The Asset Management Group Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2014

(Registered Number 03292378)

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Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The Asset Management Group Limited continues to provide services to corporate clients in connection with the arrangement of the sale of vacant residential properties throughout the UK.

The Asset Management Group Limited is a private limited company registered in England and Wales, registered number; 03292378.

DIRECTORS

The Directors who served during the year were:

RS Shipperley
DC Livesey
RJ Twigg (appointed 7 April 2014)
A Chambers
S Matthews
CA Coxon

DIVIDENDS

During the year an interim dividend of £2,000,000 was paid (2013: £4,500,000). The Directors do not propose the payment of a final dividend (2013: £nil).

POLITICAL DONATIONS

No contributions were made for political purposes (2013: £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 AUDITORS

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 auditors are 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 auditors are aware of that information.

By order of the board

A Chambers
Director

26 February 2015

13 – 21 High Street
Guildford
Surrey
GU1 3DG

Strategic Report

BUSINESS REVIEW

The results for the year are shown in the Statement of Comprehensive Income and notes. During 2014 levels of repossessions in the whole UK market were significantly lower than during 2013, this was anticipated and the results are largely as forecast. Income levels and profitability in the coming financial year depend on levels of new instructions and the state of the housing market but we are expecting a decline in the number of repossessions in 2015 which will affect profitability. On 1st December 2014, the company acquired the business and assets of Connells Asset Management, a property management division of Connells Residential Limited. Set out below is an overview of the objectives of the business and the challenges it faces, as well as the key measures used to monitor the performance of the business.

Objectives and strategy of the Company

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

Operational performance and key performance indicators

The Directors monitor the business at monthly board meetings.

Operational review

	2014 £000	2013 £000	Change %
Total fees and commissions	16,785	20,432	-18%
Profit from operations	2,979	3,961	-25%
Profit before tax	3,982	5,965	-33%

Risks and uncertainties

The company's objective is to appropriately manage all the risks that arise from its activities. Connells Ltd, the immediate parent undertaking and Skipton Building Society, the ultimate holding company, 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 asset managers, the Company is reasonably highly operationally geared. Performance is inversely affected by the state of the residential housing market so that in the short term, most costs are fixed so when income falls this has a direct and adverse 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.

Asset management is a people business and as such is reliant on the ability, training, skills and motivation of its staff. A key risk to the business is the possibility of losing staff, particularly amongst senior managers and directors. In order to combat this, the Board ensures that service agreements, remuneration packages, and human resources policies are adequate to retain key employees.

By order of the board

A Chambers
Director

26 February 2015

13 – 21 High Street
Guildford
SurreyGU1 3DG

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATEGIC 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 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 THE ASSET MANAGEMENT GROUP LIMITED

We have audited the financial statements of The Asset Management Group Limited for the year ended 31 December 2014 set out on pages 7 to 21. 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 5, 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 (APB'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 2014 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 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 3 March 2015

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

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

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 2014 £000	Year ended 2013 £000
Revenue	1	16,785	20,432
Cost of Sales		(11,241)	(13,937)
Gross profit		**5,544**	**6,495**
Administrative expenses	2	(2,565)	(2,534)
Profit from operations		**2,979**	**3,961**
Financial income	3	3	4
Dividend income		1,000	2,000
Profit before tax		**3,982**	**5,965**
Income tax expense	5	(664)	(933)
Profit for the year being total comprehensive income		**3,318**	**5,032**

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

There were no recognised income and expense items in the current year (2013: £nil) other than those reflected in the above Statement of Comprehensive Income.

The notes on pages 11 to 21 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2014

	Notes	£000	31 December 2014 £000	£000	31 December 2013 £000
Non-current assets					
Intangible assets	6	2,304		-	
Property, plant and equipment	7	39		61	
Deferred tax asset	12	-		9	
Total non-current assets			2,343		70
Current assets					
Inventories	9	1,722		1,377	
Trade and other receivables	10	1,161		1,084	
Cash and cash equivalents		1,186		2,275	
Total current assets			4,069		4,736
Total assets			**6,412**		**4,806**
Current liabilities					
Trade and other payables	11	2,692		2,229	
Tax liabilities		354		707	
Total current liabilities			3,046		2,936
Non-current liabilities					
Trade and other payables	11	332		387	
Deferred tax liability		233			
Total non-current liabilities			565		387
Total liabilities			3,611		3,323
Equity– attributable to the owners of the Company					
Share capital	14	-		-	
Retained earnings	14	2,801		1,483	
Total equity			2,801		1,483
Total equity and liabilities			**6,412**		**4,806**

