

PETER ALAN LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 1995

REGISTERED NO: 2073153



PETER ALAN LIMITEDAnnual report
for the year ended 31 December 1995

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PETER ALAN LIMITEDDirectors and advisers

Executive directors

Mr W D Mayne
Mr M S Stroud

Non-executive directors

Mr D H Andrews
Mr J D Mitchell
Mr P W F Laing
Mr M P McGuire
Mr J W Turner

Secretary

Mr S A Howell

Registered Office

Principality Buildings
Queen Street
Cardiff
CF1 1UA

Auditors

Coopers & Lybrand
Churchill House
Churchill Way
Cardiff
CF1 4XQ

Solicitors

Eversheds
Fitzalan House
Fitzalan Road
Cardiff
CF2 1XZ

Bankers

Midland Bank plc
56 Queen Street
Cardiff
CF1 4PX

PETER ALAN LIMITEDReport of the directors
For the year ended 31 December 1995

The directors present herewith the audited accounts for the year ended 31 December 1995.

Principal activities

The profit and loss account for the year is set out on Page 7. The main activities of the company are principally those of estate agents and the provision of financial services.

Review of business and future developments

The directors are pleased that the company was able to report a profit for the fifth successive year despite a very difficult housing market.

The Financial Services Division has maintained its income from insurance commissions at 1994 levels during a year in which compliance and external training involved significant commitment. We continued to provide Principality Building Society with quality mortgage referrals.

The company is committed to continuing to increase market share in 1996 by differentiating itself from its competitors through providing superior customer service.

Dividends

The directors recommend the payment of a dividend of £17,000 (1994: £98,000) in respect of the year ended 31 December 1995. The profit for the year after the payment of the above dividend will be transferred to reserves.

Directors

The directors of the company at 31 December 1995 all of whom have been directors for the whole of the year ended on that date, were:-

Mr D H Andrews (Chairman)
Mr J D Mitchell
Mr P W F Laing
Mr M P McGuire
Mr J W Turner
Mr W D Mayne
Mr M S Stroud

PETER ALAN LIMITED

Report of the directors
for the year ended 31 December 1995

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 10 to 11 to the financial statements.

Directors' interests in shares

The directors of the company at 31 December 1995 held no interests in the shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985.

Insurance of Directors

Insurance cover is maintained in respect of the directors' duties of the company.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



Secretary, 15 January 1996

Directors' responsibilities statement

The following statement, which should be read in conjunction with the statement of the auditors' responsibilities on page 6, is made by the directors to explain their responsibilities in relation to the preparation of the financial statements.

The directors are required by the Companies Act 1985 ("the Act") to prepare, for each financial year, financial statements which give a true and fair view of the state of the affairs of the company as at the end of the financial year and of the profit or loss of the company for the financial year. In preparing the financial statements, the directors are required to:

- * 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 financial statements;
- * 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 ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking reasonable steps for safeguarding the assets of the company and for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD



Secretary, 15 January 1996

PETER ALAN LIMITED

Report of the auditors to the members of
Peter Alan Limited

We have audited the financial statements on pages 7 to 20.

Respective responsibilities of directors and auditors

As described on page 5, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1995 and of its profit and cashflow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
Cardiff, 15 January 1996

PETER ALAN LIMITEDProfit and loss account
for the year ended 31 December 1995

	Notes	Continuing Operations <u>1995</u> £	Continuing Operations <u>1994</u> £
Turnover	1(d)	3,363,043	3,597,668
Net operating expenses	2	3,232,505	3,229,192
		-----	-----
Operating profit		130,538	368,476
Interest receivable and similar income	5	275	843
Interest payable and similar charges	6	<u>(56,411)</u>	<u>(48,934)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	74,402	320,385
TAX ON PROFIT ON ORDINARY ACTIVITIES	8	<u>(39,222)</u>	<u>(124,306)</u>
PROFIT FOR THE YEAR		35,180	196,079
DIVIDEND	9	(17,000)	(98,000)
		-----	-----
RETAINED PROFIT FOR THE YEAR	17	£ 18,180 =====	£ 98,079 =====

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical costs equivalents.

