

**PETER ALAN LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2008**  
**REGISTERED NUMBER 2073153**

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## **PETER ALAN LIMITED**

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**Peter Alan Limited**

**Officers and professional advisers**

**Executive Directors**

M McGuire  
A Barry  
C McVeigh (resigned 20th May 2008)  
S Howell (resigned 5th September 2008)

**Non-executive Directors**

P L Griffiths  
W G Thomas

**Secretary**

M Borrill

**Registered office**

Principality Buildings  
Queen Street  
Cardiff  
CF10 1UA

**Auditors**

Deloitte LLP  
Blenheim House  
Fitzalan Court  
Newport Road  
Cardiff  
CF24 0TS

**Solicitors**

Eversheds LLP  
1 Callaghan Square  
Cardiff  
CF10 5BT

**Bankers**

HSBC Bank plc  
56 Queen Street  
Cardiff  
CF10 2PX

## **PETER ALAN LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors present herewith the audited accounts for the year ended 31 December 2008. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The directors have taken the exemption from the requirement to prepare an enhanced business review under section 246(4)a of the Companies Act 1985.

### **PRINCIPAL ACTIVITIES**

The activities of the Company are principally those of estate agents, lettings and property management and the provision of financial services.

### **REVIEW OF BUSINESS**

With the global credit crunch affecting the availability of mortgage finance, 2008 was a difficult year for the UK housing market and estate agents in particular. Reduced house sales activity combined with falling property prices saw Peter Alan record a loss before tax of £2,016,733 (2007: profit £833,889).

Against this market backdrop, management progressively reduced management expenses and closed three branch offices during the year. Business performance in 2009 will benefit from this reduced cost base. During the year, we invested in our growing Lettings and Asset Management parts of the business where we see the potential for further increased income.

### **GOING CONCERN**

The parent entity monitors its liquidity levels so as to ensure that an appropriate level of resources is maintained to meet the requirements of the business. These are assessed under a number of stressed scenarios reflecting the directors' views of different risks that might arise under the current economic conditions.

As presented in the Balance Sheet, the Company has financial resources, including an inter-company loan from its ultimate parent, Principality Building Society, for which the parent has confirmed they will not seek repayment in the next twelve months, to meet its day to day working capital requirements. The Company's forecasts, taking into account reasonably possible changes in trading performance show that the Company will be able to operate within the sources of funding currently available to it.

Having considered the plans and forecasts for the company the directors believe that there are no material uncertainties that lead to significant doubt on the company ability to continue in business for the foreseeable future, accordingly, the accounts continue to be prepared on a going concern bases.

### **DIVIDENDS**

The directors do not recommend the payment of a final dividend (2007: £1,530,000).

### **DIRECTORS**

The membership of the Board is set out on page 2.

The directors hold no interests in the share capital of the Company and have no beneficial interest in shares of any Group companies.

In May 2008 and September 2008 respectively, Mr C S McVeigh and Mr S A Howell resigned as directors.

## **PETER ALAN LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the Company's strategy are subject to a number of risks. Peter Alan Limited is a member of the Principality Building Society Group and aims to manage appropriately all the risks that arise from its activities and believes that its risk management philosophy should be based on an awareness of actual and potential risk exposures, the quantification of the probable impact of such exposures and the development and implementation of measures that manage such exposures within agreed limits.

The Principality has a group wide risk management function responsible for identifying and monitoring all risks and assessing the adequacy of the mitigation plans in place. The Board and Audit Committee receive regular risk reports, and the Board undertakes an annual review of major strategic risks. Accordingly, the principal risks and uncertainties are discussed in the Group's Annual Report and Accounts which does not form part of this report.

Changes in market conditions, including intensified competition, represent a potential risk, both in terms of generating and subsequently retaining business. The Board of Principality and Peter Alan Limited reports on conditions in its markets to enable it to assess the potential impact of any significant new developments, and determine the most appropriate response.

The principal business risks inherent within Peter Alan Limited's business are operational risk, reputational risk and financial risk.

