

PETER ALAN LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2012
REGISTERED NUMBER 2073153

THURSDAY



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COMPANIES HOUSE

PETER ALAN LIMITED

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PETER ALAN LIMITED

Officers and professional advisers

Executive Director	A Barry	
Non-executive Directors	W G Thomas G Yorston L Davies P L Griffiths K M Brooks	(Chairman) (Appointed 1 October 2012) (Appointed 22 February 2013) (Resigned 1 October 2012) (Resigned 22 February 2013)
Secretary	M Borrill	
Registered office	Principality Buildings Queen Street Cardiff CF10 1UA	
Auditor	Deloitte LLP Cardiff	
Solicitors	Eversheds LLP 1 Callaghan Square Cardiff CF10 5BT	
Bankers	HSBC Bank Plc 56 Queen Street Cardiff CF10 2PX Barclays Bank Plc Cardiff Business Centre Queen Street Cardiff CF10 2BJ	

PETER ALAN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present herewith the audited accounts for the year ended 31 December 2012. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

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

2012 was another challenging year for the UK housing market in general and estate agents in particular, albeit there was an increase in the availability of mortgage finance. Notwithstanding the tough trading conditions, Peter Alan house sales activity increased by 3% on 2011. Peter Alan's lettings service continued to witness impressive growth in 2012 with the number of properties under management increasing 37% on 2011, with lettings income now representing 25% of total turnover (2011: 20%). Peter Alan Limited recorded a profit before tax of £354,093 (2011: £216,967).

On the 15th February 2013 Peter Alan Limited purchased Mead Property Management Services Limited who are a letting agent operating in the Cardiff area.

KEY PERFORMANCE INDICATORS

	2012	2011
Profit before tax	£354,093	£216,967
Turnover	£8,487,619	£7,355,099
Costs	£(8,138,965)	£(7,120,872)
Average head count	195	185

GOING CONCERN

Principality Building Society, 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 it will not seek repayment in the next 18 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's ability to continue in business for the foreseeable future, accordingly, the accounts continue to be prepared on a going concern basis.

DIVIDENDS

The directors do not recommend the payment of a final dividend (2011: £nil).

DIRECTORS

The list of directors who served in the year is listed on page 1.

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

PETER ALAN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy involve the potential exposure to a number of risks. Peter Alan Limited is a member of the Principality Building Society Group which 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 Group Board, Risk Committee 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 full 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 principal business risks inherent within Peter Alan Limited's business are operational risk, reputational risk, financial risk and credit 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 marketplace, or adversely affects the Principality Building Society 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 2012 (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES (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 the Principality Building Society. The directors apply prudent policies to ensure that the interests of all stakeholders are protected and that public confidence in the Company is maintained.

Credit risk management

Credit risk is the potential risk that a customer or counterparty will fail to meet their financial obligations to the Company as they become due. For the purpose of managing credit risk, the Company follows a defined credit management procedure which is operational at all levels within the structure to ensure communication with customers and early notification of any potential exposures.

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 2012 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.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR

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 auditor is aware of that information.

So far as each director is aware there is no relevant audit information of which the Company's auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

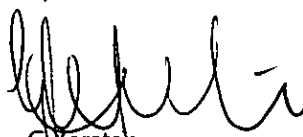
CHARITABLE DONATIONS

During the year the Company made no payments in respect of charitable donations (2011 £nil)

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and the Board has resolved that Deloitte LLP should be reappointed.

