

PETER ALAN LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

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PETER ALAN LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2006

REGISTERED NO: 2073153

Annual report
for the year ended 31 December 2006

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Directors and advisers

Executive directors	Mr C S McVeigh Mr S A Howell
Non-executive directors	Mr P L Griffiths Mr W G Thomas - appointed 24 April 2006
Secretary	Mr S A Howell
Registered Office	Principality Buildings Queen Street Cardiff CF10 1UA
Auditors	PricewaterhouseCoopers LLP One Kingsway Cardiff CF10 3PW
Solicitors	Eversheds LLP 1 Callaghan Square Cardiff CF10 5BT
Bankers	HSBC Bank plc 56 Queen Street Cardiff CF10 2PX

Report of the directors for the year ended 31 December 2006

- 1 The directors present herewith the audited accounts for the year ended 31 December 2006. These are the company's first financial statements to be prepared in accordance with International Financial Reporting Standards (IFRSs).

2 Principal activities

The income statement for the year is set out on Page 8. The activities of the company are principally those of estate agents, lettings and property management and the provision of financial services.

3 Review of business and future developments

Our belief that 2006 would be a stronger trading year than 2005, was well founded as we set new records for total income and pre-tax profit. At £2.2m, profit was almost double the objective set out in the 2006 plan. The good work undertaken in previous years and a healthy pipeline of business enabled us to start the year confidently. As we approached the half-year stage it became clear that we would exceed the planned figures and our total income in 2006 was £12.6m. We continued to make investments in staff training and development, and, technology, all of which will further benefit the business in 2007 and beyond. We re-commenced our programme of branch refurbishments, and, this will continue apace as part of our Asset Strategy.

There is an underlying concern that the recent strong housing market might be impacted by interest rate increases in the early part of 2007. We are however, optimistic about the prospects for the company given our various development plans for bringing on additional income streams and for collaboration with other divisions within the Principality group. Our pipeline of business going into 2007 is at a record level.

4 Dividends

The directors paid a final dividend of £424,000 in relation to 2005 (2005: £292,000 in relation to 2004).

5 Directors

The directors of the company at 31 December 2006, all of whom, unless shown, have been directors for the whole of the year ended on that date, were -

Mr P L Griffiths (Chairman)
Mr S A Howell
Mr C S McVeigh
Mr W G Thomas - appointed 24 April 2006

6 Changes in fixed assets

The movements in fixed assets during the year are set out in note 10 to the financial statements.

Report of the directors for the year ended 31 December 2006 (continued)

7 Directors' interests in shares

The directors of the company at 31 December 2006 held no interests in the shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985

8 Financial risk management

Risk management is carried out by the executive directors with close co-operation of the parent company's own risk management department. The principal financial risk that the company is exposed to is that of liquidity.

The directors exercise control over the company's liquidity position through the operation of strict policies and close monitoring. The policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in funding. The directors apply prudent policies to ensure that interests of all stakeholders are protected and that public confidence in the company is maintained.

The company has no material exposures to any other financial risks.

8 Insurance of Directors

Directors Indemnity Insurance cover is maintained.

9 Charitable Donations

During the year the company made payments totalling £2,700 (2005 £3,850) in respect of charitable donations.

10 Auditors

In accordance with section 384 of the Companies Act 1985, a resolution that Deloitte and Touche LLP be appointed as auditors will be proposed at the 2007 annual general meeting.

BY ORDER OF THE BOARD



STEPHEN HOWELL
Secretary, 18 April 2007

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs issued by the International Accounting Standards Board (IASB). The financial statements are required by law to 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 then apply them consistently,
- * Make judgements and estimates that are reasonable and prudent,
- * State that the financial statements comply with IFRSs as adopted by the European Union and IFRSs issued by IASB,
- * Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Statement of disclosure of information to auditors

Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

So far as each director is aware there is no relevant audit information of which the company's auditors are unaware.

