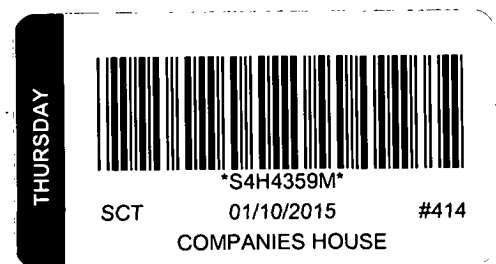


Registration number: SC057721

A & J Stephen (Holdings) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2015



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 John S Stephen
Derek Stephen
Dale Stephen
John W Stephen
Lorna Finlay

Company secretary John Webster

Registered office Stephen House
Edinburgh Road
PERTH
PH2 8BS

Solicitors Blackadders Solicitors
2 Tay Street
PERTH
PH1 5LJ

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

A & J Stephen (Holdings) Limited

Strategic Report for the Year Ended 31 March 2015

The directors present their strategic report for the year ended 31 March 2015.

Business review

Fair review of the business

Turnover at £17.7m is 41% up on the previous year. The number of units sold was 76, a 55% increase and in line with settlement targets. The Help to Buy (Scotland) Scheme introduced in September 2013, despite an initial poor take up in Perthshire, was a boost to our performance this year. 20 settlements (26%) took advantage of this government initiative. This year's turnover also benefited from the successful delivery of 12 affordable homes at Abernethy for Kingdom Housing Association. These were delivered on time and on budget. In addition we also entered into a contract to deliver two properties for Pitlochry Estates.

The Gross Margin at 20% is in line with budgeted levels. Despite property valuations showing a steady increase, margins remain under pressure as the supply chain looks to capitalise on the demand for their services. Our Commercial team has been bolstered by an additional member of staff to ensure our better buying strategy continues while maintaining the standard expected of a Stephen home.

Operating profit increased 70% to just over £1m. This reflects the wider improvement in market conditions but also underlies the strength of our core business.

The balance sheet remains strong with shareholders' funds in excess of £24m.

There was a net outflow of cash during the year but this was expected as the group continues to fund significant growth using its own resources. At the year end and throughout the year the group had no net borrowing.

Outlook

The Board is confident that the success of 2015 will continue into 2016. The forward order book at the start of this year was at pre-recession levels with 47 reservations. This represents a significant proportion of this year's sales target.

Currently the group is active on nine development sites. These are mainly in Perth & Kinross but we also have developments in Fife and Aberdeenshire.

Our investment in our Aberdeenshire Site at Chapelton is significant and exceeded £2m at the year end. Since then we have purchased the next tranche of land which will accommodate 42 units.

The purchase of new land, while managing our current land bank remains a priority to ensure the long term future of the group. During the year we also entered into a number of option agreements with landowners which we will promote through the planning system and emerging development plans.

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

	Unit	2015	2014
Turnover	£	17,723,913	12,563,025
Gross Margin	%	20	22
Profit(loss) on ordinary activities before tax	£	1,071,239	633,744

A & J Stephen (Holdings) Limited

Strategic Report for the Year Ended 31 March 2015

..... continued

Shareholders funds	£	24,134,951	23,426,879
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The Board recognise that our results are a reflection of our people. A & J Stephen is fortunate to have a long serving dedicated and committed workforce. There are currently 89 employees in the group. Health & Safety of our colleagues is of paramount importance. We want everyone to go home the same way they came to work. To this end A & J Stephen remain fully committed to extensive training initiatives to reduce accidents and increase safety awareness. For the fourth year in succession Alan Robertson, our Site Manager at our Balgarvie Farm Development in Scone, won the NHBC Pride in the Job Seal of Excellence award for Scotland in the small builder category.

Recruitment of people with the right skills is becoming more challenging as the sector recovers from years in recession. It is widely acknowledged that the construction industry in general is facing a potential skills shortage in years to come. To ensure we have the right skills in house we have reopened our Apprentice Programme with an intake of apprentices starting Autumn 2015.

