PETER ALAN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

(Registered Number 2073153)

Contents

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2015.

INTRODUCTION AND OVERVIEW

Peter Alan is a private limited company incorporated in England & Wales, registered number 2073153.

Overview of the business

Peter Alan provides estate agency, mortgage services, lettings, conveyancing and ancillary services to participants in the UK residential property market. The business operates from 25 (2014: 26) branches under the Peter Alan brands and Allwales Auction.

DIRECTORS

The Directors who served during the year were:

A Barry
R S Shipperley
D C Livesey
R J Twigg
D K Plumtree

DIVIDENDS

The Directors do not recommend payment of a final dividend (2014: £nil).

EMPLOYEES

It is Company policy to provide employees with information concerning their roles and responsibilities and the trading performance of the Company. This policy is to ensure opportunities are available at every level to improve employees' and corporate performance. Regular meetings are held which involve directors, managers and staff.

DISABLED PERSONS

The Company continues to recognise its social and statutory duty to employ disabled persons and will do all that is practicable to meet this responsibility.

Full consideration will be given to the recruitment of disabled persons, where a disabled person can adequately fulfil the requirements of the job.

If an employee becomes disabled he or she will continue wherever possible to be employed in the same job. If this action is not practicable or possible, then every effort will be made to find suitable alternative employment.

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board

A Barry
Director

18 March 2016
Cumbria House
16-20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN

Strategic Report

BUSINESS REVIEW

An encouraging second half of the year saw our profit from operations close off at £465,000 which was a 12.6% decrease on the prior year. Total income grew by 9.2% and costs by 15% as we continued to invest in our lettings and mortgage services operations. In the core business we saw a fall in our contracts exchanged by 4%, however the income was less than 1% adverse as we started leveraging our pa black brand and dealing with higher end properties. The housing market continued to contract with new instructions which were also behind on the previous year by 4%.

There were a number of achievements in other parts of the business with Lettings income growing by 17%, Mortgage Services by 50% and Conveyancing income by 57% as we started leveraging our business under the new Group ownership.

Objectives and strategy of the Company

The Company's objectives are to maximise the long term value and revenue for its shareholder and to maintain the delivery of the high quality and flexible service required to meet the various demands of its customers.

Operational performance and key performance indicators

The Directors monitor the business at monthly board meetings.

Operational review

	2015 £000	2014 £000	Change %
Total Fees and commissions	10,564	9,675	9.2
Profit from operations	465	532	(12.6)
Profit before Tax	472	535	(11.8)

Risks and uncertainties

The Company's objective is to appropriately manage all the risks that arise from its activities. Connells Limited, the immediate parent undertaking and Skipton Building Society, the ultimate holding undertaking, have a formal structure for managing risks throughout the group, which applies to all subsidiaries.

This has three elements:

- The Company's risk appetite is documented in detailed policy risk statements, which are reviewed and approved annually by the Board.
- The primary responsibility for managing risk and ensuring appropriate controls are in place lies with the Company's management. The ultimate parent undertaking, Skipton Building Society, through its risk and compliance function provides monitoring and oversight on behalf of the Society's Board.
- The Board Audit Committee of Skipton Building Society oversees the effectiveness of the risk management framework and the control environment through Skipton Group's Internal Audit function, whose reports are also provided to the Company's Board.

In common with other estate agencies, the company is highly operationally geared. Performance is affected by transaction volumes in the UK residential housing market. In the short term, many costs are fixed and so a fall in income has an impact on profits and cash flows. Therefore the company's policy is to retain sufficient cash to ensure that any future deterioration in trading can be funded without recourse to external borrowing.

Strategic Report *(continued)*

The continuing healthy housing market is being assisted by the current low interest rate environment and the availability of attractive mortgage rates from lenders. While the outlook is for low interest rates to continue in the short term, a period of interest rate increases may have a negative impact on the market.

Estate agency is also a people business and as such is reliant on the ability, training, skills and motivation of its people. A key risk to the business is the possibility of losing key people, particularly senior managers and Directors. In order to combat this, the Board ensure that service agreements, remuneration packages, and human resources policies are designed to attract, motivate and retain high quality people.

By order of the board

A Barry
Director

18 March 2016

Cumbria House
16-20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report, Strategic 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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 2015 as set out on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

David Burridge 7 April 2016

David Burridge (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 2015 £000	Year ended 2014 £000
Revenue	1	10,564	9,675
Operating Expenses		(10,099)	(8,776)
Gross profit		**465**	**899**
Exceptional costs	2	-	(367)
Profit from operations		**465**	**532**
Financial Income	3	7	25
Finance Costs	4	-	(22)
Profit before tax		**472**	**535**
Tax Expense	6	(127)	(104)
Profit for the year		**345**	**431**

In both the current and preceding year the Company made no material acquisitions and had no discontinued operations.

