

Registration number: SC057720

A & J Stephen (Builders) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2018

**COMPANIES HOUSE
EDINBURGH**

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FRONT DESK



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 Webster
John W Stephen
Brian Finlay
Bruce Strachan
Dale Stephen

Company secretary John Webster

Registered office Stephen House
Edinburgh Road
PERTH
PH2 8BS

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

A & J Stephen (Builders) 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 company is general building construction, principally in the field of private house building.

Fair review of the business

The Company performed satisfactorily during the year in spite of continuing challenges and returned results in line with those forecast. Turnover for the year was £16.3m an increase of £1.9m on the previous year. Similarly the loss improved to £0.02m from £0.8m last year. This year 73 new homes were sold (2017 - 63).

The Gross margin improved slightly from 10% to 12%. This is a good result given both raw material and subcontractor rates saw significant price rises.

The Statement of Financial Position remains strong with Equity in excess of £9 million.

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.

A & J Stephen (Builders) Limited

Strategic Report for the Year Ended 31 March 2018

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

	Unit	2018	2017
Turnover	£	16,360,231	14,487,678
Gross Margin	%	12	10
Profit/(loss) on ordinary activities before tax	£	(24,204)	(824,690)
Total Equity	£	9,514,558	9,542,747

We continually monitor turnover, profitability and working capital to ensure continuing returns and sustainable growth. 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 company 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 our business. Within the Stephen group of companies all tiers of management are involved in managing, monitoring and mitigating risk where possible.

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

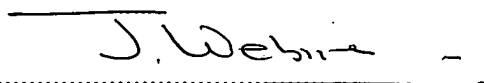
- Delivery of new developments

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.

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



John Webster
Company secretary and director

A & J Stephen (Builders) Limited

Directors' Report for the Year Ended 31 March 2018

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

Directors of the company

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

John Webster - Company secretary and director

John W Stephen

Brian Finlay

Bruce Strachan

Dale Stephen

Financial instruments

Objectives and policies

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

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

The company does not trade in financial instruments.

At the time of writing the company's operational bank account remains within it's facility and current forecasts show that this will continue to be the case in the medium term.

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 of which they know the auditors are 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 and director

A & J Stephen (Builders) 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

A & J Stephen (Builders) Limited

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

Opinion

We have audited the financial statements of A & J Stephen (Builders) Limited (the 'company') for the year ended 31 March 2018, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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 company's affairs as at 31 March 2018 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.

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 company 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 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 (Builders) Limited

Independent Auditor's Report to the Members of A & J Stephen (Builders) 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 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, 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 company or to cease operations, or have no realistic alternative but to do so.

A & J Stephen (Builders) Limited

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

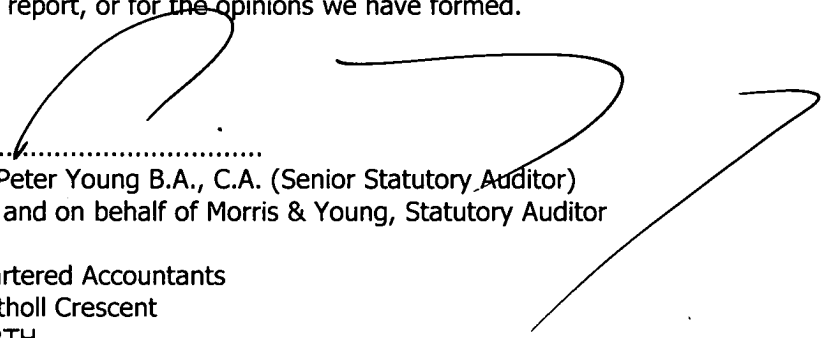
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.