Principal risks and uncertainties

The Board recognise that the management of risk is fundamental to the success of any 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 the principal risks:

The reduction in sales volumes in response to the macro-economic environment and particularly the availability of mortgage finance for house purchases remains our biggest risk. We have seen customer confidence rise on the back of generally improving economic indicators and an improvement in the availability of mortgage finance. However record low interest rates introduced by the Bank of England in 2009 will rise at some point and will impact our market.

The dramatic fall in the price of Brent Crude experienced in recent months may bring about an adjustment to the previously vibrant Aberdeen economy. Oil companies and service support companies have had to cut costs and this has led to redundancies in the local market. Our Aberdeenshire site at Chapelton has been well received and we continue to take reservations but we recognise sales volumes here may be reduced until the oil price recovers.

As previously highlighted the Help to Buy (Scotland) Scheme provided a very welcome boost to the property market and helped the group secure 20 sales during the year. In January 2015 a separate Help to Buy (Small Developers) Scheme was launched to help smaller builders like ourselves. The budget to March 2016 of the principal scheme has been fully allocated and can accept no further applications. The small builder schemes budget is anticipated to be exhausted by December 2015. Unlike in England where the Help to Buy support has been committed to 2020 there is no such commitment from the Scottish Government. Uncertainty over the sustainability of Help to Buy in Scotland is clearly a risk to future growth.

Our main market continues to be development sites in Perth & Kinross. Perth city and the wider catchment has been earmarked for significant growth in the Development Plan and we believe we are well placed to help deliver this. However delays in the planning process and obstacles preventing us obtaining the necessary consents before the commencement of building remains a constraint on our business aspirations.

A & J Stephen (Holdings) Limited
Strategic Report for the Year Ended 31 March 2015

..... continued

Approved by the Board on 28 September 2015 and signed on its behalf by:



John Webster
Company secretary

A & J Stephen (Holdings) Limited
Directors' Report for the Year Ended 31 March 2015

The directors present their report and the consolidated financial statements for the year ended 31 March 2015.

Directors of the company

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

John S Stephen

Derek Stephen

Dale Stephen

John W Stephen

Lorna Finlay

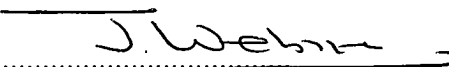
Disclosure of information to the auditor

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

Reappointment of auditors

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

Approved by the Board on 28 September 2015 and signed on its behalf by:


.....
John Webster
Company secretary

A & J Stephen (Holdings) Limited

Statement of Directors' Responsibilities

The directors are responsible 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 the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

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

We have audited the financial statements of A & J Stephen (Holdings) Limited for the year ended 31 March 2015, set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the group and parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

..... continued

Matters on which we are required to report by exception

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

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

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

Chartered Accountants
6 Atholl Crescent
PERTH
PH1 5JN

30 September 2015

A & J Stephen (Holdings) Limited
Consolidated Profit and Loss Account for the Year Ended 31 March 2015

	Note	2015 £	2014 £
Turnover		17,723,913	12,563,025
Cost of sales		<u>(14,099,083)</u>	<u>(9,847,359)</u>
Gross profit		3,624,830	2,715,666
Administrative expenses		(2,549,129)	(2,089,034)
Other operating income		<u>66,253</u>	<u>44,909</u>
Group operating profit	2	1,141,954	671,541
Other interest receivable and similar income	6	3,671	10,867
Interest payable and similar charges	7	<u>(74,386)</u>	<u>(48,664)</u>
Profit on ordinary activities before taxation		1,071,239	633,744
Tax on profit on ordinary activities	8	<u>(127,166)</u>	<u>(25,757)</u>
Profit for the financial year attributable to members of the parent company	18	<u><u>944,073</u></u>	<u><u>607,987</u></u>

Turnover and operating profit derive wholly from continuing operations.

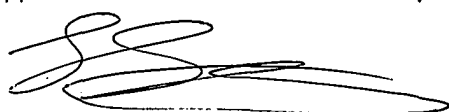
The group has no recognised gains or losses for the year other than the results above.