These accounts were approved by the board of directors on 26 February 2015 and signed on its behalf by:

A Chambers
Director

Company registration number: 03292378

The notes on pages 11 to 21 form part of these accounts.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2014	-	1,483	1,483
Total comprehensive income for the year	-	3,318	3,318
Dividend paid	-	(2,000)	(2,000)
Balance at 31 December 2014	**-**	**2,801**	**2,801**
Balance at 1 January 2013	-	951	951
Total comprehensive income for the year	-	5,032	5,032
Dividend paid	-	(4,500)	(4,500)
Balance at 31 December 2013	**-**	**1,483**	**1,483**

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 2014 £000	Year ended 2013 £000
Cash flows from operating activities			
Profit for the year		3,318	5,032
Adjustments for:			
Amortisation of intangible assets	6	57	-
Depreciation of property, plant and equipment	7	26	31
Loss on disposal of property, plant, and equipment		-	3
Financial income	3	(3)	(4)
Dividend income		(1,000)	(2,000)
Tax expense	5	664	933
Operating profit before changes in working capital and provisions		3,062	3,995
Decrease in inventories		149	500
(Increase) / decrease in trade and other receivables		(77)	136
Increase / (decrease) in trade and other payables		408	(1,418)
Cash generated from operations		3,542	3,213
Taxes paid		(1,136)	(831)
Net cash inflow from operating activities		**2,406**	**2,382**
Cash flows from investing activities			
Interest received		3	4
Dividends received		1,000	2,000
Purchase of property, plant and equipment	7	(4)	(15)
Purchase of business	18	(2,494)	-
Net cash (outflow) / inflow from investing activities		**(1,495)**	**1,989**
Cash flows from financing activities			
Dividends paid		(2,000)	(4,500)
Net cash outflow from financing activities		**(2,000)**	**(4,500)**
Net (decrease) in cash and cash equivalents		(1,089)	(129)
Cash and cash equivalents at 1 January		2,275	2,404
Cash and cash equivalents at 31 December		**1,186**	**2,275**

The notes on pages 11 to 21 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The Asset Management Group 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 (IFRS) and its interpretations as adopted by the EU and effective at 31 December 2014. 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 page 4. The financial position of the Company, its cash flows, and liquidity position are shown on pages 7 to 10. 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 the Directors believe that the Company is well placed to manage its business risks successfully in the expected economic outlook. The Directors believe that the Company has adequate resources to continue to operate for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Critical accounting estimates, and judgements in applying accounting policies

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.

- Taxation - significant estimates are required in determining the provision for deferred and corporation tax.
- Intangible assets –significant estimates and judgements are made in determining the fair value of intangible assets arising in a business combination. Management have valued the intangible assets based on expected profits of the customer relationships and pipelines bought in the acquisition. The key judgements are the average fee and profit margin per case and the length of time the customer relationships will last. Management have based these assumptions on past performance.

c) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings or businesses represents the excess of the fair value of consideration over the fair value of identifiable net assets and contingent liabilities acquired at the date of acquisition. Goodwill is calculated after also taking into account the fair value of contingent liabilities of the acquiree.

In accordance with IFRS 3, *Business Combinations*, goodwill is not amortised but is tested for impairment at each year end or when there is an indication of impairment.

The recoverable amount of goodwill is determined as the higher of its fair value less costs to sell and its value in use. The value in use calculations are carried out by discounting the future cash flows of the cash generating unit ("CGU") and comparing this to its value in use. Future cash flows are based upon approved profit budgets for the next five years (adjusted for depreciation and amortisation) and assumed growth thereafter for the next 10 years of 2.5%. The Company estimates discount rates based on a current cost of capital of the subsidiary. Impairment of a CGU's associated goodwill is recognised where the present value of future cash flows of the subsidiary is less than its carrying value. A fifteen year time horizon has been used to reflect that subsidiaries are held for the long term.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