.....
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 (Builders) Limited

Income Statement for the Year Ended 31 March 2018

	Note	Total 31 March 2018 £	Total 31 March 2017 £
Revenue	3	16,360,231	14,487,678
Cost of sales		<u>(14,346,915)</u>	<u>(13,072,890)</u>
Gross profit		2,013,316	1,414,788
Administrative expenses		(2,668,617)	(2,694,404)
Other operating income	4	<u>634,062</u>	<u>464,057</u>
Operating loss	5	<u>(21,239)</u>	<u>(815,559)</u>
Other interest receivable and similar income	6	4,068	4,920
Interest payable and similar expenses	7	<u>(7,033)</u>	<u>(14,051)</u>
		<u>(2,965)</u>	<u>(9,131)</u>
Loss before tax		(24,204)	(824,690)
Taxation	11	<u>(3,985)</u>	<u>27,085</u>
Loss for the financial year		<u><u>(28,189)</u></u>	<u><u>(797,605)</u></u>

The above results were derived from continuing operations.

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

The notes on pages 14 to 27 form an integral part of these financial statements.

A & J Stephen (Builders) Limited

Statement of Comprehensive Income for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Loss for the year		<u>(28,189)</u>	<u>(797,605)</u>
Total comprehensive income for the year		<u><u>(28,189)</u></u>	<u><u>(797,605)</u></u>

A & J Stephen (Builders) Limited

(Registration number: SC057720)

Statement of Financial Position as at 31 March 2018

	Note	2018 £	2017 £
Non Current assets			
Property, Plant and Equipment	12	467,127	509,800
Current assets			
Inventories	13	13,381,530	14,881,991
Receivables	14	1,957,820	370,930
Cash at bank and in hand		<u>3,572,577</u>	<u>2,551,955</u>
		18,911,927	17,804,876
Payables: Amounts falling due within one year	16	<u>(9,742,732)</u>	<u>(8,633,475)</u>
Net current assets		<u>9,169,195</u>	<u>9,171,401</u>
Total assets less current liabilities		9,636,322	9,681,201
Payables: Amounts falling due after more than one year	16	(36,166)	(56,841)
Provisions for liabilities	17	<u>(85,598)</u>	<u>(81,613)</u>
Net assets		<u>9,514,558</u>	<u>9,542,747</u>
Equity			
Called up share capital	19	25,000	25,000
Profit and loss account	20	<u>9,489,558</u>	<u>9,517,747</u>
Total equity		<u>9,514,558</u>	<u>9,542,747</u>

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



John W Stephen
Director

The notes on pages 14 to 27 form an integral part of these financial statements.

A & J Stephen (Builders) Limited

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

	Share capital £	Profit and loss account £	Total £
At 1 April 2017	25,000	9,517,747	9,542,747
Loss for the year	-	(28,189)	(28,189)
Total comprehensive income	-	(28,189)	(28,189)
At 31 March 2018	25,000	9,489,558	9,514,558
	Share capital £	Profit and loss account £	Total £
At 1 April 2016	25,000	10,315,352	10,340,352
Loss for the year	-	(797,605)	(797,605)
Total comprehensive income	-	(797,605)	(797,605)
At 31 March 2017	25,000	9,517,747	9,542,747

The notes on pages 14 to 27 form an integral part of these financial statements.

A & J Stephen (Builders) Limited

Statement of Cash Flows for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss for the year		(28,189)	(797,605)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	117,082	140,062
Profit on disposal of property, plant and equipment		(32,992)	-
Finance Income	6	(4,068)	(4,920)
Finance costs	7	7,033	14,051
Income tax expense	11	3,985	(27,085)
		62,851	(675,497)
Working capital adjustments			
Decrease in inventories	13	1,500,461	1,088,124
(Increase)/decrease in receivables	14	(1,586,890)	1,003,139
Increase in payables	16	1,171,324	595,958
Cash generated from operations		1,147,746	2,011,724
Income taxes received	11	-	165,300
Net cash flow from operating activities		1,147,746	2,177,024
Cash flows from investing activities			
Interest received	6	4,068	4,920
Acquisitions of property, plant and equipment		(101,416)	(7,670)
Proceeds from sale of property, plant and equipment		59,999	-
Net cash flows from investing activities		(37,349)	(2,750)
Cash flows from financing activities			
Payments to finance lease liabilities		(89,775)	(124,128)
Net increase in cash and cash equivalents		1,020,622	2,050,146
Cash and cash equivalents at 1 April		2,551,955	501,809
Cash and cash equivalents at 31 March		3,572,577	2,551,955

The notes on pages 14 to 27 form an integral part of these financial statements.

