

Registration number: SC057721

A & J Stephen (Holdings) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2020



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 Lorna Finlay
Dale Stephen
John W Stephen
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 2020

The directors present their strategic report for the year ended 31 March 2020.

Principal activity

The principal activity of the group is house building.

Fair review of the business

The performance of the group improved in the year with turnover increasing by 46.8% on the previous year to £15.5m. The gross margin also improved from 3% in 2019 to 12.1% in the current year. Much of the turnover derived from our site at Tornagrain, just outside Inverness, and our Perth site, West Woodlands. Both sites have proved very popular and have sold well. We have secured land for the next phase at Tornagrain and are hopeful of realising further units at West Woodlands. Despite this improvement the group returned a pre-tax loss of £625k, an improvement on the previous year but still a disappointing result. The groups 3 years business plan shows a return to profitability over this time period.

The group continues to operate from a position of financial strength with total equity of £22.6m. At the year end the group had no borrowings and cash resources in excess of £3m.

Outlook

In the year to March 2021 the country has been in lockdown as a result of the Covid -19 pandemic for much of the time and for many months our construction sites and showhouses have been closed. In conjunction with Homes for Scotland we have developed Safe Operating Procedures across all aspects of our business. These are kept under constant review to ensure we comply with Government guidelines and that our staff, contractors and clients are kept safe. These industry wide measures allowed construction to recommence in late June.

The pandemic has had a significant impact on all aspects of our business both operationally and financially. We had forecast a return to profitability in the year to March 2021 but this will no longer be the case. Our new development at Scone, Mansfield Park, which had just started before lockdown will now not realise its first sales until March 2021. Similarly, our Guildtown development was delayed and will not contribute until the year end March 2022. Despite this slippage, our business plan remains sound and we have the full support of our bank to successfully return the business to a sustainable level of operations and a return to profitability. The board recognise the exceptional response of our staff, subcontractors and suppliers who have embraced the new working practices under Covid -19 and supported the business at this challenging time.

The economic stimulus provided through various government support initiatives has helped maintain customer confidence in the residential market and the demand for new houses remains strong. Our order book is very healthy with our new Scone development proving particularly popular.

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

	Unit	2020	2019
Turnover	£	15,540,355	10,583,186
Gross Margin	%	12	3
Profit/(loss) on ordinary activities before tax	£	(624,939)	(2,234,526)
Total Equity	£	22,667,316	23,292,255

A & J Stephen (Holdings) Limited

Strategic Report for the Year Ended 31 March 2020

The group continues to invest in strategic land acquisitions to maintain its long-term sustainable growth strategy. In-house expertise in prompting development through the planning process helps drive this vision. As the time taken to achieve planning and other statutory consents continues to be protracted, we are mindful of this when developing our long-term business projections.

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 69 talented employees in the group across development sites and head office. The group continues to make significant investment in health and safety and skills training across all sectors of the workforce.

The company continues to enjoy an enviable reputation in the industry, and this is founded on the excellence and quality of a Stephen Home. We were delighted to be once again awarded 5 star builder status by Homes for Scotland, an award which is based on customer satisfaction.

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 out with the control of the group remains our principle risks:

Covid – 19 Pandemic

The over riding uncertainty facing the business at this time is the worldwide Covid 19 pandemic. As noted above, the pandemic has had a significant impact on the business. Government support to all sectors of the economy, through various initiatives, the furlough scheme in particular, has helped secure jobs and support the wider economy. Only time will tell the of the success of the vaccination programme in easing our way out of lockdown. Government borrowing is at an all time high and the economic fallout of the pandemic will be with us for decades to come. It would be foolhardy to think the housing market will not take its share of the challenging economic landscape going forward.

Material and Labour resources

Post year end the UK has left the European Single Market but the impact of this has yet to be fully realised. We are currently experiencing material shortages and long lead times on various products, but it is unclear if this stems from Brexit or the more general economic impact of Covid across Europe. We work closely with our supply chain partners to manage this risk but such constraints on supply inevitably drive up prices and impact our margins.

