SHARMAN QUINNEY HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2009

(Registered Number 4174227)

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SHARMAN QUINNEY HOLDINGS LIMITED

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity is estate agency, and will continue to be so for the foreseeable future
Sharman Quinney Holdings Limited is a private limited company registered in England and Wales, registered number, 4174227

BUSINESS REVIEW

2009 has seen an improvement in the housing market and this allied with a re-structure and rationalisation of the company at the end of 2008 has seen the trading position improve over the last 12 months Although the trading conditions remain uncertain, the company remains well positioned in the current economic climate

The company holds £1,426,000 of cash at the period end The directors believe that this level of cash is necessary for maintaining suitable working capital and to also protect the company against adverse movements in the housing market

DIVIDENDS

No interim dividends have been declared (2008 £nil) The directors do not propose a final dividend

DIRECTORS

The directors who served during the year were

R S Shipperley (Chairman)
D C Livesey
A S Gill
M Sharman
S Quinney

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

At 31 December 2009 creditor days were 45 days (2008 21 days)

CHARITABLE AND POLITICAL DONATIONS

During the year the company made donations to charities totalling £1,700 (2008 £397) No contributions were made for political purposes (2008 £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 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 a suitable alternative employment

SHARMAN QUINNEY HOLDINGS 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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board

M Sharman
Director

10 March 2010

The Old Dairy
Elton Hall Estate
Elton
Peterborough
PE8 6SQ

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 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 AUDITORS' REPORT TO THE MEMBERS OF SHARMAN QUINNEY HOLDINGS LIMITED

We have audited the financial statements of Sharman Quinney Holdings Limited for the year ended 31 December 2009 set out on pages 6 to 19 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 APB's web-site at www frc org uk/apb/scope/UKNP

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 2009 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 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

P D Selvey.

P D Selvey (Senior Statutory Auditor) for and on behalf of KPMG Audit Plc, Statutory Auditor

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

16 March 2010

SHARMAN QUINNEY HOLDINGS LIMITED

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Year ended 2009 £000	Year ended 2008 £000
Revenue	1	3,142	3,222
Other operating income	3	38	8
Administrative expenses		(2,711)	(4,060)
	2		
Profit/(loss) from operations		**469**	**(830)**
Financial income	4	14	58
Profit/(loss) before tax		**483**	**(772)**
Tax (expense)/credit	6	(126)	131
Profit/(loss) for the year		**357**	**(641)**
Attributable to			
Equity holders of the parent		357	(641)
		357	**(641)**

The results above present information about the company only, the results of the subsidiary have not been consolidated in the above In the preceding period the company made no material acquisitions and had no discontinued operations

There were no recognised income and expense items in the current period (2008 £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 19 form part of these financial statements

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2009

	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2009	-	1,240	1,240
Profit for the year	-	357	357
Balance at 31 December 2009	-	**1,597**	**1,597**
Balance at 1 January 2008	-	1,881	1,881
Loss for the year	-	(641)	(641)
Balance at 31 December 2008	-	1,240	1,240

SHARMAN QUINNEY HOLDINGS LIMITED

Statement of Financial Position

AS AT 31 DECEMBER 2009

	Notes	2009 £000	31 December 2009 £000	2008 £000	31 December 2008 £000
Current assets					
Trade and other receivables	7	575		745	
Tax receivable		-		53	
Cash and cash equivalents		1,426		500	
Total current assets			2,001		1,298
Non-current assets					
Investments	8	2		2	
Intangible assets	9	46		46	
Property, plant and equipment	10	506		613	
Deferred tax asset	12	16		31	
Total non-current assets			570		692
Total assets			**2,571**		**1,990**
Current liabilities					
Trade and other payables	11	569		375	
Tax payable		80		-	
Total current liabilities			649		375
Non-current liabilities					
Long-term provisions for liabilities	13	325		375	
Total non-current liabilities			325		375
Total liabilities			974		750
Equity– attributable to equity holders of the parent					
Share capital	14	-		-	-
Reserves					
Retained earnings		1,597		1,240	
			1,597		1,240
Total equity and liabilities			**2,571**		**1,990**

These accounts were approved by the board of directors on 10 March 2010 and signed on its behalf by