By order of the Board



G. Forston
Director
21 March 2013

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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors

- Select appropriate accounting policies and apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Annual Accounts, and
- Prepare the Annual Accounts on the going concern basis, unless it is inappropriate to presume that the Society 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PETER ALAN LIMITED

We have audited the financial statements of Peter Alan Limited for the year ended 31 December 2012 which comprise the Income and Expenditure Statement, the Statement of Total Recognised Income and Expense, the Statement of Changes in Shareholder's Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's member, 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 Company's member those matters we are required to state to it 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 Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PETER ALAN LIMITED
(Continued)

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Matthew Perkins (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom
22nd March 2013

PETER ALAN LIMITED

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	31 December 2012 £	31 December 2011 £
Revenue	4	8,487,619	7,355,099
Direct expenses	3	(6,643,768)	(5,711,326)
Gross profit		1,843,851	1,643,773
Other operating income	7	21,472	237
Administrative expenses	8	(1,495,197)	(1,409,546)
Operating profit		370,126	234,464
Interest payable and similar charges	9	(16,033)	(17,497)
Profit before taxation		354,093	216,967
Taxation charge	10	(106,608)	(87,148)
Retained profit for the financial year	20	247,485	129,819

STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE

	31 December 2012 £	31 December 2011 £
Profit for the financial year	247,485	129,819
Total recognised income for the year	247,485	129,819

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	31 December 2012 £	31 December 2011 £
Profit for the financial year	247,485	129,819
Net increase to shareholders' equity	247,485	129,819
Opening shareholders' equity	1,460,979	1,331,160
Closing shareholders' equity	1,708,464	1,460,979

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

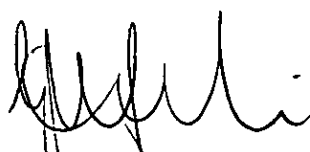
The accounting policies and notes on pages 11 to 23 form part of these accounts

PETER ALAN LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	31 December 2012 £	31 December 2011 £
Assets			
Non-current assets			
Property, plant and equipment	11	2,465,717	2,138,312
Investments	12	8	8
Deferred tax asset	13	44,841	61,397
Intangible assets	14	41,850	-
		<u>2,552,416</u>	<u>2,199,717</u>
Current assets			
Trade and other receivables	15	978,075	976,932
Cash and cash equivalents		2,023,443	1,667,620
Income tax		17,699	-
		<u>3,019,217</u>	<u>2,644,552</u>
Total assets		<u>5,571,633</u>	<u>4,844,269</u>
Liabilities			
Current liabilities			
Trade and other payables	16	3,770,919	3,219,124
Income tax liabilities		-	60,666
Current borrowings	18	9,000	9,000
Provisions	17	51,000	53,000
		<u>3,830,919</u>	<u>3,341,790</u>
Non-current liabilities			
Borrowings	18	32,250	41,500
		<u>32,250</u>	<u>41,500</u>
Total liabilities		<u>3,863,169</u>	<u>3,383,290</u>
Equity			
Ordinary shares	19	1,000	1,000
Preference shares	19	769,395	769,395
Retained earnings	20	938,069	690,584
Total equity		<u>1,708,464</u>	<u>1,460,979</u>
Total equity and liabilities		<u>5,571,633</u>	<u>4,844,269</u>

The financial statements of Peter Alan Limited, registered number 2073153, on pages 8 to 23 were approved by the Board of Directors and authorised for issue on 21 March 2013 and were signed on its behalf by


G Yorston
Director


A Barry
Director

PETER ALAN LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	31 December 2012 £	31 December 2011 £
Cash flows from operating activities (see below)	1,294,394	532,607
Interest paid	(16,033)	(17,497)
Net taxation paid	(136,526)	(4,412)
Net cash generated from operating activities	1,141,835	510,698
Cash flows from investing activities		
Purchase of property, plant and equipment	(799,523)	(683,108)
Purchase of intangible asset	(41,850)	-
Proceeds from sale of property, plant and equipment	28,200	80,300
Interest received	419	237
Net cash used in investing activities	(812,754)	(602,571)
Cash flows from financing activities		
Repayment of borrowings	(9,250)	(6,500)
Cash proceeds from parent company loan	35,992	393,663
Net cash received in financing activities	26,742	387,163
Net increase in cash and cash equivalents	355,823	295,290
Cash and cash equivalents at beginning of the year	1,667,620	1,372,330
Cash and cash equivalents at end of the year	2,023,443	1,667,620
Cash generated from operating activities		
Profit before income tax	354,093	216,967
Adjusted for		
Depreciation	472,118	423,479
Profit on sale of property, plant and equipment	(28,200)	(71,123)
Interest received	(419)	(237)
Interest paid	16,033	17,497
Changes in working capital		
Increase in trade and other receivables	(1,144)	(308,687)
Increase in trade and other payables	483,912	301,711
Decrease in other provisions	(1,999)	(47,000)
	1,294,394	532,607

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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 each of 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 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements contain information about Peter Alan Limited as an individual company and do not contain consolidated information of the group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the group is included by full consolidation in the consolidated financial statements of its ultimate parent company, Principality Building Society.