BY ORDER OF THE BOARD



STEPHEN HOWELL
Secretary, 18 April 2007

Independent auditors' report to the members of Peter Alan Limited

We have audited the financial statements of Peter Alan Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we became aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Peter Alan Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2006 and of its profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PRICEWATERHOUSECOOPERS LLP
Chartered Accountants and Registered Auditors
Cardiff, 18 April 2007

Income statement for the year ended 31 December 2006

	Notes	Continuing Operations <u>2006</u> £	Continuing Operations <u>2005</u> £
Turnover	1(c)	12,557,178	9,060,868
Net operating expenses	3	(10,402,727)	(8,428,234)
Operating profit		<u>2,154,451</u>	<u>632,634</u>
Finance income	7	72,795	33,427
Finance costs	8	(9,837)	(17,367)
Profit before income taxation	9	<u>2,217,409</u>	<u>648,694</u>
Income taxation expense	10	(686,877)	(224,119)
Retained profit for the year		<u>£ 1,530,532</u> =====	<u>£ 424,575</u> =====

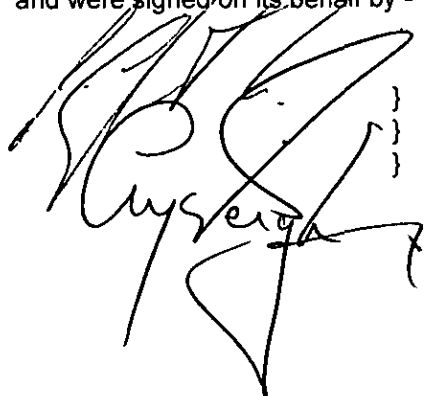
The company has no recognised income and expense other than those included in the profits above, and therefore no separate statement of total recognised income and expense has been prepared

There is no difference between the profit before income taxation and the profit for the year stated above, and their historical cost equivalents

Balance sheet - 31 December 2006

	<u>Notes</u>	<u>2006</u> £	<u>2005</u> £
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,219,607	2,265,100
Investments	13	1	1
Deferred tax asset	14	13,955	9,495
		<u>2,233,563</u>	<u>2,274,596</u>
Current assets			
Trade and other receivables	15	781,098	689,115
Cash and cash equivalents		3,707,948	2,105,020
		<u>4,489,046</u>	<u>2,794,135</u>
Total Assets		<u>£ 6,722,609</u>	<u>£ 5,068,731</u>
CAPITAL AND RESERVES			
Ordinary shares	16	1,000	1,000
Preference shares	16	769,395	769,395
Retained earnings	17	3,147,271	2,040,739
Total equity	18	<u>3,917,666</u>	<u>2,811,134</u>
LIABILITIES			
Non-current liabilities			
Borrowings	19	84,000	93,000
Current liabilities			
Trade and other payables	20	2,414,807	1,934,762
Current income tax liabilities		299,858	149,858
Borrowings - current		6,278	79,977
		<u>2,720,943</u>	<u>2,164,597</u>
Total liabilities		<u>2,804,943</u>	<u>2,257,597</u>
Total equity and liabilities		<u>£ 6,722,609</u>	<u>£ 5,068,731</u>

The financial statements on pages 8 to 24 were approved by the board of directors on 18 April 2007 and were signed on its behalf by -



Directors

Cashflow statement for year ended 31 December 2006

	<u>2006</u> £	<u>2005</u> £
Cash flows from operating activities (see below)	3,006,369	1,694,746
Interest paid	(9,837)	(17,367)
Taxation paid	(541,337)	(188,221)
Net cash generated from operating activities	2,455,195	1,489,158
Cash flows from investing activities		
Purchases of property, plant and equipment	(552,764)	(434,255)
Proceeds from sale of property, plant and equipment	134,401	82,931
Interest received	72,795	33,427
Net cash used in investing activities	(345,568)	(317,897)
Cash flows from financing activities		
Repayment of borrowings	(9,000)	(11,250)
Dividends paid	(424,000)	(292,000)
Net cash used in financing activities	(433,000)	(303,250)
Net increase in cash and cash equivalents	1,676,627	868,011
Cash and cash equivalents at beginning of the year	2,025,043	1,157,032
Cash and cash equivalents at end of the year	3,701,670	2,025,043
Cash generated from operating activities		
Profit before income tax	2,217,409	648,694
Adjusted for		
Depreciation	532,591	559,950
(Profit) on sale of property plant and equipment	(68,735)	(14,018)
Interest received	(72,795)	(33,427)
Interest paid	9,837	17,367
Changes in working capital		
Trade and other receivables	(91,983)	23,431
Trade and other payables	480,045	492,749
	£ 3,006,369	£ 1,694,746

Notes to the financial statements - 31 December 20061 Principal accounting policies

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.

(a) Basis of accounting

The financial statements of Peter Alan Limited have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

IFRS1 "First time adoption of International Financial Reporting Standards" has been adopted in preparing these financial statements. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Amendments to published standards effective in 2006

No such standards are applicable to Peter Alan Limited.

Standards early adopted by the group

No such standards are applicable to Peter Alan Limited.

Standards, amendments and interpretations effective in 2006 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2006 but they are not relevant to the company's operations:

- IAS 21 (Amendment), Net investment in a foreign operation,
- IAS 39 (Amendment), Cash flow hedge accounting of forecast intragroup transactions,
- IAS 39 (Amendment), the fair value option

Notes to the financial statements - 31 December 2006 (continued)1 Principal accounting policies (continued)(b) Property, plant and equipment

Property, plant and equipment are stated at their purchase price, together with any incidental expenses of acquisition

Provision for depreciation is made so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned
The principal annual rates used for this purpose are -

	%
Freehold buildings	2
Freehold buildings - improvements	10
Long leasehold buildings	2 or over life of lease
Short leasehold buildings	over life of lease
Furniture, fittings and office equipment	10-15
Computer equipment	20-33
Motor vehicles	25

Freehold land is not depreciated

The assets residual values and useful lives are reviewed regularly. An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

(c) Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied by the estate agency business and commissions earned in respect of financial services. Fees for the sale of residential and commercial properties are credited to the profit and loss account on exchange of contracts. Provision is made for commission earned that is likely to be repaid in the future.

(d) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Both current and deferred tax balances are calculated using tax rates that have been enacted by the balance sheet date and are expected to apply to the period when the liability is settled or the asset is realised.

Notes to the financial statements - 31 December 2006 (continued)1 Principal accounting policies (continued)(e) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease rentals are charged to the income statement on a straight-line basis over the term of the lease.

(f) Pension scheme arrangements

The company operates a defined contribution pension scheme on behalf of certain of its employees. Contributions are made at an agreed rate between the members and the company, and are charged to the income statement in the period in which they are payable.

(g) Trade receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on the active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.

Trade receivables are initially recognised at fair value less provision for impairment. A provision is made when there is objective evidence that the company will not be able to collect the amounts due.

(h) Share capital

Ordinary shares are classified as equity. Redeemable preference shares are also classified as equity, based on their terms of issue. The preference shares have no entitlement to a dividend, are non-voting and have a preferential right to return of capital on a winding up.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Trade payables

Trade payables are recognised initially at fair value.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of less than 3 months and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Notes to the financial statements - 31 December 2006 (continued)**2 Critical accounting judgements and estimates**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires the company to exercise its judgements in the process of applying the company's accounting policies. Estimates, assumptions and judgements are continuously evaluated on available information and experience. The area involving a higher degree of judgement or complexity are described below.

Clawback provision

Commissions earned in respect of financial services products sold can become repayable in the event where the client allows the policy to lapse. The amount repayable per case reduces as time expires up to a maximum of 48 months. No commission is repayable on policies lapsed after the expiration of 48 months. Provision is made in the income statement for commission earned that is likely to be repaid in future, as follows:

An analysis is made of the actual repaid commission in 2006, whereby the amount repaid is matched against the year in which it was originally received. From this analysis we can calculate the likelihood of how much commission will be repaid in future.

3 Net operating expenses

Net operating expenses are made up as follows -

	<u>2006</u> £	<u>2005</u> £
Sales costs	8,145,268	6,295,250
Establishment costs	914,036	920,053
Administrative expenses	1,343,423	1,212,931
	-----	-----
	£10,402,727	£ 8,428,234
	=====	=====

Notes to the financial statements - 31 December 2006 (continued)4 Business segments

The company operates three main business segments, estate agency, lettings and management and the provision of financial services. Transactions between the segments are on normal commercial terms and conditions.

Results by business segment

	<u>2006</u> £	<u>2005</u> £
Total income		
Estate Agency	10,515,109	7,345,978
Lettings and management	391,477	277,807
Provision of financial services	1,650,592	1,437,083
	-----	-----
	12,557,178	9,060,868
Net operating expenses	(10,402,727)	(8,428,234)
Finance income	72,795	33,427
Finance costs	(9,837)	(17,367)
	-----	-----
Profit before income taxation	£ 2,217,409	£ 648,694
	=====	=====

The company operates entirely in the UK and therefore a geographical analysis is not required.