PETER ALAN LIMITEDBalance sheet - 31 December 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	<u>1,942,025</u>	<u>2,011,954</u>
		<u>1,942,025</u>	<u>2,011,954</u>
CURRENT ASSETS			
Debtors	12	302,190	227,998
Cash at bank and in hand		<u>3,930</u>	<u>66,761</u>
		306,120	294,759
CREDITORS: amounts falling due within one year			
	13	<u>543,494</u>	<u>594,722</u>
NET CURRENT LIABILITIES		<u>(237,374)</u>	<u>(299,963)</u>
Total assets less current liabilities		1,704,651	1,711,991
CREDITORS: amounts falling due after more than one year			
	14	507,249	526,669
PROVISIONS FOR LIABILITIES AND CHARGES			
	15	<u>21,700</u>	<u>27,800</u>
NET ASSETS		<u>£1,175,702</u>	<u>£1,157,522</u>
CAPITAL AND RESERVES			
Called up share capital	16	770,395	770,395
Profit and loss account	17	405,307	387,127
Equity shareholders' funds		<u>406,307</u>	<u>388,127</u>
Non-equity shareholders' funds		<u>769,395</u>	<u>769,395</u>
Total shareholders' funds		<u>£1,175,702</u>	<u>£1,157,522</u>

The financial statements on pages 7 to 20 were approved by the board of directors on 15 January 1996 and were signed on its behalf by:-

)
)
) Directors
)
)

Director
Director

PETER ALAN LIMITEDCashflow statement for the year ended 31 December 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
Net cash inflow from operating activities	1	<u>274,776</u>	<u>707,122</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		275	843
Interest paid		(56,411)	(48,845)
Finance lease interest paid		-	(89)
Dividend paid		<u>(98,000)</u>	<u>(160,000)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(154,136)</u>	<u>(208,091)</u>
TAXATION			
Corporation Tax paid		<u>(126,812)</u>	<u>(171,516)</u>
Net taxation outflow		<u>(126,812)</u>	<u>(171,516)</u>
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		<u>(209,665)</u>	<u>(272,956)</u>
Receipts from sale of tangible fixed assets		<u>53,612</u>	<u>32,452</u>
Net cash outflow from investing activities		<u>(156,053)</u>	<u>(240,504)</u>
Net cash (outflow)/inflow before financing		<u>(162,225)</u>	<u>87,011</u>
FINANCING	3		
Repayment of loans and mortgages		(17,748)	(67,023)
Lease repayments		<u>(177)</u>	<u>(619)</u>
Net cash outflow from financing		<u>(17,925)</u>	<u>(67,642)</u>
(Decrease)/increase in cash and cash equivalents	2	<u>£(180,150)</u> =====	<u>£ 19,369</u> =====

Cashflow statement
for the year ended 31 December 1995 continued

1 Reconciliation of operating profit to net cash inflow from operating activities.

	<u>1995</u> £	<u>1994</u> £
Operating profit	130,538	368,476
Depreciation of tangible fixed assets	247,976	240,012
Profit on sale of fixed assets	(21,994)	(14,852)
(Increase)/decrease in debtors	(74,192)	58,596
(Decrease)/increase in creditors	<u>(7,552)</u>	<u>54,890</u>
Net cash inflow from operating activities	£274,776 =====	£707,122 =====

2 Analysis of changes in cash during the year.

	<u>1995</u> £	<u>1994</u> £
Balance at 1 January 1995	66,761	47,392
Net cash (outflow)/inflow	<u>(180,150)</u>	<u>19,369</u>
Balance at 31 December 1995	£(113,389) =====	£66,761 =====

3 Analysis of financing.

	<u>Loans and</u> <u>Mortgages</u> £	<u>Finance</u> <u>Leases</u> £	<u>Total</u> £
Balance at 1 January 1995	543,309	177	543,486
Net cash outflow	<u>(17,748)</u>	<u>(177)</u>	<u>(17,925)</u>
Balance at 31 December 1995	£525,561 =====	£ - ===	£525,561 =====

Notes to the financial statements - 31 December 1995

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies of the company are set out below.

(a) Basis of accounting

The accounts have been prepared under the historical cost convention.

(b) Tangible fixed assets

Interests in land and buildings are stated at cost. The costs of other fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Provision for depreciation is made so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:-

	%
Freehold buildings	1-2
Freehold buildings - improvements	10
Long leasehold buildings	1-2 or over life of lease
Short leasehold buildings	over life of lease
Furniture, fittings and	
Office equipment	10-15
Computer equipment	20
Motor vehicles	25

Freehold land is not depreciated.

(c) Goodwill

Goodwill is eliminated by amortisation through the profit and loss account over five years, which is the period over which benefit is expected to arise from the purchased goodwill.

(d) Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied by the estate agency business and net cash received for commissions in respect of financial services. Fees for the sale of residential and commercial properties are credited to the profit and loss account on exchange of contracts.

Notes to the financial statements - 31 December 1995 continued(e) Taxation

The charge for taxation is based on the results for the year as adjusted for disallowable items. Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that a liability or asset will crystallise.

(f) Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account, over the period of the lease.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor.