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 7 Disclosures – Transfers of Financial Assets
- Amendment to IAS 12 Deferred Tax – Recovery of Underlying Assets
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Involvement with Other Entities
- IFRS 13 Fair Value Measurement
- IAS 19 Employee Benefits
- IAS 27 Separate Financial Statements
- IAS 28 Investment in Associates and Joint Ventures
- IAS 32 Financial Instruments – Presentation
- IFRS 9 Financial Instruments – Classification and Measurement

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 2012 (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

	%
Land and Buildings	
- Freehold buildings	2
- Freehold buildings – improvements	10
- Long leasehold buildings	2 or over life of lease
- Short leasehold buildings	over life of lease
Furniture and Equipment	
- 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 and accrued 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 income and expenditure statement on exchange of contracts. Provision is made for commission earned that is likely to be repaid in the future. Revenue from lettings activities is recognised at both the point when a property is let and at the point of collecting the managed rent. All revenue is derived from 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 and expenditure 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 2012 (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 and expenditure 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 and expenditure 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 120 days because historical experience is such that receivables that are due beyond 120 days are generally not recoverable. Trade receivables between 30 days and 120 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 and expenditure 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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 three months and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(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.

(m) Intangible assets

Intangible assets are stated at their purchase price together with any incidental expenses of acquisition. Amortisation of the intangible asset will be based on the expected life of the portfolio.

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 areas involving a higher degree of judgement or complexity are described below.

Fees and commissions

Commissions earned in respect of financial services products sold can become re-payable in the event that 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 and expenditure statement for commission earned that is likely to be repaid in future as follows:

An analysis is made of the actual repaid commission in 2012 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.

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

3 DIRECT EXPENSES

Direct expenses are made up as follows

	2012 £	2011 £
Sales costs	5,427,665	4,611,839
Other direct expenses	1,216,103	1,099,487
	<u>6,643,768</u>	<u>5,711,326</u>

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

Results by business segment	2012 £	2011 £
Total income		
Estate agency	5,608,871	5,109,717
Lettings and management	1,960,687	1,455,943
Provision of financial services	918,061	789,439
	<u>8,487,619</u>	<u>7,355,099</u>
Net operating expenses	(8,138,965)	(7,120,872)
Finance income	21,472	237
Finance costs	(16,033)	(17,497)
Profit before income taxation	<u>354,093</u>	<u>216,967</u>

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

5 DIRECTORS' EMOLUMENTS

	2012 £	2011 £
Total aggregate emoluments	<u>98,572</u>	<u>135,376</u>
Contributions to a defined contribution scheme in the year	-	10,336
Contributions to a defined benefit scheme in the year	-	-
Highest paid director		
Aggregate emoluments	<u>98,572</u>	<u>95,167</u>
Contributions to a defined benefit scheme in the year	<u>-</u>	<u>4,469</u>

The directors' emoluments for G Yorston, P L Griffiths, W G Thomas and K M Brooks were paid by Principality Building Society which, as it is impracticable to allocate between Group companies, makes no recharge to Peter Alan Limited

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

6 EMPLOYEE INFORMATION

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

	2012	2011
Sales	175	167
Administration	20	18
	<u>195</u>	<u>185</u>

The employment costs of all employees above are

	2012 £	2011 £
Aggregate gross wages and salaries	4,384,747	3,792,070
Social Security costs	448,461	371,524
Other pension costs	38,114	38,574
	<u>4,871,322</u>	<u>4,202,168</u>

7 OTHER OPERATING INCOME

	2012 £	2011 £
Interest receivable	21,472	237

8. ADMINISTRATIVE EXPENSES

Profit before taxation is stated after charging

	2012 £	2011 £
Auditor's remuneration	10,000	10,000
Depreciation of owned tangible fixed assets	472,118	423,479
Operating lease rentals – land and buildings	451,307	428,636
And after crediting		
Rental income	58,238	57,845
Profit on disposal of fixed assets	28,200	71,123

9 INTEREST PAYABLE AND SIMILAR CHARGES

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

	2012 £	2011 £
Bank and other charges	16,033	17,497

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

10 TAXATION

The Company is subject to corporation tax at a rate of 24.5% (2011: 26.5%). The charge for taxation for the year on continuing operations is as follows:

	2012 £	2011 £
Current tax		
UK corporation tax charge for the year	113,319	68,757
Adjustments in respect of prior years	(23,267)	(6,632)
Deferred tax		
Deferred tax (credit)/charge for the year	(928)	21,937
Adjustments in respect of prior years	17,484	3,086
Tax on profit on ordinary activities	<u>106,608</u>	<u>87,148</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:

	2012 £	2011 £
Profit before tax	354,093	216,967
Profit multiplied by rate of corporation tax in the UK of 24.5% (2011: 26.5%)	86,753	57,496
Effects of:		
Expenses not deductible for tax purposes	921	1,032
Movement in short-term timing differences	24,718	32,166
Adjustments in respect of prior years	(5,784)	(3,546)
Total taxation	<u>106,608</u>	<u>87,148</u>

The reduction of the UK Corporation tax rate to 23% from 1 April 2013 will not materially affect the future tax charge.

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1 January 2012	2,541,887	700,765	3,460,598	6,703,250
Additions	160,415	100,622	538,486	799,523
Disposals	-	(107,148)	-	(107,148)
At 31 December 2012	2,702,302	694,239	3,999,084	7,395,625
<u>Depreciation</u>				
At 1 January 2012	1,408,206	314,499	2,842,233	4,564,938
Charge for year	102,389	140,514	229,215	472,118
Disposals	-	(107,148)	-	(107,148)
At 31 December 2012	1,510,595	347,865	3,071,448	4,929,908
Net book value 31 December 2012	1,191,707	346,374	927,636	2,465,717
Net book value 31 December 2011	1,133,681	386,266	618,365	2,138,312
Land and buildings at net book value comprise			2012 £	2011 £
Freehold property			794,747	683,693
Long leasehold property			195,382	202,259
Short leasehold property			201,578	247,729
			1,191,707	1,133,681
	Land and buildings	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1 January 2011	2,445,966	664,000	3,190,470	6,300,436
Additions	95,921	317,059	270,128	683,108
Disposals	-	(280,294)	-	(280,294)
At 31 December 2011	2,541,887	700,765	3,460,598	6,703,250
<u>Depreciation</u>				
At 1 January 2011	1,306,886	450,195	2,655,496	4,412,577
Charge for year	101,320	135,421	186,737	423,479
Disposals	-	(271,117)	-	(271,117)
At 31 December 2011	1,408,206	314,499	2,842,233	4,564,938
Net book value 31 December 2011	1,133,681	386,266	618,365	2,138,312
Net book value 31 December 2010	1,139,080	213,805	534,974	1,887,859

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

12 INVESTMENTS

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

	2012 £	2011 £
At 1 January and 31 December	8	8

13 DEFERRED TAX

	2012 £	2011 £
Deferred taxation has been recognised in respect of		
Capital allowances less depreciation	44,841	61,397
Deferred tax asset	<u>44,841</u>	<u>61,397</u>
Asset at 1 January	61,397	86,420
Amount (debited)/credited to income and expenditure statement	(16,556)	(25,023)
Asset at 31 December	<u>44,841</u>	<u>61,397</u>

The deferred tax asset has been recognised above as the directors believe it is probable that future taxable profits will be available against which the temporary differences can be utilised

The reduction of the UK Corporation tax rate to 23% from 1 April 2013 has resulted in a deferred tax charge arising from the reduction in the balance sheet carrying value of the net deferred tax asset to reflect the anticipated rate of tax at which the asset is expected to reverse. The relevant charge is not material

14 INTANGIBLE ASSETS

The Company purchased a lettings portfolio from Profilewide on the 31st March 2012. The portfolio is held at purchase price together with incidental expenses incurred in the acquisition

	2012 £	2011 £
Profilewide portfolio	41,850	-

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

15 TRADE AND OTHER RECEIVABLES

	2012 £	2011 £
Trade debtors	353,502	338,224
Less provision for impairment of trade receivables	(33,143)	(28,137)
	<u>320,359</u>	<u>310,087</u>
Prepayments and accrued income	657,716	666,845
	<u>978,075</u>	<u>976,932</u>

Included in the Company's trade debtors balance are debtors with a carrying amount of £83,458 (2011 £56,210) 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.

	2012 £	2011 £
Ageing of past due but not impaired receivables		
30 to 60 days	57,236	30,780
60 to 90 days	21,722	15,827
90 to 120 days	4,500	9,603
120 to 130 days	-	-
	<u>83,458</u>	<u>56,210</u>

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

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (Continued)

16 TRADE AND OTHER PAYABLES

	2012 £	2011 £
Trade creditors	1,156	9,657
Amounts due to Principality Building Society	1,650,965	1,583,083
Other taxation and social security	113,925	102,206
Value added tax	265,673	248,960
Accruals and deferred income	101,042	101,495
Other liabilities	1,638,158	1,173,723
	<u>3,770,919</u>	<u>3,219,124</u>

Other liabilities are in respect of tenants' rent and bonds held on behalf of our landlord clients. This amount is also included in cash at bank and in hand.

17. PROVISIONS

	2012 £	2011 £
At 1 January	53,000	100,000
Release of provision in the year	(2,000)	(47,000)
At 31 December	<u>51,000</u>	<u>53,000</u>

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

18 BORROWINGS

	2012 £	2011 £
Amounts due to Parent within one year	9,000	9,000
Amounts due to Parent after one year	32,250	41,500
	<u>41,250</u>	<u>50,500</u>

None of the above amounts due to Principality Building Society at 31 December 2012 bear any interest (2011 £nil).

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

19 ORDINARY SHARES

	2012		2011	
	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	1,000	999,000	1,000	999,000
Issued, called up and fully paid				
Value	£1,000	£769,395	£1,000	£769,395
Number	1,000	769,395	1,000	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

20. RETAINED EARNINGS

	2012 £	2011 £
At 1 January 2012	690,584	560,765
Profit for the financial year	247,485	129,819
At 31 December 2012	938,069	690,584

21. OPERATING LEASE COMMITMENTS

At 31 December 2012 and 2011 the Company had annual commitments under non-cancellable operating leases on land and buildings as follows

	2012 £	2011 £
Expiring within one year	451,307	428,636
Expiring between two and five years	1,391,916	1,320,593
Expiring in over five years	2,984,493	2,278,049
	4,827,716	4,027,278

22. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2012 (2011 nil)

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

23 RELATED PARTY TRANSACTIONS

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

	2012 £	2011 £
Fees received from Principality Building Society	38,080	87,894
Rent received from Principality Building Society	51,000	51,000
	<u>89,080</u>	<u>138,894</u>
 Rent paid to Principality Building Society	 235,507	 172,526
	<u>235,507</u>	<u>172,526</u>

At the end of the year the following balances were outstanding

	2012 £	2011 £
Amounts owed to Principality Building Society	1,692,215	1,633,583

24 EVENTS AFTER THE REPORTING PERIOD

On the 15th February 2013 Peter Alan purchased Mead Property Management Services Limited who are a letting agent who operate in the Cardiff area

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) and are available from April 2013 on request from the Corporate Communications Team (029) 2077 3208