

Registration number: SC057721

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# A & J Stephen (Holdings) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2019



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

**Company secretary** John Webster

**Registered office** Stephen House  
Edinburgh Road  
PERTH  
PH2 8BS

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

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

## **A & J Stephen (Holdings) Limited**

### **Strategic Report for the Year Ended 31 March 2019**

The directors present their strategic report for the year ended 31 March 2019.

#### **Principal activity**

The principal activity of the group is house building.

#### **Fair review of the business**

The group underperformed this year and returned a financial loss. The prospect of this outcome was well documented. As discussed in last year's financial statements, delays for various reasons to new developments coming forward has seen the group's turnover almost half and this reduction in volume accounts for much of the reported loss. The group also wrote down the value of land at our Chapelton development in Aberdeen. The economic fortunes of the North East economy continue to be impacted by the low oil price. Aberdeenshire house prices and sales volumes remain subdued and the board believed that the carrying value of this asset could no longer be supported.

Turnover for the year was £10.5m a reduction of £8.4m on the previous year. The gross margin also suffered and stands at 3%. Setting the capital write-down aside the underlying trading margin was 10.6%, a reduction of 6.4% on last year. Raw material price increases along with industry wide skills shortage continue to erode the margin.

Despite this poor trading result the group continues to operate from a position of financial strength with total equity in excess of £23m. At the year end the group had no borrowings and had cash resources in excess of £3m.

#### **Outlook**

Turning to the next 12 months the financial outlook shows an improving situation. Sales are encouraging at our West Woodlands development in Perth as is the case in Inverness where we are now on the second phase of our Tornagrain development. Our much anticipated new development in Scone will start in the first quarter of 2020 with the first occupations mid-summer. We also intend to start work on site at our Guildtown development in the coming financial year.

Investment in our timber kit factory has seen the introduction of state of new fabrication equipment that allows insulated panels up to 9 metres long complete with windows and door made in factory controlled conditions. This investment will help reduce our dependence on traditional trades, reduce construction times on site and improve margins. The first houses benefiting from this leading edge methodology have been built at West Woodlands and Tornagrain.

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

	<b>Unit</b>	<b>2019</b>	<b>2018</b>
Turnover	£	10,583,186	18,955,231
Gross Margin	%	3	17
(Loss)/Profit on ordinary activities before tax	£	(2,234,526)	656,068
Total Equity	£	23,292,255	25,523,590

## **A & J Stephen (Holdings) Limited**

### **Strategic Report for the Year Ended 31 March 2019**

The group continues to invest in strategic land acquisitions to maintain its long term sustainable growth strategy. In-house expertise in promoting development through the planning process helps drive this vision.

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

The core of any business is its people and the Board recognise that the dedication and hard work of its long serving and enthusiastic workforce are fundamental to the success of the business. There are currently 75 talented employees in the group across development sites and head office. This number is likely to increase in the coming year as we invest further in offsite fabrication.

The Company has an enviable reputation in the industry and this is founded on the excellence and quality of a Stephen home. This quality standard continues to be maintained and we were delighted to be the first Scottish based builder to be awarded 5-Star builder status by NHBC attaining an unprecedented 100% customer satisfaction rating. The umbrella industry body Homes for Scotland also recognised the value of a Stephen home at their annual awards ceremony when we won 'Private Development of the Year' for our Tornagrain development.

#### **Principal risks and uncertainties**

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

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

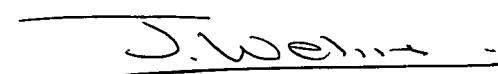
- Delivery of new development sites

It is vitally important that new developments emerge from the approvals process in order to protect the core operation and support the significant fixed overhead.

- Economic uncertainty

The housing market remains reasonably buoyant; house purchasers are weary of the whole Brexit debacle and are getting on with their lives. However, given the uncertain landscape which lies ahead from an economic perspective, the group continues to assess the uncertainties associated Brexit; in particular around the likely impact to the supply chain of raw materials many of which are indirectly sourced from Europe.

