

Registration number: SC057721

A & J Stephen (Holdings) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2021

COMPANIES HOUSE
23 DEC 2021
EDINBURGH MAILBOX



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 2021

The directors present their strategic report for the year ended 31 March 2021.

Principal activity

The principal activity of the group is house building.

Fair review of the business

In common with many other businesses in our sector and indeed the wider economy, our financial performance was significantly impacted by the outbreak of the COVID pandemic and the subsequent lockdown measures from March 2020 when our construction sites were closed, and all operations suspended for a period of 3 months. Following the Scottish Government and Construction Scotland's 6 Phase restart plan we recommenced construction in June 2020, however, strict adherence to COVID protocols meant that productivity was greatly impeded. Sales activity has been strong since we reopened and despite these most testing of circumstances, turnover was maintained at a similar level to the previous year at £15m. Notwithstanding this achievement, the economic impact of the pandemic on our market meant we had to impair the carrying value of stock and work in progress and as a result group returned a pre-tax loss of £2.3m.

The group continues to operate from a position of financial strength with total equity in excess of £20m. At the year end the group had no net borrowings and cash resources in excess of £4m.

Outlook

The board are delighted to see that interest from potential customers in our homes remains strong, indeed sales has outstripped expectations since the end of lockdown and the housing market continues to be buoyant. The first phase of our Mansfield Park development in Scone has been fully sold out with a second phase underway. Our developments at Guildtown and Inverness have also exceeded expectations. This buoyant market, driven in part by pent-up demand from months when buying and selling were not possible also the post-lockdown desire to get more space as well as low interest rates has brought its own problems. The current level of demand for new homes is putting significant pressure on the supply chain. We are currently experiencing unprecedented price increases and material shortages with some key construction materials doubling in price. Many construction materials are on extended lead times. The widely reported skills shortage in the industry has also come home to bite with shortages experienced across all trades. This pressure on the supply chain is extending our development programmes and impacting on our margin. In light of this our forecast for the year to March 2022 has been revised down but our latest projections still anticipate the Group returning to profitability in that period.

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

	Unit	2021	2020
Turnover	£	14,907,976	15,540,355
Gross Margin	%	(2)	12
Profit/(loss) on ordinary activities before tax	£	(2,353,188)	(624,939)
Total Equity	£	20,314,128	22,667,316

A & J Stephen (Holdings) Limited

Strategic Report for the Year Ended 31 March 2021

Whilst our short and medium-term priorities have changed to reflect the Covid-19 situation, the strategic objective to enable long term sustainable growth remains the same. To that end the group has continued to invest in strategic land acquisitions. 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. Nevertheless, given the nature of the Group's business and the challenging landscape of the next 12 months we fully expect some unpredictable variations in the values and timing of cashflows. During 2021 we renewed our revolving credit facility with Santander UK plc and extended our available liquidity through the British Business Bank Corona Virus Business Interruption Loan Scheme. The Directors believe such measures will ensure the Group remains resilient to face the challenging landscape ahead and provide sufficient liquidity to deliver on its business plan and the long-term strategic direction of the Group.

The core of any business is its people, and the Board would like to thank everyone of our staff for their dedication over the last year. There are currently 75 talented employees in the group across development sites and head office. All staff have had to adapt to new ways of working with many working increasingly from home using technology and flexible working patterns to maintain delivery. COVID is likely to be with us for some time to come but the commitment and flexibility demonstrated this year gives us heart that our teams will continue to adapt and provide business continuity whatever challenges the pandemic presents us with.

The Group has a well-established and longstanding heritage in housebuilding, founded on the excellence and quality of a Stephen Home. Once again this has been recognised by our customers and we have retained our 5 Star Builder status from Homes for Scotland based on customer satisfaction. This commitment to quality and putting customers first remains at the core of our business and is as valid as ever in these challenging times.

A & J Stephen (Holdings) Limited

Strategic Report for the Year Ended 31 March 2021

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 risks relevant to the business and ensure that these risks are either mitigated or managed to an acceptable level.

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

Covid -19 Pandemic.

The overriding uncertainty facing the business remains the worldwide Covid-19 pandemic. The success of the UK vaccination programme has given us some respite from the periods of lockdown and allowed some degree of normality to return to our daily lives. However, at the time of writing this report the world is facing a new variant of the virus - Omicron. This is reported to be the most infectious variant of the virus that we have faced yet. It would be foolhardy not to recognise that it has the potential to significantly disrupt our business, the way we work and the way we live. The economic and societal impact of the Coronavirus has been devastating and is likely to be long-lasting.

Material and Labour Resources

Fuelled by a combination of high demand for new homes, Brexit and the worldwide pandemic, we are seeing unprecedented material shortages and price increases as well as a shortage of labour across all trades. Our buying and commercial departments are working closely with our supply chain partners to minimise the impact on the business, but many construction materials are on long lead times and maintaining build continuity is an ongoing challenge. This disruption to the supply chain is extending our build programmes and significantly increasing our cost base. Clearly profitability will continue to be hindered until such times as supply and demand in the economy rebalance.

Approved by the Board on 21 December 2021 and signed on its behalf by:



.....
John Webster
Company secretary

A & J Stephen (Holdings) Limited

Directors' Report for the Year Ended 31 March 2021

The directors present their report and the for the year ended 31 March 2021.

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 21 December 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 2021, 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 2021 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the opportunities that may exist within the organisation for fraud and identified the greatest potential for irregularities to occur is in relation to revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006, UK tax legislation, employment, environmental and health and safety legislation.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members at planning and reminded them to remain alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

Our procedures to respond to risks identified included the following:

- . reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- . enquiring of directors concerning actual and potential litigation and claims;
- . we gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the year;
- . performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- . testing of the completeness and correct allocation of revenue in the year;
- . reading minutes of meetings of those charged with governance;
- . in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- . assessing whether the judgements made in making accounting estimates are indicative of a potential bias;
- . and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A & J Stephen (Holdings) Limited

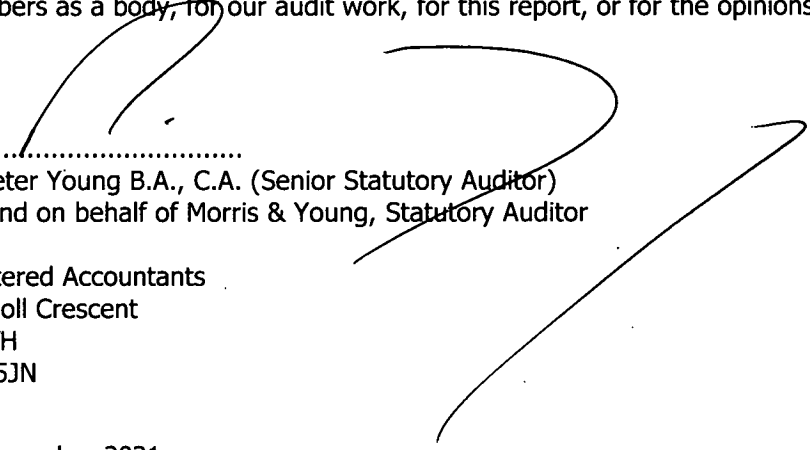
Independent Auditor's Report to the Members of A & J Stephen (Holdings) Limited

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. As with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

Use of our report

This report is made solely to the 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 2021

A & J Stephen (Holdings) Limited

Consolidated Income Statement for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Revenue	3	14,907,976	15,540,355
Cost of sales		<u>(15,235,199)</u>	<u>(13,660,924)</u>
Gross (loss)/profit		(327,223)	1,879,431
Administrative expenses		(2,389,743)	(2,538,977)
Other operating income	4	<u>435,722</u>	<u>60,794</u>
Operating loss	5	<u>(2,281,244)</u>	<u>(598,752)</u>
Other interest receivable and similar income	7	6,256	11,167
Interest payable and similar expenses	8	<u>(78,200)</u>	<u>(37,354)</u>
		<u>(71,944)</u>	<u>(26,187)</u>
Loss before tax		<u>(2,353,188)</u>	<u>(624,939)</u>
Loss for the financial year		<u>(2,353,188)</u>	<u>(624,939)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>(2,353,188)</u>	<u>(624,939)</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 2021

	2021 £	2020 £
Loss for the year	<u>(2,353,188)</u>	<u>(624,939)</u>
Total comprehensive income for the year	<u>(2,353,188)</u>	<u>(624,939)</u>
Total comprehensive income attributable to:		
Owners of the company	<u>(2,353,188)</u>	<u>(624,939)</u>

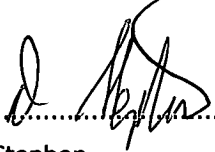
A & J Stephen (Holdings) Limited

(Registration number: SC057721)

Consolidated Statement of Financial Position as at 31 March 2021

	Note	2021 £	2020 £
Non Current Assets			
Property Plant & Equipment	13	699,472	709,439
Current assets			
Inventories	15	20,795,738	23,318,513
Debtors	16	1,228,482	517,356
Cash at bank and in hand		<u>4,351,305</u>	<u>3,634,758</u>
		26,375,525	27,470,627
Creditors: Amounts falling due within one year	18	<u>(6,725,386)</u>	<u>(5,451,256)</u>
Net current assets		<u>19,650,139</u>	<u>22,019,371</u>
Total assets less current liabilities		20,349,611	22,728,810
Creditors: Amounts falling due after more than one year	18	<u>(35,483)</u>	<u>(61,494)</u>
Net assets		<u>20,314,128</u>	<u>22,667,316</u>
Equity			
Called up share capital	20	236,000	236,000
Capital redemption reserve	21	105,520	105,520
Profit and loss account	21	<u>19,972,608</u>	<u>22,325,796</u>
Equity attributable to owners of the company		<u>20,314,128</u>	<u>22,667,316</u>
Shareholders' funds		<u>20,314,128</u>	<u>22,667,316</u>

Approved and authorised by the Board on 21 December 2021 and signed on its behalf by:

.....

Dale Stephen
Director

A & J Stephen (Holdings) Limited


(Registration number: SC057721)

Statement of Financial Position as at 31 March 2021

	Note	2021 £	2020 £
Non Current Assets			
Investments	14	366,520	366,620
Current assets			
Receivables	16	4,266,839	4,228,464
Cash at bank and in hand		<u>4,592</u>	<u>15,385</u>
		4,271,431	4,243,849
Payables: Amounts falling due within one year	18	<u>(3,069,619)</u>	<u>(3,073,211)</u>
Net current assets		<u>1,201,812</u>	<u>1,170,638</u>
Net assets		<u>1,568,332</u>	<u>1,537,258</u>
Equity			
Called up share capital		236,000	236,000
Capital redemption reserve		105,520	105,520
Profit and loss account		<u>1,226,812</u>	<u>1,195,738</u>
Total equity		<u>1,568,332</u>	<u>1,537,258</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 £31,074 (2020 - profit of £82,295).

Approved and authorised by the Board on 21 December 2021 and signed on its behalf by:


.....

Dale Stephen
Director

A & J Stephen (Holdings) Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2021

Equity attributable to the parent company

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2020	236,000	105,520	22,325,796	22,667,316
Loss for the year	-	-	(2,353,188)	(2,353,188)
Total comprehensive income	-	-	(2,353,188)	(2,353,188)
At 31 March 2021	<u>236,000</u>	<u>105,520</u>	<u>19,972,608</u>	<u>20,314,128</u>
				Total equity
				£
At 1 April 2020				22,667,316
Loss for the year				(2,353,188)
Total comprehensive income				(2,353,188)
At 31 March 2021				<u>20,314,128</u>
				Total equity
				£
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>

The notes on pages 18 to 39 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited

Statement of Changes in Equity for the Year Ended 31 March 2021

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2020	236,000	105,520	1,195,738	1,537,258
Profit for the year	-	-	31,074	31,074
Total comprehensive income	-	-	31,074	31,074
At 31 March 2021	<u>236,000</u>	<u>105,520</u>	<u>1,226,812</u>	<u>1,568,332</u>
	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>

A & J Stephen (Holdings) Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss for the year		(2,353,188)	(624,939)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	149,201	169,340
Profit on disposal of property plant & equipment		(4,181)	(3,750)
Finance income	7	(6,256)	(11,167)
Finance costs	8	78,200	37,354
		<u>(2,136,224)</u>	<u>(433,162)</u>
Working capital adjustments			
Decrease/(increase) in inventories	15	2,522,775	(1,738,269)
Increase in receivables	16	(711,126)	(15,314)
Increase/(decrease) in payables	18	1,384,071	(611,345)
Cash generated from operations		1,059,496	(2,798,090)
Income taxes paid	12	(13)	-
Net cash flow from operating activities		<u>1,059,483</u>	<u>(2,798,090)</u>
Cash flows from investing activities			
Interest received		6,256	11,167
Acquisitions of property plant & equipment		(156,053)	(65,387)
Proceeds from sale of property plant & equipment		16,819	-
Proceeds from sale of intangible assets		4,181	3,750
Net cash flows from investing activities		<u>(128,797)</u>	<u>(50,470)</u>
Cash flows from financing activities			
Interest paid	8	(78,200)	(37,354)
Proceeds from bank borrowing draw downs		-	3,000,000
Receipts from finance lease debtors		-	78,597
Payments to finance lease creditors		(135,939)	(133,361)
Net cash flows from financing activities		<u>(214,139)</u>	<u>2,907,882</u>
Net increase in cash and cash equivalents		716,547	59,322
Cash and cash equivalents at 1 April		<u>3,634,758</u>	<u>3,575,436</u>
Cash and cash equivalents at 31 March		<u>4,351,305</u>	<u>3,634,758</u>

The notes on pages 18 to 39 form an integral part of these financial statements.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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

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 2021.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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 2021

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.

Government grants

The Government have provided various packages to help companies during the Covid 19 pandemic. The group has benefited directly from this assistance in the form of the job retention scheme. The group also benefitted from a Scottish Enterprise Pivotal Enterprise Resilience fund grant. The grants have been recognised at the fair value of the asset received or receivable when there is a reasonable assurance that the grant conditions will be met and the grants will be received.

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

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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 2021

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.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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.

3 Revenue

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

	2021	2020
	£	£
Sale of goods	14,579,724	15,530,173
Rendering of services	<u>328,252</u>	<u>10,182</u>
	<u>14,907,976</u>	<u>15,540,355</u>

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

	2021	2020
	£	£
Housebuilders	<u>14,907,976</u>	<u>15,540,355</u>

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

	2021	2020
	£	£
UK	<u>14,907,976</u>	<u>15,540,355</u>

4 Other operating income

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

	2021	2020
	£	£
Government grants	385,789	-
Sub lease rental income	33,872	31,449
Miscellaneous other operating income	<u>16,061</u>	<u>29,345</u>
	<u>435,722</u>	<u>60,794</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

5 Operating loss

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	149,201	169,340
Operating lease expense - plant and machinery	112,501	96,796
Profit on disposal of property, plant and equipment	<u>(4,181)</u>	<u>(3,750)</u>

6 Government grants

Job Retention Scheme and Pivotal Resilience Fund

The amount of grants recognised in the financial statements was £385,789 (2020 - £Nil).

7 Other interest receivable and similar income

	2021	2020
	£	£
Interest income on bank deposits	6,256	11,159
Other finance income	-	8
	<u>6,256</u>	<u>11,167</u>

8 Interest payable and similar charges

	2021	2020
	£	£
Interest on bank overdrafts and borrowings	70,418	21,837
Interest on obligations under finance leases and hire purchase contracts	<u>7,782</u>	<u>15,517</u>
	<u>78,200</u>	<u>37,354</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

9 Staff costs

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

	2021	2020
	£	£
Wages and salaries	2,314,729	2,330,052
Social security costs	262,334	259,920
Pension costs, defined contribution scheme	132,445	129,703
Redundancy costs	7,799	-
Other employee expense	(1,752)	35,559
	<u>2,715,555</u>	<u>2,755,234</u>

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

	2021	2020
	No.	No.
Production	41	39
Administration and support	30	32
	<u>71</u>	<u>71</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	328,993	335,793
Contributions paid to money purchase schemes	24,839	24,732
	<u>353,832</u>	<u>360,525</u>

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

	2021	2020
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	<u>135,776</u>	<u>138,658</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

11 Auditors' remuneration

	2021	2020
	£	£
Audit of these financial statements	11,815	11,485
Other fees to auditors		
All other non-audit services	20,325	12,145

12 Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021	2020
	£	£
Loss before tax	(2,353,188)	(624,939)
Corporation tax at standard rate	(447,106)	(118,738)
Effect of expense not deductible in determining taxable profit (tax loss)	363	534
Effect of tax losses	450,779	120,364
Tax decrease from effect of capital allowances and depreciation	(4,036)	(2,160)
Total tax charge/(credit)	-	-

Deferred tax

Group

Deferred tax assets and liabilities

	Asset	Liability
	£	£
2021		
Accelerated capital allowances	-	124,063
Tax losses	124,063	-
	124,063	124,063

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

2020	Asset £	Liability £
Accelerated capital allowances	-	120,026
Tax losses	<u>120,026</u>	<u>-</u>
	<u><u>120,026</u></u>	<u><u>120,026</u></u>

There are £5,255,963 of unused tax losses (2020 - £2,883,923) for which no deferred tax asset is recognised in the Statement of Financial Position.

The group has estimated tax losses of £5,255,963 (2020 - £2,883,923) available for carry forward against future trading profits.

13 Property, plant and equipment

Group

	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2020	412,843	1,648,299	368,517	2,429,659
Additions	-	113,518	42,535	156,053
Disposals	<u>-</u>	<u>(23,800)</u>	<u>-</u>	<u>(23,800)</u>
At 31 March 2021	<u>412,843</u>	<u>1,738,017</u>	<u>411,052</u>	<u>2,561,912</u>
Depreciation				
At 1 April 2020	380,910	1,061,227	278,083	1,720,220
Charge for the year	6,759	116,733	25,709	149,201
Eliminated on disposal	<u>-</u>	<u>(6,981)</u>	<u>-</u>	<u>(6,981)</u>
At 31 March 2021	<u>387,669</u>	<u>1,170,979</u>	<u>303,792</u>	<u>1,862,440</u>
Carrying amount				
At 31 March 2021	<u><u>25,174</u></u>	<u><u>567,038</u></u>	<u><u>107,260</u></u>	<u><u>699,472</u></u>
At 31 March 2020	<u><u>31,933</u></u>	<u><u>587,072</u></u>	<u><u>90,434</u></u>	<u><u>709,439</u></u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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:

	2021	2020
	£	£
Motor vehicles	20,792	59,949
Plant & machinery	116,128	253,229
	136,920	313,178

14 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	
			2021	2020
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	0%	100%
Associates				
Inch Farms Limited*	Scotland	Ordinary	0%	50%

* indicates direct investment of the company

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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

	2021	2020
	£	£
Investments in subsidiaries	<u>366,520</u>	<u>366,620</u>
Subsidiaries		£
Cost or valuation		
At 1 April 2020		366,620
Disposals		<u>(100)</u>
At 31 March 2021		<u>366,520</u>
Provision		
Carrying amount		
At 31 March 2021		<u>366,520</u>
At 31 March 2020		<u>366,620</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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	
			2021	2020
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	0%	100%
Associates				
Inch Farms Limited	Scotland	Ordinary	0%	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.

For the year ending 31 March 2021 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 2021

15 Inventories

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Work in progress	14,282,946	16,032,365	-	-
Finished goods and goods for resale	1,530,390	1,849,722	-	-
Other inventories	4,982,402	5,436,426	-	-
	<u>20,795,738</u>	<u>23,318,513</u>	<u>-</u>	<u>-</u>

Group

Impairment of inventories

The amount of impairment loss included in profit or loss is £110,996 (2020 - £Nil).

16 Receivables

	Note	Group		Company	
		2021	2020	2021	2020
		£	£	£	£
Receivables		800,777	80,218	-	-
Amounts owed by related parties	26	-	625	4,266,839	4,228,464
Other receivables		324,802	383,972	-	-
Prepayments		63,733	13,371	-	-
Income tax asset	12	39,170	39,170	-	-
		1,228,482	517,356	4,266,839	4,228,464
Less non-current portion		<u>(103,619)</u>	<u>(124,544)</u>	<u>-</u>	<u>-</u>
		<u>1,124,863</u>	<u>392,812</u>	<u>4,266,839</u>	<u>4,228,464</u>

Details of non-current trade and other receivables

Group

£103,619 (2020 - £124,544) 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 2021 was £139,185, (2020 - £167,805).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

17 Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Cash on hand	478	482	-	-
Cash at bank	4,324,962	3,608,394	4,592	15,385
Short-term deposits	25,865	25,882	-	-
	<u>4,351,305</u>	<u>3,634,758</u>	<u>4,592</u>	<u>15,385</u>

18 Payables

	Note	Group		Company	
		2021	2020	2021	2020
		£	£	£	£
Due within one year					
Loans and borrowings	22	3,057,821	3,167,749	3,000,000	3,000,000
Trade payables		766,065	364,626	-	-
Amounts due to related parties	26	-	-	-	4,917
Social security and other taxes		104,235	92,137	-	-
Other payables		969,161	608,676	-	-
Accrued expenses		1,755,210	1,145,161	1,776	451
Income tax liability	12	72,894	72,907	67,843	67,843
		<u>6,725,386</u>	<u>5,451,256</u>	<u>3,069,619</u>	<u>3,073,211</u>
Due after one year					
Loans and borrowings	22	<u>35,483</u>	<u>61,494</u>	<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 £132,445 (2020 - £129,703).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

20 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	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.

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 2021

22 Loans and borrowings

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Non-current loans and borrowings				
Hire purchase contracts	<u>35,483</u>	<u>61,494</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Current loans and borrowings				
Bank borrowings	3,000,000	3,000,000	3,000,000	3,000,000
Hire purchase contracts	<u>57,821</u>	<u>167,749</u>	<u>-</u>	<u>-</u>
	<u>3,057,821</u>	<u>3,167,749</u>	<u>3,000,000</u>	<u>3,000,000</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 £Nil (2020 - £3,000,000).

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

CBIL's loan is denominated in £ with a nominal interest rate of 3.5%, and the final instalment is due on 25 March 2027. The carrying amount at year end is £3,000,000 (2020 - £Nil).

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 Elsick, Stonehaven.

Included in the loans and borrowings are the following amounts due after more than five years:

	2021	2020
	£	£
After more than five years by instalments	600,000	-

Company

Bank borrowings

CBIL's loan is denominated in £ with a nominal interest rate of 3.5%, and the final instalment is due on 25 March 2027. The carrying amount at year end is £3,000,000 (2020 - £Nil).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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 Elsick, Stonehaven.

Included in the loans and borrowings are the following amounts due after more than five years:

	2021	2020
	£	£
After more than five years by instalments	<u>600,000</u>	<u>-</u>

23 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	57,821	167,749
Later than one year and not later than five years	<u>35,483</u>	<u>61,494</u>
	<u>93,304</u>	<u>229,243</u>

Operating leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	86,992	24,070
Later than one year and not later than five years	<u>211,787</u>	<u>24,451</u>
	<u>298,779</u>	<u>48,521</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £212,501 (2020 - £196,797).

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

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 2021

26 Related party transactions

Group

Key management personnel

Directors

Key management compensation

	2021	2020
	£	£
Salaries and other short term employee benefits	328,933	359,792
Post-employment benefits	<u>24,839</u>	<u>24,732</u>
	<u>353,772</u>	<u>384,524</u>

Summary of transactions with key management

During the year and prior year a number of the directors and their families purchased consumable items which are immaterial to the individuals concerned and the group at market value.

Also during the year director received services from the group for £302,103 (2020 - £nil).

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

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
	£	£
2021		
Sale of goods & services	<u>16,282</u>	<u>7,972</u>
Amounts receivable from related party	<u>6,741</u>	<u>3,210</u>

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

	Key management £	Other related parties £
2020		
Sale of goods & services	8,366	15,501
Amounts receivable from related party	1,913	194

Expenditure with and payables to related parties

		Other related parties £
2021		
Leases		100,000
2020		
Leases		100,000

Loans to related parties

	Associates £	Other related parties £	Total £
2021			
At start of period	712	22,263	22,975
Expenses recognised as bad debt	(712)	-	(712)
At end of period	-	22,263	22,263
2020			
At start of period	712	20,493	21,205
Advanced	-	1,770	1,770
At end of period	712	22,263	22,975

Company

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.

A & J Stephen (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Loans to related parties

	Associates	Total
	£	£
2021		
At start of period	625	625
Expenses recognised as bad debt	<u>(625)</u>	<u>(625)</u>
At end of period	<u>-</u>	<u>-</u>
	Associates	Total
	£	£
2020		
At start of period	<u>625</u>	<u>625</u>
At end of period	<u>625</u>	<u>625</u>

27 Parent and ultimate parent undertaking

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