A & J Stephen (Builders) 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.

Name of parent of group

These financial statements are consolidated in the financial statements of A & J Stephen (Holdings) Limited.

The financial statements of A & J Stephen (Holdings) Limited may be obtained from Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF.

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 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 (Builders) Limited consider that it is appropriate to prepare these accounts on a going concern basis.

A & J Stephen (Builders) 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 residential property and provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

The company 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 Company's activities.

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.

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 company 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 financial statements and on unused tax losses or tax credits in the company. 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 and 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 and 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 (Builders) Limited

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

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 company 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 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 company 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.

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 company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

A & J Stephen (Builders) Limited

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

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company 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.

3 Revenue

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

	2018	2017
	£	£
Sale of goods	16,351,014	14,265,467
Rendering of services	<u>9,217</u>	<u>222,211</u>
	<u>16,360,231</u>	<u>14,487,678</u>

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

	2018	2017
	£	£
Housebuilders	<u>16,360,231</u>	<u>14,487,678</u>

A & J Stephen (Builders) Limited

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

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

	2018	2017
	£	£
UK	<u>16,360,231</u>	<u>14,487,678</u>

4 Other operating income

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

	2018	2017
	£	£
Miscellaneous other operating income	<u>634,062</u>	<u>464,057</u>

5 Operating loss

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>(32,992)</u>	<u>-</u>

6 Other interest receivable and similar income

	2018	2017
	£	£
Interest income on bank deposits	<u>4,068</u>	<u>4,920</u>

7 Interest payable and similar expenses

	2018	2017
	£	£
Interest on obligations under finance leases and hire purchase contracts	<u>7,033</u>	<u>14,051</u>

A & J Stephen (Builders) Limited

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

8 Staff costs

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

	2018	2017
	£	£
Wages and salaries	2,488,364	2,365,275
Social security costs	298,271	245,427
Pension costs, defined contribution scheme	132,041	172,403
Redundancy costs	24,714	-
Other employee expense	23,805	21,953
	<u>2,967,195</u>	<u>2,805,058</u>

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

	2018	2017
	No.	No.
Production	38	42
Administration and support	41	42
	<u>79</u>	<u>84</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018	2017
	£	£
Remuneration	364,617	188,213
Contributions paid to money purchase schemes	23,933	28,453
	<u>388,550</u>	<u>216,666</u>

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

	2018	2017
	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2018	2017
	£	£
Remuneration	134,719	95,807
Company contributions to money purchase pension schemes	<u>-</u>	<u>19,182</u>

A & J Stephen (Builders) Limited

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

10 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	<u>6,325</u>	<u>6,125</u>
Other fees to auditors		
All other non-audit services	<u>21,980</u>	<u>17,945</u>

11 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax adjustment to prior periods	-	19,626
Deferred taxation		
Arising from origination and reversal of timing differences	<u>3,985</u>	<u>(46,711)</u>
Tax expense/(receipt) in the income statement	<u>3,985</u>	<u>(27,085)</u>

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 £
Loss before tax	<u>(24,204)</u>	<u>(824,690)</u>
Corporation tax at standard rate	(4,599)	(164,938)
Effect of expense not deductible in determining taxable profit (tax loss)	500	3,396
Effect of tax losses	8,084	138,587
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>(46,711)</u>
Total tax charge/(credit)	<u>3,985</u>	<u>(27,085)</u>

A & J Stephen (Builders) Limited

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

Deferred tax

Deferred tax assets and liabilities

	Liability £
2018	
Arising from origination and reversal of timing differences	<u>85,598</u>
	Liability £
2017	
Arising from origination and reversal of timing differences	<u>81,613</u>

12 Property, Plant and Equipment

	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	<u>-</u>	<u>-</u>	<u>(139,750)</u>	<u>(139,750)</u>
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	<u>-</u>	<u>-</u>	<u>(112,743)</u>	<u>(112,743)</u>
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>

A & J Stephen (Builders) Limited

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

Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and 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	81,951	169,319
	<u>167,643</u>	<u>283,575</u>

13 Inventories

	2018 £	2017 £
Work in progress	12,711,354	14,600,869
Finished goods and goods for resale	328,311	-
Other inventories	341,865	281,122
	<u>13,381,530</u>	<u>14,881,991</u>

The cost of inventories recognised as an expense in the year amounted to £3,427,527 (2017 - £4,185,646).

14 Receivables

	Note	2018 £	2017 £
Receivables		623,242	210,084
Amounts owed by related parties	24	1,198,300	-
Other receivables		118,784	142,203
Prepayments		17,494	18,643
Total current trade and other receivables		<u>1,957,820</u>	<u>370,930</u>

15 Cash and cash equivalents

	2018 £	2017 £
Cash on hand	63	240
Cash at bank	3,572,514	2,551,715
	<u>3,572,577</u>	<u>2,551,955</u>

A & J Stephen (Builders) Limited

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

16 Payables

	Note	2018 £	2017 £
Due within one year			
Loans and borrowings	21	70,800	132,867
Trade payables		185,604	624,263
Amounts due to related parties	24	8,234,022	7,041,889
Social security and other taxes		96,257	91,588
Other payables		52,335	36,103
Accrued expenses		1,098,663	701,714
Income tax liability	11	<u>5,051</u>	<u>5,051</u>
		<u>9,742,732</u>	<u>8,633,475</u>
Due after one year			
Loans and borrowings	21	<u>36,166</u>	<u>56,841</u>

A & J Stephen (Builders) Limited

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

17 Deferred tax and other provisions

	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>

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

19 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</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.

20 Reserves

Called up share capital

Represents the nominal value of shares that have been issued.

Profit and loss account

Includes current and prior period retained profits and losses.

A & J Stephen (Builders) Limited

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

21 Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Finance lease liabilities	<u>36,166</u>	<u>56,841</u>
	2018 £	2017 £
Current loans and borrowings		
Finance lease liabilities	<u>70,800</u>	<u>132,867</u>

22 Obligations under leases and hire purchase contracts

Finance leases

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>

The finance leases relate 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.

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).

23 Contingent liabilities

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 (Builders) Limited

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

24 Related party transactions

Key management personnel

Directors

Key management compensation

	2018 £	2017 £
Salaries and other short term employee benefits	364,617	188,213
Post-employment benefits	23,933	28,453
	<u>388,550</u>	<u>216,666</u>

Summary of transactions with key management

During the year and previous 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.

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

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

Summary of transactions with subsidiaries

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

Summary of transactions with associates

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 company provided goods and services to family members and associated companies. During the year the company was charged rent for the yard, office and an industrial unit which is considered to be a fair market rent by the director's pension scheme.

Income and receivables from related parties

	Associates £	Key management £	Other related parties £
2018			
Sale of goods and services	-	18,921	17,115
Amounts receivable from related party	<u>87</u>	<u>9,322</u>	<u>3,060</u>

A & J Stephen (Builders) Limited

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

	Associates £	Key management £	Other related parties £
2017			
Sale of goods	-	29,701	184,874
Amounts receivable from related party	<u>87</u>	<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>
2017		
Leases	<u>14,400</u>	<u>85,000</u>

Loans to related parties

	Other related parties £
2018	
At start of period	<u>17,109</u>
2017	
At start of period	22,729
Advanced	1,505
Expenses recognised as bad debt	<u>(7,125)</u>
At end of period	<u>17,109</u>

25 Parent and ultimate parent undertaking

The company's immediate parent is A & J Stephen (Holdings) Limited, incorporated in Scotland.

These financial statements are available upon request from Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF

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