The Income Statement is prepared on an unmodified historical cost basis.

There were no recognised income and expense items in the current year (2014: £nil) other than those reflected in the above Statement of Comprehensive Income.

The notes on pages 12 to 22 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2015

	Notes	£000	31 December 2015 £000	£000	31 December 2014 £000
Non-current assets					
Property, plant and equipment	7	1,627		1,573	
Investments	8	1,882		1,882	
Intangible assets	9	19		19	
Deferred tax assets	12	77		78	
Total non-current assets			3,605		3,552
Current assets					
Trade and other receivables	10	1,445		2,205	
Cash and cash equivalents		1,229		1,879	
Total current assets			2,674		4,084
Total assets			6,279		7,636
Current liabilities					
Trade and other payables	11	2,949		4,633	
Tax liabilities		10		17	
Total current liabilities			2,959		4,650
Non-current liabilities					
Provisions	13	119		130	
Total non-current liabilities			119		130
Total liabilities			3,078		4,780
Equity – attributable to equity holders of the company					
Share capital	15	770		770	
Retained earnings	15	2,431		2,086	
Total equity			3,201		2,856
Total equity and liabilities			6,279		7,636

These accounts were approved by the board of directors on 18 March 2016 and signed on its behalf by:

A Barry
Director

Company registration number: 2073153

The notes on pages 12 to 22 form part of these accounts.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2015	770	2,086	2,856
Total comprehensive income for the year	-	345	345
Balance at 31 December 2015	**770**	**2,431**	**3,201**
Balance at 1 January 2014	770	1,655	2,425
Total comprehensive income for the year	-	431	431
Balance at 31 December 2014	**770**	**2,086**	**2,856**

The notes on pages 12 to 22 form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 2015 £000	Year ended 2014 £000
Cash flows from operating activities			
Profit for the year		345	431
Adjustments for:			
Depreciation of property, plant and equipment	7	410	443
Amortisation of intangibles	9	-	9
Financial income	3	(7)	(25)
Finance expense	4	-	22
Profit on disposal of property, plant and equipment	2	(48)	(115)
Taxation	6	127	104
Operating profit before changes in working capital and provisions		**827**	**869**
Decrease / (increase) in trade and other receivables	10	760	(1,149)
Increase / (decrease) in trade and other payables	11	491	(62)
(Decrease) / increase in intercompany payable	11	(2,175)	1,567
(Decrease) / increase in provisions	13	(11)	26
Cash (outflow) / inflow from operations		**(108)**	**1,251**
Interest Paid		-	(22)
Tax paid		(133)	(275)
Net cash (outflow) / inflow from operating activities		**(241)**	**954**
Cash flows from investing activities			
Interest Received		7	-
Purchase of property, plant and equipment	7	(464)	(431)
Purchase of investments	8	-	(23)
Proceeds on disposal of property, plant and equipment		48	196
Net cash outflow from investing activities		**(409)**	**(258)**
Net (decrease) / increase in cash and cash equivalents		(650)	696
Cash and cash equivalents at 1 January		1,879	1,183
Cash and cash equivalents at 31 December		**1,229**	**1,879**

The notes on pages 12 to 22 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Peter Alan Limited (the "Company") is a company incorporated and domiciled in the UK. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts:

a) Basis of accounting

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Financial Statements are presented in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the EU and effective at 31 December 2015. There have been no new accounting policies adopted in the year.

Measurement convention

These financial statements are prepared on the historical cost basis.

Currency presentation

These financial statements are presented in pounds sterling and, except where otherwise indicated, have been rounded to the nearest one thousand.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 4 to 5. The financial position of the Company, its cash flows, and liquidity position are shown on pages 8 to 11. In addition, the Directors Report and notes to these financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources and as a consequence, the Directors believe that the Company is well placed to manage its business risks successfully in the current economic outlook, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Revenue recognition

Revenue, which excludes value added tax, represents total invoiced sales of the Company and is recognised as follows:

- Estate Agency sales commissions, new homes, land sales and auctions income is recognised on the date contracts are exchanged.
- Property management income is recognised when cash is received, which reflects the point when income is earned and contractual obligations have been fulfilled.
- Revenue on mortgage procuration fees is recognised on completion of the mortgage transaction, when all contractual obligations have been fulfilled.
- Insurance commission income is recognised upon fulfilment of contractual obligations with a provision for future clawback repayment in the event of early termination by the customer.

c) Property, plant and equipment

Property, plant and equipment are stated in the Statement of Financial Position at cost less accumulated depreciation and impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives at the following rates:

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

d) Intangible assets

Intangible assets are stated at their purchase price together with any incidental expenses of acquisition less amortisation.

e) Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

f) Trade and other payables

Trade and other payables are measured initially at their fair value and then subsequently carried at amortised cost.

g) Operating leases

Costs of operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

h) Taxation

Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except where items are recognised directly in equity, in which case the associated income tax is recognised via equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantially enacted at the year end, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, which recognises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the year end.

i) Employee benefits

Certain permanent employees are members of the Peter Alan Limited defined contribution pension scheme - a stakeholder scheme, the assets of which are held separately from those of the Company, as independently administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income as incurred.

j) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash comprises cash in hand and loans and advances to credit institutions repayable on demand, and cash and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. The Statement of Cash Flows has been prepared using the indirect method.

k) Net financing costs

Interest income and interest payable is recognised in the Statement of Comprehensive Income as they accrue using the effective interest method.

l) Critical accounting judgements and estimates

The Company makes estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

- Accounting policies – certain critical judgments have been made in applying the Company's accounting policies in relation to, provisions for clawback of insurance commission (note 13) and impairment provisions on trade receivables (note 10).
- Taxation - significant estimates are required in determining the provision for deferred and corporation tax.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Expenses and auditor's remuneration	**Year ended 2015**	**Year ended 2014**
Included in profit are the following:	**£000**	**£000**
Depreciation of property, plant and equipment	410	443
Amortisation of intangibles	-	9
Profit on sale of property, plant and equipment	(48)	(115)
Staff costs (see note 5)	6,069	5,566
Rentals payable under operating leases		
- *Land and buildings*	498	496
- Motor Vehicles	195	195
Auditor's remuneration and expenses:	24	10

Following the acquisition of the company by Connells Limited in 2014, a number of adjustments were made to the Company's accounts to align them with those of Connells Limited. The total of these adjustments were £367,000.

3. Financial income	**Year ended 2015**	**Year ended 2014**
	£000	**£000**
Investment Interest Receivable	7	25
	7	25

4. Finance Cost	**Year ended 2015**	**Year ended 2014**
	£000	**£000**
Bank interest payable	-	22
	-	22

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

5. Staff numbers and costs

The average monthly number of persons employed by the Company (including directors) during the year was as follows:

	Year ended 2015 No.	Year ended 2014 No.
Sales	174	181
Administration	41	21
	215	202

The aggregate payroll costs of these persons were as follows:	Year ended 2015 £000	Year ended 2014 £000
Wages and salaries	5,448	4,979
Social security costs	528	481
Other pension costs	93	106
	6,069	5,566

Directors' emoluments	Year ended 2015 £000	Year ended 2014 £000
Directors' emoluments	136	151
Company contributions to defined contribution pension plans	5	-
	141	151

Four (2014: four) of the directors are remunerated by other group companies.

6. Taxation

a) Analysis of expense in the year at 20.25% (2014: 21.50%)	Year ended 2015 £000	Year ended 2014 £000
Current tax expense		
Current tax at 20.25% (2014: 21.50%)	124	140
Adjustment for prior years	2	-
Total current tax	126	140
Deferred tax charge / (credit)		
Origination and reversal of temporary differences	(10)	(17)
Adjustment in respect of prior periods	11	(19)
Total deferred tax	1	(36)
Tax expense	127	104

b) Factors affecting current tax expense in the year

The tax assessed in the Statement of Comprehensive Income is higher (2014: lower) than the standard UK corporation tax rate because of the following factors:

Profit before tax	472	535
Tax on profit at UK standard rate of 20.25% (2014: 21.50%)	96	115
Effects of:		
Adjustments in respect of prior years	13	(19)
Expenses not deductible for tax purposes	17	7
Income not taxable	(8)	-
Corporation tax rate change	9	1
Tax expense	127	104

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7. Property, plant and equipment

	Land and Buildings £000	Motor Vehicles £000	Furniture and Equipment £000	Total £000
Cost				
At 1 January 2015	1,764	171	4,432	6,367
Additions	137	180	147	464
Reclassification of assets	334	-	(334)	-
At 31 December 2015	2,235	351	4,245	6,831
Depreciation				
At 1 January 2015	1,123	151	3,520	4,794
Charge for year	74	40	296	410
Reclassification of assets	81	-	(81)	-
At 31 December 2015	1,278	191	3,735	5,204
Net book value 31 December 2015	957	160	510	1,627

	Land and Buildings £000	Motor Vehicles £000	Furniture and Equipment £000	Total £000
Cost				
At 1 January 2014	3,735	648	4,235	8,618
Additions	51	-	380	431
Disposals	(2,022)	(477)	(183)	(2,682)
At 31 December 2014	1,764	171	4,432	6,367
Depreciation				
At 1 January 2014	1,615	452	3,327	5,394
Charge for year	79	95	269	443
Disposals	(571)	(396)	(76)	(1043)
At 31 December 2014	1,123	151	3,520	4,794
Net book value 31 December 2014	641	20	912	1,573

Land and buildings at net book value comprise:	2015 £000	2014 £000
Freehold property	424	505
Long leasehold property	-	-
Short leasehold property	533	136
	957	641

8. Fixed asset investments

	Shares in Subsidiary Undertakings £
Cost and Net book value	
At 1 January and 31 December 2015	1,882

The Company owns 100% of the ordinary issued share capital of Mead Property Management Services Limited and Thomas George Cardiff Limited.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Intangible Assets

	Customer Contracts & Relationships £000
Cost	
At 1 January and 31 December 2015	42
Amortisation	
At 1 January 2015	23
Charge for year	-
At 31 December 2015	23
Net book value 31 December 2015	19

	Customer Contracts & Relationships £000
Cost	
At 1 January and 31 December 2014	42
Amortisation	
At 1 January 2014	14
Charge for year	9
	-
At 31 December 2014	23
Net book value 31 December 2014	19

The intangible asset relates to a lettings portfolio purchased from Profilewide on 31 March 2012.

10. Trade and other receivables

	31 December 2015 £000	31 December 2014 £000
Trade receivables	329	406
Amounts due from group companies	490	743
Prepayments and accrued income	568	1,154
Other debtors	89	-
Bad debt provision	(31)	(98)
	1,445	2,205

The ageing of trade receivables (which arose in the UK) at the year end was:

	31 December 2015 £000 Gross	31 December 2015 £000 Impairment	31 December 2014 £000 Gross	31 December 2014 £000 Impairment
Not past due	129	-	27	-
Past due 0 – 30 days	137	-	281	-
Past due 31 – 120 days	42	(15)	51	(51)
Past due 120 days plus	21	(16)	47	(47)
	329	(31)	406	(98)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. Trade and other receivables (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	31 December 2015 £000	31 December 2014 £000
At 1 January	(98)	-
Provision made during the year	-	(98)
Receivables written off during the year	2	-
Provision no longer required	65	-
At 31 December	(31)	(98)

11. Trade and other payables

	31 December 2015 £000	31 December 2014 £000
Due within one year		
Trade payables	-	60
Amounts owed to group undertakings	1,914	4,089
Other taxes and social security costs	442	219
Other creditors	45	-
Accruals and deferred income	548	265
	2,949	4,633

12. Deferred tax

The movement on the deferred tax account is as shown below:	31 December 2015 £000	31 December 2014 £000
At 1 January	78	42
(Charge) / credit in Statement of Comprehensive Income	(1)	36
At 31 December	77	78

The deferred tax asset relates to accelerated capital allowances. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at least annually and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred taxes are calculated on temporary differences under the liability method using an effective tax rate of 18% (2014: 20%) as this is the enacted rate that is expected to apply when the temporary differences reverse.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13. Provisions

	Dilapidations £000	Insurance commission clawback £000	Other provisions £000	Total £000
Balance at 1 January 2015	50	80	-	130
Provisions made during the year	3	10	10	23
Released during the year	-	-	-	-
Provisions used during the year	-	(34)	-	(34)
Balance at 31 December 2015	**53**	**56**	**10**	**119**
Balance at 1 January 2014	-	104	-	104
Provisions made during the year	65	-	-	65
Released during the year	-	(24)	-	(24)
Provisions used during the year	(15)	-	-	(15)
Balance at 31 December 2014	**50**	**80**	**-**	**130**

All provisions are non-current. The dilapidations provision is accrued on the basis of amounts identified at the date of property acquisition, less any subsequent expenditure, or where a section 412 notice or schedule of dilapidations has been received from the landlord. Provision is made for properties with non-cancellable leases where the Company no longer occupies the property. The provision represents the rent to the end of the lease, less any projected rental income from subletting the properties. The provision for the costs of closed branches is expected to reverse over the remaining life of the leases, or period to the anticipated date of disposal, if sooner.

The provision for insurance commission clawback is estimated based upon anticipated cancellation rates of term insurance policies.