#### **Operational risk management**

Operational risk is the risk of a loss arising from inadequate or failed internal processes or systems, human error or external events. For the purpose of managing operational risk, Peter Alan Limited follows the Group approach of dividing it into a number of discrete areas of risk which include, for example, process management, systems failure and fraud risk.

The Group's operational risk management framework sets out the strategy for identifying, assessing and managing operational risk with senior management having responsibility for understanding how it impacts on their business areas and for putting in place the appropriate controls, for example, business continuity management, disaster recovery and insurance.

The framework is regularly reviewed and updated to confirm that the risks being managed remain relevant and appropriate to the business.

#### **Reputational risk management**

Reputational risk is the risk that the Company does something or fails to do something that damages the good standing of the Peter Alan brand in the market place, or adversely affects the Principality Group image. We recognise that one of the most important sources of reputational risk is conflict of interest and Peter Alan Limited has adopted a policy consistent with that which is in place at the Society.

It is sometimes the case that reputational risk arises as a consequence of other risks and in this regard senior management regularly reviews the risks across the Company.

Management values the Company's reputation and it is seen as a major source of competitive advantage to be protected and managed like other assets.

## PETER ALAN LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

#### Financial risk management

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 Company also has a fully supported inter-company loan from its parent. 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.

#### DIRECTORS' INDEMNITIES

Qualifying third-party indemnity provisions (as defined by section 236 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2008 for the benefit of the directors and, at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties/powers of office.

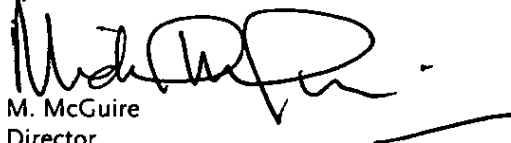
#### CHARITABLE DONATIONS

During the year the Company made payments totalling £510 (2007: £1,245) in respect of charitable donations.

#### AUDITORS

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as auditors.

By order of the Board



M. McGuire  
Director  
6 April 2009

## PETER ALAN LIMITED

### DIRECTORS' RESPONSIBILITY 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 year. Under that law the directors have prepared the Company financial statements in accordance with Internal Financial Reporting Standards (IFRS) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with the IFRS issued by the Internal 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 and 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 IFRS as adopted by the European Union and IFRS issued by IASB; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue the 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 THE 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. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

By order of the Board



M. McGuire

Director

6 April 2009

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETER ALAN LIMITED**

We have audited the company financial statements of Peter Alan Limited for the year ended 31 December 2008 which comprise the Income Statement, the statement of total recognised income and expense, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and 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).

We report to you our opinion as to whether the financial statements give a true and fair view and are 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 whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the annual report.

**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, the Annual Business Statement. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate 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.



PETER ALAN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETER ALAN LIMITED (continued)

Opinion

In our opinion:

- a) the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the company as at 31 December 2008 and of the income and expenditure of the Company for the year then ended;
- b) the financial statements have been prepared in accordance with the Companies Act 1985; and
- c) the information given in the Directors' Report is consistent with the accounting records and the financial statements.

*Deloitte LLP*

Deloitte LLP

Chartered Accountants and Registered Auditors

Cardiff

8 April 2009

**PETER ALAN LIMITED**

**INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	31 December 2008 £	31 December 2007 £
Revenue	1	6,040,337	11,529,460
Direct expenses	3	(6,894,823)	(9,181,389)
Gross loss		(854,486)	2,348,071
Other operating income	7	32,888	113,511
Administrative expenses	8	(1,172,209)	(1,610,025)
Operating (loss)/profit		(1,993,807)	851,557
Interest payable and similar charges	9	(22,966)	(17,668)
(Loss)/profit before taxation		(2,016,773)	833,889
Taxation credit/(expense)	10	167,772	(282,205)
Retained (loss)/profit for the year		(1,849,001)	551,684
Dividends paid	11	-	1,530,000

**Statement of total recognised income and expense**

(Loss)/profit for the year	(1,849,001)	551,684
Total recognised income for the year	(1,849,001)	551,684

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

The accounting policies and notes on pages 12 to 23 form part of these accounts.

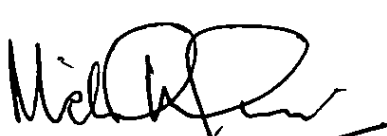
# PETER ALAN LIMITED

## BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	31 December 2008 £	31 December 2007 £
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	12	2,289,341	3,023,073
Investments	13	8	8
Deferred tax asset	14	-	-
		<u>2,289,349</u>	<u>3,023,081</u>
Current assets			
Trade and other receivables	15	609,913	1,104,158
Current income tax assets		295,369	80,142
Cash and cash equivalents		<u>1,380,713</u>	<u>2,646,020</u>
		<u>2,285,995</u>	<u>3,830,320</u>
<b>Total assets</b>		<u><b>4,575,344</b></u>	<u><b>6,853,401</b></u>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	16	3,102,946	3,568,672
Current income tax liabilities		-	-
Current borrowings	18	9,000	9,285
Provisions	17	<u>260,000</u>	<u>260,000</u>
		<u>3,371,946</u>	<u>3,837,957</u>
Non-current liabilities			
Borrowings	18	66,000	70,500
Deferred tax liability	14	<u>47,049</u>	<u>5,594</u>
		<u>113,049</u>	<u>76,094</u>
<b>Total liabilities</b>		<u><b>3,484,995</b></u>	<u><b>3,914,051</b></u>
<b>Equity</b>			
Ordinary shares	19	1,000	1,000
Preference shares	19	769,395	769,395
Retained earnings	20	<u>319,954</u>	<u>2,168,955</u>
<b>Total equity</b>	21	<u><b>1,090,349</b></u>	<u><b>2,939,350</b></u>
<b>Total equity and liabilities</b>		<u><b>4,575,344</b></u>	<u><b>6,853,401</b></u>

The financial statements on pages 8 to 10 were approved by the Board of Directors and were signed on its behalf by:

  
P. L. Griffiths  
Director  
6 April 2009

  
M. McGuire  
Director  
6 April 2009

**PETER ALAN LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 £	2007 £
Cash flows from operating activities (see below)	(2,346,504)	1,383,766
Interest paid	(22,966)	(17,668)
Taxation paid	(6,000)	(642,656)
Net cash generated from operating activities	(2,375,470)	723,442
Cash flows from investing activities		
Purchase of property, plant and equipment	(190,331)	(1,447,417)
Purchases of investments	-	(7)
Proceeds from sale of property, plant and equipment	385,116	87,590
Interest received	32,888	113,511
Net cash used in investing activities	227,673	(1,246,323)
Cash flows from financing activities		
Repayment of borrowings	(4,500)	(4,500)
Cash proceeds from parent company loan	886,990	1,001,731
Dividends paid	-	(1,530,000)
Net cash used in financing activities	882,490	(532,769)
Net increase in cash and cash equivalents	(1,265,307)	(1,055,650)
Cash and cash equivalents at beginning of the year	2,646,020	3,701,670
Cash and cash equivalents at end of the year	1,380,713	2,646,020
<b>Cash generated from operating activities</b>		
Profit before income tax	(2,016,773)	833,889
Adjusted for:		
Depreciation	572,450	600,256
Profit on sale of property, plant and equipment	(33,503)	(43,895)
Interest received	(32,888)	(113,511)
Interest paid	22,966	17,668
Changes in working capital		
Decrease/(increase) in trade and other receivables	494,245	(323,060)
(Decrease)/increase in trade and other payables	(1,352,716)	412,134
Other non-cash movements	(285)	285
	(2,346,504)	1,383,766

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**1. 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.

International Financial Reporting Standards (IFRS) have 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.

The financial statements have been prepared on a going concern basis. This is discussed in the Directors' Report on page 2.

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 8 Operating segments
- Amendments to IAS 1 presentation of financial statements
- Amendments to IAS 27 consolidated and separate financial statements
- Amendment to IAS 39 financial instruments: recognition and measurement: eligible hedged items
- Amendment to IAS 39 reclassification of financial assets: effective date and transition
- Revised IFRS 3 business combinations
- Revised IFRS 1 first time adoption of IFRS
- IFRIC 17 distributions of non-cash asset to owners

In addition the following standards and interpretations which have not been applied in these financial statements were in issue but not effective but which have no impact on the company:

- IFRIC 12 Service concession arrangements
- IFRIC 15 Agreements for the construction of real estate
- IFRIC 16 hedges of a net investment in a foreign operation

The directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008 (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 costs 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 asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(c) Revenue

Revenue, 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. All revenue is derived in the United Kingdom.