Approved by the Board on 19 December 2019 and signed on its behalf by:



.....  
John Webster  
Company secretary

## **A & J Stephen (Holdings) Limited**

### **Directors' Report for the Year Ended 31 March 2019**

The directors present their report and the for the year ended 31 March 2019.

#### **Directors of the group**

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

Mrs Lorna Finlay

Mr John W Stephen

Mr Dale Stephen

Mr Derek Stephen (deceased 24 September 2018)

Mr John S Stephen

#### **Financial instruments**

#### ***Objectives and policies***

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

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

The group does not trade in financial instruments.

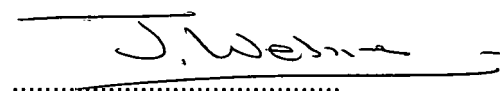
#### **Disclosure of information to the auditor**

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

#### **Reappointment of auditors**

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

Approved by the Board on 19 December 2019 and signed on its behalf by:



John Webster  
Company secretary

## **A & J Stephen (Holdings) Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 (Holdings) Limited**

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

#### **Opinion**

We have audited the financial statements of A & J Stephen (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2019 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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



## **A & J Stephen (Holdings) Limited**

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

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

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **A & J Stephen (Holdings) Limited**

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

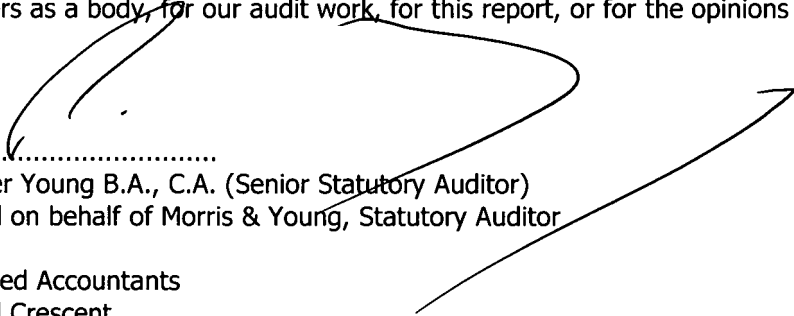
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **A & J Stephen (Holdings) Limited**

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

#### **Use of our report**

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



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

Chartered Accountants  
6 Atholl Crescent  
PERTH  
PH1 5JN

23 December 2019

## A & J Stephen (Holdings) Limited

### Consolidated Income Statement for the Year Ended 31 March 2019

	Note	2019 £	2018 £
Revenue	3	10,583,186	18,955,231
Cost of sales		<u>(10,275,847)</u>	<u>(15,640,236)</u>
Gross profit		307,339	3,314,995
Administrative expenses		(2,604,132)	(2,705,552)
Other operating income	4	<u>55,066</u>	<u>78,152</u>
Operating (loss)/profit	5	<u>(2,241,727)</u>	<u>687,595</u>
Other interest receivable and similar income	6	14,589	6,544
Interest payable and similar expenses	7	<u>(7,388)</u>	<u>(38,071)</u>
		<u>7,201</u>	<u>(31,527)</u>
(Loss)/profit before tax		(2,234,526)	656,068
Taxation	11	<u>114,111</u>	<u>(125,153)</u>
(Loss)/profit for the financial year		<u>(2,120,415)</u>	<u>530,915</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		<u>(2,120,415)</u>	<u>530,915</u>

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

## **A & J Stephen (Holdings) Limited**

### **Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year	<u>(2,120,415)</u>	<u>530,915</u>
Total comprehensive income for the year	<u><u>(2,120,415)</u></u>	<u><u>530,915</u></u>
<b>Total comprehensive income attributable to:</b>		
Owners of the company	<u><u>(2,120,415)</u></u>	<u><u>530,915</u></u>

