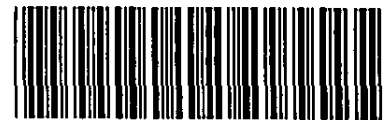


PETER ALAN LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2010  
REGISTERED NUMBER 2073153

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## PETER ALAN LIMITED

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## PETER ALAN LIMITED

### Officers and professional advisers

#### Executive Directors

M McGuire (resigned 4 February 2011)  
A Barry

#### Non-executive Directors

P L Griffiths (Chairman)  
W G Thomas  
K M Brooks

#### Secretary

M Borrill

#### Registered office

Principality Buildings  
Queen Street  
Cardiff  
CF10 1UA

#### Auditor

Deloitte LLP

#### 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 2010

The directors present herewith the audited accounts for the year ended 31 December 2010. 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

With the global credit crunch continuing to affect the availability of mortgage finance, 2010 was another challenging year for the UK housing market and estate agents in particular. House sales activity remained relatively flat on 2009 albeit exchange income improved by 8%. 2010 witnessed an improvement in both financial services and lettings income with the latter experiencing growth of 55% on 2009 reflecting the increased investment made in this business over the last two years. Peter Alan Limited recorded a profit before tax of £200,886 (2009 profit of £29,012).

### KEY PERFORMANCE INDICATORS

	2010	2009
Profit before tax	£200,886	£29,012
Turnover	£6,923,402	£6,093,780
Costs	£(6,724,647)	£(6,064,355)
Average head count	179	152

### 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 twelve months, to meet its day-to-day working capital requirements. The Company's three year 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 (2009 Nil).

### DIRECTORS

The membership of the Board is set out 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 2010 (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.

Principality Building Society 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, 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 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 the Principality Building Society and Peter Alan Limited report on conditions in their markets to enable them 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, 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 market place, 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 2010 (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 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 2010 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 (2009 £510)

#### 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

  
P L Griffiths  
Director  
4 March 2011

## PETER ALAN LIMITED

### DIRECTORS' RESPONSIBILITIES STATEMENT

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

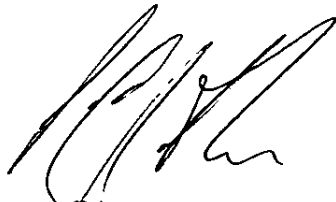
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors 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

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern.

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.



P L Griffiths  
Director  
4 March 2011

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

We have audited the financial statements of Peter Alan Limited for the year ended 31 December 2010 which comprise the Income and Expenditure Statement, the Balance Sheet, the Statement of Total Recognised Income and Expense, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the related notes 1 to 23. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 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.

### **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 2010 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.

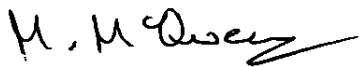


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETER ALAN LIMITED (continued)

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



Mark McQueen (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cardiff, United Kingdom

4 March 2011

# PETER ALAN LIMITED

## INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	31 December 2010 £	31 December 2009 £
Revenue	4	6,923,402	6,093,780
Direct expenses	3	(5,325,137)	(4,558,278)
Gross profit		1,598,265	1,535,502
Other operating income	7	15,469	89
Administrative expenses	8	(1,399,510)	(1,506,077)
Operating profit		214,224	29,514
Interest payable and similar charges	9	(13,338)	(502)
Profit before taxation		200,886	29,012
Taxation (charge)/credit	10	(56,887)	67,800
Retained Profit for the financial year	19	143,999	96,812

## STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE

	31 December 2010 £	31 December 2009 £
Profit for the financial year	143,999	96,812
Total recognised income for the year	143,999	96,812

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	31 December 2010 £	31 December 2009 £
Profit for the financial year	143,999	96,812
Net increase to shareholders' equity	143,999	96,812
Opening shareholders' equity	1,187,161	1,090,349
Closing shareholders' equity	1,331,160	1,187,161

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 2010

	Notes	31 December 2010 £	31 December 2009 £
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	11	1,887,859	1,946,022
Investments	12	8	8
Deferred tax asset	13	86,420	84,522
		<u>1,974,287</u>	<u>2,030,552</u>
Current assets			
Trade and other receivables	14	668,245	834,448
Current income tax assets		-	188,866
Cash and cash equivalents		1,372,330	1,713,800
		<u>2,040,575</u>	<u>2,737,114</u>
<b>Total assets</b>		<u>4,014,862</u>	<u>4,767,666</u>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	15	2,523,660	3,384,505
Income tax liabilities		3,042	-
Current borrowings	17	9,000	9,000
Provisions	16	100,000	130,000
		<u>2,635,702</u>	<u>3,523,505</u>
Non-current liabilities			
Borrowings	17	48,000	57,000
		<u>48,000</u>	<u>57,000</u>
<b>Total liabilities</b>		<u>2,683,702</u>	<u>3,580,505</u>
<b>Equity</b>			
Ordinary shares	18	1,000	1,000
Preference shares	18	769,395	769,395
Retained earnings	19	560,765	416,766
<b>Total equity</b>		<u>1,331,160</u>	<u>1,187,161</u>
<b>Total equity and liabilities</b>		<u>4,014,862</u>	<u>4,767,666</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 4 March 2011 and were signed on its behalf by

  
P L Griffiths  
Director

  
A Barry  
Director

PETER ALAN LIMITED

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010

	31 December 2010 £	31 December 2009 £
Cash flows from operating activities (see below)	1,004,694	150,525
Interest paid	(13,338)	(502)
Net taxation refund	133,032	42,731
Net cash generated from operating activities	1,124,388	192,754
Cash flows from investing activities		
Purchase of property, plant and equipment	(429,022)	(292,532)
Proceeds from sale of property, plant and equipment	110,895	54,900
Interest received	15,469	89
Net cash used in investing activities	(302,658)	(237,543)
Cash flows from financing activities		
Repayment of borrowings	(9,000)	(9,000)
Cash (repayments)/proceeds from parent company loan	(1,154,200)	386,876
Net cash used in financing activities	(1,163,200)	377,876
Net (decrease)/ increase in cash and cash equivalents	(341,470)	333,087
Cash and cash equivalents at beginning of the year	1,713,800	1,380,713
Cash and cash equivalents at end of the year	1,372,330	1,713,800
Cash generated from operating activities		
Profit before income tax	200,886	29,012
Adjusted for		
Depreciation	438,950	502,660
Profit on sale of property, plant and equipment	(61,887)	(46,014)
Interest received	(15,469)	(89)
Interest paid	13,338	502
Changes in working capital		
Decrease/(Increase) in trade and other receivables	166,203	(101,210)
Increase/(Decrease) in trade and other payables	292,673	(234,336)
Movement in other provisions	(30,000)	-
	1,004,694	150,525

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010

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:

- Amendment to IFRS 8 Operating segments
- IFRS 9 Financial Instruments
- Amendments to IAS1 Presentation of Financial Statements
- Amendments to IAS7 Statement of Cash Flows
- Amendments to IAS17 Leases
- Amendments to IAS24 Related Party Disclosures
- Amendments to IAS32 Financial Instruments Presentation
- Amendments to IAS36 Impairment of Assets
- Amendments to IAS39 Financial Instruments Recognition and Measurement

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 Group:

- Amendments to IFRS1 First-time Adoption of International Financial Reporting Standards
- Amendments to IFRS2 Share-based Payments
- Amendments to IFRS5 Non-current Assets Held for Sale and Discontinued Operations

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 2010 (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 income and expenditure account 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 2010 (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 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 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 twelve months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (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.

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 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 2010 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:

	2010 £	2009 £
Sales costs	4,290,192	3,786,227
Other direct expenses	1,034,945	772,051
	<u>5,325,137</u>	<u>4,558,278</u>



# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (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

Results by business segment	2010 £	2009 £
Total income		
Estate agency	5,086,255	4,762,422
Lettings and management	1,090,002	763,479
Provision of financial services	747,145	567,879
	<u>6,923,402</u>	<u>6,093,780</u>
Net operating expenses	(6,724,647)	(6,064,355)
Finance income	15,469	89
Finance costs	(13,338)	(502)
Profit before income taxation	<u>200,886</u>	<u>29,012</u>