(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  
FOR THE YEAR ENDED 31 DECEMBER 2008 (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 charges 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 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.

The Company has provided fully for all trade receivables over 130 days because historical experience is such that receivables that are due beyond 130 days are generally not recoverable. Trade receivables between 30 days and 130 days are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

(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 include 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  
FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Provisions and liabilities and charges

A provision is recognised when there is a present obligation as a result of a past event, it is probable that the obligation will be settled and it can be reliably estimated.

No contingent liabilities have been recognised.

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 judgement 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 is described below.

**Fees and commissions**

Commissions earned in respect of financial services products sold can become payable 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 2008 whereby the amount repaid is matched against the year in which it was originally received. From this analysis, the impact of lapsed policies can be calculated.

**Trade debtors**

Included in the Company's trade debtors balance are debtors which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances

3. DIRECT EXPENSES

Direct expenses are made up as follows:

	2008 £	2007 £
Sales costs	6,085,114	8,008,670
Establishment costs	809,709	1,172,719
	<u>6,894,823</u>	<u>9,181,389</u>



# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

### 4. BUSINESS SEGMENTS

The Company operates three main business segments: estate agency, lettings and management and the provision of financial services which includes advice on mortgages and a range of insurance products. Transactions between the segments are on normal commercial terms and conditions.

Results by business segment	2008 £	2007 £
Total income		
Estate agency	4,630,297	9,473,936
Lettings and management	474,336	459,999
Provision of financial services	935,704	1,595,525
	<u>6,040,337</u>	<u>11,529,460</u>
Net operating expenses	(8,067,032)	(10,791,414)
Finance income	32,888	113,511
Finance costs	(22,966)	(17,668)
	<u>(2,016,773)</u>	<u>833,889</u>
(Loss)/profit before income taxation		

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

### 5. DIRECTORS' EMOLUMENTS

	2008 £	2007 £
Total aggregate emoluments	<u>259,647</u>	<u>206,805</u>
Highest paid Director		
Aggregate emoluments	<u>154,762</u>	<u>122,248</u>
Accrued annual pension at year end	<u>10,636</u>	<u>22,317</u>

Severance payments of £90,863 (2007: £nil) were made to directors of the Company during the year. The directors' emoluments for P L Griffiths, W G Thomas and M McGuire were paid by Principality who makes no recharge to Peter Alan Limited.

# **PETER ALAN LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)**

### **6. EMPLOYEE INFORMATION**

The average number of persons employed by the Company (excluding directors):

	<b>2008</b>	<b>2007</b>
Sales	154	189
Administration	16	22
	<u>170</u>	<u>211</u>

The employment costs of all employees above are:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Aggregate gross wages and salaries	4,408,932	5,373,242
Social Security costs	407,877	596,479
Other pension costs	63,319	68,814
	<u>4,880,128</u>	<u>6,038,535</u>

### **7. INVESTMENT INCOME**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	<u>32,888</u>	<u>113,511</u>

### **8. ADMINISTRATIVE EXPENSES**

Profit before taxation is stated after charging:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration	15,000	15,000
Depreciation of owned tangible fixed assets	572,450	600,256
Operating lease rentals – land and buildings	479,928	371,432
And after crediting		
Rental income	119,226	104,802
Profit on disposal of fixed assets	33,503	43,895

### **9. INTEREST PAYABLE AND SIMILAR CHARGES**

Amounts payable to non Group entities wholly repayable within five years:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank and other charges	<u>22,966</u>	<u>17,668</u>

# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

### 10. INCOME TAX EXPENSE

During the year, the statutory rate of corporation tax was reduced to 28% from 1 April 2008. The Company is subject to corporation tax at a rate of 30% for the period 1 January to 31 March 2008, and 28% for the period 1 April to 31 December 2008 resulting in an effective rate of corporation tax of 28.5% for the full year.