14. Defined contribution scheme

The Company operates a stakeholder pension scheme, the assets of which are held separately from those of the Company, as independently administered funds. The amount charged to the Statement of Comprehensive Income in respect of the stakeholder pension scheme is the contribution payable in the year by the Company and amounted to £93,000 (2014: £106,000). The Company had no contributions outstanding at the end of the financial year (2014: £nil).

15. Share capital

Authorised	**31 December 2015 £000**	**31 December 2014 £000**
£1 preference shares	999	999
£0.01 Ordinary shares	1	1
	1,000	**1,000**

Allotted, called up and fully paid	**31 December 2015 £000**	**31 December 2014 £000**
769,395 preference shares of £1 each	769	769
100,000 Ordinary shares of £0.01 each	1	1
	770	**770**

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.

Management of capital

Capital is considered to be audited retained earnings and ordinary share capital in issue.

Capital	**Year ended 2015 £000**	**Year ended 2014 £000**
Ordinary shares	770	770
Retained earnings	2,431	2,086
	3,201	**2,856**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15. Share capital (continued)

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies. The capital position is reported to the Board regularly. The capital position is also given due consideration when corporate plans are prepared.

16. Related party transactions

The Company has related party relationships within the Skipton Group as detailed below. All such transactions are priced on an arms-length basis.

2015

	Parent undertaking £000	Other group Companies £000	Subsidiary undertakings £000
a) Net interest		-	-
Interest receivable	-	-	-
Interest payable	-		
Total	-	-	-
b) Sales of goods and services			
Property searches	-	153	-
Commissions receivable	7	-	-
Total	7	153	-
c) Purchase of goods and services			
Energy Performance Certificate	-	(50)	-
Total	-	(50)	-
d) Outstanding balances			
Receivables from related parties	-	490	-
Payables to related parties	(1,914)	-	-
Total	(1,914)	490	-

There are no provisions in respect of goods and services to Related Parties, at 31 December 2015, (2014: £nil).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Related party transactions (continued)

The Company has related party relationships within the Skipton Group as detailed below. All such transactions are priced on an arms-length basis.

2014

	Parent undertaking £000	Other group Companies £000	Subsidiary undertakings £000
a) Net interest			
Interest receivable	-	-	-
Interest payable	-	-	-
Total	-	-	-
b) Sales of goods and services			
Second Hand Repossession Income	-	36	-
Total	-	36	-
c) Purchase of goods and services	-	-	-
Total	-	-	-
d) Outstanding balances			
Receivables from related parties	-	-	743
Payables to related parties	(4,089)	-	-
Total	(4,089)	-	743

17. Capital and operating lease commitments

The Company had no capital commitments at the year-end (2014: nil).

The Company has commitments due under operating leases in respect of rental of land and buildings and motor vehicles. Total commitments under these non-cancellable operating leases are as follows:

	31 December 2015 £000	31 December 2014 £000
Amounts falling due:		
Less than one year	693	691
Between one and five years	2,203	2,158
More than five years	1,693	1,848
	4,589	4,697

18. Financial instruments

Financial risks

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity.

The principal financial risks to which the Company is exposed are liquidity risk, market risk and credit risk, these are monitored on a regular basis by management. Each of these is considered below.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

The Company's liquidity policy is to maintain sufficient liquid resources to cover imbalances and fluctuations in funding, to maintain solvency of the Company and to enable the Company to meet its financial obligations as they fall due. This is achieved through maintaining a prudent level of liquid assets and through rigorous management control of the growth of the business.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

18. Financial instruments (continued)

The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount £000	Contractual cash flows £000	In not more than one month £000	In not more than 3 months £000	In more than 3 months but less than 1 year £000	In more than one year but not more than 5 years £000
Trade and other payables	593	593	593	-	-	-
Amounts owing to group companies	1,914	1,914	1,914	-	-	-
Total	**2,507**	**2,507**	**2,507**	**-**	**-**	**-**

There are no differences between the fair values of financial assets and liabilities and their carrying amounts showing in the Statement of Financial Position.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

Currency risk

The Company is not exposed to any currency risk as all transactions are denominated in Sterling.

Interest rate risk

The Company has no interest bearing liabilities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. There is a bad debt provision of £31,000 held as a specific provision. For maximum credit exposure see note 10. Management carefully manages its exposure to credit risk.

19. Adoption of new and revised International Financial Reporting Standards

There have been no new accounting policies adopted in the year which have had a significant impact on these accounts.

20. Ultimate parent undertaking

The Company is a 100% owned subsidiary of Connells Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group is that headed by Connells Limited and the consolidated accounts of this company are available to the public and can be obtained from:

Connells Limited
Cumbria House
16-20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN