

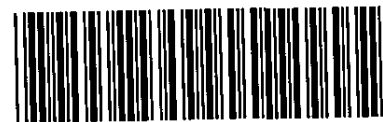
Registration number: SC057720

A & J Stephen (Builders) Limited

Directors' Report and Financial Statements

for the Year Ended 31 March 2012

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

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

| | |
|--------------------------|---|
| Directors | John W Stephen Brian Finlay Dale Stephen John Webster Bruce Strachan |
| Registered office | Stephen House Edinburgh Road PERTH PH2 8BS |
| Solicitors | Condies Solicitors 2 Tay Street PERTH PH1 5LJ |
| Auditors | Morris & Young, Statutory Auditor Chartered Accountants 6 Atholl Crescent PERTH PH1 5JN |

A & J Stephen (Builders) Limited

Directors' Report for the Year Ended 31 March 2012

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

Directors of the company

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

John W Stephen

Brian Finlay

Dale Stephen

John Webster

Bruce Strachan

Principal activity

The principal activity of the company is general building construction, principally in the field of private house building.

Business review

Fair review of the business

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

The overall performance of the company is disappointing.

Turnover at £7.4 million showed a significant drop from previous years despite the fact that new home numbers were on par with 2011. Average floor area was however down as a result of a strategic decision to build some smaller properties to make a Stephen Home more achievable in the current market. In addition, a lack of contracting with third parties, a feature of recent years performances, also in part accounted for the drop in revenues.

The gross margin for the year was down on 2011 by 5%. Raw material price increases and incentives to secure sales continue to erode margins but a bigger factor in this year's performance was the mix of sales.

The balance sheet of the Company remains strong and shows Shareholders' funds in excess of £8 million at the year end.

Outlook

We believe that the challenging market conditions will continue in the coming year. Indeed given the global financial turmoil it is difficult to predict when market confidence will return. In such times the Board continue to focus on the fundamentals of the business to ensure that we operate efficiently and against the background the board is taking steps to align the group's overhead with the current level of trading.

Demand for our products remains strong but potential buyers are having difficulty selling their own property. Lack of mortgage finance to the first time buyer continues to frustrate the supply chain. We have invested in Shared Equity, Part Exchange and Rent to Buy initiatives to help address this problem.

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

..... continued

We are also encouraged by government backed schemes such as MI New Home which have been devised with a view to rebuilding the housing market. There is a vast shortage of new homes in Scotland and we are confident that when mortgage liquidity improves we will see a return to the levels of activity previously enjoyed.

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

| | Unit | 2012 | 2011 |
|---|------|-------------|------------|
| Turnover | £ | 7,414,668 | 11,432,878 |
| Gross Margin | % | 5 | 11 |
| Profit/(loss) on ordinary activities before tax | £ | (1,212,986) | (650,981) |
| Shareholders' funds | £ | 8,429,293 | 9,642,279 |

The Company currently employs 62 people. The dedication and commitment of our people has ensured that A & J Stephen remains at the forefront of quality housebuilding in Scotland. A number of our sites were shortlisted for NHBC awards this year and the Board congratulate all nominees and winners. In particular, Alan Robertson, our Site Manager at Bargarvie Farm, who won National Site Manager of the year for Scotland and the North of England.

Principal risks and uncertainties

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

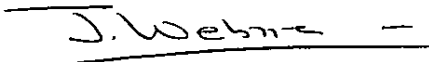
Disclosure of information to the auditors

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

Reappointment of auditors

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

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


.....
John Webster
Director

A & J Stephen (Builders) 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 company and of the profit or loss of the company 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; 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 company's transactions and disclose with reasonable accuracy at any time the financial position of 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 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 (Builders) Limited

We have audited the financial statements of A & J Stephen (Builders) Limited for the year ended 31 March 2012, set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

**Independent Auditor's Report to the Members of
A & J Stephen (Builders) 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Chartered Accountants
6 Atholl Crescent
PERTH
PH1 5JN

18 September 2012

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


| | Note | 2012 £ | 2011 £ |
|--|-------------|---------------------------|-------------------------|
| Turnover | | 7,417,668 | 11,432,878 |
| Cost of sales | | <u>(7,032,519)</u> | <u>(10,181,972)</u> |
| Gross profit | | 385,149 | 1,250,906 |
| Administrative expenses | | (1,985,285) | (1,921,876) |
| Other operating income | | <u>378,344</u> | <u>20,336</u> |
| Operating loss | 2 | (1,221,792) | (650,634) |
| Other interest receivable and similar income | 5 | 8,806 | - |
| Interest payable and similar charges | 6 | <u>-</u> | <u>(347)</u> |
| Loss on ordinary activities before taxation | | <u>(1,212,986)</u> | <u>(650,981)</u> |
| Loss for the financial year | 14 | <u><u>(1,212,986)</u></u> | <u><u>(650,981)</u></u> |

Turnover and operating profit derive wholly from continuing operations.