The charge for taxation for the year on continuing operations is as follows:

	2008 £	2007 £
Current tax:		
UK corporation tax charge for the year	-	270,000
Adjustments in respect of prior years	(209,227)	(7,344)
Deferred tax:		
Deferred tax charge for the year	41,455	19,549
Tax on (loss)/profit on ordinary activities	<u>(167,772)</u>	<u>282,205</u>

The tax charge for the year differs from that calculated using the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £	2007 £
(Loss)/profit before tax	(2,016,773)	833,889
(Loss)/profit multiplied by rate of corporation tax in UK of 28.5% (2007: 30.0%)	(574,780)	250,167
Effects of:		
Expenses not deductible for tax purposes	47,564	39,382
Group relief surrendered for nil consideration	277,049	
Movement in short term timing differences	41,455	
Tax losses carried back	250,167	
Adjustments in respect of previous years	(209,227)	(7,344)
Total taxation	<u>(167,772)</u>	<u>282,205</u>

### 11. DIVIDENDS

	2008 £	2007 £
Dividends paid	-	1,530,000
	<u>-</u>	<u>1,530,000</u>

The directors do not recommend the payment of a final dividend.

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1 January 2008	2,519,304	917,060	3,048,901	6,485,265
Additions	56,749	54,017	79,565	190,331
Disposals	(64,400)	(193,680)	(276,637)	(534,717)
At 31 December 2008	2,511,653	777,397	2,851,829	6,140,879
<u>Depreciation</u>				
At 1 January 2008	1,106,490	335,238	2,020,464	3,462,192
Charge for year	104,511	215,092	252,847	572,450
Disposals	(18,596)	(164,508)	-	(183,104)
At 31 December 2008	1,192,405	385,822	2,273,311	3,851,538
Net book value 31 December 2008	1,319,248	391,575	578,518	2,289,341
Net book value 31 December 2007	1,412,814	581,822	1,028,437	3,023,073

Land and buildings at net book value comprise:

	2008 £	2007 £
Freehold property	762,865	793,633
Long leasehold property	222,473	229,368
Short leasehold property	333,910	389,813
	1,319,248	1,412,814

	Land and buildings	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1 January 2007	2,219,392	736,100	2,311,005	5,266,497
Additions	299,912	409,609	737,896	1,447,417
Disposals	-	(228,649)	-	(228,649)
At 31 December 2007	2,519,304	917,060	3,048,901	6,485,265
<u>Depreciation</u>				
At 1 January 2007	1,009,308	312,409	1,725,173	3,046,890
Charge for year	97,182	207,783	295,291	600,256
Disposals	-	(184,954)	-	(184,954)
At 31 December 2007	1,106,490	335,238	2,020,464	3,462,192
Net book value 31 December 2007	1,412,814	581,822	1,028,437	3,023,073
Net book value 31 December 2006	1,210,084	423,691	585,832	2,219,607

# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

### 13. INVESTMENTS

The Company holds 100% of the ordinary share capital of Roderick Price Limited which has not carried on business during the year.

	2008 £	2007 £
At 1 January and 31 December	8	8

### 14. DEFERRED TAX

	2008 £	2007 £
Deferred taxation has been recognised in respect of:		
Capital allowances less depreciation	(47,049)	(6,194)
Other short term timing differences	-	600
Deferred tax liability	(47,049)	(5,594)
(Liability)/asset at 1 January	(5,594)	13,955
Amount debited to profit and loss account	(41,455)	(19,549)
Liability at 31 December	(47,049)	(5,594)

### 15. TRADE AND OTHER RECEIVABLES

	2008 £	2007 £
Trade debtors	752,739	929,061
Less: provision for impairment of trade receivables	(375,207)	(157,062)
	377,532	771,999
Amounts due from Principality Building Society	-	21,393
Prepayments and accrued income	232,381	310,766
	609,913	1,104,158

Included in the Company's trade debtors balance are debtors with a carrying amount of £190,757 (2007: £197,073) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

### 15. TRADE AND OTHER RECEIVABLES (continued)

	2008 £	2007 £
Ageing of past due but not impaired receivables		
30 to 60 days	73,175	113,260
60 to 90 days	19,561	41,312
90 to 120 days	88,738	35,772
120 to 130 days	9,283	6,729
	<u>190,757</u>	<u>197,073</u>

The directors consider that the carrying amount of trade and other receivables represents their fair value.