# A & J Stephen (Holdings) Limited

(Registration number: SC057721)

## Consolidated Statement of Financial Position as at 31 March 2019

	Note	2019 £	2018 £
<b>Non Current Assets</b>			
Property Plant & Equipment	12	719,509	467,127
<b>Current assets</b>			
Inventories	14	21,580,244	20,755,986
Debtors	15	502,042	968,438
Cash at bank and in hand		<u>3,575,436</u>	<u>5,491,804</u>
		25,657,722	27,216,228
<b>Creditors: Amounts falling due within one year</b>	17	<u>(3,016,783)</u>	<u>(2,038,001)</u>
<b>Net current assets</b>		<u>22,640,939</u>	<u>25,178,227</u>
<b>Total assets less current liabilities</b>		23,360,448	25,645,354
<b>Creditors: Amounts falling due after more than one year</b>	17	(68,193)	(36,166)
<b>Provisions for liabilities</b>	18	<u>-</u>	<u>(85,598)</u>
<b>Net assets</b>		<u><u>23,292,255</u></u>	<u><u>25,523,590</u></u>
<b>Equity</b>			
Called up share capital	20	236,000	236,000
Capital redemption reserve	21	105,520	105,520
Profit and loss account	21	<u>22,950,735</u>	<u>25,182,070</u>
Equity attributable to owners of the company		<u>23,292,255</u>	<u>25,523,590</u>
Total equity		<u><u>23,292,255</u></u>	<u><u>25,523,590</u></u>

Approved and authorised by the Board on 19 December 2019 and signed on its behalf by:



Mr John W Stephen  
Director

# A & J Stephen (Holdings) Limited

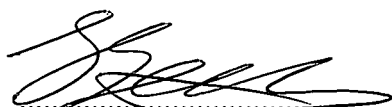
(Registration number: SC057721)

## Statement of Financial Position as at 31 March 2019

	Note	2019 £	2018 £
<b>Non Current Assets</b>			
Investments	13	366,620	366,620
<b>Current assets</b>			
Receivables	15	2,296,110	2,367,030
Cash at bank and in hand		16,804	9,117
		<u>2,312,914</u>	<u>2,376,147</u>
<b>Payables:</b> Amounts falling due within one year	17	<u>(1,224,571)</u>	<u>(1,283,326)</u>
<b>Net current assets</b>		<u>1,088,343</u>	<u>1,092,821</u>
<b>Net assets</b>		<u>1,454,963</u>	<u>1,459,441</u>
<b>Equity</b>			
Called up share capital		236,000	236,000
Capital redemption reserve		105,520	105,520
Profit and loss account		<u>1,113,443</u>	<u>1,117,921</u>
Total equity		<u>1,454,963</u>	<u>1,459,441</u>

The company made a profit after tax for the financial year of £106,442 (2018 - profit of £50,373).

Approved and authorised by the Board on 19 December 2019 and signed on its behalf by:



Mr John W Stephen  
Director

The notes on pages 17 to 38 form an integral part of these financial statements.

**A & J Stephen (Holdings) Limited**

**Consolidated Statement of Changes in Equity for the Year Ended 31 March 2019**  
**Equity attributable to the parent company**

	<b>Share capital</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2018	236,000	105,520	25,182,070	25,523,590	25,523,590
Loss for the year	-	-	(2,120,415)	(2,120,415)	(2,120,415)
Total comprehensive income	-	-	(2,120,415)	(2,120,415)	(2,120,415)
Dividends	-	-	(110,920)	(110,920)	(110,920)
At 31 March 2019	<u>236,000</u>	<u>105,520</u>	<u>22,950,735</u>	<u>23,292,255</u>	<u>23,292,255</u>
	<b>Share capital</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2017	236,000	105,520	24,839,955	25,181,475	25,181,475
Profit for the year	-	-	530,915	530,915	530,915
Total comprehensive income	-	-	530,915	530,915	530,915
Dividends	-	-	(188,800)	(188,800)	(188,800)
At 31 March 2018	<u>236,000</u>	<u>105,520</u>	<u>25,182,070</u>	<u>25,523,590</u>	<u>25,523,590</u>