The notes on pages 14 to 31 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited
Consolidated Balance Sheet at 31 March 2015

		2015		2014	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	9		433,750		239,725
Current assets					
Stocks	11	23,053,289		21,904,358	
Debtors	12	1,377,696		1,295,211	
Cash at bank and in hand		<u>2,960,473</u>		<u>4,815,242</u>	
		27,391,458		28,014,811	
Creditors: Amounts falling due within one year	13	<u>(3,511,959)</u>		<u>(4,749,170)</u>	
Net current assets			<u>23,879,499</u>		<u>23,265,641</u>
Total assets less current liabilities			24,313,249		23,505,366
Creditors: Amounts falling due after more than one year	14		(145,216)		(78,487)
Provisions for liabilities	15		<u>(33,082)</u>		<u>-</u>
Net assets			<u>24,134,951</u>		<u>23,426,879</u>
Capital and reserves					
Called up share capital	16	236,000		236,000	
Capital redemption reserve	18	105,520		105,520	
Profit and loss account	18	<u>23,793,431</u>		<u>23,085,359</u>	
Shareholders' funds	19		<u>24,134,951</u>		<u>23,426,879</u>

Approved and authorised for issue by the Board on 28 September 2015 and signed on its behalf by:

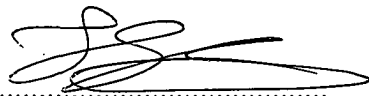

.....
John W Stephen
Director

The notes on pages 14 to 31 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited
(Registration number: SC057721)
Balance Sheet at 31 March 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	10	<u>366,620</u>	<u>366,620</u>
Current assets			
Debtors	12	2,759,962	2,899,493
Creditors: Amounts falling due within one year	13	<u>(707,215)</u>	<u>(1,857,969)</u>
Net current assets		<u>2,052,747</u>	<u>1,041,524</u>
Net assets		<u><u>2,419,367</u></u>	<u><u>1,408,144</u></u>
Capital and reserves			
Called up share capital	16	236,000	236,000
Capital redemption reserve	18	105,520	105,520
Profit and loss account	18	<u>2,077,847</u>	<u>1,066,624</u>
Shareholders' funds	19	<u><u>2,419,367</u></u>	<u><u>1,408,144</u></u>

Approved and authorised for issue by the Board on 28 September 2015 and signed on its behalf by:



.....
John W Stephen
Director

The notes on pages 14 to 31 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited
Consolidated Cash Flow Statement for the Year Ended 31 March 2015

Reconciliation of operating profit to net cash flow from operating activities

	2015 £	2014 £
Operating profit	1,141,954	671,541
Depreciation, amortisation and impairment charges	94,537	50,883
Profit on disposal of fixed assets	(20,120)	(36,500)
(Increase)/decrease in stocks	(1,148,931)	86,512
(Increase)/decrease in debtors	(82,485)	1,224,123
Decrease in creditors	(442,302)	(875,752)
Net cash (outflow)/inflow from operating activities	<u>(457,347)</u>	<u>1,120,807</u>

Cash flow statement

	2015 £	2014 £
Net cash (outflow)/inflow from operating activities	<u>(457,347)</u>	<u>1,120,807</u>

Returns on investments and servicing of finance

Interest received	3,671	10,867
HP and finance lease interest	(13,331)	(3,678)
Interest paid	(61,055)	(44,986)
	<u>(70,715)</u>	<u>(37,797)</u>
Tax paid	<u>(89,600)</u>	<u>(101,337)</u>

Capital expenditure and financial investment

Purchase of tangible fixed assets	(127,353)	(48,935)
Sale of tangible fixed assets	20,120	36,500
	<u>(107,233)</u>	<u>(12,435)</u>
Equity dividends paid	(236,000)	(106,200)
Net cash (outflow)/inflow before management of liquid resources and financing	<u>(960,895)</u>	<u>863,038</u>

Financing

Value of new loans obtained during the period	-	1,295,000
Repayment of loans and borrowings	(752,885)	(328,000)
Repayment of capital element of finance leases and HP contracts	(56,629)	(16,967)
	<u>(809,514)</u>	<u>950,033</u>
(Decrease)/increase in cash	<u>(1,770,409)</u>	<u>1,813,071</u>

The notes on pages 14 to 31 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited
Consolidated Cash Flow Statement for the Year Ended 31 March 2015

..... continued

Reconciliation of net cash flow to movement in net debt

	Note	2015 £	2014 £
(Decrease)/increase in cash		(1,770,409)	1,813,071
Cash inflow from increase in loans		-	(1,295,000)
Cash outflow from repayment of loans		752,885	328,000
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		<u>56,629</u>	<u>16,967</u>
Change in net debt resulting from cash flows	24	(960,895)	863,038
 New finance leases		 <u>(161,209)</u>	 <u>(140,410)</u>
Movement in net debt	24	(1,122,104)	722,628
Net funds at 1 April	24	<u>2,921,639</u>	<u>2,199,011</u>
Net funds at 31 March	24	<u><u>1,799,535</u></u>	<u><u>2,921,639</u></u>

The notes on pages 14 to 31 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 March 2015

1 Accounting policies

Basis of preparation

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

Compliance with accounting standards

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2015.

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

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year was £1,247,223 (2014 - £58,393).

Going concern

A & J Stephen (Holdings) Limited is the parent company of A & J Stephen Limited and A & J Stephen (Builders) Limited. The company also is a borrower and guarantor under the group's borrowing facilities as set out in Note 22. 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 2015

..... continued

Turnover

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

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

Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Depreciation

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

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

Stock and work in progress

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

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

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.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... continued

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

Financial instruments

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

Pensions

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

2 Operating profit

Operating profit is stated after charging:

	2015	2014
	£	£
Operating leases - other assets	85,060	84,407
Profit on sale of tangible fixed assets	(20,120)	(36,500)
Depreciation of owned assets	94,537	50,883
Auditor's remuneration	<u>20,300</u>	<u>20,420</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... continued

3 Auditor's remuneration

	2015 £	2014 £
Audit of the financial statements	8,975	8,800
Other fees to auditors		
Other services	<u>11,325</u>	<u>11,620</u>
	<u><u>20,300</u></u>	<u><u>20,420</u></u>

£1,050 (2014 - £1,020) of the fee for auditing the financial statements relates to the company.

4 Particulars of employees

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

	2015 No.	2014 No.
Administration and support	37	35
Production	<u>39</u>	<u>29</u>
	<u><u>76</u></u>	<u><u>64</u></u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... continued

The aggregate payroll costs were as follows:

	2015	2014
	£	£
Wages and salaries	2,274,475	1,902,679
Social security costs	267,195	226,250
Staff pensions	172,671	148,833
	<u>2,714,341</u>	<u>2,277,762</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015	2014
	£	£
Remuneration	308,023	344,175
Company contributions paid to money purchase schemes	<u>45,288</u>	<u>49,082</u>

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

	2015	2014
	No.	No.
Accruing benefits under money purchase pension scheme	<u>5</u>	<u>5</u>

In respect of the highest paid director:

	2015	2014
	£	£
Remuneration	128,186	145,059
Company contributions to money purchase pension schemes	<u>22,642</u>	<u>27,672</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... *continued*

6 Other interest receivable and similar income

	2015 £	2014 £
Bank interest receivable	3,671	2,477
Other interest receivable	-	8,390
Group interest receivable	<u>3,671</u>	<u>10,867</u>

7 Interest payable and similar charges

	2015 £	2014 £
Interest on bank borrowings	60,901	24,486
Other interest payable	154	20,500
Finance charges	<u>13,331</u>	<u>3,678</u>
Group interest payable and similar charges	<u>74,386</u>	<u>48,664</u>

8 Taxation

Tax on profit on ordinary activities

	2015 £	2014 £
Current tax		
Corporation tax charge	94,085	23,356
Adjustments in respect of previous years	<u>-</u>	<u>2,401</u>
UK Corporation tax	94,085	25,757
Deferred tax		
Origination and reversal of timing differences	<u>33,081</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>127,166</u>	<u>25,757</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21% (2014 - 23%).