M Sharman
Director

S Quinney
Director

Company registration number 4174227

The notes on pages 9 to 19 form part of these accounts

SHARMAN QUINNEY HOLDINGS LIMITED

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Year ended 2009 £000	Year ended 2008 £000
Cash flows from operating activities			
Profit/(loss) for the period		357	(641)
Adjustments for			
Impairment loss on intangible assets	9	-	137
Depreciation charges	10	102	167
Impairment loss on tangible fixed assets	10	-	125
Loss on disposal of tangible fixed assets	2	1	66
Financial income	4	(14)	(58)
Tax expense	6	126	(131)
Operating profit/(loss) before changes in working capital and provisions		**572**	**(335)**
Decrease/(increase) in trade and other receivables	7	139	(150)
Decrease/(increase)in prepayments	7	31	(7)
Increase/(decrease) in trade payables	11	193	(213)
(Decrease)/increase in provisions	13	(50)	220
Cash inflow/(outflow) generated from operations		**885**	**(485)**
Taxes received/(paid)		22	(85)
Net cash inflow/(outflow) from operating activities		**907**	**(570)**
Cash flows from investing activities			
Interest received	4	14	58
Proceeds on disposal of property, plant and equipment		13	35
Purchases of property, plant and equipment	10	(8)	(199)
Net cash inflow/(outflow) from investing activities		**19**	**(106)**
Cash flows from financing activities			
Dividends paid		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		926	(676)
Cash and cash equivalents at 1 January		500	1,176
Cash and cash equivalents at 31 December		**1,426**	**500**

SHARMAN QUINNEY HOLDINGS LIMITED

NOTES TO THE 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 2009

The Directors have adopted IAS 1, Presentation of Financial Statements (2007), IAS 23, Borrowing Costs (Revised), Amendments to IFRS 7 Improving Disclosures about Financial Instruments, IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction, and IFRS 8, Operating Segments (see note 20)

The Directors have not adopted IFRS 3, Business Combinations (Revised) and IAS 27, Consolidated and Separate Financial Statements (Amended), which although endorsed by the EU, are currently not mandatory There would be no impact on these financial statements on adopting these accounting standards

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

Measurement convention

The financial statements are prepared on the historical cost basis

b) Revenue recognition

Revenue, which excludes value added tax, represents total invoiced sales of the company
Interest income is recognised on an accruals basis
Residential, new homes, land sales and auctions income is recognised on the date contracts are exchanged
Mortgage Services income is recognised when payment is received from the life company or lender A provision for clawback is made as considered appropriate

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

Office Refurbishment	-	5 years straight line basis for office refurbishments
Plant & Equipment	-	4-5 years straight line basis
Fixtures & Fittings	-	5 years straight line basis
Motor Vehicles	-	25% reducing balance – on an annual basis
Freehold buildings	-	25 years on a straight line basis on the building element of the freehold (excludes land)

d) 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 balance sheet date 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"), usually a subsidiary undertaking, and comparing this to its value in use Future cash flows are based upon approved profit budgets for the next three years (adjusted for depreciation and amortisation) and assumed growth thereafter for the next 12 years in line with the Bank of England's long term target for inflation The Group estimates discount rates based on a current cost of capital of the subsidiary Impairment of a subsidiary'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 (group of units) on a pro rata basis An impairment loss in respect of goodwill is not reversed

1 **Accounting policies (continued)**

e) Goodwill (continued)

On the sale of a subsidiary, or business, the profit or loss on sale is 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

f) Trade and other receivables

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

g) Trade and other payables

Trade and other payables are stated at their fair value

h) Leases

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

i) Taxation

Income tax on the profits/losses 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

j) Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred

k) 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

l) Provisions for liabilities and charges

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability Certain comparative amounts have been reclassified to conform with the current year's presentation (see note 13)

m) Net financing costs

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method

2 **Expenses and auditors' remuneration**

		Year ended 2009	Year ended 2008
Included in profit/(loss) are the following		£000	£000
Impairment loss on intangibles		-	137
Impairment loss on trade receivables		11	47
Depreciation of property, plant and equipment		102	167
Impairment loss on property, plant and equipment		-	125
(Profit)/loss on disposal of property, plant and equipment		(1)	66
Staff costs (see note 5)		1,809	2,069
Rentals payable under operating leases		296	315
Auditor's remuneration and expenses	Audit of these financial statements	16	9

3 Other operating income

	Year ended 2009 £000	Year ended 2008 £000
Rents receivable under operating leases	38	8
	38	8

4 Financial income

	Year ended 2009 £000	Year ended 2008 £000
Interest on bank deposits	7	2
Interest receivable from group undertakings	7	56
	14	58

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 2009 Number	Year ended 2008 Number
Directors	5	5
Other	81	114
	86	119