The notes on pages 17 to 38 form an integral part of these financial statements.  
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**A & J Stephen (Holdings) Limited**

**Statement of Changes in Equity for the Year Ended 31 March 2019**

	<b>Share capital £</b>	<b>Capital redemption reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 April 2018	236,000	105,520	1,117,921	1,459,441
Profit for the year	-	-	106,442	106,442
Total comprehensive income	-	-	106,442	106,442
Dividends	-	-	(110,920)	(110,920)
At 31 March 2019	<u>236,000</u>	<u>105,520</u>	<u>1,113,443</u>	<u>1,454,963</u>
	<b>Share capital £</b>	<b>Capital redemption reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 April 2017	236,000	105,520	1,256,348	1,597,868
Profit for the year	-	-	50,373	50,373
Total comprehensive income	-	-	50,373	50,373
Dividends	-	-	(188,800)	(188,800)
At 31 March 2018	<u>236,000</u>	<u>105,520</u>	<u>1,117,921</u>	<u>1,459,441</u>

The notes on pages 17 to 38 form an integral part of these financial statements.  
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## A & J Stephen (Holdings) Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 March 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year		(2,120,415)	530,915
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	125,196	117,082
Profit on disposal of property plant & equipment		-	(32,993)
Finance income	6	(14,589)	(6,544)
Finance costs	7	7,388	38,071
Income tax expense	11	<u>(114,111)</u>	<u>125,153</u>
		(2,116,531)	771,684
Working capital adjustments			
(Increase)/decrease in inventories	14	(824,258)	2,864,153
Decrease/(increase) in receivables	15	505,566	(326,433)
Increase/(decrease) in payables	17	<u>1,048,809</u>	<u>(432,258)</u>
Cash generated from operations		(1,386,414)	2,877,146
Income taxes paid	11	<u>(131,815)</u>	<u>(87,713)</u>
Net cash flow from operating activities		<u>(1,518,229)</u>	<u>2,789,433</u>
<b>Cash flows from investing activities</b>			
Interest received		14,589	6,544
Acquisitions of property plant & equipment		(247,319)	(101,416)
Proceeds from sale of property plant & equipment		<u>-</u>	<u>60,000</u>
Net cash flows from investing activities		<u>(232,730)</u>	<u>(34,872)</u>
<b>Cash flows from financing activities</b>			
Interest paid	7	(3,403)	(31,038)
Repayment of other borrowing		-	(1,000,000)
Payments to finance lease creditors		(51,086)	(89,775)
Dividends paid		<u>(110,920)</u>	<u>(188,800)</u>
Net cash flows from financing activities		<u>(165,409)</u>	<u>(1,309,613)</u>
Net (decrease)/increase in cash and cash equivalents		(1,916,368)	1,444,948
Cash and cash equivalents at 1 April		<u>5,491,804</u>	<u>4,046,856</u>
Cash and cash equivalents at 31 March		<u><u>3,575,436</u></u>	<u><u>5,491,804</u></u>

The notes on pages 17 to 38 form an integral part of these financial statements.

## **A & J Stephen (Holdings) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

#### **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 19 December 2019.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

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

##### **Basis of preparation**

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

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2019.