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

### 5 DIRECTORS' EMOLUMENTS

	2010 £	2009 £
Total aggregate emoluments	<u>233,026</u>	<u>187,891</u>
Contributions to a defined contribution scheme in the year	1,843	2,950
Contributions to a defined benefit scheme in the year	4,469	15,175
Highest paid director		
Aggregate emoluments	<u>145,705</u>	<u>110,152</u>
Contributions to a defined benefit scheme in the year	<u>4,469</u>	<u>15,175</u>

The directors' emoluments for P L Griffiths, W G Thomas, K M Brooks and M McGuire were paid by Principality Building Society which as it is impracticable to allocate to allocate between Group companies, makes no recharge to Peter Alan Limited with the exception of M McGuire (75% of M McGuire costs are recharged to Peter Alan Limited)

# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

### 6 EMPLOYEE INFORMATION

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

	2010	2009
Sales	161	136
Administration	18	16
	<u>179</u>	<u>152</u>

The employment costs of all employees above are

	2010 £	2009 £
Aggregate gross wages and salaries	3,547,475	3,240,582
Social Security costs	368,570	312,411
Other pension costs	44,743	51,433
	<u>3,960,788</u>	<u>3,604,426</u>

### 7 INVESTMENT INCOME

	2010 £	2009 £
Interest receivable	15,469	89

### 8 ADMINISTRATIVE EXPENSES

Profit before taxation is stated after charging

	2010 £	2009 £
Auditor's remuneration	10,000	10,000
Depreciation of owned tangible fixed assets	438,951	502,660
Operating lease rentals – land and buildings	450,807	460,307
And after crediting		
Rental income	74,817	94,555
Profit on disposal of fixed assets	61,887	46,014

### 9 INTEREST PAYABLE AND SIMILAR CHARGES

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

	2010 £	2009 £
Bank and other charges	13,338	502

# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

### 10 TAXATION

The Company is subject to corporation tax at a rate of 28% (2009 28%) The charge/(credit) for taxation for the year on continuing operations is as follows

	2010 £	2009 £
Current tax		
UK corporation tax charge for the year	90,461	68,244
Adjustments in respect of prior years	(31,676)	(4,474)
Deferred tax		
Deferred tax (credit) for the year	(1,898)	(37,473)
Adjustments in respect of prior years	-	(94,097)
Tax on profit on ordinary activities	<u>56,887</u>	<u>(67,800)</u>

The tax charge/(credit) for the year differs from that calculated using the standard rate of corporation tax in the UK The differences are explained below

	2010 £	2009 £
Profit before tax	200,886	29,012
Profit multiplied by rate of corporation tax in UK of 28% (2009 28%)	56,248	8,123
Effects of		
Expenses not deductible for tax purposes	(13,071)	60,121
Movement in short-term timing differences	45,294	(37,473)
Adjustments in respect of prior years	(31,584)	(98,571)
Total taxation	<u>56,887</u>	<u>(67,800)</u>

PETER ALAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1 January 2010	2,428,095	633,395	3,031,438	6,092,928
Additions	91,776	177,745	159,501	429,022
Disposals	(73,905)	(147,140)	(469)	(221,514)
At 31 December 2010	2,445,966	664,000	3,190,470	6,300,436
<u>Depreciation</u>				
At 1 January 2010	1,238,110	446,897	2,461,899	4,146,906
Charge for year	103,388	141,966	193,597	438,951
Disposals	(34,612)	(138,668)	-	(173,280)
At 31 December 2010	1,306,886	450,195	2,655,496	4,412,577
Net book value 31 December 2010	1,139,080	213,805	534,974	1,887,859
Net book value 31 December 2009	1,189,985	186,498	569,539	1,946,022
Land and buildings at net book value comprise			2010 £	2009 £
Freehold property			634,169	683,772
Long leasehold property			208,708	215,573
Short leasehold property			296,203	290,640
			1,139,080	1,189,985
	Land and buildings	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1 January 2009	2,511,653	777,397	2,851,829	6,140,879
Additions	67,853	-	224,679	292,532
Disposals	(151,411)	(144,002)	(45,070)	(340,483)
At 31 December 2009	2,428,095	633,395	3,031,438	6,092,928
<u>Depreciation</u>				
At 1 January 2009	1,192,405	385,822	2,273,311	3,851,538
Charge for year	106,379	166,441	229,840	502,660
Disposals	(60,674)	(105,366)	(41,252)	(207,292)
At 31 December 2009	1,238,110	446,897	2,461,899	4,146,906
Net book value 31 December 2009	1,189,985	186,498	569,539	1,946,022
Net book value 31 December 2008	1,319,248	391,575	578,518	2,289,341

# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (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

	2010 £	2009 £
At 1 January and 31 December	8	8

### 13 DEFERRED TAX

	2010 £	2009 £
Deferred taxation has been recognised in respect of		
Capital allowances less depreciation	86,420	84,522
Deferred tax asset/(liability)	<u>86,420</u>	<u>84,522</u>
Asset/(liability) at 1 January	84,522	(47,049)
Amount credited to income and expenditure statement	1,898	131,571
Asset at 31 December	<u>86,420</u>	<u>84,522</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 from 28% to 27% from 1 April 2011 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

# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

### 14 TRADE AND OTHER RECEIVABLES

	2010 £	2009 £
Trade debtors	248,294	364,517
Less provision for impairment of trade receivables	(47,085)	(62,066)
	<u>201,209</u>	<u>302,451</u>
Prepayments and accrued income	467,036	531,997
	<u>668,245</u>	<u>834,448</u>

Included in the Company's trade debtors balance are debtors with a carrying amount of £34,403 (2009 £72,447) 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.

	2010 £	2009 £
Ageing of past due but not impaired receivables		
30 to 60 days	19,471	28,270
60 to 90 days	7,967	28,020
90 to 120 days	6,965	11,327
120 to 130 days	-	4,830
	<u>34,403</u>	<u>72,447</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 2010 (Continued)

### 15 TRADE AND OTHER PAYABLES

	2010 £	2009 £
Trade creditors	14,525	7,862
Amounts due to Principality Building Society	1,189,420	2,343,620
Other taxation and social security	91,138	86,265
Value added tax	196,969	155,692
Accruals and deferred income	178,059	249,039
Other liabilities	853,549	542,027
	<u>2,523,660</u>	<u>3,384,505</u>

Included in other liabilities is £853,549 (2009 £542,027) 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.

### 16 PROVISIONS

	£
At 1 January 2010	130,000
Release of provision in the year	<u>(30,000)</u>
At 31 December 2010	<u>100,000</u>

Included in current liabilities

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.

### 17 CURRENT BORROWINGS

	2010 £	2009 £
Amounts due to Parent within one year	9,000	9,000
Amounts due to Parent after one year	48,000	57,000
	<u>57,000</u>	<u>66,000</u>

None of the above amounts due to Principality Building Society at 31 December 2010 bear any interest (2009 £nil).

# PETER ALAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

### 18 ORDINARY SHARES

	2010		2009	
	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

### 19 RETAINED EARNINGS

	£
At 1 January 2010	416,766
Profit for the financial year	143,999
At 31 December 2010	560,765

### 20 OPERATING LEASE COMMITMENTS

At 31 December 2010 and 2009 the Company had annual commitments under non-cancellable operating leases on land and buildings as follows

	2010 £	2009 £
Expiring within one year	450,807	480,807
Expiring between two and five years	1,257,354	1,562,670
Expiring in over five years	2,448,856	2,828,114
	4,157,017	4,871,591

### 21 CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2010 (2009 £50,000)



## PETER ALAN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

#### 22 RELATED PARTY TRANSACTIONS

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

	2010 £	2009 £
Fees received from Principality Building Society	148,074	172,668
Rent received from Principality Building Society	51,000	51,000
	<u>199,074</u>	<u>223,668</u>
 Rent paid to Principality Building Society	 186,000	 186,000
	<u>186,000</u>	<u>186,000</u>

At the end of the year the following balances were outstanding

	2010 £	2009 £
Amounts owed to Principality Building Society	1,246,420	2,409,620

#### 23 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 2011 on request from the Corporate Communications Team (029) 2077 3208