SHARMAN QUINNEY HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2015

(Registered Number 4174227)

Contents

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2015.

INTRODUCTION AND OVERVIEW

Sharman Quinney Holdings Limited is a private limited company registered in England and Wales, registered number; 4174227.

The principal activity of the Company is the provision of residential estate agency and associated services, and will continue to be so for the foreseeable future.

On 30 November 2015, the company acquired Gilbert and Thomas, a 2 branch estate agency business operating in Rutland.

The Company made a profit before tax of £1,607,000 for the year (2014: £1,489,000)

DIVIDENDS

During the year interim dividends of £1,550,000 (2014: £1,200,000) were paid. The Directors do not propose a final dividend (2014: £nil).

DIRECTORS

The Directors who served during the year and up to the date of this report were:

RS Shipperley
DC Livesey
MA Sharman
S Quinney
RJ Twigg
DK Plumtree

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

The company has taken advantage of the small companies' exemptions in presenting this directors report.

By order of the board

M Sharman
Director

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7 March 2016

Cumbria House
16 – 20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN

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 International Financial Reporting Standards (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 SHARMAN QUINNEY HOLDINGS LIMITED

We have audited the financial statements of Sharman Quinney Holdings Limited for the year ended 31 December 2015 set out on pages 6 to 20. 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 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 2015 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report; or
- we have not received all the information and explanations we require for our audit.

David Burridge

18 March 2016

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

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

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 2015 £000	Year ended 2014 £000
Revenue	1	7,450	6,610
Other operating income	3	28	32
Administrative expenses	2	(5,886)	(5,168)
Profit from operations		**1,592**	**1,474**
Financial income	4	15	15
Profit before tax		**1,607**	**1,489**
Taxation	6	(331)	(316)
Profit for the year being total comprehensive income		**1,276**	**1,173**

In the current and preceding year the Company had no discontinued operations.

There were no recognised income and expense items in the current period (2014: £nil) other than those reflected in the above Statement of Comprehensive Income.

The Statement of Comprehensive Income is prepared on an unmodified historical cost basis.

The notes on pages 10 to 20 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2015

	Notes	2015 £000	31 December 2015 £000	2014 £000	31 December 2014 £000
Non-current assets					
Property, plant and equipment	7	667		719	
Intangible assets	8	193		46	
Investments	9	-		-	
Deferred tax asset	10	38		48	
Total non-current assets			898		813
Current assets					
Trade and other receivables	11	668		534	
Cash and cash equivalents		1,427		1,553	
Total current assets			2,095		2,087
Total assets			2,993		2,900
Current liabilities					
Trade and other payables	12	1,487		1,121	
Tax liability		149		159	
Total current liabilities			1,636		1,280
Non-current liabilities					
Provisions	13	404		393	
Total non-current liabilities			404		393
Total liabilities			2,040		1,673
Equity – attributable to equity holders of the Company					
Share capital	14	-		-	
Retained earnings	14	953		1,227	
Total equity			953		1,227
Total equity and liabilities			2,993		2,900

These accounts were approved by the Board of Directors on 7 March 2016 and signed on its behalf by:

M Sharman
Director

Company registration number: 4174227

The notes on pages 10 to 20 form part of these accounts.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2015	-	1,227	1,227
Total comprehensive income for the year	-	1,276	1,276
Dividends paid	-	(1,550)	(1,550)
Balance at 31 December 2015	**-**	**953**	**953**
Balance at 1 January 2014	-	1,254	1,254
Total comprehensive income for the year	-	1,173	1,173
Dividends paid	-	(1,200)	(1,200)
Balance at 31 December 2014	**-**	**1,227**	**1,227**