## **A & J Stephen (Holdings) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

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

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

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

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

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

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

#### **Going concern**

A & J Stephen (Holdings) Limited is the parent company of A & J Stephen Limited and A & J Stephen (Builders) Limited. The company also is a borrower and guarantor under the group's borrowing facilities as set out in the contingent liability note. These accounts have been prepared having regard to the group's trading forecasts for the next twelve months. These forecasts include detailed cashflow projections. Notwithstanding the above, given the current economic environment, there remains a risk that the external trading environment may be worse than currently envisaged, and as a result, the directors of A & J Stephen (Holdings) Limited have also reviewed forecasts which include sensitivities that make allowance for that risk. Should such a scenario arise, the directors of A & J Stephen (Holdings) Limited have confidence that they have adequate liquidity and covenant headroom to ensure that the group can meet its liabilities as they fall due for the foreseeable future. After taking this in to account the directors of A & J Stephen (Holdings) Limited consider that it is appropriate to prepare these accounts on a going concern basis.

## **A & J Stephen (Holdings) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

#### **Revenue recognition**

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

The Group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the Group's activities.

#### **Tax**

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

#### **Property, plant and equipment**

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

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

#### **Depreciation**

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

##### **Asset class**

Plant & machinery

Fixtures, fittings & equipment

Motor vehicles

##### **Depreciation method and rate**

20% Reducing balance

20% & 50% Straight line

25% Reducing balance

## **A & J Stephen (Holdings) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

#### **Investments**

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

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

#### **Cash and cash equivalents**

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

#### **Receivables**

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

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

#### **Inventories**

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

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

#### **Payables**

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

Trade payables are recognised initially at the transaction price.

## **A & J Stephen (Holdings) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

#### **Borrowings**

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

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

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

#### **Leases**

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

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

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

#### **Share capital**

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

#### **Dividends**

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

#### **Defined contribution pension obligation**

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

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

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 3 Revenue

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Sale of goods	10,571,702	18,946,014
Rendering of services	<u>11,484</u>	<u>9,217</u>
	<u>10,583,186</u>	<u>18,955,231</u>

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Housebuilders	<u>10,583,186</u>	<u>18,955,231</u>

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
UK	<u>10,583,186</u>	<u>18,955,231</u>

#### 4 Other operating income

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Sub lease rental income	37,462	40,762
Miscellaneous other operating income	<u>17,604</u>	<u>37,390</u>
	<u>55,066</u>	<u>78,152</u>

#### 5 Operating loss

Arrived at after charging/(crediting)

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Depreciation expense	125,196	117,082
Operating lease expense - plant and machinery	95,741	103,728
Profit on disposal of property, plant and equipment	<u>-</u>	<u>(32,993)</u>



## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 6 Other interest receivable and similar income

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest income on bank deposits	14,577	6,543
Other finance income	12	1
	<u>14,589</u>	<u>6,544</u>

#### 7 Interest payable and similar charges

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and borrowings	3,403	30,858
Interest on obligations under finance leases and hire purchase contracts	3,985	7,033
Interest expense on other finance liabilities	-	180
	<u>7,388</u>	<u>38,071</u>

#### 8 Staff costs

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,245,447	2,488,364
Social security costs	249,971	299,274
Pension costs, defined contribution scheme	127,725	132,041
Redundancy costs	6,096	24,714
Other employee expense	25,701	23,805
	<u>2,654,940</u>	<u>2,968,198</u>

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Production	34	38
Administration and support	36	41
	<u>70</u>	<u>79</u>

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration	327,410	364,617
Contributions paid to money purchase schemes	<u>26,021</u>	<u>23,933</u>
	<u><u>353,431</u></u>	<u><u>388,550</u></u>

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u><u>3</u></u>	<u><u>3</u></u>

In respect of the highest paid director:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration	<u><u>136,863</u></u>	<u><u>134,719</u></u>

#### 10 Auditors' remuneration

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Audit of these financial statements	<u><u>11,145</u></u>	<u><u>9,970</u></u>
<b>Other fees to auditors</b>		
All other non-audit services	<u><u>13,790</u></u>	<u><u>23,180</u></u>

