

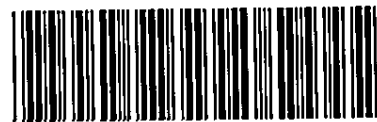
**Conveyancing Direct Limited**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 December 2007**

**(Registered Number 04152278)**

WEDNESDAY



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# Conveyancing Direct Limited

## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

### PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity is the provision of conveyancing and associated services, and will continue to be so for the foreseeable future

Conveyancing Direct is a private limited company incorporated in England & Wales, registered number 4152278. The Council for Licensed Conveyancers regulates the business.

### BUSINESS REVIEW

The company has taken advantage of a buoyant residential housing market during the first half of 2007 to record increases in revenue and profit. Revenue has shown a 26% increase on 2006 as there has been a steady growth in transactional conveyancing opportunities, instructions increased 43% on 2006. Profit before tax increased by 50%.

As part of the company's plans for growth the business has invested in its IT infrastructure.

### DIVIDENDS

An interim dividend of £250,000 has been paid during the year (2006: £nil). The directors do not recommend payment of a final dividend (2006: nil).

### DIRECTORS

The directors who served during the year were:

D Sugden  
SE Ambler  
RS Shipperley  
AS Gill

### CREDITOR PAYMENT POLICY

The company's policy concerning the payment of suppliers for the next financial year is to agree terms of payment in advance and to make the payment in accordance with agreed terms and any other legal obligations.

As at 31 December 2007 creditor days were 39 days (2006: 36 days).

### CHARITABLE AND POLITICAL DONATIONS

During the year the company made donations to charities totalling £400 (2006: £500). No contributions were made for political purposes.

### 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 handicapped or 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.

# Conveyancing Direct Limited

## Directors' Report

### DISCLOSURE OF INFORMATION TO AUDITORS

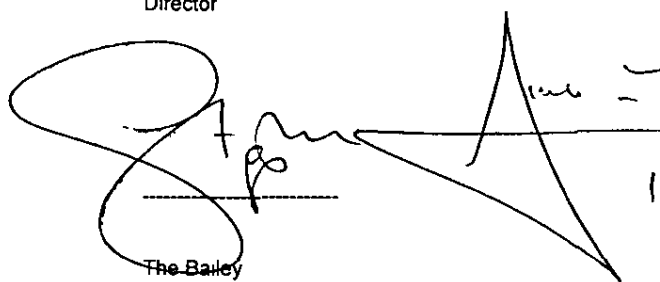
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### AUDITORS

A resolution to re-appoint KPMG Audit Plc as auditors of the company will be proposed at the next Annual General Meeting

By order of the board

SE Ambler  
Director

A large, stylized handwritten signature in black ink, appearing to be 'SE Ambler', written over a horizontal line.

12/5/08

The Bailey  
Skipton  
North Yorkshire  
BD23 1DN

## Conveyancing Direct Limited

### **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Directors' 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.

The financial statements are required by law to present fairly the financial position of the company and performance for that period. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of the Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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 AUDITORS' REPORT TO THE MEMBERS OF CONVEYANCING DIRECT LIMITED

We have audited the financial statements of Conveyancing Direct Limited for the year ended 31 December 2007 which comprise the Income Statement, Balance Sheet, Cash Flow Statement and Related Notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 misstatement, 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, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc.*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Altius House  
One North Fourth Street  
Milton Keynes  
MK9 1NE

*9 June 2008.*

# Conveyancing Direct Limited

## Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	Year ended 2007 £000	Year ended 2006 £000
Revenue	1	3,660	2,890
Administrative expenses		(1,410)	(1,144)
Other operating expenses		(1,725)	(1,370)
<b>Profit from operations</b>		<b>525</b>	<b>376</b>
Financial income	3	317	193
Finance costs	4	(9)	(13)
<b>Profit before tax</b>		<b>833</b>	<b>556</b>
Tax expense	6	(250)	(167)
<b>Profit for the year</b>		<b>583</b>	<b>389</b>
<b>Attributable to</b>		<b>583</b>	<b>389</b>
Equity holders of the parent		<b>583</b>	<b>389</b>

There were no recognised income and expense items in the current year (2006 £nil) other than those reflected in the above Income Statement

The income statement is prepared on an unmodified historical cost basis

The notes on pages 9 to 16 form part of these financial statements

# Conveyancing Direct Limited

## Balance Sheet

AS AT 31 DECEMBER 2007

	Notes	£000	31 December 2007 £000	£000	31 December 2006 £000
<b>Current assets</b>					
Trade and other receivables	8	473		273	
Cash and cash equivalents		<u>409</u>		<u>105</u>	
<b>Total current assets</b>			882		378
<b>Non-current assets</b>					
Intangible assets	9	216		216	
Property, plant and equipment	10	215		229	
Deferred tax assets	11	<u>2</u>		<u>3</u>	
<b>Total non-current assets</b>			<u>433</u>		<u>448</u>
<b>Total assets</b>			<u><b>1,315</b></u>		<u><b>826</b></u>
<b>Current liabilities</b>					
Trade and other payables	12	410		294	
Current tax payable		<u>118</u>		<u>78</u>	
<b>Total current liabilities</b>			528		372
<b>Non-current liabilities</b>					
			-		-
<b>Total liabilities</b>			528		372
<b>Equity</b>					
Share capital	13	-		-	
Reserves					
Retained earnings	14	<u>787</u>	<u>787</u>	<u>454</u>	<u>454</u>
<b>Total equity and liabilities</b>			<u><b>1,315</b></u>		<u><b>826</b></u>

These accounts were approved by the board of directors on 12<sup>th</sup> May 2008 and signed on its behalf by

SE Ambler  
Director

12/5/08

The notes on pages 9 to 16 form part of these accounts

# Conveyancing Direct Limited

## Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Year ended 2007 £000	Year ended 2006 £000
<b>Cash flows from operating activities</b>			
Profit for the year		583	389
Adjustments for			
Depreciation charges		77	83
Loss on disposal of tangible assets		-	4
Financial income	3	(317)	(193)
Finance costs	4	9	13
Tax expense		250	167
<b>Operating profit before changes in working capital</b>		<u>602</u>	<u>463</u>
(Increase)/decrease in trade receivables		(153)	27
Increase in prepayments		(48)	(21)
Increase/(decrease) in trade and other payables		117	(2)
<b>Cash generated from operations</b>		<u>518</u>	<u>467</u>
Taxes paid		(209)	(213)
Interest paid		(9)	(13)
<b>Net cash from operating activities</b>		<u>300</u>	<u>241</u>
<b>Cash flows from investing activities</b>			
Interest received		317	193
Proceeds on disposal of property, plant and equipment		-	-
Purchases of property, plant and equipment	10	(63)	(209)
<b>Net cash from investing activities</b>		<u>254</u>	<u>(16)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	(149)
Dividend paid		(250)	-
<b>Net cash from financing activities</b>		<u>(250)</u>	<u>(149)</u>
<b>Net increase in cash and cash equivalents</b>		304	76
<b>Cash and cash equivalents at 1 January</b>		<u>105</u>	<u>29</u>
<b>Cash and cash equivalents at 31 December</b>		<u>409</u>	<u>105</u>



# Conveyancing Direct Limited

## NOTES TO FINANCIAL STATEMENTS

### 1 Accounting Policies

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 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 2007

The Directors have adopted IAS 1 *Presentation of Financial Statements - Capital Disclosure* and IFRS 7 *Financial Instruments Disclosure*. The Directors have not adopted IAS 1 *Presentation of Financial Statements (2007)* or IFRS 8, *Operating Segments*, which although endorsed by the EU, are currently not mandatory until 2008

#### Measurement convention

The financial statements are prepared on the historical cost basis except for investment property

#### b) Revenue recognition

Revenue, which excludes value added tax, represents total invoiced sales of the company  
Conveyancing income is recognised on the completion of contracts  
Interest income is recognised on an accrued basis

#### c) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases

Plant & equipment	-	3 to 5 years
Fixtures and fittings	-	5 to 10 years
Motor vehicles	-	25% of net book value

All depreciation is charged on a straight-line basis, except motor vehicles which is reducing balance

#### d) Trade and other receivables

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

#### e) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate

In respect of acquisitions prior to 1 January 2004, goodwill is included on the basis of its deemed costs, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition amortisation of goodwill has ceased as required by IFRS 1

#### f) Leases

A lease that transfers substantially all the risks and rewards of ownership of an asset, is treated as a finance lease. The asset is recorded in the Balance Sheet as an item of property, plant and equipment at an amount equal to the lower of its fair value and the present value of the minimum lease payments, less accumulated depreciation and impairment losses. Rentals payable are apportioned between the finance element, which is charged to the Income Statement, and the capital element, which reduces the outstanding obligation

All other leases are accounted for as operating leases. Costs of operating leases are charged to the Income Statement on a straight-line basis over the lease term

# Conveyancing Direct Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies (continued)

#### g) Taxation

Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the Income Statement 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 income for the year, using tax rates enacted or substantially enacted on the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet 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 balance sheet date.

#### h) Employee benefits

The company operates a stakeholder pension scheme. Contributions are charged to the income statement as they become payable and are included in staff costs and in accordance with the rules of the scheme.

#### i) Cash and cash equivalents

For the purpose of the cash flow statement, 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 cash flow statement has been prepared using the indirect method.

### 2 Expenses and auditors' remuneration

	Year ended 2007 £000	Year ended 2006 £000
Included in profit is the following		
Depreciation of property, plant and equipment	77	83
Staff costs (see note 5)	1,410	1,143
Rentals payable under operating leases	56	56
Auditor's remuneration and expenses		
Audit services	10	8

### 3 Financial Income

	Year ended 2007 £000	Year ended 2006 £000
Interest on bank deposits	317	193
	<u>317</u>	<u>193</u>

### 4 Finance Costs

	Year ended 2007 £000	Year ended 2006 £000
Interest on bank overdrafts and loans	-	4
Interest payable to group undertakings	-	6
Interest payable to clients	9	3
	<u>9</u>	<u>13</u>

# Conveyancing Direct Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Staff numbers and costs

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

	Year ended 2007	Year ended 2006
Directors	4	4
Other	79	71
	<u>83</u>	<u>75</u>

The aggregate payroll costs of these persons was as follows

	£000	£000
Wages and salaries	1,307	1,046
Social security costs	97	91
Other pension costs	6	6
	<u>1,410</u>	<u>1,143</u>

### Directors' emoluments

	Year ended 2007 £000	Year ended 2006 £000
Remuneration as directors	56	53
Directors' fees	65	46
	<u>121</u>	<u>99</u>

Retirement benefits are accruing to the following directors under

	Year ended 2007 £000	Year ended 2006 £000
Defined contribution schemes	1	1
	<u>1</u>	<u>1</u>

Two of the Directors are remunerated by another group company, and do not receive any remuneration from Conveyancing Direct Limited

### 6 Tax expense

A reconciliation of current tax on the profit at the standard UK corporation tax rate to the actual current tax expense is as follows

#### a) Analysis of expense in the year at 30%

	Year ended 2007 £000	Year ended 2006 £000
<b>Current tax expense</b>		
Current tax at 30%	250	168
Adjustment for prior years	(1)	-
Total current tax	<u>249</u>	<u>168</u>
<b>Deferred tax expense/(credit)</b>		
Origination and reversal of temporary differences	1	(1)
Adjustment in respect of prior years	-	-
Total deferred tax	<u>1</u>	<u>(1)</u>
<b>Income tax expense</b>	<u>250</u>	<u>167</u>

#### b) Factors affecting income tax expense in the year

The charge for the year can be reconciled to the profit per the income statement as follows

Profit before tax	833	556
Tax on profit at UK standard rate of 30% (2006 30%)	250	167
Effects of		
• Adjustment to tax expense in respect of prior periods	(1)	-
• Expenses not deductible for tax	1	1
• Other	-	(1)
<b>Income tax expense</b>	<u>250</u>	<u>167</u>

# Conveyancing Direct Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Dividends

	Year ended 2007 £'000	Year ended 2006 £'000
Amounts recognised as distributions to equity holders in the period		
Interim dividend for the year ended 31 December 2007 of £125,000 per ordinary share	250	-
	<u>250</u>	<u>-</u>

### 8 Trade and other receivables

	Year ended 2007 £000	Year ended 2006 £000
Trade debtors	316	164
Prepayments and accrued income	157	109
	<u>473</u>	<u>273</u>

The ageing of trade debtors (which all arose in the UK) at the year end was

	2007 £000 Gross	2007 £000 Impairment	2006 £000 Gross	2006 £000 Impairment
Not overdue	219	-	101	-
Overdue 0 – 30 days	94	-	63	-
Overdue 31 – 120 days	3	-	-	-
Overdue 120 days plus	-	-	-	-
	<u>316</u>	<u>-</u>	<u>164</u>	<u>-</u>

### 9 Intangible assets

	Goodwill £000
Cost	
At 1 January 2007	216
At 31 December 2007	<u>216</u>

#### Amortisation and impairment losses

At 1 January 2007	-
At 31 December 2007	<u>-</u>

#### Carrying amounts

At 1 January 2007	<u>216</u>
At 31 December 2007	<u>216</u>

	Goodwill £000
Cost	
At 1 January 2006	216
At 31 December 2006	<u>216</u>

#### Amortisation and impairment losses

At 1 January 2006	-
At 31 December 2006	<u>-</u>

#### Carrying amounts

At 1 January 2006	<u>216</u>
At 31 December 2006	<u>216</u>

# Conveyancing Direct Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Property, plant and equipment

	Office Equipment £000	Total £000
<b>Cost</b>		
At 1 January 2007	477	477
Additions	63	63
Disposals	-	-
At 31 December 2007	<u>540</u>	<u>540</u>
<b>Accumulated depreciation and impairment</b>		
At 1 January 2007	248	248
Depreciation charge for the year	77	77
Eliminated on disposals	-	-
At 31 December 2007	<u>325</u>	<u>325</u>
<b>Carrying amounts</b>		
At 1 January 2007	<u>229</u>	<u>229</u>
At 31 December 2007	<u>215</u>	<u>215</u>
	Office Equipment £000	Total £000
<b>Cost</b>		
At 1 January 2006	285	285
Additions	209	209
Disposals	(17)	(17)
At 31 December 2006	<u>477</u>	<u>477</u>
<b>Accumulated depreciation and impairment</b>		
At 1 January 2006	178	178
Depreciation charge for the year	83	83
Eliminated on disposals	(13)	(13)
At 31 December 2006	<u>248</u>	<u>248</u>
<b>Carrying amounts</b>		
At 1 January 2006	<u>107</u>	<u>107</u>
At 31 December 2006	<u>229</u>	<u>229</u>

# Conveyancing Direct Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 11 Deferred tax

The movement on the deferred tax account is as shown below

	Year ended 2007 £000	Year ended 2006 £000
At 1 January	3	2
Income statement (charge)/credit	(1)	1
At 31 December	<u>2</u>	<u>3</u>

### Deferred tax assets

	Other £000	Total £000
At 1 January 2007	3	3
(Credited)/charged to income statement	(1)	(1)
At 31 December 2007	<u>2</u>	<u>2</u>

### Net deferred tax asset

At 31 December 2007	<u>2</u>	<u>2</u>
At 31 December 2006	<u>3</u>	<u>3</u>

### 12 Trade and other payables

	Year ended 2007 £000	Year ended 2006 £000
Other creditors	65	112
Amounts owed to parent undertakings	74	4
Other taxes and social security costs	97	93
Accruals and deferred income	174	85
	<u>410</u>	<u>294</u>

### 13 Share Capital

	Year ended 2007 £	Year ended 2006 £
<b>Authorised</b>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>
<b>Issued and fully paid</b>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

# Conveyancing Direct Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 14 Reconciliation of movement in capital and reserves

	Retained Earnings £000
Balance at 1 January 2007	454
Profit for the year	583
Dividend paid	(250)
<b>Balance at 31 December 2007</b>	<b><u>787</u></b>
Balance at 1 January 2006	65
Profit for the year	389
<b>Balance at 31 December 2006</b>	<b><u>454</u></b>

### 15 Defined contribution pension 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 income statement in respect of the stakeholder pension schemes is the contribution payable in the year and amounted to £6,355 (2006 £6,005). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 16 Related Party Transactions

During the year to 31 December 2007, the following transactions were entered into

During the year to 31 December 2007, the following transactions were entered into					
	Note	Amount		Outstanding Balance	
		Year ended 2007 £000	Year ended 2006 £000	31 December 2007 £000	31 December 2006 £000
<b>Sale of services</b>					
Skipton Building Society	(a)	833	528		
Sequence (UK) Limited	(b)	9	3		
Connells Residential	(d)	-	18		
TMG Holdings Ltd	(c)	38	60		
		<u>880</u>	<u>609</u>		
<b>Purchase of services</b>					
Connells Residential	(d)/(e)	547	476		
Connells Limited	(e)	56	-		
Sequence (UK) Limited	(d)	286	157		
		<u>889</u>	<u>633</u>		
<b>Year-end balances</b>					
<b>Payable to related parties</b>					
Connells Residential				<u>74</u>	<u>4</u>
				74	4

### Notes to related party transactions

- (a) The company provides Skipton Building Society with legal services on their remortgage cases and panel management services
- (b) The company seconded a staff member to Sequence (UK) Limited
- (c) TMG Holdings Limited provide property related search services
- (d) Both Connells Residential and Sequence (UK) Limited introduce conveyancing customers to the company
- (e) Connells Limited and Connells Residential provide the company with various administrative services

All transactions are dealt with on normal credit terms

### 17 Capital Commitments

There were no capital commitments at the balance sheet date (2006 £nil)

# Conveyancing Direct Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 18 Operating lease commitments

The company has annual commitments due under operating leases. At the balance sheet date these were as follows

	Year ended 2007 £000	Year ended 2006 £000
On leases expiring		
Less than one year	56	56
Between one and five years	222	224
More than five years	-	-
	<u>278</u>	<u>280</u>

### 19 Financial instruments

#### *Financial risks*

The principal financial risks to which the company is exposed are liquidity risk, market risk and credit risk. 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 retain full public confidence in the 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, maintaining an appropriate mix between savings and deposit funding balances and through rigorous management control of the growth of the business

#### *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. These risks are measured and managed at a Group level

#### *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

#### *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 spread of shareholders, as well as 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. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements

### 20 Ultimate Parent Undertaking

The company is a 100% owned subsidiary of Connells Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group is that headed by Connells Limited, those financial statements are not available to the public. A copy of the Skipton Building Society annual report and accounts into which the results of this company are consolidated is available from -

The Secretary  
Skipton Building Society  
The Bailey  
Skipton  
North Yorkshire  
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