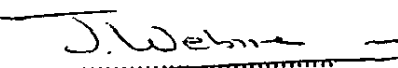
A & J Stephen (Builders) Limited
(Registration number: SC057720)
Balance Sheet at 31 March 2012

| | Note | 2012 £ | 2011 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible fixed assets | 8 | <u>144,802</u> | <u>153,079</u> |
| Current assets | | | |
| Stocks | 9 | 12,948,896 | 13,766,027 |
| Debtors | 10 | 229,589 | 870,804 |
| Cash at bank and in hand | | <u>290</u> | <u>514</u> |
| | | 13,178,775 | 14,637,345 |
| Creditors: Amounts falling due within one year | 11 | <u>(4,894,284)</u> | <u>(5,148,145)</u> |
| Net current assets | | <u>8,284,491</u> | <u>9,489,200</u> |
| Net assets | | <u>8,429,293</u> | <u>9,642,279</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 25,000 | 25,000 |
| Profit and loss account | 14 | <u>8,404,293</u> | <u>9,617,279</u> |
| Shareholders' funds | 13 | <u>8,429,293</u> | <u>9,642,279</u> |

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



 John W Stephen
 Director



 John Webster
 Director

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

Cash flow statement

| | 2012 £ | 2011 £ |
|--|-------------------------|-------------------------|
| Net cash outflow from operating activities | <u>(472,383)</u> | <u>(466,428)</u> |
| Returns on investments and servicing of finance | | |
| Interest received | 8,806 | - |
| HP and finance lease interest | <u>-</u> | <u>(347)</u> |
| | <u>8,806</u> | <u>(347)</u> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (89,298) | (24,007) |
| Sale of tangible fixed assets | 49,337 | 150 |
| Receipts of government grants | <u>1,344</u> | <u>1,346</u> |
| | <u>(38,617)</u> | <u>(22,511)</u> |
| Net cash outflow before management of liquid resources and financing | (502,194) | (489,286) |
| Financing | | |
| Repayment of capital element of finance leases and HP contracts | <u>-</u> | <u>(21,215)</u> |
| Decrease in cash | <u><u>(502,194)</u></u> | <u><u>(510,501)</u></u> |

The notes on pages 11 to 22 form an integral part of these financial statements.

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

..... continued

Reconciliation of net cash flow to movement in net debt

| | Note | 2012 £ | 2011 £ |
|---|------|---------------------------|-------------------------|
| Decrease in cash | | (502,194) | (510,501) |
| Cash outflow from repayment of capital element of finance leases and hire purchase contracts | | - | 21,215 |
| Change in net debt resulting from cash flows | 18 | <u>(502,194)</u> | <u>(489,286)</u> |
| Movement in net debt | 18 | (502,194) | (489,286) |
| Net debt at 1 April | 18 | <u>(914,452)</u> | <u>(425,166)</u> |
| Net debt at 31 March | 18 | <u><u>(1,416,646)</u></u> | <u><u>(914,452)</u></u> |

Reconciliation of operating loss to net cash flow from operating activities

| | 2012 £ | 2011 £ |
|---|-------------------------|-------------------------|
| Operating loss | (1,221,792) | (650,634) |
| Depreciation, amortisation and impairment charges | 90,172 | 102,000 |
| Profit on disposal of fixed assets | (41,934) | (150) |
| Decrease in stocks | 817,131 | 941,568 |
| Decrease/(increase) in debtors | 641,215 | (393,004) |
| Decrease in creditors | (754,487) | (463,516) |
| Receipt/release of government grants | <u>(2,688)</u> | <u>(2,692)</u> |
| Net cash outflow from operating activities | <u><u>(472,383)</u></u> | <u><u>(466,428)</u></u> |

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

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

Going concern

A & J Stephen (Builders) Limited is a wholly owned subsidiary of A & J Stephen (Holdings) Limited. The company also is a borrower and guarantor under the group's borrowing facilities as set out in Note 16. 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 (Builders) Limited consider that it is appropriate to prepare these accounts on a going concern basis.

Turnover

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

Revenue is measured at the fair value of 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 and machinery | 20% Straight line |
| Fixtures, fittings & equipment | 20 & 50% Straight line |
| Motor vehicles | 25% Straight line |

A & J Stephen (Builders) Limited

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

..... continued

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.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Hire purchase and leasing

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company 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 company 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.