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 11 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
<b>Current taxation</b>		
UK corporation tax	-	121,168
UK corporation tax adjustment to prior periods	<u>(28,513)</u>	<u>-</u>
	(28,513)	121,168
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(85,598)</u>	<u>3,985</u>
Tax (receipt)/expense in the income statement	<u>(114,111)</u>	<u>125,153</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
(Loss)/profit before tax	<u>(2,234,526)</u>	<u>656,068</u>
Corporation tax at standard rate	(424,560)	124,653
Effect of expense not deductible in determining taxable profit (tax loss)	735	500
Effect of tax losses	456,213	-
Decrease in UK and foreign current tax from adjustment for prior periods	(28,513)	-
Tax decrease from effect of capital allowances and depreciation	(32,388)	(3,985)
Tax (decrease)/increase from other short-term timing differences	<u>(85,598)</u>	<u>3,985</u>
Total tax (credit)/charge	<u>(114,111)</u>	<u>125,153</u>

#### Deferred tax

##### Group

Deferred tax assets and liabilities

	Asset £	Liability £
<b>2019</b>		
Accelerated capital allowances	-	117,986
Tax losses	<u>427,700</u>	<u>-</u>
	<u>427,700</u>	<u>117,986</u>

## **A & J Stephen (Holdings) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

<b>2018</b>	<b>Liability £</b>
Accelerated capital allowances	85,598
Tax losses	-
	<u>85,598</u>

There are £2,251,050 of unused tax losses (2018 - £Nil) for which no deferred tax asset is recognised in the Statement of Financial Position.

The group has estimated tax losses of £2,251,050 (2018 - £nil) available for carry forward against future trading profits.

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 12 Property, plant and equipment

##### Group

	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 April 2018	379,046	1,193,564	373,723	1,946,333
Additions	-	329,262	48,316	377,578
At 31 March 2019	379,046	1,522,826	422,039	2,323,911
<b>Depreciation</b>				
At 1 April 2018	379,046	836,772	263,388	1,479,206
Charge for the year	-	87,123	38,073	125,196
At 31 March 2019	379,046	923,895	301,461	1,604,402
<b>Carrying amount</b>				
At 31 March 2019	-	598,931	120,578	719,509
At 31 March 2018	-	356,792	110,335	467,127

##### Assets held under finance leases and hire purchase contracts

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

	2019 £	2018 £
Motor vehicles	77,461	85,692
Plant & machinery	110,715	81,951
	188,176	167,643

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 13 Investments

##### Group

##### Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
A & J Stephen Limited*	Scotland	Ordinary	100%	100%
A & J Stephen (Builders ) Limited*		Ordinary	100%	100%
Castle Homes (Scotland) Limited*		Ordinary	100%	100%
Associates				
Inch Farms Limited*	Scotland	Ordinary	50%	50%

\* indicates direct investment of the company

##### Subsidiary undertakings

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

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

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

##### Associate undertakings

The principal activity of Inch Farms Limited is Dormant .

##### Company

	2019	2018
	£	£
Investments in subsidiaries	<u>366,620</u>	<u>366,620</u>

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

<b>Subsidiaries</b>	<b>£</b>
<b>Cost or valuation</b>	
At 1 April 2018	<u>366,620</u>
<b>Provision</b>	
<b>Carrying amount</b>	
At 31 March 2019	<u>366,620</u>
At 31 March 2018	<u>366,620</u>

#### Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
<b>Subsidiary undertakings</b>				
A & J Stephen Limited	Scotland	Ordinary	100%	100%
A & J Stephen (Builders) Limited	Scotland	Ordinary	100%	100%
Castle (Homes) Scotland Limited	Scotland	Ordinary	100%	100%
<b>Associates</b>				
Inch Farms Limited	Scotland	Ordinary	50%	50%

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

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

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

The principal activity of Inch Farms Limited is Dormant

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

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

For the year ending 31 March 2019 the subsidiary Castle Homes (Scotland) Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

#### 14 Inventories

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Work in progress	13,891,216	12,711,354	-	-
Finished goods and goods for resale	2,021,808	328,311	-	-
Other inventories	<u>5,667,220</u>	<u>7,716,321</u>	<u>-</u>	<u>-</u>
	<u>21,580,244</u>	<u>20,755,986</u>	<u>-</u>	<u>-</u>

#### Group

The cost of inventories recognised as an expense in the year amounted to £3,601,221 (2018 - £3,539,155).