5 Directors' emoluments

	<u>2006</u>	<u>2005</u>
Total aggregate emoluments	£ 255,951	£ 199,852
	=====	=====
Highest paid director		
Aggregate emoluments	£ 154,180	£ 120,526
	=====	=====
Accrued annual pension at year end	£ 20,943	£ 19,000
	=====	=====

Retirement benefits are accruing to two directors (2005 two) under a defined benefit pension scheme operated by Principality Building Society.

Notes to the financial statements - 31 December 2006 (continued)6 Employee information

The average weekly number of persons employed by the company (excluding directors)

	<u>2006</u>	<u>2005</u>
Sales	181	170
Administration	18	17
	<u>199</u>	<u>187</u>
	=====	=====

The employment costs of all employees above are -

	<u>2006</u> £	<u>2005</u> £
Aggregate gross wages and salaries	5,804,658	4,283,765
Social security costs	649,059	466,471
Other pension costs	70,013	65,712
	<u>£ 6,523,730</u>	<u>£ 4,815,948</u>
	=====	=====

7 Finance income

	<u>2006</u> £	<u>2005</u> £
Bank interest receivable	72,795	31,056
Other interest receivable	-	2,371
	<u>£ 72,795</u>	<u>£ 33,427</u>
	=====	=====

8 Finance costs

	<u>2006</u> £	<u>2005</u> £
Amounts payable to non group entities wholly repayable within five years -		
Bank interest on overdraft	-	10
Other interest	543	-
Bank and other charges	9,294	17,357
	<u>£ 9,837</u>	<u>£ 17,367</u>
	=====	=====

Notes to the financial statements - 31 December 2006 (continued)9 Profit before income taxation

Profit before income taxation is stated after charging -

	<u>2006</u>	<u>2005</u>
	£	£
Auditors' remuneration	14,000	13,000
Depreciation of owned tangible fixed assets	532,591	559,950
Operating lease rentals - land & buildings	328,084	327,110
and after crediting		
Rental income	116,428	120,340
Profit on disposal of fixed assets	68,735	14,018

10 Income tax expense

- (a) The charge for taxation for the year on continuing operations is as follows

	<u>2006</u>	<u>2005</u>
	£	£
Current tax	691,337	248,221
Deferred tax	(4,460)	(24,102)
Tax on profit on ordinary activities (note 8b)	£ 686,877	£ 224,119
	=====	=====

- (b) The tax for the year is higher (2005 higher) than the standard rate of corporation tax in the UK (30%) The differences are explained below,

	<u>2006</u>	<u>2005</u>
	£	£
Profit on ordinary activities before tax	2,217,409	648,694
Profit on ordinary activities multiplied by rate of corporation tax in UK of 30% (2005 30%)	665,223	194,608
Effects of		
-Expenses not deductible for tax purposes	30,317	31,290
-Adjustments in respect of previous years	(8,663)	(1,779)
Total taxation (note 8a)	£ 686,877	£ 224,119
	=====	=====

Notes to the financial statements - 31 December 2006 (continued)11 Dividend

	<u>2006</u> £	<u>2005</u> £
Final paid (2005) £4 24 per share (2004 £2 92 per share)	£ 424,000	£ 292,000
	=====	=====

The directors have proposed a final dividend for the year ended 31 December 2006 of £15 30 per share that is a total dividend of £1,530,000. This dividend has not been accounted for within the current year financial statements as it has yet to be approved.

12 Property, plant and equipment

	Land and Buildings £	Motor Vehicles £	Furniture and Equipment £	Total £
<u>Cost</u>				
At 1 January 2006	2,152,184	748,012	2,305,938	5,206,134
Additions	69,593	273,149	210,022	552,764
Disposals	(2,385)	(285,061)	(204,955)	(492,401)
At 31 December 2006	2,219,392	736,100	2,311,005	5,266,497
<u>Depreciation</u>				
At 1 January 2006	934,643	364,878	1,641,513	2,941,034
Charge for year	75,837	183,407	273,347	532,591
Disposals	(1,172)	(235,876)	(189,687)	(426,735)
At 31 December 2006	1,009,308	312,409	1,725,173	3,046,890
Net book value 31 December 2006	£ 1,210,084	£ 423,691	£ 585,832	£ 2,219,607
Net book value 31 December 2005	£ 1,217,541	£ 383,134	£ 664,425	£ 2,265,100

Land and buildings at net book value comprise -

	<u>2006</u> £	<u>2005</u> £
Freehold property	662,022	680,354
Long leasehold property	236,249	243,131
Short leasehold property	311,813	294,056
	£ 1,210,084	£ 1,217,541
	=====	=====