2 Operating loss

Operating loss is stated after charging:

| | 2012 | 2011 |
|---|----------------|----------------|
| | £ | £ |
| Operating leases - other assets | 94,977 | 89,422 |
| Auditor's remuneration - The audit of the company's annual accounts | 5,850 | 5,750 |
| Profit on sale of tangible fixed assets | (41,934) | (150) |
| Depreciation of owned assets | 90,172 | 102,000 |
| Government grants receivable | <u>(1,344)</u> | <u>(1,346)</u> |

A & J Stephen (Builders) Limited

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

..... continued

3 Particulars of employees

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

| | 2012 No. | 2011 No. |
|----------------------------|---------------------|---------------------|
| Administration and support | 35 | 38 |
| Production | 36 | 40 |
| | <u>71</u> | <u>78</u> |

The aggregate payroll costs were as follows:

| | 2012 £ | 2011 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 1,926,502 | 1,920,329 |
| Social security costs | 146,201 | 148,732 |
| Staff pensions | 111,498 | 102,497 |
| | <u>2,184,201</u> | <u>2,171,558</u> |

A & J Stephen (Builders) Limited

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

..... continued

4 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2012 £ | 2011 £ |
|--|-------------------|-------------------|
| Remuneration | 165,057 | 185,079 |
| Company contributions paid to money purchase schemes | <u>18,727</u> | <u>17,303</u> |

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

| | 2012 No. | 2011 No. |
|---|---------------------|---------------------|
| Accruing benefits under money purchase pension scheme | <u>2</u> | <u>2</u> |

In respect of the highest paid director:

| | 2012 £ | 2011 £ |
|---|-------------------|-------------------|
| Remuneration | 101,535 | 96,912 |
| Company contributions to money purchase pension schemes | <u>11,659</u> | <u>11,641</u> |

5 Other interest receivable and similar income

| | 2012 £ | 2011 £ |
|---------------------------|-------------------|-------------------|
| Other interest receivable | <u>8,806</u> | <u>-</u> |

6 Interest payable and similar charges

| | 2012 £ | 2011 £ |
|-----------------|-------------------|-------------------|
| Finance charges | <u>-</u> | <u>347</u> |
| | <u>-</u> | <u>347</u> |

A & J Stephen (Builders) Limited

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

..... continued

7 Taxation

Factors affecting current tax charge for the year

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

The differences are reconciled below:

| | 2012 £ | 2011 £ |
|--|-------------------------|-------------------------|
| Loss on ordinary activities before taxation | <u>(1,212,986)</u> | <u>(650,981)</u> |
| Corporation tax at standard rate | (315,376) | (182,275) |
| Capital allowances in excess of depreciation | (22,347) | 2,655 |
| Non deductible expenses | 732 | 4,475 |
| Tax losses | <u>336,991</u> | <u>175,145</u> |
| Total current tax | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

The company has estimated losses of £932,628 (2011 - nil) to carry forward against future trading profits.

A & J Stephen (Builders) Limited

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

..... continued

8 Tangible fixed assets

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

9 Stocks

| | 2012 £ | 2011 £ |
|------------------|-------------------|-------------------|
| Stocks | 237,592 | 135,988 |
| Work in progress | <u>12,711,304</u> | <u>13,630,039</u> |
| | <u>12,948,896</u> | <u>13,766,027</u> |

10 Debtors

| | 2012 £ | 2011 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 144,458 | 672,366 |
| Other debtors | 69,216 | 183,716 |
| Prepayments and accrued income | <u>15,915</u> | <u>14,722</u> |
| | <u>229,589</u> | <u>870,804</u> |

A & J Stephen (Builders) Limited

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

..... continued

11 Creditors: Amounts falling due within one year

| | 2012 | 2011 |
|------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Trade creditors | 339,785 | 317,245 |
| Bank loans and overdrafts | 1,416,936 | 914,966 |
| Amounts owed to group undertakings | 1,955,959 | 2,387,270 |
| Corporation tax | 2,651 | 2,651 |
| Other taxes and social security | 84,270 | 73,096 |
| Other creditors | 44,880 | 32,666 |
| Accruals and deferred income | <u>1,049,803</u> | <u>1,420,251</u> |
| | <u><u>4,894,284</u></u> | <u><u>5,148,145</u></u> |

A & J Stephen (Builders) Limited

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

..... continued

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

| | 2012 | 2011 |
|----------------|------------------|----------------|
| | £ | £ |
| Bank overdraft | <u>1,416,936</u> | <u>914,966</u> |

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 Limited and A & J Stephen (Holdings) Limited.