#### Impairment of inventories

The amount of impairment loss included in profit or loss is £750,000 (2018 - £Nil).

#### 15 Receivables

		Group		Company	
	Note	2019	2018	2019	2018
		£	£	£	£
Receivables		135,258	623,242	-	-
Amounts owed by related parties	26	625	625	2,296,110	2,367,030
Other receivables		309,334	327,077	-	-
Prepayments		17,655	17,494	-	-
Income tax asset	11	<u>39,170</u>	<u>-</u>	<u>-</u>	<u>-</u>
		502,042	968,438	2,296,110	2,367,030
Less non-current portion		<u>(163,806)</u>	<u>(181,695)</u>	<u>-</u>	<u>-</u>
		<u>338,236</u>	<u>786,743</u>	<u>2,296,110</u>	<u>2,367,030</u>

#### Details of non-current trade and other receivables

#### Group

£163,806 (2018 - £181,695) of other receivables is classified as non current. Included in other debtors are deferred assets, being the cost of the unrealised element of house sales under the group's deferred equity scheme. The total unrealised sales value of the retained equities as at 31 March 2019 was £219,435 (2018 - £243,285).



## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 16 Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Cash on hand	367	63	-	-
Cash at bank	3,549,984	5,469,986	16,804	9,117
Short-term deposits	25,085	21,755	-	-
	<u>3,575,436</u>	<u>5,491,804</u>	<u>16,804</u>	<u>9,117</u>

#### 17 Payables

		Group		Company	
	Note	2019	2018	2019	2018
		£	£	£	£
<b>Due within one year</b>					
Loans and borrowings	22	121,931	70,800	-	-
Trade payables		344,354	185,604	-	-
Amounts due to related parties	26	-	-	1,156,278	1,203,217
Social security and other taxes		111,597	96,257	-	-
Other payables		592,348	52,367	-	-
Accrued expenses		1,773,646	1,438,908	450	450
Income tax liability	11	72,907	194,065	67,843	79,659
		<u>3,016,783</u>	<u>2,038,001</u>	<u>1,224,571</u>	<u>1,283,326</u>
<b>Due after one year</b>					
Loans and borrowings	22	<u>68,193</u>	<u>36,166</u>	-	-

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 18 Deferred tax and other provisions

##### Group

	Deferred tax £
At 1 April 2018	85,598
Increase (decrease) in existing provisions	<u>(85,598)</u>
At 31 March 2019	<u><u>-</u></u>

#### 19 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £127,725 (2018 - £132,041).

#### 20 Share capital

##### Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>236,000</u>	<u>236,000</u>	<u>236,000</u>	<u>236,000</u>

##### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

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

#### 21 Reserves

##### Group

Called up share capital

Represents the nominal value of shares that have been issued.

Capital redemption reserve

Relates to the redemption of share capital.

Profit and loss account

Includes current and prior period retained profits and losses.

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### Company

Called up share capital

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

Capital redemption reserve

Relates to the redemption of share capital.

Profit and loss account

Includes current and prior period retained profits and losses.

#### 22 Loans and borrowings

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
<b>Non-current loans and borrowings</b>				
Finance lease liabilities	68,193	36,166	-	-

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
<b>Current loans and borrowings</b>				
Finance lease liabilities	121,931	70,800	-	-

#### Group

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

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

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

There are two Standard Securities in favour of the Trustees of Dorothy Jean Michie Howison or McKenzie Smith or Torrance's Trust Disposition and Settlement over land at Newburgh.