### 16. TRADE AND OTHER PAYABLES

	2008 £	2007 £
Trade creditors	20,015	680,071
Amounts due to Principality Building Society	1,956,744	1,069,754
Other taxation and social security	89,635	173,941
Value added tax	105,976	227,341
Accruals and deferred income	930,576	1,417,565
	<u>3,102,946</u>	<u>3,568,672</u>

Included in accruals and deferred income is £272,725 (2007: £237,580) in respect of tenants bonds held on behalf on our landlord clients. This amount is also included in cash at bank and in hand.

### 17. PROVISIONS

	£
At 1 January 2008	260,000
Utilisation of provision in the year	-
At 31 December 2008	<u>260,000</u>
Included in current liabilities	260,000

The provision represents commission earned in respect of financial services products sold that is likely to be repaid in the future. Management use best estimates of the likelihood of how commission will be repaid in the future based on past experience.

# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

### 18. CURRENT BORROWINGS

	2008 £	2007 £
Amounts due to Parent within one year	9,000	9,285
Amounts due to Parent after one year	66,000	70,500
	<u>75,000</u>	<u>79,785</u>

None of the above amounts due to Principality Building Society at 31 December 2008 bear any interest (2007: £nil).

### 19. ORDINARY SHARES

	2008		2007	
	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	<u>1,000</u>	<u>999,000</u>	<u>100,000</u>	<u>999,000</u>
Issued, called up and fully paid:				
Value	£ 1,000	£ 769,395	£ 1,000	£ 769,395
Number	<u>1,000</u>	<u>769,395</u>	<u>100,000</u>	<u>769,395</u>

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.

### 20. RETAINED EARNINGS

	£
At 1 January 2008	2,168,955
Retained loss for the financial year	<u>(1,849,001)</u>
At 31 December 2008	<u>319,954</u>

**PETER ALAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)**

**21. STATEMENT OF CHANGES IN SHAREHOLDER EQUITY**

	2008 £	2007 £
Loss for the financial year	(1,849,001)	551,684
Dividends paid	-	(1,530,000)
Net reduction to shareholders' equity	(1,849,001)	(978,316)
Opening shareholders' equity	2,939,350	3,917,666
Closing shareholders' equity	1,090,349	2,939,350

**22. OPERATING LEASE COMMITMENTS**

At 31 December 2008 the Company had annual commitments under non-cancellable operating leases on land and buildings as follows:

	2008 £	2007 £
Expiring within one year	453,465	22,900
Expiring between two and five years	1,513,090	104,092
Expiring in over five years	2,880,140	346,450
	4,846,695	473,442

**23. CAPITAL COMMITMENTS**

There were capital commitments of £120,000 as at 31 December 2008 relating to the purchase of photocopying equipment (2007: £nil).



## PETER ALAN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

#### 24. RELATED PARTY TRANSACTIONS

The Company undertook the following transactions with Group companies during the year:

	2008 £	2007 £
Fees received from Principality Building Society	48,771	151,970
Rent received from Principality Building Society	51,000	51,233
Interest received from Principality Building Society	32,888	113,504
	<u>132,659</u>	<u>316,707</u>
Fees paid to Principality Building Society	-	1,639,005
Rent paid to Principality Building Society	210,410	132,885
	<u>210,410</u>	<u>1,771,890</u>

At the end of the year the following balances were outstanding:

	2008 £	2007 £
Amounts due from Principality Building Society	-	21,393
Amounts owed to Principality Building Society	2,031,744	1,149,539

#### 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.

Principality Building Society is the parent of the smallest and largest Group of which the Company is a member and for which Group financial statements are drawn up. Copies of the Group's annual report will be published on the Society's website ([www.principality.co.uk](http://www.principality.co.uk)) and are available from May 2009 on request from the Corporate Communications Team (029) 2077 3208.