On the sale of a subsidiary, the profit or loss on sale would be calculated after charging or crediting the net book value of any related goodwill. Negative goodwill arising on an acquisition would be recognised directly in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

d) Intangible assets

Intangible assets include acquired customer contracts and relationships that in the opinion of the directors meets the definition of an intangible asset. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the day they are available for use. The estimated useful lives are as follows:

Customer contracts and relationships - 1 to 3 years
Pipeline - 6 months

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

e) Revenue recognition

Revenue, which excludes value added tax, represents total commissions receivable by the Company. Commission earned is accounted for on exchange of property contracts. Panel fee income is deferred over the membership period.

f) 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 on the following bases:

Office equipment	-	3 to 5 years
Motor vehicles	-	25% of net book value

g) Trade and other receivables

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

h) Trade and other payables

Trade and other payables are stated at their initial fair value and then subsequently carried at their amortised cost.

i) Operating leases

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

j) Inventories

Inventories, which are represented by work in progress is valued at the lower of cost and net realisable value.

k) 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 asset or liability is recognised via equity.

Current tax is the expected tax payable on the taxable income 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.

l) Employee benefits

Certain employees are members of the Asset Management Group Limited defined contribution pension scheme and 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

m) 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.

n) Net financing costs

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

2. Expenses and auditors' remuneration

	Year ended 2014 £000	Year ended 2013 £000
Included in profit are the following:		
Amortisation of intangible assets	57	-
Depreciation of property, plant and equipment	26	31
Loss on sale of property, plant and equipment	-	3
Staff costs (see note 4)	2,039	2,099
Rentals payable under operating leases	115	117
Auditors' remuneration and expenses:		
Audit of these financial statements	17	13

3. Financial income

	Year ended 2014 £000	Year ended 2013 £000
Bank interest	3	4

4. Staff numbers and costs

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

	Year ended 2014 No.	Year ended 2013 No.
Directors	6	7
Administration	56	57
	62	64

	Year ended 2014 £000	Year ended 2013 £000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	1,794	1,842
Social security costs	191	201
Other pension costs	54	56
	2,039	2,099

Directors' emoluments	**£000**	**£000**
Directors' emoluments	362	385
Company contributions to defined contribution pension plans	11	10
	373	395

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. Staff numbers and costs (continued)

Under long term incentive schemes, the Directors have accrued £64,812 (2013: £77,417). These are payable upon completion of a three year service term. Three of the serving Directors as at 31 December 2014 (2013:3) are remunerated by another group company. The aggregate emoluments of the highest paid director was £237,235 (2013: £251,765), and contributions of £6,583 (2013: £6,208) were made to defined contribution pension schemes.

5. Tax expense

	Year ended 2014 £000	Year ended 2013 £000
a) Analysis of expense in the year at 21.50% (2013: 23.25%)		
Current tax expense		
Current tax at 21.50% (2013: 23.25%)	666	935
Adjustment for prior years	117	-
Total current tax	783	935
Deferred tax credit		
Origination and reversal of temporary differences	(24)	(2)
Adjustment in respect of prior periods	(95)	-
Total deferred tax	(119)	(2)
Tax expense	**664**	**933**

b) Factors affecting current tax expense in the year

The tax assessed in the Statement of Comprehensive Income is lower (2013: lower) than the standard UK corporation tax rate because of the following factors:

	2014	2013
Profit before tax	3,982	5,965
Tax on profit at UK standard rate of 21.50% (2013: 23.25%)	856	1,387
Effects of:		
Income not taxable for tax purposes	(214)	(465)
Expenses not deductible for tax purposes	-	11
Adjustments in respect of previous periods	22	-
Tax expense	**664**	**933**

6. Intangible assets

	Goodwill £000	Sales Pipeline £000	Customer Contracts & Relationships £000	Total £000
Cost				
At 1 January 2014	-	-	-	-
Additions	557	360	1,444	2,361
Disposals	-	-	-	-
At 31 December 2014	**557**	**360**	**1,444**	**2,361**
Amortisation and impairment losses				
At 1 January 2014	-	-	-	-
Amortisation for the year	-	15	42	57
Disposals	-	-	-	-
At 31 December 2014	**-**	**15**	**42**	**57**
Carrying amounts				
At 1 January 2013	-	-	-	-
At 31 December 2014	**557**	**345**	**1,402**	**2,304**

The above intangible assets arise on the acquisition of Connells Asset Management, discussed in note 18.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7. Property, plant and equipment

	Office Equipment £000	Total £000
Cost		
At 1 January 2014	263	263
Additions	4	4
Disposals	(2)	(2)
At 31 December 2014	265	265
Accumulated depreciation and impairment		
At 1 January 2014	202	202
Depreciation charge for the year	26	26
Eliminated on disposals	(2)	(2)
At 31 December 2014	226	226
Carrying amounts		
At 1 January 2014	61	61
At 31 December 2014	39	39

	Office Equipment £000	Total £000
Cost		
At 1 January 2013	263	263
Additions	15	15
Disposals	(15)	(15)
At 31 December 2013	263	263
Accumulated depreciation and impairment		
At 1 January 2013	183	183
Depreciation charge for the year	31	31
Eliminated on disposals	(12)	(12)
At 31 December 2013	202	202
Carrying amounts		
At 1 January 2013	80	80
At 31 December 2013	61	61

8. Fixed asset investments

	Shares in Group Undertakings £
Cost	
At 31 December 2014 and 2013	3

The Company owns 100% of the ordinary issued share capital of AMG North East Limited and AMG Projects Limited. Both of these companies are registered in England and Wales.

The principal activities of the subsidiary companies are the arrangement of the sale of properties or associated services.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Inventories

	31 December 2014 £000	31 December 2013 £000
Work in progress	1,722	1,377

Work in progress represents costs incurred in the preparation of properties for sale, where contracts for the sale of properties were not exchanged until after the year end. £494,000 of work in progress was purchased in the acquisition of Connells Asset Management, discussed in note 18.

10. Trade and other receivables

	31 December 2014 £000	31 December 2013 £000
Trade receivables	904	1,007
Amounts due from group companies	233	55
Prepayments and accrued income	24	22
	1,161	**1,084**

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

	31 December 2014 £000 Gross	31 December 2014 £000 Impairment	31 December 2013 £000 Gross	31 December 2013 £000 Impairment
Not past due	730	-	753	-
Past due 0 – 30 days	134	-	203	-
Past due 31 – 120 days	16	-	33	-
Past due 120 days plus	24	-	18	-
	904	**-**	**1,007**	**-**

11. Trade and other payables

	31 December 2014 £000	31 December 2013 £000
Due within one year		
Trade payables	330	366
Amounts owed to group undertakings	668	158
Other taxes and social security costs	398	445
Accruals and deferred income	1,296	1,260
	2,692	**2,229**
Due after more than one year		
Accruals and deferred income	**332**	**387**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12. Deferred tax

	31 December 2014 £000	31 December 2013 £000
The movement on the deferred tax account is as shown below:		
At 1 January	9	7
Recognised on acquisition of Connells Asset Management	(361)	-
Credit in Statement of Comprehensive Income	119	2
At 31 December	**(233)**	**9**

Deferred tax asset/(liability)	Acquisition £000	Accelerated capital allowances £000	Other temporary differences £000	Total £000
At 1 January 2014	-	9	-	9
Liability recognised on acquisition of Connells Asset Management	(361)	-	-	(361)
Credited to Statement of Comprehensive Income	20	-	99	119
At 31 December 2014	**(341)**	**9**	**99**	**(233)**

Net deferred tax asset/(liability)

At 1 January 2014	9
At 31 December 2014	(233)

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 timing differences under the liability method using an effective tax rate of 20% (2013: 20%) as this is the enacted rate that is expected to apply when the temporary differences reverse.

Deferred tax arises on the acquisition of Connells Asset Management, as discussed in Note 18.

13. 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 £53,852 (2013: £56,297). The Company had contributions of £11,616 outstanding at the end of the financial year (2013: £10,799).

14. Share capital

Allotted, called up and fully paid	31 December 2014 £	31 December 2013 £
£1 Ordinary shares	200	200
	200	**200**

Management of capital

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

Capital	Year ended 2014 £000	Year ended 2013 £000
Ordinary shares	-	-
Retained earnings	2,801	1,483
	2,801	**1,483**

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14. Share capital (continued)

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.

15. 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.