Notes to the financial statements - 31 December 2006 (continued)12 Property, plant and equipment (continued)

	Land and Buildings £	Motor Vehicles £	Furniture and Equipment £	Total £
<u>Cost</u>				
At 1 January 2005	2,139,701	763,409	2,417,417	5,320,527
Additions	18,044	217,234	198,977	434,255
Disposals	(5,561)	(232,631)	(310,456)	(548,648)
At 31 December 2005	2,152,184	748,012	2,305,938	5,206,134
<u>Depreciation</u>				
At 1 January 2005	862,752	348,905	1,649,162	2,860,819
Charge for year	75,164	188,780	296,006	559,950
Disposals	(3,273)	(172,807)	(303,655)	(479,735)
At 31 December 2005	934,643	364,878	1,641,513	2,941,034
Net book value 31 December 2005	£ 1,217,541	£ 383,134	£ 664,425	£ 2,265,100
Net book value 31 December 2004	£ 1,276,949	£ 414,504	£ 768,255	£ 2,459,708

13 Investments

Investment comprises the cost of the acquisition of the entire share capital of Choices Total Mortgage Delivery Company Limited, a Company registered in England and Wales. The Company is dormant.

14 Deferred tax assets

	<u>2006</u> £	<u>2005</u> £
Deferred taxation has been recognised for in respect of		
-Capital allowances less depreciation	13,355	8,895
-Other short term timing differences	600	600
Deferred tax asset	£ 13,955	£ 9,495
Asset/(provision) at 1 January 2006	9,495	(14,607)
Amount credited to profit and loss account	4,460	24,102
Asset at 31 December 2006	£ 13,955	£ 9,495

Notes to the financial statements - 31 December 2006 (continued)15 Trade and other receivables

	<u>2006</u> £	<u>2005</u> £
Trade debtors	677,890	546,164
Less provision for impairment of trade receivables	(122,921)	(93,182)
	-----	-----
	554,969	452,982
Amounts due from Principality Building Society	6,421	29,297
Prepayments and accrued income	219,708	206,836
	-----	-----
	£ 781,098	£ 689,115
	=====	=====

All the above amounts are due within one year of the balance sheet date. For all these amounts, book value equates to fair value.

16 Ordinary Shares

	<u>2006</u>		<u>2005</u>	
	Ordinary shares of 1p each	Preference shares of £1 each	Ordinary shares of 1p each	Preference shares of £1 each
Authorised - value	£ 1,000	£ 999,000	£ 1,000	£ 999,000
	=====	=====	=====	=====
-number	100,000	999,000	100,000	999,000
	=====	=====	=====	=====
Issued, called up and fully paid				
-value	£ 1,000	£ 769,395	£ 1,000	£ 769,395
	=====	=====	=====	=====
-number	100,000	769,395	100,000	769,395
	=====	=====	=====	=====

The preference shares have no entitlement to a dividend, are non-voting and have a preferential right to return of capital on a winding up.

17 Retained earnings

	£
At 1 January 2006	2,040,739
Retained profit for the financial year	1,106,532

At 31 December 2006	£ 3,147,271
	=====

Notes to the financial statements - 31 December 2006 (continued)18 Statement of changes in shareholder equity

	<u>2006</u> £	<u>2005</u> £
Profit for the Financial Year	1,530,532	424,575
Dividends	(424,000)	(292,000)
Net addition to shareholders' equity	1,106,532	132,575
Opening shareholders' equity	2,811,134	2,678,559
Closing shareholders' equity	£ 3,917,666	£ 2,811,134
	=====	=====

19 Non current liabilities - borrowings

	<u>2006</u> £	<u>2005</u> £
Amounts due to Principality Building Society (see below)	£ 84,000	£ 93,000
	=====	=====

None of the above amounts due to Principality Building Society at 31 December 2006 bear any interest

20 Trade and other payables

	<u>2006</u> £	<u>2005</u> £
Trade creditors	247,224	279,028
Amounts due to Principality Building Society	68,023	86,957
Other taxation and social security	229,238	166,053
Value added tax	386,612	258,570
Accruals and deferred income	1,483,710	1,144,154
	£ 2,414,807	£ 1,934,762
	=====	=====

Included in accruals and deferred income is £197,227 (2005 - £162,654) in respect of tenants bonds held on behalf of our landlord clients. This amount is also included in cash at bank and in hand

Notes to the financial statements - 31 December 2006 (continued)21 Obligations under leases