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

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

#### Company

## **A & J Stephen (Holdings) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

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

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

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

There are two Standard Securities in favour of the Trustees of Dorothy Jean Michie Howison or McKenzie Smith or Torrance's Trust Disposition and Settlement over land at Newburgh.

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

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

### **23 Obligations under leases and hire purchase contracts**

#### **Group**

#### **Finance leases**

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

The total of future minimum lease payments is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Not later than one year	121,931	70,800
Later than one year and not later than five years	68,193	36,166
	<u>190,124</u>	<u>106,966</u>

#### **Operating leases**

The total of future minimum lease payments is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Not later than one year	58,688	735
Later than one year and not later than five years	9,383	153,743
	<u>68,071</u>	<u>154,478</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £183,335 (2018 - £188,727).

## **A & J Stephen (Holdings) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

#### **24 Dividends**

	<b>2019 £</b>	<b>2018 £</b>
Interim dividend of £0.47 (2018 - £0.80) per ordinary share	110,920	188,800

#### **25 Contingent liabilities**

##### **Group**

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

##### **Company**

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

# **A & J Stephen (Holdings) Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2019**

### **26 Related party transactions**

#### **Group**

#### **Key management compensation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Salaries and other short term employee benefits	327,410	364,617
Post-employment benefits	<u>26,022</u>	<u>23,933</u>
	<u><u>353,432</u></u>	<u><u>388,550</u></u>

#### **Summary of transactions with key management**

#### **Dividends paid to directors**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Mr John S Stephen</b>		
Interim dividend	<u>11,092</u>	<u>18,880</u>
<b>Mr Dale Stephen</b>		
Interim dividend	<u>27,730</u>	<u>47,200</u>
<b>Mr John W Stephen</b>		
Interim dividends	<u>17,747</u>	<u>30,208</u>
<b>Mrs Lorna Finlay</b>		
Interim dividends	<u>14,100</u>	<u>24,000</u>

#### **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.

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### Summary of transactions with associates

Associated company

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

#### Summary of transactions with other related parties

Family, associated companies & directors pension scheme

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

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

#### Income and receivables from related parties

	Key management £	Other related parties £
<b>2019</b>		
Sale of goods & services	10,809	8,397
Amounts receivable from related party	<u>6,174</u>	<u>4,860</u>
	Key management £	Other related parties £
<b>2018</b>		
Sale of goods & services	23,291	10,556
Amounts receivable from related party	<u>8,660</u>	<u>3,722</u>

#### Expenditure with and payables to related parties

	Key management £	Other related parties £
<b>2019</b>		
Leases		<u>87,500</u>
	Key management £	Other related parties £
<b>2018</b>		
Leases	<u>2,400</u>	<u>85,000</u>

#### Loans to related parties

	Associates £	Other related parties £
<b>2019</b>		
At start of period	712	18,777
Advanced	-	1,716
At end of period	<u>712</u>	<u>20,493</u>

## A & J Stephen (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

	Associates £	Other related parties £
<b>2018</b>		
At start of period	<u>712</u>	<u>18,777</u>

#### **Company Dividends paid to directors**

	2019 £	2018 £
<b>Mr John S Stephen</b>		
Interim dividends	<u>11,092</u>	<u>18,880</u>
<b>Mr Dale Stephen</b>		
Interim dividends	<u>27,730</u>	<u>47,200</u>
<b>Mr John W Stephen</b>		
Interim dividends	<u>17,747</u>	<u>30,208</u>
<b>Mrs Lorna Finlay</b>		
Interim dividends	<u>14,100</u>	<u>24,000</u>

#### **Summary of transactions with parent**

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 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.

#### **Loans to related parties**

	Associates £
<b>2019</b>	
At start of period	<u>625</u>
<b>2018</b>	
At start of period	<u>625</u>

#### **27 Parent and ultimate parent undertaking**

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