2014	**Ultimate parent undertaking £000**	**Parent undertaking £000**	**Other group Companies £000**	**Subsidiary undertakings £000**
a) Net interest				
Interest receivable	-	-	-	-
Interest payable	-	-	-	-
Total	**-**	**-**	**-**	**-**
b) Sales of goods and services				
Commissions receivable	-	-	6	-
Total	**-**	**-**	**6**	**-**
c) Purchase of goods and services	-	(20)	(1,517)	(2,426)
Total	**-**	**(20)**	**(1,517)**	**(2,426)**
d) Outstanding balances				
Receivables from related parties	-	-	7	226
Payables to related parties	-	(24)	(466)	(178)
Total	**-**	**(24)**	**(459)**	**48**

2013	**Ultimate parent undertaking £000**	**Parent undertaking £000**	**Other group Companies £000**	**Subsidiary undertakings £000**
a) Net interest				
Interest receivable	-	-	-	-
Interest payable	-	-	-	-
Total	**-**	**-**	**-**	**-**
b) Sales of goods and services				
Office rental	-	-	-	-
Total	**-**	**-**	**-**	**-**
c) Purchase of goods and services	-	(601)	(1,233)	(2,527)
Total	**-**	**(601)**	**(1,233)**	**(2,527)**
d) Outstanding balances				
Receivables from related parties	-	10	-	45
Payables to related parties	-	-	(72)	(86)
Total	**-**	**10**	**(72)**	**(41)**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15. Related party transactions (continued)

P A Rooney is a director and controlling shareholder in Arun Estate Agencies Limited, he is also a minority shareholder in The Asset Management Group Ltd. The Company has purchased goods and services of £254,768 (2013: £353,749) from Arun Estate Agencies Limited during the year. The Company has payables due to Arun Estate Agencies Limited of £14,037as at 31 December 2014 (2013: £5,837).

A C Chambers is a director of Kinleigh, Folkard & Hayward Limited. The Company has purchased goods and services of £13,500 (2013: £41,885) from Kinleigh, Folkard & Hayward Limited during the year. The Company has payables due to Kinleigh, Folkard & Hayward Limited of £13,440 as at 31st December 2014 (2013: £Nil).

Connells Limited, the Company's immediate parent company, has a minority shareholding in Vibrant Energy Matters Limited. The company has purchased goods and services of £74,814 (2013: £98,388) from Vibrant Energy Matters Limited. The company has payables due to Vibrant Energy Matters Limited of £480 as at 31 December 2014 (2013: £624).

There are no provisions in respect of goods and services to Related Parties, either at 31 December 2014 or at 31 December 2013. All transactions are dealt with on normal credit terms.

On 1st December 2014, the company acquired the business and assets of Connells Asset Management, a property management division of Connells Residential Limited from Connells Residential Limited – another member of the Connells Group.

16. Capital and operating lease commitments

The Company had no capital commitments at the year end (2013: nil).

The Company has commitments due under operating leases in respect of rental of plant and equipment. Total commitments under these non-cancellable operating leases are as follows:

	31 December 2014 £000	**31 December 2013 £000**
Amounts falling due:		
Less than one year	17	15
Between one and five years	27	10
	44	**25**

17. 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.

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	1,949	1,949	1,617	-	-	332
Amounts owing to group companies	668	668	668	-	-	-
Total	2,617	2,617	2,285	-	-	332

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. Financial instruments (continued)

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. Based on historic default rates, the Company believes that no impairment provision is necessary in respect of its trade and other receivables. For maximum credit exposure see note 10. Management carefully manages its exposure to credit risk.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

18. Acquisitions

Acquisitions in the current period

On 1st December 2014, the company acquired the business and assets of Connells Asset Management, the property management division of Connells Residential.

Goodwill arising on this acquisition amounted to £557,000.

Summary Statement of Financial Position

	Book Value At Acquisition £000	Fair Value Adjustments £000	Total £000
Customer contracts and relationships	-	1,444	1,444
Pipeline	-	360	360
Work in progress	494	-	494
Deferred tax	-	(361)	(361)
	494	1,443	1,937
Goodwill			557
Consideration			2,494

The fair value adjustments relate to the valuation of customer contracts and relationships and the pipeline at the time of acquisition. The customer relationships represent the relationships Connells Asset Management have with customers and which management expect to lead to the generation of future profits. The pipeline represents live cases. Work in progress represents accrued income due from clients once the relevant property has been sold.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19. Ultimate parent undertaking

The Company is a 75% 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:

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16 - 20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN