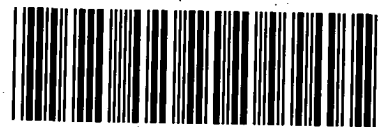


PETER ALAN LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2013
REGISTERED NUMBER 2073153

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PETER ALAN LIMITED

Officers and professional advisers

Executive Director

A Barry

Non-executive Directors

W G Thomas

(Chairman)

G H Yorston

L Davies

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

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

PETER ALAN STRATEGY

Peter Alan is a leading estate agency in Wales. The strategy for the Group is to identify and utilise benefits from the recovery in the housing market and seek opportunities to grow its market share of lettings and continue to organically expand its pa black offering to target markets in the region.

Peter Alan has been developing a countercyclical business model where lettings are able to provide a natural hedge against the risk posed by a subdued housing market. In 2013 Peter Alan acquired two letting businesses, Mead Property Management Services Limited (Mead) and Thomas George (Cardiff) Limited (Thomas George), with a total of over 1,000 properties under management, increasing the total portfolio to 2,633.

In October 2013 the senior team at Peter Alan reviewed its distribution strategy which will be implemented over the next 2 years. The key aims are to review our trading footprint to maximise opportunities from the emerging market, develop an online strategy and further centralise some functions to gain improved efficiencies which will in turn reduce our cost base.

Business Review

Estate Agency

Peter Alan house sale activity was up 17% year on year with an increase in exchange income of £638,933 compared to the previous year. pa black house sales were up 64% year on year at £381,726.

Lettings

Lettings income totalled £2,447,681, up £486,993 year on year. Lettings income now represents 25% of total turnover up from 23% in 2012. Peter Alan purchased Mead Property Management Services Limited in February 2013, adding 420 properties to its managed book. It also purchased Thomas George Cardiff Limited in October 2013, adding 608 properties to its managed book. The managed book closed at 2,633 properties, up 61% on 2012.

Other Income

Other income, which includes Legal and Financial Services, increased 4% year on year to £1,499,731.

Key Performance Indicators

	2013	2012
Profit before tax	£991,699	£354,093
Turnover	£9,669,377	£8,487,619
Costs	£(8,682,211)	£(8,138,965)
Average head count	221	195

Principal Risks and Uncertainties

The management of the business and the execution of the Group'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.

PETER ALAN LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

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

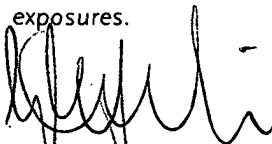
Financial risk management

The principal financial risk that the Group is exposed to is that of liquidity.

The directors exercise control over the Group'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 Group 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 Group 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 Group as they become due. For the purpose of managing credit risk, the Group 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.



G H Yorston
Director
12 June 2014

PETER ALAN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present herewith the audited accounts for the year ended 31 December 2013. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

PRINCIPAL ACTIVITIES

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

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 statement of financial position, the Group 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 Group's forecasts, taking into account reasonably possible changes in trading performance, show that the Group will be able to operate within the sources of funding currently available to it.

Having considered the plans and forecasts for the Group, the directors believe that there are no material uncertainties that lead to significant doubt on the Group'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 (2012: £nil).

DIRECTORS

The list of directors who served in the year is shown 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 2013 (Continued)

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 2013 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 Group's auditor is aware of that information.

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

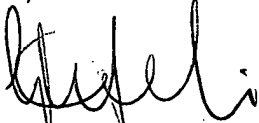
CHARITABLE DONATIONS

During the year the Group made no payments in respect of charitable donations (2012: £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 H Yorston
Director
12 June 2014

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 fair, balanced and understandable view of the state of affairs of the Company and the Group 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group 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 Group's websites. 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 Group and Company financial statements of Peter Alan Limited for the year ended 31 December 2013 which comprise the Consolidated and Company Income and Expenditure Statement, the Consolidated and Company Statement of Total Recognised Income and Expense, the Consolidated and Company Statement of Changes in Shareholder's Equity, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Cash Flow Statement and the related notes 1 to 26. 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 Group's and 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Group's and the Company's affairs as at 31 December 2013 and of their 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

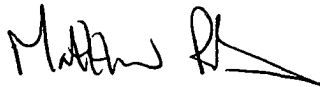
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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
12 June 2014

PETER ALAN LIMITED

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	31 December 2013 £	31 December 2012 £
Revenue	4	9,669,377	8,487,619
Direct expenses	3	(6,930,895)	(6,643,768)
Gross profit		2,738,482	1,843,851
Other operating income	7	23,056	21,472
Administrative expenses	8	(1,751,316)	(1,495,197)
Operating profit		1,010,222	370,126
Interest payable and similar charges	9	(18,523)	(16,033)
Profit before taxation		991,699	354,093
Taxation charge	10	(286,754)	(106,608)
Profit for the financial year	21	704,945	247,485

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE

	31 December 2013 £	31 December 2012 £
Profit for the financial year	704,945	247,485
Total recognised income for the year	704,945	247,485

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	31 December 2013 £	31 December 2012 £
Profit for the financial year	704,945	247,485
Adjustments to shareholder equity on acquisition	(1,956)	-
Net increase to shareholders' equity	702,989	247,485
Opening shareholder's equity	1,708,456	1,460,471
Closing shareholder's equity	2,411,445	1,708,456

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 15 to 31 form part of these accounts.

**INCOME AND EXPENDITURE STATEMENT OF THE COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	31 December 2013 £	31 December 2012 £
Revenue	4	9,258,517	8,487,619
Direct expenses	3	(6,607,777)	(6,643,768)
Gross profit		2,650,740	1,843,851
Other operating income	7	21,414	21,472
Administrative expenses	8	(1,649,455)	(1,495,197)
Operating profit		1,022,699	370,126
Interest payable and similar charges	9	(16,681)	(16,033)
Profit before taxation		1,006,018	354,093
Taxation charge	10	(288,943)	(106,608)
Profit for the financial year	21	717,075	247,485

STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE OF THE COMPANY

	31 December 2013 £	31 December 2012 £
Profit for the financial year	717,075	247,485
Total recognised income for the year	717,075	247,485

**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY OF THE COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2013**

	31 December 2013 £	31 December 2012 £
Profit for the financial year	717,075	247,485
Net increase to shareholders' equity	717,075	247,485
Opening shareholder's equity	1,708,464	1,460,979
Closing shareholder's equity	2,425,539	1,708,464

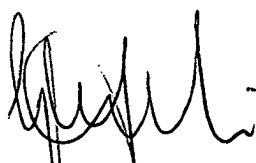
There is no difference between the profit before taxation and the profit for the year stated above, and their historical cost equivalents.


The accounting policies and notes on pages 15 to 31 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	31 December 2013 £	31 December 2012 £
Assets			
Non-current assets			
Property, plant and equipment	11	3,241,879	2,465,717
Deferred tax asset	14	44,515	44,841
Intangible assets	15	1,249,448	41,850
Goodwill	13	522,441	-
		<u>5,058,283</u>	<u>2,552,408</u>
Current assets			
Trade and other receivables	16	961,808	978,075
Cash and cash equivalents		4,376,855	2,023,443
Income tax		-	17,699
		<u>5,338,663</u>	<u>3,019,217</u>
Total assets		<u>10,396,946</u>	<u>5,571,625</u>
Liabilities			
Current liabilities			
Trade and other payables	17	7,663,513	3,770,919
Income tax liabilities		183,613	-
Current borrowings	19	9,000	9,000
Provisions	18	103,875	51,000
		<u>7,960,001</u>	<u>3,830,919</u>
Non-current liabilities			
Borrowings	19	25,500	32,250
		<u>25,500</u>	<u>32,250</u>
Total liabilities		<u>7,985,501</u>	<u>3,863,169</u>
Equity			
Ordinary shares	20	1,000	1,000
Preference shares	20	769,395	769,395
Retained earnings	21	1,641,050	938,061
Total equity		<u>2,411,445</u>	<u>1,708,456</u>
Total equity and liabilities		<u>10,396,946</u>	<u>5,571,625</u>

The financial statements of Peter Alan Limited, registered number 2073153, on pages 9 to 31 were approved by the Board of Directors and authorised for issue on 12 June 2014 and were signed on its behalf by:

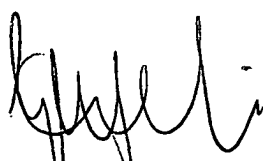

 G H Yorston
 Director


 W G Thomas
 Director

STATEMENT OF FINANCIAL POSITION OF THE COMPANY
AS AT 31 DECEMBER 2013

	Notes	31 December 2013 £	31 December 2012 £
Assets			
Non-current assets			
Property, plant and equipment	11	3,222,973	2,465,717
Investments in subsidiary undertakings	12	1,859,188	8
Deferred tax asset	14	41,991	44,841
Intangible assets	15	27,900	41,850
		<u>5,152,052</u>	<u>2,552,416</u>
Current assets			
Trade and other receivables	16	1,031,030	978,075
Cash and cash equivalents		2,950,862	2,023,443
Income tax		-	17,699
		<u>3,981,892</u>	<u>3,019,217</u>
Total assets		<u>9,133,944</u>	<u>5,571,633</u>
Liabilities			
Current liabilities			
Trade and other payables	17	6,417,512	3,770,919
Income tax liabilities		152,518	-
Current borrowings	19	9,000	9,000
Provisions	18	103,875	51,000
		<u>6,682,905</u>	<u>3,830,919</u>
Non-current liabilities			
Borrowings	19	25,500	32,250
		<u>25,500</u>	<u>32,250</u>
Total liabilities		<u>6,708,405</u>	<u>3,863,169</u>
Equity			
Ordinary shares	20	1,000	1,000
Preference shares	20	769,395	769,395
Retained earnings	21	1,655,144	938,069
Total equity		<u>2,425,539</u>	<u>1,708,464</u>
Total equity and liabilities		<u>9,133,944</u>	<u>5,571,633</u>

The financial statements of Peter Alan Limited, registered number 2073153, on pages 9 to 30 were approved by the Board of Directors and authorised for issue on 12 June 2014 and were signed on its behalf by:


G H Yorston
Director


W G Thomas
Director

PETER ALAN LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	31 December 2013 £	31 December 2012 £
Cash flows from operating activities (see below)	3,173,702	1,294,394
Interest paid	(18,523)	(16,033)
Net taxation paid	(171,148)	(136,526)
Net cash generated from operating activities	2,984,031	1,141,835
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,288,788)	(799,523)
Purchase of intangible asset	(1,771,881)	(41,850)
Proceeds from sale of property, plant and equipment	10,500	28,200
Interest received	1,942	419
Net cash used in investing activities	(3,048,227)	(812,754)
Cash flows from financing activities		
Repayment of borrowings	(6,750)	(9,250)
Cash proceeds from parent company loan	2,424,359	35,992
Net cash received in financing activities	2,417,609	26,742
Net increase in cash and cash equivalents	2,353,412	355,823
Cash and cash equivalents at beginning of the year	2,023,443	1,667,620
Cash and cash equivalents at end of the year	4,376,855	2,023,443
Cash generated from operating activities		
Profit before income tax	991,699	354,093
Adjusted for:		
Depreciation and intangibles amortisation	605,122	472,118
Profit on sale of property, plant and equipment	(5,542)	(28,200)
Interest received	(1,940)	(419)
Interest paid	18,523	16,033
Changes in working capital		
Decrease/(Increase) in trade and other receivables	16,328	(1,144)
Increase in trade and other payables	1,496,637	483,912
Increase/(Decrease) in other provisions	52,875	(1,999)
	3,173,702	1,294,394

PETER ALAN LIMITED

CASH FLOW STATEMENT OF THE COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2013

	31 December 2013 £	31 December 2012 £
Cash flows from operating activities (see below)	1,776,520	1,294,394
Interest paid	(16,681)	(16,033)
Net taxation paid	(115,876)	(136,526)
Net cash generated from operating activities	1,643,963	1,141,835
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,267,824)	(799,523)
Purchase of investments	(1,845,238)	(41,850)
Proceeds from sale of property, plant and equipment	10,500	28,200
Interest received	299	419
Net cash used in investing activities	(3,102,263)	(812,754)
Cash flows from financing activities		
Repayment of borrowings	(6,750)	(9,250)
Cash proceeds from parent company loan	2,392,469	35,992
Net cash received in financing activities	2,385,719	26,742
Net increase in cash and cash equivalents	927,419	355,823
Cash and cash equivalents at beginning of the year	2,023,443	1,667,620
Cash and cash equivalents at end of the year	2,950,862	2,023,443
Cash generated from operating activities		
Profit before income tax	1,006,018	354,093
Adjusted for:		
Impairments	8	-
Depreciation	505,610	472,118
Profit on sale of property, plant and equipment	(5,542)	(28,200)
Interest received	(299)	(419)
Interest paid	16,681	16,033
Changes in working capital		
Decrease/(Increase) in trade and other receivables	(52,955)	(1,144)
Increase in trade and other payables	254,124	483,912
Increase/(Decrease) in other provisions	52,875	(1,999)
	1,776,520	1,294,394

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

These consolidated 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.

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 4.

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 10 Consolidated Financial Statements
- IFRS 12 Disclosure of Involvement with Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 Separate Financial Statements
- IAS 32 Financial Instruments: Presentation
- IFRS 9 Financial Instruments – Classification and Measurement
- IAS 36 Impairment of Assets
- IFRS 3 Business Combinations
- IAS 16 Property, Plant and Equipment
- IAS 38 Intangible Assets
- IAS 24 Related Parties Disclosures
- IAS 40 Investment Property

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.

(b) Basis of consolidation

The Group financial statements include those of the parent company and its subsidiaries, drawn up to 31 December 2013. Subsidiaries are entities over which the Group obtains and exercises control through voting rights. Income, expenditure, unrealised gains and intra-group balances arising from transactions within the Group are eliminated. To increase the size of its lettings book, Peter Alan purchased 100% of Mead Property Management Services Limited on 4 February 2013, adding 420 properties to its managed book. It also purchased Thomas George Cardiff Limited on 31 October 2013, adding 608 properties to its managed book.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)**

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) 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	
Peter Alan	25
Thomas George	20

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.

(d) 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.

(e) 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 statement of financial position 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 statement of financial position 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 2013 (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) 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.

(g) 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.

(h) 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 statement of financial position 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.

(i) 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.

(j) Trade payables

Trade payables are recognised initially at fair value.

(k) Borrowings

Borrowings are recognised initially at fair value, net of transactions 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 statement of financial position date.

(l) 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 statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) 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.

(n) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The impairment test compares the carrying value of goodwill to its recoverable value. If the carrying value exceeds the recoverable value, goodwill is considered impaired and recognised in the income and expenditure statement immediately.

(o) Intangible assets – customer lists

Intangible assets with a finite life are carried at cost less amortisation and impairment losses. Intangible assets represent items which meet the recognition criteria of IAS 38, in that it is probable that future economic benefits attributable to the assets will flow to the entity and the cost can be measured reliably. Amortisation of intangible assets is calculated over the following periods:

Customer lists 4-6 years straight line

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

3. DIRECT EXPENSES

Direct expenses are made up as follows:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Sales costs	5,531,383	5,427,665	5,316,104	5,427,665
Other direct expenses	1,399,512	1,216,103	1,291,673	1,216,103
	<u>6,930,895</u>	<u>6,643,768</u>	<u>6,607,777</u>	<u>6,643,768</u>

4. BUSINESS SEGMENTS

The Group 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:	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Total income				
Estate agency	6,333,981	5,608,871	6,320,499	5,608,871
Lettings and management	2,447,680	1,960,687	2,050,302	1,960,687
Provision of financial services	887,716	918,061	887,716	918,061
	<u>9,669,377</u>	<u>8,487,619</u>	<u>9,258,517</u>	<u>8,487,619</u>
Net operating expenses	(8,682,211)	(8,138,965)	(8,257,232)	(8,138,965)
Finance income	23,056	21,472	21,414	21,472
Finance costs	(18,523)	(16,033)	(16,681)	(16,033)
Profit before income taxation	<u>991,699</u>	<u>354,093</u>	<u>1,006,018</u>	<u>354,093</u>

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

5. DIRECTORS' EMOLUMENTS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Total aggregate emoluments	<u>139,136</u>	<u>98,572</u>	<u>139,136</u>	<u>98,372</u>
Contributions to a defined contribution scheme in the year	-	-	-	-
Contributions to a defined benefit scheme in the year	-	-	-	-
Aggregate emoluments	<u>139,136</u>	<u>98,572</u>	<u>139,136</u>	<u>98,372</u>
Contributions to a defined benefit scheme in the year	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

6. EMPLOYEE INFORMATION

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

	Group		Company	
	2013	2012	2013	2012
Sales	201	175	180	175
Administration	20	20	20	20
	<u>221</u>	<u>195</u>	<u>200</u>	<u>195</u>

The employment costs of all employees above are:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Aggregate gross wages and salaries	4,555,795	4,384,747	4,391,853	4,384,747
Social Security costs	454,432	448,461	431,897	448,461
Other pension costs	38,077	38,114	36,811	38,114
	<u>5,048,304</u>	<u>4,871,322</u>	<u>4,860,561</u>	<u>4,871,322</u>

7. OTHER OPERATING INCOME

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Interest receivable	23,056	21,472	21,414	21,472

8. ADMINISTRATIVE EXPENSES

Profit before taxation is stated after charging:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Auditor's remuneration	10,000	10,000	10,000	10,000
Depreciation of owned tangible fixed assets	507,668	472,118	505,610	472,118
Operating lease rentals – land and buildings	386,830	451,307	386,830	451,307

And after crediting:

Rental income	70,259	58,238	70,259	58,238
Profit on disposal of fixed assets	5,542	28,200	5,542	28,200

9. INTEREST PAYABLE AND SIMILAR CHARGES

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank and other charges	18,523	16,033	16,681	16,033

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

10. TAXATION

The Group is subject to corporation tax at a rate of 23.25% (2012: 24.5%). The charge for taxation for the year on continuing operations is as follows:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Current tax:				
UK corporation tax charge for the year	286,428	113,319	286,093	113,319
Adjustments in respect of prior years	27,162	(23,267)	27,162	(23,267)
Deferred tax:				
Deferred tax credit for the year	(26,836)	(928)	(24,312)	(928)
Adjustments in respect of prior years	-	17,484	-	17,484
Tax on profit on ordinary activities	286,754	106,608	288,943	106,608

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:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Profit before tax	991,699	354,093	1,006,018	354,093
Profit multiplied by rate of corporation tax in the UK of 23.25% (2012: 24.5%)	230,570	86,753	233,900	86,753
Effects of:				
Expenses not deductible for tax purposes	22,791	921	22,791	921
Movement in short-term timing differences	1,471	24,718	-	24,718
Adjustments in respect of prior years	31,922	(5,784)	32,252	(5,784)
Total taxation	286,754	106,608	288,943	106,608

The statutory rate of corporation tax was reduced to 23.0% from 1 April 2013. The Group was subject to a corporation tax rate of 24.0% for the period 1 January to 31 March 2013, and 23.0% for the period 1 April to 31 December 2013, resulting in an effective rate of corporation tax of 23.25% for the full year in 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

11. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1 January 2013	2,702,302	694,239	3,999,084	7,395,625
Additions	1,032,158	20,964	235,666	1,288,788
Disposals	-	(46,860)	-	(46,860)
At 31 December 2013	3,734,460	668,343	4,234,750	8,637,553
<u>Depreciation</u>				
At 1 January 2013	1,510,595	347,865	3,071,448	4,929,908
Charge for year	104,024	147,651	255,993	507,668
Disposals	-	(41,902)	-	(41,902)
At 31 December 2013	1,614,619	453,614	3,327,441	5,395,674
Net book value 31 December 2013	2,119,841	214,729	907,309	3,241,879
Net book value 31 December 2012	1,191,707	346,374	927,636	2,465,717

Land and buildings at net book value comprise:

	2013 £	2012 £
Freehold property	1,763,374	794,747
Long leasehold property	188,500	195,382
Short leasehold property	167,967	201,578
	2,119,841	1,191,707

Group	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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Land and buildings	Motor vehicles	Furniture and equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1 January 2013	2,702,302	694,239	3,999,084	7,395,625
Additions	1,032,158	-	235,666	1,267,824
Disposals	-	(46,860)	-	(46,860)
At 31 December 2013	3,734,460	647,379	4,234,750	8,616,589
<u>Depreciation</u>				
At 1 January 2013	1,510,595	347,865	3,071,448	4,929,908
Charge for year	104,024	145,593	255,993	505,610
Disposals	-	(41,902)	-	(41,902)
At 31 December 2013	1,614,619	451,556	3,327,441	5,393,616
Net book value 31 December 2013	2,119,841	195,823	907,309	3,222,973
Net book value 31 December 2012	1,191,707	346,374	927,636	2,465,717
Land and buildings at net book value comprise:			2013 £	2012 £
Freehold property			1,763,373	794,747
Long leasehold property			188,500	195,382
Short leasehold property			167,967	201,578
			2,119,840	1,191,707
<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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

12. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Peter Alan purchased 100% of the share capital of Mead Property Management and Thomas George during 2013.

	Roderick Price £	Mead £	Thomas George £	Total £
At 1 January 2013	8	-	-	8
Additions	-	398,028	1,461,160	1,859,188
Impairment	(8)	-	-	(8)
At 31 December 2013	-	398,028	1,461,160	1,859,188

The recoverability of the investments has been reviewed at the year-end. No impairment has been made as the fair value less costs of disposal of the investments is deemed to be higher than their carrying value.

The Company has guaranteed the liabilities of the following subsidiaries outstanding as at the balance sheet date and as a result they are exempt from audit under s479A Companies Act 2006:

Company	Registered office
Thomas George Limited	Principality Buildings, PO Box 89, Cardiff, South Glamorgan, CF10 1UA
Mead Property Management Services Limited	Principality Buildings, PO Box 89, Cardiff, South Glamorgan, CF10 1UA

13. GOODWILL

	Mead £	Thomas George £	Total £
At 1 January 2013	-	-	-
Additions	34,879	487,562	522,441
At 31 December 2013	34,879	487,562	522,441

The carrying amount of goodwill relates entirely to the lettings cash generating unit, and reflects the difference between the cost of consideration transferred and the fair value of assets and liabilities purchased. The Directors do not consider goodwill to be impaired as the fair value less the costs of disposal of the lettings business is greater than its carrying value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

14. DEFERRED TAX

	Group 2013 £	2012 £	Company 2013 £	2012 £
Deferred taxation has been recognised in respect of:				
Capital allowances less depreciation	44,515	44,841	41,991	44,841
Deferred tax asset	44,515	44,841	41,991	44,841
Asset at 1 January	44,841	61,397	44,841	61,397
Amount debited to income and expenditure statement	(326)	(16,556)	(2,850)	(16,556)
Asset at 31 December	44,515	44,841	41,991	44,841

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 20% from 1 April 2015 has resulted in a deferred tax charge arising from the reduction in the statement of financial position 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.

15. INTANGIBLE ASSETS

The Company purchased the lettings portfolios of Thomas George Limited and Mead Property Management in the year. The assets are being amortised based on the run off of the lettings portfolio.

Group	Mead £	Thomas George £	Profilewide	Total £
At 1 January 2013	-	-	41,850	41,850
Additions	363,149	949,541	-	1,312,690
Amortisation	(65,213)	(25,929)	(13,950)	(105,092)
At 31 December 2013	297,936	923,612	27,900	1,249,448

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	350,461	353,502	350,461	353,502
Less: provision for impairment of trade receivables	(43,466)	(33,143)	(43,466)	(33,143)
	306,995	320,359	306,995	320,359
Prepayments and accrued income	654,813	657,716	724,035	657,716
	961,808	978,075	1,031,030	978,075

Included in the Group's trade debtors balance are debtors with a carrying amount of £89,145 (2012: £83,458) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Ageing of past due but not impaired receivables				
30 to 60 days	53,277	57,236	39,687	57,236
60 to 90 days	20,931	21,722	20,931	21,722
90 to 120 days	14,937	4,500	14,937	4,500
	89,145	83,458	75,555	83,458

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

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	16,764	1,156	8,532	1,156
Amounts due to Principality Building Society	4,043,434	1,650,965	4,043,434	1,650,965
Other taxation and social security	134,992	113,925	134,992	113,925
Value added tax	403,530	265,673	353,896	265,673
Accruals and deferred income	107,726	101,042	108,393	101,042
Other liabilities	2,957,067	1,638,158	1,768,265	1,638,158
	7,663,513	3,770,919	6,417,512	3,770,919

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

18. PROVISIONS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
At 1 January	51,000	53,000	51,000	53,000
Charge/(release) of provision in the year	52,875	(2,000)	52,875	(2,000)
At 31 December	103,875	51,000	103,875	51,000

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.

19. BORROWINGS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts due to Parent within one year	9,000	9,000	9,000	9,000
Amounts due to Parent after one year	25,500	32,250	25,500	32,250
	34,500	41,250	34,500	41,250

None of the above amounts due to Principality Building Society at 31 December 2013 bear any interest (2012: £nil).

20. ORDINARY SHARES

	Group and Company			
	2013		2012	
	Ordinary shares of £1 each	Preference shares of £1 each	Ordinary shares of £1 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

21. RETAINED EARNINGS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Adjustment to reserves	(1,956)	-	-	-
At 1 January 2013	938,061	690,584	938,069	690,576
Profit for the financial year	704,945	247,485	717,075	247,485
At 31 December 2013	<u>1,641,050</u>	<u>938,069</u>	<u>1,655,144</u>	<u>938,061</u>

22. OPERATING LEASE COMMITMENTS

At 31 December 2013 and 2012 the Group had annual commitments under non-cancellable operating leases on land and buildings as follows:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Expiring within one year	386,830	451,307	386,830	451,307
Expiring between two and five years	1,377,707	1,391,916	1,377,707	1,391,916
Expiring in over five years	2,666,671	2,984,493	2,666,671	2,984,493
	<u>4,431,208</u>	<u>4,827,716</u>	<u>4,431,208</u>	<u>4,827,716</u>

23. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2013 (2012: nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

24. RELATED PARTY TRANSACTIONS

The Company undertook the following related party transactions during the year:

	Company	
	2013	2012
	£	£
Fees received from Principality Building Society	58,328	38,080
Rent received from Principality Building Society	51,000	51,000
Rent received from Thomas George	1,778	-
	<u>111,106</u>	<u>89,080</u>
Rent paid to Principality Building Society	195,892	235,507
	<u>195,892</u>	<u>235,507</u>

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

	Company	
	2013	2012
	£	£
Amounts owed to Principality Building Society	4,077,934	1,692,215
	<u>4,077,934</u>	<u>1,692,215</u>
Amounts owed by Thomas George	40,307	1,692,215
Amounts owed by Mead	113,786	-
	<u>154,093</u>	<u>1,692,215</u>

The Group undertook the following related party transactions during the period:

	Group	
	2013	2012
	£	£
Fees received from Principality Building Society	58,328	38,080
Rent received from Principality Building Society	51,000	51,000
	<u>109,328</u>	<u>89,080</u>
Rent paid to Principality Building Society	195,892	235,507
	<u>195,892</u>	<u>235,507</u>

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

	Group	
	2013	2012
	£	£
Amounts owed to Principality Building Society	4,077,934	1,692,215
	<u>4,077,934</u>	<u>1,692,215</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

25. ACQUISITION OF SUBSIDIARY

Mead

On 4 February, the Group acquired 100 per cent of the issued capital of Mead, obtaining control of the Company. Mead is a lettings agent. The Company was acquired to grow Peter Alan's lettings business.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	2013 £
Property, plant and equipment	
Identifiable intangible assets	363,149
Total identifiable assets	<u>363,149</u>
Goodwill	34,879
Total consideration	<u>398,028</u>
Satisfied by:	
Cash	398,028

The goodwill of £398,028 arising from the acquisition consists of the future performance of the Company. Acquisition-related costs (included in administrative expenses). Mead contributed £291,434 revenue and £53,290 to the Group's profit for the period between the date of acquisition and the balance sheet date. Due to the fair value of the company less costs of disposal being higher than goodwill, no impairment of goodwill has been made.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (Continued)

25. ACQUISITION OF SUBSIDIARY (continued)

Thomas George

On 31 October, the Group acquired 100 per cent of the issued capital of Thomas George, obtaining control of the Company. Thomas George is a lettings agent. The Company was acquired to grow Peter Alan's lettings business.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	2013 £
Property, plant and equipment	24,057
Identifiable intangible assets	949,541
Total identifiable assets	<u>973,598</u>
Goodwill	487,562
Total consideration	<u>1,461,160</u>
Satisfied by:	
Cash	1,461,160

The goodwill of £487,562 arising from the acquisition consists of synergies, the brand and workforce of the Company. Acquisition-related costs (included in administrative expenses) amount to £31,999. Thomas George contributed £119,426 revenue and £22,903 to the Group's profit for the period between the date of acquisition and the balance sheet date. Due to the fair value of the company less costs of disposal being higher than goodwill, no impairment of goodwill has been made.

26. 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.