The industry is facing a skills shortage and it can be very challenging to source labour, particularly in sites in the north of Scotland. Once again shortage of supply puts pressure on budgets. The company is keen to support the development of young people in the industry and works closely with colleges and local training bodies. We continue to promote apprenticeships in order to ensure we have a well-trained workforce to support the business going forward and help play our part in maintaining the appropriate skills within the construction industry.

A & J Stephen (Holdings) Limited

Strategic Report for the Year Ended 31 March 2020

Approved by the Board on 29 March 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J. Webster', is written over a solid horizontal line. Below this line is a dotted horizontal line.

John Webster
Company secretary

A & J Stephen (Holdings) Limited

Directors' Report for the Year Ended 31 March 2020

The directors present their report and the for the year ended 31 March 2020.

Directors of the group

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

Lorna Finlay

Dale Stephen

John W Stephen

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 29 March 2021 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 2020, 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 2020 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 6], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

A & J Stephen (Holdings) Limited

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement 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.

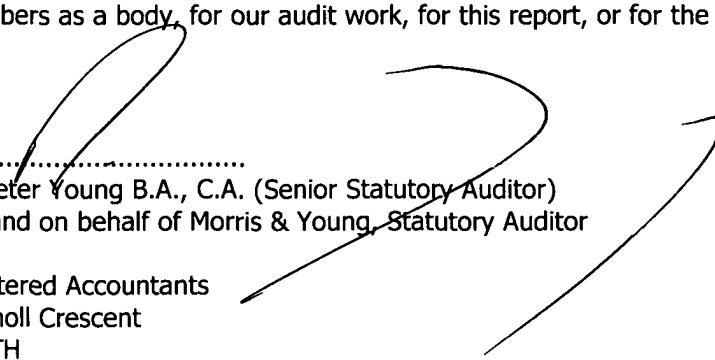
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

31 March 2021

A & J Stephen (Holdings) Limited

Consolidated Income Statement for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Revenue	3	15,540,355	10,583,186
Cost of sales		<u>(13,660,924)</u>	<u>(10,275,847)</u>
Gross profit		1,879,431	307,339
Administrative expenses		(2,538,977)	(2,604,132)
Other operating income	4	<u>60,794</u>	<u>55,066</u>
Operating loss	5	<u>(598,752)</u>	<u>(2,241,727)</u>
Other interest receivable and similar income	6	11,167	14,589
Interest payable and similar expenses	7	<u>(37,354)</u>	<u>(7,388)</u>
		<u>(26,187)</u>	<u>7,201</u>
Loss before tax		(624,939)	(2,234,526)
Taxation	11	<u>-</u>	<u>114,111</u>
Loss for the financial year		<u>(624,939)</u>	<u>(2,120,415)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>(624,939)</u>	<u>(2,120,415)</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 2020**

	2020	2019
	£	£
Loss for the year	<u>(624,939)</u>	<u>(2,120,415)</u>
Total comprehensive income for the year	<u>(624,939)</u>	<u>(2,120,415)</u>
Total comprehensive income attributable to:		
Owners of the company	<u>(624,939)</u>	<u>(2,120,415)</u>

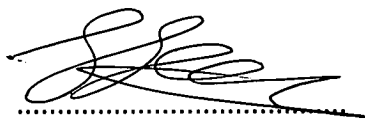
A & J Stephen (Holdings) Limited

(Registration number: SC057721)

Consolidated Statement of Financial Position as at 31 March 2020

	Note	2020 £	2019 £
Non Current Assets			
Property Plant & Equipment	12	709,439	719,509
Current assets			
Inventories	14	23,318,513	21,580,244
Debtors	15	517,356	502,042
Cash at bank and in hand		<u>3,634,758</u>	<u>3,575,436</u>
		27,470,627	25,657,722
Creditors: Amounts falling due within one year	17	<u>(5,451,256)</u>	<u>(3,016,783)</u>
Net current assets		<u>22,019,371</u>	<u>22,640,939</u>
Total assets less current liabilities		22,728,810	23,360,448
Creditors: Amounts falling due after more than one year	17	<u>(61,494)</u>	<u>(68,193)</u>
Net assets		<u>22,667,316</u>	<u>23,292,255</u>
Equity			
Called up share capital	19	236,000	236,000
Capital redemption reserve	20	105,520	105,520
Profit and loss account	20	<u>22,325,796</u>	<u>22,950,735</u>
Equity attributable to owners of the company		<u>22,667,316</u>	<u>23,292,255</u>
Total equity		<u>22,667,316</u>	<u>23,292,255</u>