The differences are reconciled below:

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... *continued*

	2015 £	2014 £
Profit on ordinary activities before taxation	1,071,239	633,744
Corporation tax at standard rate	224,960	145,761
Capital allowances in excess of depreciation	(47,511)	(44,650)
Non deductible expenses	242	284
Adjustment in respect of prior years	-	2,401
Tax losses	(83,017)	(74,536)
Other tax adjustments	(589)	(3,503)
Total current tax	94,085	25,757

9 Tangible fixed assets

Group

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2014	1,039,281	377,136	341,731	1,758,148
Additions	175,758	1,910	110,894	288,562
Disposals	(37,250)	-	(82,957)	(120,207)
At 31 March 2015	1,177,789	379,046	369,668	1,926,503
Depreciation				
At 1 April 2014	845,233	370,048	303,142	1,518,423
Charge for the year	66,399	3,990	24,148	94,537
Eliminated on disposals	(37,250)	-	(82,957)	(120,207)
At 31 March 2015	874,382	374,038	244,333	1,492,753
Net book value				
At 31 March 2015	303,407	5,008	125,335	433,750
At 31 March 2014	194,048	7,088	38,589	239,725

Leased assets

Included within the net book value of tangible fixed assets is £288,425 (2014 - £156,079) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £48,268 (2014 - £12,165).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... continued

10 Investments held as fixed assets

Company

	2015 £	2014 £
Shares in group undertakings and participating interests	<u>366,620</u>	<u>366,620</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 April 2014	<u>366,620</u>	<u>366,620</u>
At 31 March 2015	<u>366,620</u>	<u>366,620</u>
Net book value		
At 31 March 2015	<u>366,620</u>	<u>366,620</u>
At 31 March 2014	<u>366,620</u>	<u>366,620</u>

Details of undertakings

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

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

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... *continued*

Associates

Inch Farms Limited	Ordinary	50%	Dormant
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For the year ending 31 March 2015 the subsidiary Castle Homes (Scotland) Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

11 Stocks

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Stocks	8,836,201	9,253,780	-	-
Work in progress	14,217,088	12,650,578	-	-
	<u>23,053,289</u>	<u>21,904,358</u>	<u>-</u>	<u>-</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

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12 Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	842,557	695,112	-	-
Amounts owed by group undertakings	-	-	2,759,337	2,898,867
Amounts owed by undertakings in which the company has a participating interest	625	626	625	626
Other debtors	520,121	578,010	-	-
Prepayments and accrued income	14,393	21,463	-	-
	<u>1,377,696</u>	<u>1,295,211</u>	<u>2,759,962</u>	<u>2,899,493</u>

Group debtors includes £351,845 (2014 - £375,171) receivable after more than one year and parent company debtors includes £nil (2014 - £nil) receivable after more than one year.

Included in other debtors over one year are deferred assets, being the costs of the unrealised element of house sales under the company's deferred equity scheme. The total unrealised sales value of the retained equities as at 31 March 2015 was £470,160 (2014 - £501,260).

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Other debtors	<u>351,845</u>	<u>375,171</u>	<u>-</u>	<u>-</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... continued

13 Creditors: Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	848,147	1,187,918	-	-
Bank loans and overdrafts	932,915	1,770,160	622,200	1,770,161
Obligations under finance lease and hire purchase contracts	82,807	44,956	-	-
Amounts owed to group undertakings	-	-	4,917	4,917
Corporation tax	20,748	16,263	79,648	82,441
Other taxes and social security	135,565	78,901	-	-
Other creditors	46,246	33,323	-	-
Directors' current accounts	-	441,000	-	-
Accruals and deferred income	1,445,531	1,176,649	450	450
	<u>3,511,959</u>	<u>4,749,170</u>	<u>707,215</u>	<u>1,857,969</u>

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

Group

	2015	2014
	£	£
Bank overdraft	390,800	475,160
Bank loan	542,115	1,295,000
Directors loan	-	441,000
	<u>932,915</u>	<u>2,211,160</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... *continued*

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

In addition to the Bond and Floating Charge over all of the assets of the company, the Royal Bank of Scotland holds a cross corporate guarantee and letters of offset incorporating all group companies.

There are also Standard Securities in favour of the The Shareholding & Investment (Property) Limited over the land at Dronley Road, Birkhill. Furthermore there is a Standard Security in favour of Streetfield Property Limited over land at Aberargie as well as a Standard Security in favour of Charles Henry Butter for land at Lagreach Field, Pitlochry. There are two Standard Securities at Bearehill, Brechin one in favour of Dr Robert William Young Martin and Mrs Jennifer Martin and one in favour of Maud Muir, James Muir, Jennifer Elaine Rushton and Hugh David Rushton. There is a standard security in favour of William Sutherland and Mrs Evelyn Sutherland over land at Abernethy. There are two Standard Securities in favour of the Trustees of Dorothy Jean Michie Howison or McKenzie Smith or Torrance's Trust Disposition and Settlement over land at Newburgh. There is a Standard Security in favour of Denmarkfield Limited over land at Denmarkfield Farm.