12 Share capital

Allotted, called up and fully paid shares

| | 2012 | | 2011 | |
|----------------------------|---------------|---------------|---------------|---------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> |

13 Reconciliation of movement in shareholders' funds

| | 2012 | 2011 |
|---|--------------------|-------------------|
| | £ | £ |
| Loss attributable to the members of the company | <u>(1,212,986)</u> | <u>(650,981)</u> |
| Net reduction to shareholders' funds | <u>(1,212,986)</u> | <u>(650,981)</u> |
| Shareholders' funds at 1 April | <u>9,642,279</u> | <u>10,293,260</u> |
| Shareholders' funds at 31 March | <u>8,429,293</u> | <u>9,642,279</u> |

A & J Stephen (Builders) Limited

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

..... continued

14 Reserves

| | Profit and loss account £ | Total £ |
|-------------------|--|--------------------|
| At 1 April 2011 | 9,617,279 | 9,617,279 |
| Loss for the year | <u>(1,212,986)</u> | <u>(1,212,986)</u> |
| At 31 March 2012 | <u>8,404,293</u> | <u>8,404,293</u> |

15 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £111,498 (2011 - £102,497).

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

16 Contingent liabilities

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

A & J Stephen (Builders) Limited

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

..... continued

17 Commitments

Operating lease commitments

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

Operating leases which expire:

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

18 Analysis of net debt

| | At 1 April 2011 £ | Cash flow £ | At 31 March 2012 £ |
|--------------------------|-------------------------|------------------|--------------------------|
| Cash at bank and in hand | 514 | (224) | 290 |
| Bank overdraft | (914,966) | (501,970) | (1,416,936) |
| | <u>(914,452)</u> | <u>(502,194)</u> | <u>(1,416,646)</u> |
| Net debt | <u>(914,452)</u> | <u>(502,194)</u> | <u>(1,416,646)</u> |

A & J Stephen (Builders) Limited

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

..... continued

19 Related party transactions

Other related party transactions

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

Dale Stephen

(director)

During the year a number of the directors and their families purchased consumable items, which are immaterial to the individuals concerned and the company, from A & J Stephen (Builders) Limited at market value. At the balance sheet date the amount due from Dale Stephen was £547 (2011 - £681).

Derek Stephen

(shareholder of parent company)

During the year a number of the directors and their families purchased consumable items, which are immaterial to the individuals concerned and the company, from A & J Stephen (Builders) Limited at market value. At the balance sheet date the amount due from Derek Stephen was £59 (2011 - £1,178).

Brian Finlay

(director)

During the year a number of the directors and their families purchased consumable items, which are immaterial to the individuals concerned and the company, from A & J Stephen (Builders) Limited at market value. At the balance sheet date the amount due from/(to) Brian Finlay was £2,799 (2011 - £nil).

John S Stephen

(shareholder of parent company)

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 has charged John Stephen £84,913 (2011 - £nil) for services. At the balance sheet date the amount due to John S Stephen was £nil (2011 - £nil).

John W Stephen

(director)

During the year a number of the directors and their families purchased consumable items, which are immaterial to the individuals concerned and the company, from A & J Stephen (Builders) Limited at market value. Also during the year the company has provided services of £5,811 (2011 - £544,586) to John W Stephen. The company has charged John W Stephen rent of nil (2011 - £9,900) during the year. At the balance sheet date the amount due from John W Stephen was £5,813 (2011 - £545,263).

A & J Stephen Limited Retirement & Death Benefit Scheme

(the director's pension scheme)

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

A & J Stephen (Builders) Limited

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

..... continued

Elmcliff Limited

(a company Derek Stephen, Dale Stephen and Brian Finlay are also directors of)
During the year the company has paid £14 (2011 - £15) on behalf of Elmcliff Limited. Also during the year the company provided services of £624 (2011 - £1,419) to Elmcliff Limited. At the balance sheet date the amount due from Elmcliff Limited was £170 (2011 - £156).

Tanera LLP

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

Inch Farms Limited

(a company that A & J Stephen (Holdings) Limited owns 50% of)
During the year the company paid £15 (2011 - nil) on behalf of Inch Farms Limited. At the balance sheet date the amount due from Inch Farms Limited was £60 (2011 - £45).

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

20 Control

The company is controlled by A & J Stephen (Holdings) Limited the parent company which is registered in Scotland.

A & J Stephen (Holdings) Limited prepares group financial statements and copies can be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.