All other leases are treated as 'operating leases'. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Net operating expenses

Net operating expenses are made up as follows:-

	<u>1995</u> £	<u>1994</u> £
Sales costs	2,207,998	2,203,985
Establishment costs	474,080	473,147
Administrative expenses	<u>550,427</u>	<u>552,060</u>
	£3,232,505	£3,229,192
	=====	=====

Notes to the financial statements - 31 December 1995 continued

3 Directors' emoluments

The remuneration paid to the directors' of Peter Alan Limited was:-

	<u>1995</u>	<u>1994</u>
For management services	£123,075 =====	£120,952 =====

Directors Fees and other emoluments (excluding pension contributions), disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985, are as follows:-

	<u>1995</u>	<u>1994</u>
Emoluments of the chairman	£ 8,910 =====	£ 8,650 =====
Emoluments of the highest paid director	£53,652 =====	£52,981 =====
Number of directors (including those above) whose emoluments were within the ranges:-		
	Number	Number
£ Nil to £ 5,000	4	4
£ 5,001 to £10,000	1	1
£50,001 to £55,000	2	2

4 Employee information

The average weekly number of persons employed by the company excluding directors during the year is analysed below:-

	<u>1995</u>	<u>1994</u>
Sales	132	130
Administration	<u>16</u>	<u>17</u>
	148 ===	147 ===

The employment costs of all employees above are:-

	<u>1995</u> £	<u>1994</u> £
Aggregate gross wages and salaries	1,645,560	1,663,315
Social security costs	<u>158,253</u>	<u>163,182</u>
	£1,803,813 =====	£1,826,497 =====

Notes to the financial statements - 31 December 1995 continued

5 Interest receivable and similar income

	<u>1995</u>	<u>1994</u>
	£	£
Bank interest receivable	£ 275	£ 843
	=====	=====

6 Interest payable and similar charges

	<u>1995</u>	<u>1994</u>
	£	£
Amounts payable to holding company:-		
Mortgage interest payable by instalments	44,793	44,070
Amounts payable to non group entities wholly repayable within five years:-		
Bank interest on overdraft	7,386	251
Bank charges and other charges	<u>4,232</u>	<u>4,613</u>
	£56,411	£48,934
	=====	=====

Total interest payable and similar charges includes £NIL (1994: £89) in respect of lease finance.

7 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:-

	<u>1995</u>	<u>1994</u>
	£	£
Auditors' remuneration	10,000	9,750
Depreciation of tangible fixed assets		
- owned (see note 7a)	247,976	239,389
- leased	-	623
Operating lease rental - property	175,250	170,109

and after crediting:

Rental Income	85,141	83,886
Profit on disposal of fixed assets	21,994	14,852

a) Depreciation of owned tangible fixed assets includes a provision of £NIL (1994: £13,335) which has been made to reduce tangible fixed assets to their recoverable amount.

Notes to the financial statements - 31 December 1995 continued

8	<u>Tax on profit on ordinary activities</u>	<u>1995</u> £	<u>1994</u> £
	United Kingdom corporation tax at 33%	50,000	130,000
	Transfer from deferred tax (note 15)	(6,100)	(3,700)
	United Kingdom corporation tax over provision in previous years	<u>(4,678)</u>	<u>(1,994)</u>
		£ 39,222 =====	£124,306 =====
9	<u>Dividends</u>	<u>1995</u> £	<u>1994</u> £
	Final ordinary dividend proposed of £0.17 per share (1994 £0.98 per share)	£ 17,000 =====	£ 98,000 =====
10	<u>Intangible fixed assets</u>		
	<u>Goodwill</u>		£
	Cost		<u>44,000</u>
	Amount amortised at 1 January 1995 and 31 December 1995		<u>44,000</u>
	Net book value at 31 December 1995 and 31 December 1994		£ NIL =====

Notes to the financial statements - 31 December 1995 continued

11 Tangible fixed assets

	Land and Buildings £	Motor Vehicles £	Furniture and Equipment £	Total £
<u>Cost</u>				
At 1 January 1995	1,697,058	453,486	799,482	2,950,026
Expenditure	23,890	132,105	53,670	209,665
Disposals	-	(110,961)	(44,388)	(155,349)
At 31 December 1995	<u>1,720,948</u>	<u>474,630</u>	<u>808,764</u>	<u>3,004,342</u>
<u>Depreciation</u>				
At 1 January 1995	259,376	186,534	492,162	938,072
Charge for year	50,274	116,799	80,903	247,976
Disposals	-	(82,917)	(40,814)	(123,731)
At 31 December 1995	<u>309,650</u>	<u>220,416</u>	<u>532,251</u>	<u>1,062,317</u>
Net book value				
31 December 1995	<u>£1,411,298</u>	<u>£ 254,214</u>	<u>£ 276,513</u>	<u>£1,942,025</u>
Net book value				
31 December 1994	<u>£1,437,682</u>	<u>£ 266,952</u>	<u>£ 307,320</u>	<u>£2,011,954</u>

Land and buildings at net book value comprise:-

	<u>1995</u> £	<u>1994</u> £
Freehold property	995,710	1,007,944
Long leasehold property	285,265	287,778
Short leasehold property	<u>130,323</u>	<u>141,960</u>
	<u>£1,411,298</u>	<u>£1,437,682</u>

Notes to the financial statements - 31 December 1995 continued

12 Debtors

	<u>1995</u>	<u>1994</u>
	£	£
Trade debtors	211,568	127,598
Amounts due from the Principality Building Society	7,609	2,945
Prepayments and accrued income	<u>83,013</u>	<u>97,455</u>
	£302,190	£227,998
	=====	=====

All the above amounts are due within one year of the balance sheet date.

13 Creditors: amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	£	£
Bank overdraft	117,319	-
Trade creditors	56,323	43,690
Amounts due to group companies:		
Principality Building Society	20,083	16,640
Proposed Dividend	17,000	98,000
Taxation and social security	205,657	270,516
Finance leases	-	177
Accruals and deferred income	<u>127,112</u>	<u>165,699</u>
	£543,494	£594,722
	=====	=====

The taxation and social security creditor comprises:-

	<u>1995</u>	<u>1994</u>
	£	£
United Kingdom corporation tax	50,000	131,490
Social Security	66,049	64,378
Value Added Tax	<u>89,608</u>	<u>74,648</u>
	£205,657	£270,516
	=====	=====

Notes to the financial statements - 31 December 1995 continued

14 Creditors: amounts falling due after more than one year

	<u>1995</u>	<u>1994</u>
	£	£
Amounts due to the Principality Building Society (see (a) below)	£ 507,249	£ 526,669
	=====	=====

(a) The amounts due to the Principality Building Society at 31 December 1995 are repayable as follows:-

	<u>Others</u>	<u>Mortgages</u>
	£	£
Within one year	1,771	18,312
Between two and five years	-	73,248
After more than five years	-	434,001
	-----	-----
	£1,771	£525,561
	=====	=====

The mortgages which are secured on various freehold properties bear interest at the Principality Building Society's standard mortgage rate.

Notes to the financial statements - 31 December 1995 continued

15 Provisions for liabilities and charges

(a) Deferred taxation

Analysis of provisions and amounts unprovided:-

	<u>1995</u>		<u>1994</u>	
	Provision made £	Amount unprovided £	Provision made £	Amount unprovided £
Accelerated capital allowances	22,200	-	28,300	-
Other timing differences	(500)	-	(500)	-
Chargeable gain rolled over	-	14,000	-	14,000
	£21,700	£14,000	£27,800	£14,000
	=====	=====	=====	=====

(b) Movements on the provision for deferred taxation are as follows:-

	£
At 1 January 1995	27,800
Transferred to profit and loss account	(6,100)
At 31 December 1995	£21,700
	=====

16 Called up share capital

	<u>1995</u>		<u>1994</u>	
	Ordinary shares of 1p each	Preference shares of £1 each	Ordinary shares of 1p each	Preference shares of £1 each
Authorised - value	£1,000	£999,000	£1,000	£999,000
	=====	=====	=====	=====
- number	100,000	999,000	100,000	999,000
	=====	=====	=====	=====
Issued, called up and fully paid:				
- value	£1,000	£769,395	£1,000	£769,395
	=====	=====	=====	=====
- number	100,000	769,395	100,000	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 - 31 December 1995 continued

17 Reserves

Profit and
Loss Account

	£
At 1 January 1995	387,127
Retained profit for year	<u>18,180</u>
At 31 December 1995	£405,307
	=====

18 Reconciliation of movements in shareholders funds

	<u>1995</u>	<u>1994</u>
	£	£
Profit for the Financial Year	18,180	98,079
Opening Shareholders Funds	1,157,522	1,059,443
	=====	=====
Closing Shareholders Funds	£1,175,702	£1,157,522
	=====	=====

19 Obligations under leases

At 31 December 1995 the company had annual commitments under operating leases on land and buildings as follows:-

	<u>1995</u>	<u>1994</u>
	£	£
Expiring within one year	-	-
Expiring between two & five years	47,900	47,900
Expiring in over five years	<u>125,850</u>	<u>125,850</u>
	£173,750	£173,750
	=====	=====

20 Capital expenditure approved

	<u>1995</u>	<u>1994</u>
	£	£
Expenditure contracted for	1,000	1,000
Expenditure approved by the directors but not yet contracted for	-	-
	-----	-----
Approved expenditure outstanding	£1,000	£1,000
	=====	=====

21 Ultimate holding company

All the shares in Peter Alan Limited are beneficially held by the Principality Building Society, a body incorporated in England and Wales.