Approved and authorised by the Board on 29 March 2021 and signed on its behalf by:



John W Stephen
Director

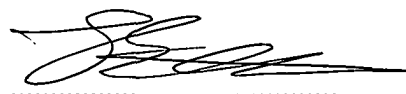
The notes on pages 18 to 40 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited
(Registration number: SC057721)
Statement of Financial Position as at 31 March 2020

	Note	2020 £	2019 £
Non Current Assets			
Investments	13	366,620	366,620
Current assets			
Receivables	15	4,228,464	2,296,110
Cash at bank and in hand		<u>15,385</u>	<u>16,804</u>
		4,243,849	2,312,914
Payables: Amounts falling due within one year	17	<u>(3,073,211)</u>	<u>(1,224,571)</u>
Net current assets		<u>1,170,638</u>	<u>1,088,343</u>
Net assets		<u><u>1,537,258</u></u>	<u><u>1,454,963</u></u>
Equity			
Called up share capital		236,000	236,000
Capital redemption reserve		105,520	105,520
Profit and loss account		<u>1,195,738</u>	<u>1,113,443</u>
Total equity		<u><u>1,537,258</u></u>	<u><u>1,454,963</u></u>

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £82,295 (2019 - profit of £106,442).

Approved and authorised by the Board on 29 March 2021 and signed on its behalf by:



John W Stephen
Director

A & J Stephen (Holdings) Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2020

Equity attributable to the parent company

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2019	236,000	105,520	22,950,735	23,292,255
Loss for the year	-	-	(624,939)	(624,939)
Total comprehensive income	-	-	(624,939)	(624,939)
At 31 March 2020	<u>236,000</u>	<u>105,520</u>	<u>22,325,796</u>	<u>22,667,316</u>
				Total equity
				£
At 1 April 2019				23,292,255
Loss for the year				(624,939)
Total comprehensive income				(624,939)
At 31 March 2020				<u>22,667,316</u>
	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2018	236,000	105,520	25,182,070	25,523,590
Loss for the year	-	-	(2,120,415)	(2,120,415)
Total comprehensive income	-	-	(2,120,415)	(2,120,415)
Dividends	-	-	(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>
				Total equity
				£
At 1 April 2018				25,523,590
Loss for the year				(2,120,415)
Total comprehensive income				(2,120,415)
Dividends				(110,920)
At 31 March 2019				<u>23,292,255</u>

The notes on pages 18 to 40 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2019	236,000	105,520	1,113,443	1,454,963
Profit for the year	-	-	82,295	82,295
Total comprehensive income	-	-	82,295	82,295
At 31 March 2020	<u>236,000</u>	<u>105,520</u>	<u>1,195,738</u>	<u>1,537,258</u>

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
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>

The notes on pages 18 to 40 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss for the year		(624,939)	(2,120,415)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	169,340	125,196
Profit on disposal of property plant & equipment		(3,750)	-
Finance income	6	(11,167)	(14,589)
Finance costs	7	37,354	7,388
Income tax expense	11	-	(114,111)
		(433,162)	(2,116,531)
Working capital adjustments			
Increase in inventories	14	(1,738,269)	(824,258)
(Increase)/decrease in receivables	15	(15,314)	505,566
(Decrease)/increase in payables	17	(611,345)	1,048,809
Cash generated from operations		(2,798,090)	(1,386,414)
Income taxes paid	11	-	(131,815)
Net cash flow from operating activities		(2,798,090)	(1,518,229)
Cash flows from investing activities			
Interest received		11,167	14,589
Acquisitions of property plant & equipment		(65,387)	(247,320)
Proceeds from sale of intangible assets		3,750	-
Net cash flows from investing activities		(50,470)	(232,731)
Cash flows from financing activities			
Interest paid	7	(37,354)	(7,388)
Proceeds from bank borrowing draw downs		3,000,000	-
Receipts from finance lease debtors		78,597	-
Payments to finance lease creditors		(133,361)	(47,100)
Dividends paid		-	(110,920)
Net cash flows from financing activities		2,907,882	(165,408)
Net increase/(decrease) in cash and cash equivalents		59,322	(1,916,368)
Cash and cash equivalents at 1 April		3,575,436	5,491,804
Cash and cash equivalents at 31 March		3,634,758	3,575,436

The notes on pages 18 to 40 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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 29 March 2021.