The notes on pages 10 to 20 form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 2015 £000	Year ended 2014 £000
Cash flows from operating activities			
Profit for the year		1,276	1,173
Adjustments for:			
Depreciation of property, plant, and equipment	7	140	104
(Profit) / loss on disposal of fixed assets		(2)	5
Amortisation of intangible assets	8	48	-
Financial income	4	(15)	(15)
Tax expense	6	331	316
Operating profit before changes in working capital and provisions		**1,778**	**1,583**
(Increase) / decrease in trade and other receivables		(38)	93
(Increase) / decrease in prepayments		(96)	11
Increase / (decrease) in trade and other payables		366	(74)
Increase / (decrease) in provisions		11	(21)
Cash inflow generated from operations		**2,021**	**1,592**
Tax paid		(331)	(311)
Net cash inflow from operating activities		**1,690**	**1,281**
Cash flows from investing activities			
Interest received	4	15	15
Proceeds on disposal of fixed assets		18	2
Purchase of customer contracts and relationships	8	(195)	-
Purchases of property, plant and equipment	7	(104)	(272)
Net cash outflow from investing activities		**(266)**	**(255)**
Cash flows from financing activities			
Dividends paid		(1,550)	(1,200)
Net cash outflow from financing activities		**(1,550)**	**(1,200)**
Net decrease in cash and cash equivalents		(126)	(174)
Cash and cash equivalents at 1 January		1,553	1,727
Cash and cash equivalents at 31 December		**1,427**	**1,553**

The notes on pages 10 to 20 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Sharman Quinney Holdings 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 Financial Statements are presented in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the EU and effective at 31 December 2015.

There have been no new accounting policies adopted in the year that have an impact on these financial statements.

The Company is exempt by virtue of section 400 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.

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 are set out in the Directors' Report on page 3. The financial position of the Company, its cash flows, and liquidity position are shown on pages 6 to 9. 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 financial risks successfully in the current economic outlook, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Revenue recognition

Estate Agency sales commissions, new homes, and land sales are recognised on the date contracts are exchanged. Property management income is recognised when cash is received, which reflects the point when income is earned and contractual obligations have been fulfilled.

Revenue on mortgage procuration fees is recognised on completion of the mortgage transaction, when all contractual obligations have been fulfilled. Insurance commission income is recognised upon fulfilment of contractual obligations with a provision for future clawback repayment in the event of early termination by the customer.

c) Property, plant and equipment

Property, plant and equipment are stated in the Statement of Financial Position at cost less accumulated depreciation.
Depreciation is charged so as to write off the cost of assets over their estimated useful lives at the following rates:

Freehold buildings	-	Lower of 50 years or estimated useful life of premises
Office equipment	-	3 to 5 years
Motor Vehicles	-	25% of net book value

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

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 IAS 36, *Impairment of Assets*, 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

d) Goodwill (continued)

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% (2014: 2.5%). The Company estimates discount rates based on a current cost of capital of the subsidiary. Impairment of goodwill is recognised where the present value of future cash flows of the CGU 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 the Statement of Comprehensive Income. 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. On the sale of a subsidiary, the profit or loss on sale is calculated after charging or crediting the net book value of any related goodwill. A gain on a bargain purchase would be recognised directly in the Statement of Comprehensive Income.

e) Intangible assets

Intangible assets include acquired customer contracts and relationships, software development costs and purchased software 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

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 initially at their fair value and then carried subsequently at amortised cost.

h) Leases

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

i) 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 is recognised via equity. Current tax is the expected tax payable on the taxable profit 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.

j) Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income as incurred.

k) 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.

l) Provisions for liabilities and charges

A provision is recognised in the Statement of Financial Position 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.

m) Net financing costs

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Expenses and Auditor's remuneration

	Year ended 2015 £000	Year ended 2014 £000
Profit after tax is stated after charging:		
Impairment loss on trade receivables	21	12
Depreciation of property, plant and equipment	140	104
Staff costs (see note 5)	4,293	3,734
Rentals payable under operating leases	291	272
(Profit) / loss on disposal of fixed assets	(2)	5
Auditor's remuneration and expenses:		
Audit of these financial statements	9	9

3. Other operating income

	Year ended 2015 £000	Year ended 2014 £000
Rents receivable under operating leases	28	32

4. Financial income

	Year ended 2015 £000	Year ended 2014 £000
Interest on bank deposits	7	5
Interest receivable from group undertakings	8	10
	15	15

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 2015 No.	Year ended 2014 No.
Directors	6	6
Sales and administration	145	136
	151	142

The aggregate payroll costs of these persons was as follows:

	£000	£000
Wages and salaries	3,890	3,401
Social security costs	360	315
Other pension costs	43	18
	4,293	3,734

Directors' emoluments	Year ended 2015 £000	Year ended 2014 £000
Directors' emoluments	265	267
Contributions to defined contribution pension schemes	13	8
	278	275

The aggregate of emoluments of the highest paid Director was £147,000 (2014: £146,000). Included within this total were contributions of £13,000 to defined contribution pension schemes (2014: £8,000). Four of the Directors, who held office during the year (2014: four), are remunerated by another group company, and did not receive any remuneration from Sharman Quinney Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Taxation

a) Analysis of expense in the year at 20.25% (2014: 21.50%)	Year ended 2015 £000	Year ended 2014 £000
Current tax expense		
Current tax at 20.25% (2014: 21.50%)	329	333
Adjustment for prior years	(8)	(6)
Total current tax	321	327
Deferred tax charge / (credit)		
Origination and reversal of temporary differences	4	(12)
Adjustment for prior years	6	1
Total deferred tax	10	(11)
Income tax expense	**331**	**316**

b) Factors affecting current tax expense in the period

The tax assessed in the Statement of Comprehensive Income is higher (2014: lower) than the standard UK corporation tax rate because of the following factors:

	Year ended 2015 £000	Year ended 2014 £000
Profit before tax	1,607	1,489
Tax on profit at UK standard rate of 20.25% (2014: 21.50%)	325	320
Effects of:		
Effects of other tax rates	5	1
Expenses not deductible for tax purposes	13	-
Adjustment to tax expense in respect of prior periods	(2)	(5)
Income not taxable	(10)	
Income tax expense	**331**	**316**

7. Property, plant and equipment

	Land and Buildings £000	Office Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 1 January 2015	827	162	161	1,150
Additions	33	17	54	104
Disposals	-	(2)	(35)	(37)
At 31 December 2015	**860**	**177**	**180**	**1,217**
Accumulated depreciation and impairment				
At 1 January 2015	277	81	73	431
Depreciation charge for the year	88	23	29	140
Disposals	-	(1)	(20)	(21)
At 31 December 2015	**365**	**103**	**82**	**550**
Carrying amounts				
At 1 January 2015	550	81	88	719
At 31 December 2015	**495**	**74**	**98**	**667**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7. Property, plant and equipment (continued)

	Land and Buildings £000	Office Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 1 January 2014	788	230	156	1,174
Additions	185	63	24	272
Disposals	(146)	(131)	(19)	(296)
At 31 December 2014	**827**	**162**	**161**	**1,150**
Accumulated depreciation and impairment				
At 1 January 2014	356	195	67	618
Depreciation charge for the year	65	16	23	104
Disposals	(144)	(130)	(17)	(291)
At 31 December 2014	**277**	**81**	**73**	**431**
Carrying amounts				
At 1 January 2014	432	35	89	556
At 31 December 2014	**550**	**81**	**88**	**719**

8. Intangible assets

	Goodwill £000	Customer Contracts & Relationships £000	Total £000
Cost			
At 1 January 2015	185	44	229
Additions	181	14	195
At 31 December 2015	**366**	**58**	**424**
Amortisation and impairment losses			
At 1 January 2015	139	44	183
Amortisation for the year	46	2	48
At 31 December 2015	185	46	231
Carrying amounts			
At 1 January 2015	46	-	46
At 31 December 2015	**181**	**12**	**193**

	Goodwill £000	Customer Contracts & Relationships £000	Total £000
Cost			
At 1 January and 31 December 2014	185	44	229
Amortisation and impairment losses			
At 1 January 2014	139	44	183
Amortisation for the year	-	-	
At 31 December 2014	139	44	183
Carrying amounts			
At 1 January 2014	46	-	46
At 31 December 2014	**46**	**-**	**46**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) 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 has been allocated to this CGU. The recoverable amounts of the CGUs 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 five years, which take into account the risks inherent in the businesses, and extrapolate cash flows for subsequent years (up to an additional 10 years) based on a long-term growth rate of 2.5% (2014: 2.5%). The Company estimates pre-tax discount rates based on the current cost of capital adjusted for the risks inherent in each cash generating unit of 13.31% (2014: 16.19%).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. Intangible assets (continued)

On 30 November 2015, the company acquired the trade and assets of Gilbert and Thomas, a 2 branch estate agency business operating in Rutland. The acquisition provides an expansion for the company into this area. The consideration for the purchase was £200,000. As part of the acquisition, £14,000 of intangible assets have been recognised representing the value of the pipelines in the business at that time. This has led to the recognition of goodwill of £181,000, which represents the strength and local knowledge of the workforce. The acquisition did not include any trade receivables. From the date of acquisition to 31 December 2015, the amount Gilbert and Thomas contributed to income was £27,000 and profit before tax was £7,000. If Sharman Quinney had owned Gilbert and Thomas throughout 2015, the amount it would have contributed to the company's income during the year would have been £400,000 and the amount contributed to profit before tax would have been £50,000.

At 31 December 2015, impairment of £185,000, (2014: £139,000) was allocated to the Estate Agency Businesses, to reduce the goodwill to its estimated recoverable amount, based upon current revised forecasts.

9. Investments

	Shares in Group Undertakings £
Cost	
At 1 January and 31 December 2015 & 2014	153
Impairment losses	
At 1 January and 31 December 2015 & 2014	153
Net Book Value	
At 1 January and 31 December 2015 & 2014	-

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 ordinary shares held
Pattison Lane Estate Agents Limited	Residential estate agency	95%

10. Deferred tax

The movement on the deferred tax account is as shown below:	31 December 2015 £000	31 December 2014 £000
At 1 January	48	37
Statement of Comprehensive Income (charge) / credit	(10)	11
At 31 December	**38**	**48**

Deferred tax asset	Accelerated capital allowances £000
At 1 January 2015	48
Charged to Statement of Comprehensive Income	(10)
At 31 December 2015	38
Net deferred tax asset	
At 31 December 2015	**38**

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11. Trade and other receivables

	31 December 2015 £000	31 December 2014 £000
Trade receivables	433	411
Amounts owed by group undertakings	106	116
Prepayments and accrued income	164	68
Bad debt provision	(35)	(61)
	668	534

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

	2015 £000 Gross	2015 £000 Impairment	2014 £000 Gross	2014 £000 Impairment
Not overdue	317	-	195	-
Overdue 0 – 30 days	61	-	128	-
Overdue 31 – 120 days	25	(13)	22	(9)
Overdue 120 days plus	30	(22)	66	(52)
	433	(35)	411	(61)

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

	31 December 2015 £000	31 December 2014 £000
At 1 January	(61)	(57)
Provision made during the year	(59)	(32)
Receivables written off during the year	47	8
Provision no longer required	38	20
At 31 December	(35)	(61)

12. Trade and other payables

	31 December 2015 £000	31 December 2014 £000
Trade payables	100	55
Amounts owed to group undertakings	319	266
Other taxes and social security costs	304	246
Accruals and deferred income	764	554
	1,487	1,121

13. Provisions

	Insurance commission clawback £000	Lease cost of closed branches & dilapidations £000	Total £000
Balance at 1 January 2015	145	248	393
Provisions made during the year	20	-	20
Released during the year	(2)	(5)	(7)
Provisions used during the year	(2)	-	(2)
Balance at 31 December 2015	161	243	404
Balance at 1 January 2014	170	244	414
Provisions made during the year	-	4	4
Released during the year	(25)	-	(25)
Provisions used during the year	-	-	-
Balance at 31 December 2014	145	248	393

All provisions are classed as non-current. The insurance commission clawback provision is estimated based upon anticipated cancellation rates of term insurance policies.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13. Provisions (continued)

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 Company no longer utilises the property during the course of their business operation. The provision represents the rent 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 the period to the anticipated date of disposal or sooner.

14. Share Capital

Allotted, called up and fully paid	**31 December 2015 £000**	**31 December 2014 £000**
18,430 (2014: 16,975) Ordinary A shares of 1p each	-	-
970 (2014: 2,425) Ordinary B shares of 1p each	-	-
	-	-

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 A 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. During the year, part of this option was exercised.

Management of capital

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

	Year ended 2015 £000	**Year ended 2014 £000**
Capital		
Ordinary A and B shares	-	-
Retained earnings	953	1,227
	953	1,227

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.

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. Employee benefits

Defined contribution pension scheme

The Company operates a stakeholder pension scheme. Contributions are charged to the Statement of Comprehensive Income and are included in staff costs. The amount charged to the Statement of Comprehensive Income was £43,000 (2014: £18,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. 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.

	2015			2014		
	Parent undertaking £000	Subsidiary undertaking £000	Other group Companies £000	Parent undertaking £000	Subsidiary undertaking £000	Other group Companies £000
a) Net interest						
Interest receivable	-	9	-	-	10	-
Interest payable	-	-	-	-	-	-
Total	-	9	-	-	10	-
b) Sales of goods and services						
Commission receivable	117	101	-	96	-	-
Total	117	101	-	96	-	-
c) Purchase of goods and services	402	-	-	368	-	-
Total	402	-	-	368	-	-
d) Outstanding balances						
Receivables from related parties	-	96	10	-	116	-
Payables to related parties	(286)	-	(33)	(266)	-	-
Total	(286)	96	(23)	(266)	116	-

Interest receivable from the ultimate parent undertaking at 31 December 2015 is £7,000, (2014: £5,000). There were no purchase of goods and services during the year (2014: £12,000)

There is a provision held in respect of receivables due from Related Parties of £200,000 at 31 December 2015 and £249,000 at 31 December 2014.

Included in cash and cash equivalents is £1,250,000 (2014: £1,400,000) of cash held on deposit with the Skipton Building Society.

All transactions are dealt with on normal credit terms.

17. Capital and operating lease commitments

The Company has no capital commitments at the year - end (2014: £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 2015 £000	31 December 2014 £000
Amounts falling due:		
Less than one year	279	251
Between one and five years	663	790
More than five years	521	673
	1,463	1,714

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

18. 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 any 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 not less than 1 year £000	In more than one year but not more than 5 years £000
Trade and other payables	864	864	864	-	-	-
Amounts owing to group companies	319	319	319	-	-	-
Total	**1,183**	**1,183**	**1,183**	-	-	-

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 and monitors any exposure on a continuous basis.

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 11. 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.

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 on the following page.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19. Accounting estimates and judgements (continued)

- 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 13), provisions for clawback of insurance commission (note 13), and impairment provisions on trade receivables (note 11).

- Impairment testing – the recoverable amounts of 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 subsidiaries are held for long-term investment. The cash flows are derived from the most recent financial budgets for the next five years, which take into account the risks inherent in the businesses, and extrapolate cash flows for subsequent years (up to an additional 10 years) based on long-term growth rate of 2.5% (2014: 2.5%). The Company estimates discount rates based on the current cost of capital adjusted for the risks inherent in its subsidiary. The pre-tax discount rate used in 2015 was 13.31% (2014: 16.19%).

20. Ultimate parent undertaking

The Company is a 95% 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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