At 31 December 2006 the company had annual commitments under non-cancellable operating leases on land and buildings as follows -

	<u>2006</u> £	<u>2005</u> £
Expiring within one year	20,300	25,500
Expiring between two & five years	29,775	43,200
Expiring in over five years	278,250	260,013
	<u>£ 328,325</u>	<u>£ 328,713</u>

22 Capital expenditure approved

	<u>2006</u> £	<u>2005</u> £
Contracts placed for future capital expenditure not provided in the financial statements	£ 204,985	£ -
	<u>£ 204,985</u>	<u>£ -</u>

23 Related party transactions

The company undertook the following transactions with Group companies during the year

	<u>2006</u> £	<u>2005</u> £
Fees received from Principality Building Society	199,105	238,546
Rent received from Principality Building Society	52,000	52,000
Interest received from Principality Building Society	72,062	18,699
	<u>£ 323,167</u>	<u>£ 309,245</u>
Fees paid to Principality Building Society	523,448	83,356
Rent paid to Principality Building Society	134,833	94,000
	<u>£ 658,281</u>	<u>£ 177,356</u>

At the end of the year the following balances were outstanding

	<u>2006</u> £	<u>2005</u> £
Amounts due from Principality Building Society	£ 6,421	£ 29,297
Amounts owed to Principality Building Society	£ 152,023	£ 179,957

Notes to the financial statements - 31 December 2006 (continued)24 Explanation of transition to IFRS

Peter Alan Limited reported under UK GAAP in its previously published financial statements. For financial periods commencing from 1 January 2005, all European Union ("EU") listed companies and their subsidiaries are required to prepare financial statements under International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and endorsed by the European Union. Accordingly, these are the first financial statements prepared in accordance with EU-adopted IFRS.

The accounting policies set out on pages 11 to 13 have been applied in preparing the financial statements for the year ended 31 December 2006, the information for the year ended 31 December 2005 and the preparation of an opening balance sheet at 1 January 2005, the date of transition. IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 32 'Financial Instruments: Disclosure and Presentation' have not been applied to the comparative periods because the company has taken a transitional exemption and adopted these standards prospectively.

Primary financial statements format

The IFRS primary financial statements are presented in accordance with IAS 1 - 'Presentation of Financial Statements'.

The company's underlying cash position is unaffected by the transition to IFRS. However, there are a number of presentational and classification differences arising in the cash flows reported under IAS 7 - 'Cash Flow Statements' where movements on cash and cash equivalents are reconciled. Under UK GAAP the statement reconciles cash only.

First time adoption exemption applied

IFRS 1, 'First time adoption of International Financial Reporting Standards' sets out the transitional rules which must be applied when IFRS is applied for the first time. The company is required to select accounting policies in accordance with IFRS valid at the first reporting date and apply those policies retrospectively. The standard sets out certain mandatory exceptions to retrospective application and certain optional exceptions. The exemptions adopted by the company are as set out below.

(a) Business combinations

The company has elected not to apply IFRS 3, 'Business Combinations' retrospectively to business combinations that occurred prior to 1 January 2005, the company's date of transition to IFRS.

Notes to income statement and balance sheet reclassifications

Certain income statement items and balance sheet balances previously reported under UK GAAP have been reclassified to comply with the format of the company financial statements as presented under IFRS. The reclassifications below do not have any effect on the company's previously reported net income, net assets or shareholders funds.

(a) Cash and cash equivalents

Under UK GAAP, cash excludes short-term highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant change in value. Under IFRS, such investments are included within cash and cash equivalents.

Notes to the financial statements - 31 December 2006 (continued)24 Explanation of transition to IFRS (continued)Notes to income statement and balance sheet reclassifications (continued)*(b) Trade and other receivables*

Trade and other receivables falling due after more than one year, previously reported as part of current assets, have been reclassified and included within non-current assets

(c) Short term provisions

Under UK GAAP, provisions are presented on the balance sheet separately from creditors and include both current and non-current provisions. Under IFRS, the current portion of provisions is included within current liabilities

(d) Income taxes

Current corporation tax balances previously included within trade and other payables falling due within one year, have been shown separately on the face of the balance sheet

(e) General

On remeasurement of the financial statements under IFRS's no adjustments, other than the format of the financial statements, were required

25 Ultimate holding company

All the shares in Peter Alan Limited are beneficially held by Principality Building Society, a body incorporated in England and Wales