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 2020.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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.

The Directors have considered the impact of the Covid-19 pandemic on the going concern of the company. The group was closed for a short period during lockdown but has re-opened. Due to the financial support of CBILS, grants, furlough and the trading since re-opening in the group, the Directors consider the preparation of the accounts on a going concern basis to be appropriate.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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 2020

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 2020

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 2020

3 Revenue

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

	2020	2019
	£	£
Sale of goods	15,530,173	10,571,702
Rendering of services	<u>10,182</u>	<u>11,484</u>
	<u>15,540,355</u>	<u>10,583,186</u>

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

	2020	2019
	£	£
Housebuilders	<u>15,540,355</u>	<u>10,583,186</u>

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

	2020	2019
	£	£
UK	<u>15,540,355</u>	<u>10,583,186</u>

4 Other operating income

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

	2020	2019
	£	£
Sub lease rental income	31,449	37,462
Miscellaneous other operating income	<u>29,345</u>	<u>17,604</u>
	<u>60,794</u>	<u>55,066</u>

5 Operating loss

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	169,340	125,196
Operating lease expense - plant and machinery	96,796	95,741
Profit on disposal of property, plant and equipment	<u>(3,750)</u>	<u>-</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

6 Other interest receivable and similar income

	2020 £	2019 £
Interest income on bank deposits	11,159	14,577
Other finance income	8	12
	<u>11,167</u>	<u>14,589</u>

7 Interest payable and similar charges

	2020 £	2019 £
Interest on bank overdrafts and borrowings	21,837	3,403
Interest on obligations under finance leases and hire purchase contracts	15,517	3,985
	<u>37,354</u>	<u>7,388</u>

8 Staff costs

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

	2020 £	2019 £
Wages and salaries	2,330,052	2,245,447
Social security costs	259,920	249,971
Pension costs, defined contribution scheme	129,703	127,725
Redundancy costs	-	6,096
Other employee expense	35,559	25,701
	<u>2,755,234</u>	<u>2,654,940</u>

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

	2020 No.	2019 No.
Production	39	34
Administration and support	32	36
	<u>71</u>	<u>70</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	335,793	327,410
Contributions paid to money purchase schemes	<u>24,732</u>	<u>26,021</u>
	<u><u>360,525</u></u>	<u><u>353,431</u></u>

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

	2020	2019
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2020	2019
	£	£
Remuneration	<u>138,658</u>	<u>136,863</u>

10 Auditors' remuneration

	2020	2019
	£	£
Audit of these financial statements	<u>11,485</u>	<u>11,145</u>
Other fees to auditors		
All other non-audit services	<u>12,145</u>	<u>13,790</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

11 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax adjustment to prior periods	-	(28,513)
Deferred taxation		
Arising from origination and reversal of timing differences	-	(85,598)
Tax receipt in the income statement	-	(114,111)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	(624,939)	(2,234,526)
Corporation tax at standard rate	(118,738)	(424,560)
Effect of expense not deductible in determining taxable profit (tax loss)	534	735
Effect of tax losses	120,364	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	(2,160)	(32,388)
Tax decrease from other short-term timing differences	-	(85,598)
Total tax credit	-	(114,111)

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2020		
Accelerated capital allowances	-	120,026
Tax losses	120,026	-
	120,026	120,026

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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

There are £2,883,923 of unused tax losses (2019 - £2,251,050) for which no deferred tax asset is recognised in the Statement of Financial Position.

The group has estimated tax losses of £2,883,923 (2019 - £2,251,050) available for carry forward against future trading profits.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

12 Property, plant and equipment

Group

	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2019	379,046	1,522,826	422,039	2,323,911
Additions	33,797	125,473	-	159,270
Disposals	-	-	(53,522)	(53,522)
At 31 March 2020	<u>412,843</u>	<u>1,648,299</u>	<u>368,517</u>	<u>2,429,659</u>
Depreciation				
At 1 April 2019	379,046	923,895	301,461	1,604,402
Charge for the year	1,864	137,332	30,144	169,340
Eliminated on disposal	-	-	(53,522)	(53,522)
At 31 March 2020	<u>380,910</u>	<u>1,061,227</u>	<u>278,083</u>	<u>1,720,220</u>
Carrying amount				
At 31 March 2020	<u>31,933</u>	<u>587,072</u>	<u>90,434</u>	<u>709,439</u>
At 31 March 2019	<u>-</u>	<u>598,931</u>	<u>120,578</u>	<u>719,509</u>

Assets held under finance leases and hire purchase contracts

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

	2020 £	2019 £
Motor vehicles	59,949	77,461
Plant & machinery	<u>253,229</u>	<u>110,715</u>
	<u>313,178</u>	<u>188,176</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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	
			2020	2019
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

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Subsidiary undertakings

A & J Stephen Limited

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

A & J Stephen (Builders) Limited

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

Castle Homes (Scotland) Limited

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

Associate undertakings

Inch Farms Limited

The principal activity of Inch Farms Limited is Dormant .

Company

	2020 £	2019 £
Investments in subsidiaries	<u>366,620</u>	<u>366,620</u>
Subsidiaries		£
Cost or valuation		
At 1 April 2019		<u>366,620</u>
Provision		
Carrying amount		
At 31 March 2020		<u>366,620</u>
At 31 March 2019		<u>366,620</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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	
			2020	2019
Subsidiary undertakings				
A & J Stephen Limited	Scotland	Ordinary	100%	100%
A & J Stephen (Builders) Limited	Scotland	Ordinary	100%	100%
Castle (Homes) Scotland Limited	Scotland	Ordinary	100%	100%
Associates				
Inch Farms Limited	Scotland	Ordinary	50%	50%

Subsidiary undertakings

A & J Stephen Limited

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

A & J Stephen (Builders) Limited

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

Castle (Homes) Scotland Limited

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

Associates

Inch Farms Limited

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).

For the year ending 31 March 2020 the subsidiary Castle Homes (Scotland) Limited was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

14 Inventories

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Work in progress	16,032,365	13,891,216	-	-
Finished goods and goods for resale	1,849,722	2,021,808	-	-
Other inventories	5,436,426	5,667,220	-	-
	<u>23,318,513</u>	<u>21,580,244</u>	<u>-</u>	<u>-</u>

Group

The cost of inventories recognised as an expense in the year amounted to £5,510,641 (2019 - £3,601,221).

Impairment of inventories

The amount of impairment loss included in profit or loss is £Nil (2019 - £750,000).

15 Receivables

		Group		Company	
	Note	2020	2019	2020	2019
		£	£	£	£
Receivables		80,218	135,258	-	-
Amounts owed by related parties	26	625	625	4,228,464	2,296,110
Other receivables		383,972	309,333	-	-
Prepayments		13,371	17,656	-	-
Income tax asset	11	39,170	39,170	-	-
		<u>517,356</u>	<u>502,042</u>	<u>4,228,464</u>	<u>2,296,110</u>
Less non-current portion		<u>(124,544)</u>	<u>(163,806)</u>	<u>-</u>	<u>-</u>
		<u>392,812</u>	<u>338,236</u>	<u>4,228,464</u>	<u>2,296,110</u>

Details of non-current trade and other receivables

Group

£124,544 (2019 - £163,806) 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 2020 was £167,085, (2019 - £219,435).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

16 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Cash on hand	482	367	-	-
Cash at bank	3,608,394	3,549,984	15,385	16,804
Short-term deposits	25,882	25,085	-	-
	<u>3,634,758</u>	<u>3,575,436</u>	<u>15,385</u>	<u>16,804</u>

17 Payables

		Group		Company	
	Note	2020	2019	2020	2019
		£	£	£	£
Due within one year					
Loans and borrowings	21	3,167,749	121,931	3,000,000	-
Trade payables		364,626	344,354	-	-
Amounts due to related parties	26	-	-	4,917	1,156,278
Social security and other taxes		92,137	111,596	-	-
Other payables		608,676	592,349	-	-
Accrued expenses		1,145,161	1,773,646	451	450
Income tax liability	11	72,907	72,907	67,843	67,843
		<u>5,451,256</u>	<u>3,016,783</u>	<u>3,073,211</u>	<u>1,224,571</u>
Due after one year					
Loans and borrowings	21	<u>61,494</u>	<u>68,193</u>	<u>-</u>	<u>-</u>

18 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 £129,703 (2019 - £127,725).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

19 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	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.

20 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.

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.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

21 Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Non-current loans and borrowings				
Hire purchase contracts	61,494	68,193	-	-

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Current loans and borrowings				
Bank borrowings	3,000,000	-	3,000,000	-
Hire purchase contracts	167,749	121,931	-	-
	<u>3,167,749</u>	<u>121,931</u>	<u>3,000,000</u>	<u>-</u>

Group

Bank borrowings

Bank loan is denominated in £ with a nominal interest rate of 2.50%, and the final instalment is due on 8 February 2021. The carrying amount at year end is £3,000,000 (2019 - £Nil).

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

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

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

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

Company

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.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

22 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	167,749	121,931
Later than one year and not later than five years	<u>61,494</u>	<u>68,193</u>
	<u><u>229,243</u></u>	<u><u>190,124</u></u>

Operating leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	24,070	58,688
Later than one year and not later than five years	<u>24,451</u>	<u>9,383</u>
	<u><u>48,521</u></u>	<u><u>68,071</u></u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £196,797 (2019 - £183,335).

23 Dividends

	2020	2019
	£	£
Interim dividend of £Nil (2019 - £0.47) per ordinary share	<u><u>-</u></u>	<u><u>110,920</u></u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

24 Contingent assets

Group

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

These credits can only be used to offset the affordable housing requirements on future sites if agreed by the local authority.

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.

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 are two standard securities over land at Spoutwells Scone in favour of Stormont Trading. There is standard security over land at Tornagrain in favour of Tornagrain Limited. There is also a standard security over land at West Woodlands in favour of The Trustees of A & J Stephen Limited Retirement and Death benefit scheme.

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 2020

26 Related party transactions

Group

Key management compensation

	2020 £	2019 £
Salaries and other short term employee benefits	359,792	327,410
Post-employment benefits	<u>24,732</u>	<u>26,022</u>
	<u>384,524</u>	<u>353,432</u>

Summary of transactions with key management

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

Dividends paid to directors

	2020 £	2019 £
John S Stephen		
Interim dividend	<u>-</u>	<u>11,092</u>
Dale Stephen		
Interim dividend	<u>-</u>	<u>27,730</u>
The Executors of the late Derek Stephen		
Interim dividends	<u>-</u>	<u>17,747</u>
Lorna Finlay		
Interim dividends	<u>-</u>	<u>14,100</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 2020

Summary of transactions with associates

Associated company

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

Summary of transactions with other related parties

Family, associated companies & directors pension scheme

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

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

Income and receivables from related parties

	Key management £	Other related parties £
2020		
Sale of goods & services	8,366	15,501
Amounts receivable from related party	<u>1,913</u>	<u>194</u>
	Key management £	Other related parties £
2019		
Sale of goods & services	10,809	8,397
Amounts receivable from related party	<u>6,174</u>	<u>4,860</u>

Expenditure with and payables to related parties

	Other related parties £
2020	
Leases	<u>100,000</u>
	Other related parties £
2019	
Leases	<u>87,500</u>

Loans to related parties

	Associates £	Other related parties £	Total £
2020			
At start of period	712	20,493	21,205
Advanced	<u>-</u>	<u>1,770</u>	<u>1,770</u>
At end of period	<u>712</u>	<u>22,263</u>	<u>22,975</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

	Associates £	Other related parties £	Total £
2019			
At start of period	712	18,777	19,489
Advanced	-	1,716	1,716
At end of period	712	20,493	21,205

Company Dividends paid to directors

	2020 £	2019 £
Interim dividends	-	11,092
Interim dividends	-	27,730
The Executors of the late Derek Stephen		
Interim dividends	-	17,747
Interim dividends	-	14,100

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 all associates

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

Loans to related parties

	Associates £	Total £
2020		
At start of period	625	625
2019		
At start of period	625	625

27 Parent and ultimate parent undertaking

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