The bank loan is secured over various completed plots.

14 Creditors: Amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Obligations under finance lease and hire purchase contracts	145,216	78,487	-	-

Obligations under finance leases and HP contracts

Amounts repayable:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
In one year or less on demand	82,807	44,956	-	-
Between one and two years	145,216	78,487	-	-
	<u>228,023</u>	<u>123,443</u>	<u>-</u>	<u>-</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

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15 Provisions

Group

	Deferred tax £	Total £
At 1 April 2014	-	-
Charged to the profit and loss account	33,082	33,082
At 31 March 2015	<u>33,082</u>	<u>33,082</u>

Analysis of deferred tax

	2015 £	2014 £
Difference between accumulated depreciation and amortisation and capital allowances	75,729	31,943
Tax losses available	<u>(42,647)</u>	<u>(31,943)</u>
	<u>33,082</u>	

16 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>236,000</u>	<u>236,000</u>	<u>236,000</u>	<u>236,000</u>

17 Dividends

	2015 £	2014 £
Dividends paid		
Current year interim dividend paid	<u>236,000</u>	<u>106,200</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... continued

18 Reserves

Group

	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2014	105,520	23,085,358	23,190,878
Profit for the year	-	944,073	944,073
Dividends	-	(236,000)	(236,000)
At 31 March 2015	<u>105,520</u>	<u>23,793,431</u>	<u>23,898,951</u>

Company

	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2014	105,520	1,066,624	1,172,144
Profit for the year	-	1,247,223	1,247,223
Dividends	-	(236,000)	(236,000)
At 31 March 2015	<u>105,520</u>	<u>2,077,847</u>	<u>2,183,367</u>

19 Reconciliation of movement in shareholders' funds

Group

	2015 £	2014 £
Profit attributable to the members of the group	944,073	607,987
Dividends	(236,000)	(106,200)
Net addition to shareholders' funds	708,073	501,787
Shareholders' funds at 1 April	<u>23,426,878</u>	<u>22,925,092</u>
Shareholders' funds at 31 March	<u>24,134,951</u>	<u>23,426,879</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

..... continued

Company

	2015	2014
	£	£
Profit attributable to the members of the company	1,247,223	58,393
Dividends	<u>(236,000)</u>	<u>(106,200)</u>
Net addition/(reduction) to shareholders' funds	1,011,223	(47,807)
Shareholders' funds at 1 April	<u>1,408,144</u>	<u>1,455,951</u>
Shareholders' funds at 31 March	<u><u>2,419,367</u></u>	<u><u>1,408,144</u></u>

20 Pension schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £172,671 (2014 - £148,833).

21 Contingent assets

The company has sold land during 2009 to a housing association and has received credits in this regard. In the year to 31 March 2010 the company has provided services to a housing association and has received credits in this regard. In the year to 31 March 2014 and 2015 the company received further credits.

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

22 Contingent liabilities

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

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

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23 Commitments

Operating lease commitments

Group

As at 31 March 2015 the group had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2015 £	2014 £
Land and buildings		
Within one year	<u>75,000</u>	<u>75,000</u>
Other		
Within one year	50,651	27,052
Within two and five years	<u>36,983</u>	<u>53,135</u>
	<u>87,634</u>	<u>80,187</u>

24 Analysis of net debt

	At 1 April 2014 £	Cash flow £	Other non-cash changes £	At 31 March 2015 £
Cash at bank and in hand	4,815,242	(1,854,769)	-	2,960,473
Bank overdraft	(475,160)	84,360	-	(390,800)
	<u>4,340,082</u>	<u>(1,770,409)</u>	<u>-</u>	<u>2,569,673</u>
Debt due within one year	(1,295,000)	752,885	-	(542,115)
Finance leases and hire purchase contracts	(123,443)	56,629	(161,209)	(228,023)
Net funds	<u>2,921,639</u>	<u>(960,895)</u>	<u>(161,209)</u>	<u>1,799,535</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