The aggregate payroll costs of these persons was as follows

	£000	£000
Wages and salaries	1,647	1,884
Social security costs	154	177
Other pension costs	8	8
	1,809	2,069

Directors' Emoluments	Year ended 2009 £000	Year ended 2008 £000
Remuneration as directors	183	195
	183	195

Three of the Directors are remunerated by another group company, and do not receive any remuneration from Sharman Quinney Holdings Limited £8,142 was paid to Director's pension funds in respect of two of the directors

6 Taxation

	Year ended 2009 £000	Year ended 2008 £000
a) Analysis of expense/(credit) in the year at 28% (2008 28 5%)		
Current tax expense/(credit)		
Current tax at 28% (2008 28 5%)	151	(103)
Adjustment for prior years	(40)	-
Total current tax	111	(103)
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	(1)	(28)
Adjustment for prior years	16	-
Total deferred tax	15	(28)
Income tax expense/(credit)	**126**	**(131)**

SHARMAN QUINNEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6 Taxation (continued)

b) Factors affecting current tax expense/(credit)in the period
The charge for the year can be reconciled to the profit/(loss) per the income statement as follows

	Year ended 2009 £000	Year ended 2008 £000
Profit/(loss) before tax	483	(772)
Tax on profit/(loss) at UK standard rate of 28% (2008 28 5%)	135	(220)
Effects of		
• Effects of other tax rates	-	1
• Expenses not deductible for tax purposes	15	88
• Adjustment to tax expense in respect of prior periods	(24)	-
Income tax expense/(credit)	**126**	**(131)**

7 Trade and other receivables

	31 December 2009 £000	31 December 2008 £000
Trade receivables	214	290
Amounts owed by group undertakings	359	420
Other debtors	3	1
Prepayments and accrued income	54	85
Bad debt provision	(55)	(51)
	575	745

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

	2009 £000 Gross	2009 £000 Impairment	2008 £000 Gross	2008 £000 Impairment
Not overdue	43		71	-
Overdue 0 – 30 days	78		110	-
Overdue 31 – 120 days	32	(1)	62	(4)
Overdue 120 days plus	61	(54)	47	(47)
	214	(55)	290	(51)

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

	31 December 2009 £000	31 December 2008 £000
At 1 January	(51)	(65)
Provision made during the year	(11)	(47)
Receivables written off during the year	1	29
Provision no longer required	6	32
At 31 December	(55)	(51)

SHARMAN QUINNEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8 Investments

	Shares in Group Undertakings £000
Cost	
At 1 January 2009	153
At 31 December 2009	153
Impairment losses	
At 1 January 2009	151
Impairment losses	-
At 31 December 2009	151
Net Book Value	
At 31 December 2009	2
At 1 January 2009	2

	Shares in Group Undertakings £000
Cost	
At 1 January 2008	153
At 31 December 2008	153
Impairment losses	
At 1 January 2008	151
Impairment losses	-
At 31 December 2008	151
Net Book Value	
At 1 January 2008	2
At 31 December 2008	2

The company owns equity share capital in its principal trading subsidiary undertaking, which is incorporated in the UK and registered in England and Wales, as follows

Name of subsidiary undertaking	Nature of business	Proportion of shares held
Pattison Lane Estate Agents Limited	Residential estate agency	95%

On 2 August 2008 Sharman Quinney Holdings Limited purchased 20,000 ordinary shares in Pattison Lane Estate Agents Limited for £1, increasing their shareholding from 75% to 95%

9 Intangible assets

	Goodwill £000
Cost	
At 1 January 2009	185
At 31 December 2009	**185**
Amortisation and impairment losses	
At 1 January 2009	139
Impairment losses	-
At 31 December 2009	**139**
Carrying amounts	
At 1 January 2009	**46**
At 31 December 2009	**46**

SHARMAN QUINNEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 Intangible assets (continued)

	Goodwill £000	Total £000
Cost		
At 1 January 2008	185	185
At 31 December 2008	185	185
Amortisation and impairment losses		
At 1 January 2008	2	2
Impairment losses	137	137
At 31 December 2008	139	139
Carrying amounts		
At 1 January 2008	183	183
At 31 December 2008	46	46

All amortisation charges and impairment losses in the period have been charged through administration expenses

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU's) that are expected to benefit from that business combination, the only CGU is the Estate Agency Business Before recognition of impairment losses, the cost of goodwill before impairment had been allocated is £185,000 (2008 £185,000)

The recoverable amounts of the CGU's are determined from value in use calculations The key assumptions for the value in use calculations are those regarding the cash flows, discount rates and growth rates

The company prepares cash flow forecasts on the assumption that the businesses' are held for long-term investment The cash flows are derived from the most recent financial budgets for the next three years, which take into account the risks inherent in the businesses, and extrapolate cash flows for subsequent years (up to an additional 12 years) based on a long-term growth rate of 2 0% (2008 2 0%)

The company estimates discount rates based on the current cost of capital adjusted for the risks inherent in each cash generating unit of 10% (2008 10%)

At 31 December 2009, impairment of £139,000, (2008 £139,000) was allocated to the Estate Agency Businesses, to reduce the goodwill to its estimated recoverable amount, based upon current revised forecasts

10 Property, plant and equipment

	Land and Buildings £000	Office Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 1 January 2009	710	340	52	1,102
Additions	3	5	-	8
Disposals	(3)	(2)	(26)	(31)
At 31 December 2009	710	343	26	1,079
Accumulated depreciation and impairment				
At 1 January 2009	281	183	25	489
Depreciation charge for the year	37	58	7	102
Impairment loss	-	-	-	-
Eliminated on disposals	-	(2)	(16)	(18)
At 31 December 2009	318	239	16	573
Carrying amounts				
At 1 January 2009	429	157	27	613
At 31 December 2009	392	104	10	506

SHARMAN QUINNEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 Property, plant and equipment (continued)

	Land and Buildings £000	Office Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 1 January 2008	628	398	110	1,136
Additions	187	11	1	199
Disposals	(105)	(69)	(59)	(233)
At 31 December 2008	710	340	52	1,102
Accumulated depreciation and impairment				
At 1 January 2008	132	151	46	329
Depreciation charge for the year	79	72	16	167
Impairment losses	125	-	-	125
Eliminated on disposals	(55)	(40)	(37)	(132)
At 31 December 2008	281	183	25	489
Carrying amounts				
At 1 January 2008	496	247	64	807
At 31 December 2008	429	157	27	613

11 Trade and other payables

	31 December 2009 £000	31 December 2008 £000
Trade payables	94	70
Amounts owed to group undertakings	124	124
Other taxes and social security costs	109	52
Accruals and deferred income	242	129
	569	375

12 Deferred tax

The movement on the deferred tax account is as shown below	31 December 2009 £000	31 December 2008 £000
At 1 January	31	3
Income statement charge/(credit)	(15)	28
At 31 December	16	31

Deferred tax asset

	Accelerated capital allowances £000
At 1 January 2009	31
Charged to income statement	(15)
At 31 December 2009	16

Net deferred tax asset

At 31 December 2009	16
At 1 January 2009	31

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

13 Provisions

	Insurance commission clawback £000	Dilapidations £000	Lease cost of closed branches £000	Total £000
Balance at 1 January 2009	134	74	167	375
Provisions made during the year	-	-	-	-
Provisions used during the year	(6)	(13)	(31)	(50)
Balance at 31 December 2009	**128**	**61**	**136**	**325**

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

14 Share Capital

Authorised	**31 December 2009 Number**	**31 December 2008 Number**
£0 01 Ordinary shares	9,980,600	9,980,600
£0 01 Ordinary A shares	15,520	15,520
£0 01 Ordinary B shares	3,880	3,880
	10,000,000	**10,000,000**

Allotted, called up and fully paid	**£**	**£**
£0 01 Ordinary A shares	155	155
£0 01 Ordinary B shares	39	39
	194	**194**

Each shareholder is entitled to a number of votes equal to the number of shares held by them save that where the A shares constitute more than 50% of the Company's issued equity share capital they shall have such number of votes as represents at least 75% of the votes capable of being cast on the resolution concerned In all other respects the A and B ordinary shares rank pari passu

On 9 June 2003 M Sharman and S Quinney, current directors of the company, entered into a shareholders' agreement with the parent company, Connells Limited At that date Messrs Sharman and Quinney each held 2,425 ordinary "B" 1p shares in Sharman Quinney Holdings Limited

The Shareholders' agreement includes an option entitling the ordinary "B" shareholders to require Connells Limited to purchase their shares at a price to be determined by an independent valuation of the company This option can be exercised during the sixty-day period following finalisation of the audited accounts of the Company in each year, commencing with the financial year of the Company ending in 2008

15 Employee benefits

Defined contribution pension scheme

The company operates a stakeholder pension scheme, which is administered by Legal & General Contributions are charged to the income statement and are included in staff costs Two of the company directors are part of a defined contribution 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 these directors was £8,442 (2008 £8,496) There were no outstanding or prepaid contributions at either the beginning or end of the financial year

SHARMAN QUINNEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16 Related party transactions

The company has a related party relationship with Connells Residential, Connells Survey & Valuation Limited, Limited, Pattison Lane Estate Agents Limited and Skipton Building Society

During the period to 31 December 2009, the following transactions were entered into with related parties

	Notes	Amount Year ended 2009 £000	Year ended 2008 £000
Sale of services			
Connells Survey & Valuation Limited	(c)	13	14
Pattison Lane Estate Agents Limited	(a)	24	25
Skipton Building Society	(d)	7	42
		44	81
Purchase of services			
Connells Residential	(b)	116	102
		116	102

	Outstanding Balance 31 December 2009 £000	31 December 2008 £000
Year-end balances		
Receivables from related parties		
Pattison Lane Estate Agents	359	420
	359	420
Payables to related parties		
Connells Residential	(124)	(124)
	(124)	(124)

(a) Sharman Quinney Holdings Limited supplies group services to Pattison Lane Estate Agents Limited
(b) Connells Residential supply group services to Sharman Quinney Holdings Limited
(c) Connells Survey & Valuation Limited supply survey & valuation services to Sharman Quinney Holdings Limited
(d) The company receives interest on monies deposited with Skipton Building Society

Included in cash and cash equivalents is £1,275,000 (2008 £432,000) of cash held on deposit with the Skipton Building Society

All transactions are provided under normal trade credit terms

17 Capital and operating lease commitments

The company had no capital commitments at the balance sheet date (2008 nil)

The company has annual commitments due under operating leases in respect of rental payable on land and buildings Total commitments under these non-cancellable operating leases are as follows

	31 December 2009 £000	31 December 2008 £000
Amounts falling due		
Less than one year	275	298
Between one and five years	790	827
More than five years	1,101	1,364
	2,166	2,489

18 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 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

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, other than loans from group undertakings

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 most trade receivables not over due or over due by up to 90 days Specific impairment provisions are made for customers who do not have a good payment record with the company before 90 days For maximum credit exposure see note 7

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

19 Accounting estimates and judgements

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

- Accounting policies – certain critical judgments have been made in applying the Company's accounting policies in relation to closed branch and onerous lease provisions (Note 16), accruals for clawback of insurance commission and impairment provisions on trade receivables (note 7)

- Impairment testing – the recoverable amounts of the operating segments are determined from value in use calculations The key assumptions for the value in use calculations are those regarding the cash flows, discount rates and growth rates The Group prepares cash flow forecasts on the assumption that the subsidiaries are held for long-term investment The cash flows are derived from the most recent financial budgets for the next three years, which take into account the risks inherent in the businesses, and extrapolate cash flows for subsequent years (up to an additional 12 years) based on long-term growth rate of 2 0% (2008 2 0%) The Group estimates discount rates based on the current cost of capital adjusted for the risks inherent in its subsidiaries The discount rate used in 2009 was 10% (2008 10%)

- Taxation - significant estimates are required in determining the provision of corporation tax There are a number of transactions for which the final tax determination is uncertain at the balance sheet date

SHARMAN QUINNEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20 Adoption of new and revised International Financial Reporting Standards

Disclosed below are new standards and interpretations, which have been adopted during the period

- IAS 1, Presentation of Financial Statements (2007) This standard replaces the current IAS 1, Presentation of Financial Statements and is effective from 1 January 2009 In summary, IAS 1 sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content This standard has impacted the presentation of the financial statements, however it has not changed the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs

- IAS 23, Borrowing Costs (Revised) This revised standard relates to interest costs on assets that take a substantial time to get ready for intended use or sale The option to recognise all borrowing costs immediately as an expense is eliminated, such costs must be capitalised All other borrowing costs should be expensed as incurred This had no impact on these financial statements in 2009

- Amendment to IFRS 7, Financial Instruments Disclosures The amendments to this standard were endorsed on 1 December 2009 and are effective from 1 January 2009 The amendment requires enhanced disclosures about fair value measurements and liquidity risk This has had no impact on these financial statements in 2009

- IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction This interpretation sets out when refunds or reductions in future contributions should be regarded as available, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability The adoption of this interpretation had no impact on these financial statements in 2009

- IFRS 8, Operating Segments This new standard was issued on 30 November 2006 and replaces IAS 14, Segment Reporting This standard is not applicable to Sharman Quinney Holdings

21 Ultimate parent undertaking

The company is an 80% 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 The consolidated accounts of this company are available to the public and can be obtained from

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