkfield Limited over land at Denmarkfield Farm.

There is a Standard Security in favour of Tornagrain Limited over land at Tornagrain.

23 Obligations under leases and hire purchase contracts

Group

Finance leases

The finance lease relates to motor vehicles and plant purchased under hire purchase agreements. The agreements generally include fixed lease payments over a fixed period with an option to purchase fee at the end of the lease term. The contracts are secured over the assets to which they relate.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	70,796	132,867
Later than one year and not later than five years	<u>36,170</u>	<u>56,841</u>
	<u>106,966</u>	<u>189,708</u>

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	735	5,010
Later than one year and not later than five years	<u>153,743</u>	<u>235,467</u>
	<u>154,478</u>	<u>240,477</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £188,727 (2017 - £215,193).

24 Dividends

	2018 £	2017 £
Interim dividend of £0.80 (2017 - £Nil) per ordinary share	<u>188,800</u>	<u>-</u>

25 Contingent assets

Group

The group has sold land and services to a housing association and has received credits in this regard.

These credits can only be used to offset the affordable housing requirement on future sites if agreed by the Local Authority.

26 Contingent liabilities

Group

There is a contingent liability relating to the guarantee given by the company to Santander in respect of cross corporate guarantee including offset provisions incorporating all group companies.

Company

There is a contingent liability relating to the guarantee given by the company to Santander in respect of cross corporate guarantee including offset provisions incorporating all group companies.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

27 Related party transactions

Group

Key management compensation

	2018 £	2017 £
Salaries and other short term employee benefits	364,617	320,861
Post-employment benefits	<u>23,933</u>	<u>28,453</u>
	<u>388,550</u>	<u>349,314</u>

Summary of transactions with key management

During this year and the previous year a number of the directors and their families purchased consumable items, which are immaterial to the individual concerned and the company, from A & J Stephen (Builders) Limited at market value.

During this year and the previous year the group paid rent to one of the directors.

During the previous year the group provided services to one of the directors.

Transactions with directors

Dividends paid to directors

	2018 £	2017 £
Mr John S Stephen		
Interim dividend	<u>18,880</u>	<u>-</u>
Mr Derek Stephen		
Interim dividends	<u>18,880</u>	<u>-</u>
Mr Dale Stephen		
Interim dividend	<u>47,200</u>	<u>-</u>
Mr John W Stephen		
Interim dividends	<u>30,208</u>	<u>-</u>
Mrs Lorna Finlay		
Interim dividends	<u>24,000</u>	<u>-</u>

Summary of transactions with subsidiaries

The group is exempt from disclosing related party transactions as they are with companies that are wholly owned within the group.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

Summary of transactions with associates

Associated company

There has been no transactions during the current or previous year.

Summary of transactions with other related parties

Family, associated companies & directors pension scheme

During the year and prior year the family members and associated companies purchased consumable items from the group.

During the year and prior year the group rented properties at fair market rent from the directors pension scheme.

Income and receivables from related parties

	Key management £	Other related parties £
2018		
Sale of goods & services	23,291	10,556
Amounts receivable from related party	<u>8,660</u>	<u>3,722</u>
	Key management £	Other related parties £
2017		
Sale of goods & services	32,549	182,026
Amounts receivable from related party	<u>5,386</u>	<u>5,883</u>

Expenditure with and payables to related parties

	Key management £	Other related parties £
2018		
Leases	<u>2,400</u>	<u>85,000</u>
	Key management £	Other related parties £
2017		
Leases	<u>14,400</u>	<u>85,000</u>

Loans to related parties

	Associates £	Other related parties £
2018		
At start of period	<u>712</u>	<u>22,729</u>
	Associates £	Other related parties £
2017		
At start of period	<u>712</u>	<u>22,729</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

Company

Summary of transactions with parent

The company is exempt from disclosing related party transactions as they are with companies that are wholly owned within the group.

Summary of transactions with subsidiaries

The company is exempt from disclosing related party transactions as they are with companies that are wholly owned within the group.

Summary of transactions with associates

There has been no transactions during the current or previous year.

Loans to related parties

2018

At start of period

Associates

£

625

2017

At start of period

Associates

£

625

28 Parent and ultimate parent undertaking

The ultimate controlling party is not known as there is no majority shareholder.