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25 Related party transactions

Other related party transactions

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

Dale Stephen

(director)

During the year a number of the directors and their families purchased consumable items, which are immaterial to the individuals concerned and the company, from A & J Stephen (Builders) Limited at market value. Also during the year the company provided services of £122,663 (2014 - £228,000) to Dale Stephen. A & J Stephen (Builders) Limited paid rent of £1,200 (2014 - £nil) to Dale Stephen. At the balance sheet date the amount due from/(to) Dale Stephen was £1,216 (2014 - £nil).

Derek Stephen

(director)

During the year a number of the directors and their families purchased consumable items, which are immaterial to the individuals concerned and the company, from A & J Stephen (Builders) Limited at market value. Also during the year the company repaid £441,000 (2014 - £nil) to Derek Stephen. Derek Stephen has charged the company interest of £nil (2014 - £20,500). At the balance sheet date the amount due to Derek Stephen was £nil (2014 - £441,000).

Brian Finlay

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

During the year a number of the directors and their families purchased consumable items, which are immaterial to the individuals concerned and the company, from A & J Stephen (Builders) Limited at market value. At the balance sheet date the amount due to Brian Finlay was £nil (2014 - £nil).

John S Stephen

(director)

During the year a number of the directors and their families purchased consumable items, which are immaterial to the individuals concerned and the company, from A & J Stephen (Builders) Limited at market value. At the balance sheet date the amount due to John S Stephen was £nil (2014 - £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. At the balance sheet date the amount due from/(to) John W Stephen was £670 (2014 - £nil).

A & J Stephen Limited Retirement & Death Benefit Scheme

(the director's pension scheme)

During the year A & J Stephen (Builders) Limited was charged rent totalling £75,000 (2014 - £79,375) 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 (2014 - £nil).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2015

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Elmcliff Limited

(a company Derek Stephen, Dale Stephen, John S Stephen and Brian Finlay are directors of)

During the year A & J Stephen (Builders) Limited has paid £nil (2014 - £8,400) on behalf of Elmcliff Limited. Also during the year the group provided services of £5,596 (2014 - £1,124) to Elmcliff Limited. At the balance sheet date the amount due from Elmcliff Limited was £8,754 (2014 - £8,584).

Tanera LLP

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

During the year the company has paid expenses of £342 (2014 - £nil) on behalf of Tanera LLP. At the balance sheet date the amount due from Tanera LLP was £7,125 (2014 - £6,783).

Inch Farms Limited

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

During the year A & J Stephen (Builders) Limited paid £nil (2014 - £13) on behalf of Inch Farms Limited. At the balance sheet date the amount due from Inch Farms Limited was £87 (2014 - £87).

Paul Stephen

(Derek Stephen's son and a shareholder)

During the year the company sold a house to Paul Stephen for £162,750. A & J Stephen Limited took a 12.14% shared equity over the house. At the balance sheet date the amount due from/(to) Paul Stephen was £19,750 (2014 - £nil).

Andrea & Mark McCowan

(Brian & Lorna Finlay's daughter and son-in-law)

During the year the company sold a plot at the market value of £90,000 to Mr & Mrs McCowan. At the balance sheet date the amount due to Andrea & Mark McCowan was £nil (2014 - £nil).

Dividends

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

John S Stephen (director) - £23,600 (2014 - £10,620)

Derek Stephen (director) - £23,600 (2014 - £10,620)

Dale Stephen (director) - £59,000 (2014 - £26,550)

Lorna Finlay (director) - £30,000 (2014 - £13,500)

John W Stephen (director) - £37,760 (2014 - £16,992)

Brian Finlay (director of A & J Stephen (Builders) Limited) - £29,000 (2014 - £13,050)

Paul Stephen (Derek Stephen's son) - £11,800 (2014 - £5,310)

Joanne Thom (Derek Stephen's daughter) - £11,800 (2014 - £5,310)

Kristian Stephen (Dale Stephen's son) - £4,720 (2014 - £2,124)

Vivienne Stephen (Dale Stephen's daughter) - £4,720 (2014 - £2,124)

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

26 Control

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