Thomas George Cardiff Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2014

(Registered Number 06880840)

Contents

Directors' Report

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

INTRODUCTION AND OVERVIEW

Thomas George Cardiff Ltd is a private limited company incorporated in England & Wales, registered number 06880840.

The company provides lettings management services to participants in the residential property market.

The company made a profit before tax of £253,000 for the year (7 months to 31 December 2013: loss £308,000).

DIRECTORS

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

A Barry	
RS Shipperley	(appointed 30 July 2014)
DC Livesey	(appointed 30 July 2014)
DK Plumtree	(appointed 30 July 2014)
RJ Twigg	(appointed 29 July 2014)

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.

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

By order of the board

A Barry
Director

7th August 2015

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 period. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOMAS GEORGE CARDIFF LTD

We have audited the financial statements of Thomas George Cardiff Ltd for the year ended 31 December 2014 set out on pages 6 to 16. 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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　　　　27 August 2015

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

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

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 31 Dec 2014 £000	7 month Period ended 31 Dec 2013 £000
Revenue	1	751	642
Administrative expenses		(516)	(483)
- Impairment charge		-	(468)
Total administrative expenses		(516)	(951)
Profit / (loss) from operations		**235**	**(309)**
Finance income		22	16
Finance costs	4	(4)	(15)
Profit / (loss) before tax		**253**	**(308)**
Tax expense	6	(52)	(40)
Profit / (loss) for the period being total comprehensive income		**201**	**(348)**

There were no recognised income and expense items in the current or preceding period 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 16 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2014

	Notes	£000	31 December 2014 £000	£000	31 December 2013 (Restated) £000	£000	1 June 2013 (Restated) £000
Non-current assets							
Property, plant and equipment	7	1		19		45	
Intangibles	8	-		-		468	
Deferred tax		6		3		-	
Total non-current assets			**7**		**22**		**513**
Current assets							
Trade and other receivables	9	86		52		82	
Cash and cash equivalents		698		130		54	
Total current assets			**784**		**182**		**136**
Total assets			**791**		**204**		**649**
Current liabilities							
Trade and other payables	10	466		93		135	
Tax liabilities		53		40		55	
Total current liabilities			519		133		190
Total liabilities			**519**		**133**		**190**
Share capital	12	-		-		-	
Retained earnings	12	272		71		459	
Total equity			272		71		459
Total equity and liabilities			**791**		**204**		**649**

These accounts were approved by the Board of Directors on 7th August 2015 and signed on its behalf by:

A Barry
Director

Company registration number: 06880840

The notes on pages 10 to 16 form part of these accounts.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2014	-	71	71
Total comprehensive income for the year	-	201	201
Balance at 31 December 2014	**-**	**272**	**272**
Balance at 1 June 2013	-	459	459
Dividends paid	-	(40)	(40)
Total comprehensive income for the period	-	(348)	(348)
Balance at 31 December 2013	**-**	**71**	**71**

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 31 Dec 2014 £000	Period ended 31 Dec 2013 £000
Cash flows from operating activities			
Profit / (loss) for the year / period		201	(348)
Adjustments for:			
Depreciation	2	12	10
Impairment charge	2	-	468
Finance income		(22)	(16)
Finance expense	4	4	15
Loss on disposal of property, plant, and equipment	2	14	-
Tax expense	6	52	40
Operating profit before changes in working capital and provisions		**261**	**169**
(Increase) / decrease in trade and other receivables		(34)	40
Increase in intercompany payable		397	40
Decrease in trade and other payables		(12)	(84)
Cash generated from operations		**612**	**165**
Interest paid		(4)	(15)
Tax paid		(40)	(33)
Net cash inflow from operating activities		**568**	**117**
Cash flows from financing activities			
Dividends paid		-	(40)
Net cash inflow/(outflow) from financing activities		**-**	**(40)**
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	7	-	(1)
Net cash outflow from investing activities		**-**	**(1)**
Net increase in cash and cash equivalents		568	76
Cash and cash equivalents at 1 January / 1 June		130	54
Cash and cash equivalents at 31 December		**698**	**130**

The notes on pages 10 to 16 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Thomas George Cardiff Ltd (the "Company") is a company incorporated and domiciled in the UK. The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company 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 2014.

Transition to IFRS

The Company is preparing its financial statements in accordance with IFRS for the first time and consequently has applied IFRS 1 First Time Adoption of International Financial Reporting Standards (IFRS 1). The opening balance sheet contains £468,000 of goodwill. The goodwill arose when the company was incorporated and purchased the trade and assets from the previous owner. The goodwill will have subsumed certain client relationships. However, on transition to IFRS, these client relationships have not been recognised nor has goodwill been restated. This is because the goodwill balance was entirely written off in the period ended 31 December 2013. As such, the separate recognition of client relationships is not considered material, as they would also have been impaired in the period ending 31 December 2013. As such, there are no adjustments arising out of the transition and consequently, the reconciliations required by IFRS 1 have not been presented.

Prior year restatement

In the prior year, current liabilities included £809,000 of tenant's rent and bonds held on behalf of landlord clients (client accounts.) A corresponding amount was held in cash and cash equivalents. A review of the accounting policy has resulted in a change in the accounting policy so that client accounts are now not included in these financial statements. The change in accounting policy is because the company does not have access to the significant risks and rewards of the client accounts. As such, current liabilities have been reduced in the prior period by £809,000. Cash and cash equivalents have been reduced by a corresponding amount. There is no impact on the net assets position in the opening balance sheet.

Measurement convention

These financial statements are prepared on the historical cost basis.

Currency presentation

These financial statements are presented in pounds sterling and, except where otherwise indicated, have been rounded to the nearest one thousand.

Going concern

The Company's business activities are set out 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 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 is part of a group with sufficient financial resources and the Directors believe that the Company is well placed to manage its financial risks successfully.

The Directors believe that the Company has adequate resources to continue to operate for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) 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 on the following bases:

Motor vehicles	20% straight line

d) Goodwill

Goodwill arising on the acquisition of 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. However, due to materiality, customer relationships have not been separately identified. Goodwill is calculated after also taking into account the fair value of contingent liabilities of the acquiree.

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

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. The goodwill balance was fully impaired in the period ending 31 December 2013.

c) Revenue recognition

Revenue, which excludes value added tax, represents total invoiced sales of the Company.

Property management income is recognised when cash is received, which reflects the point when income is earned and contractual obligations have been fulfilled.

Since year end, the company has ceased making Estate Agency sales. However, revenue was earned from Estate Agency Sales in the year and prior period. Estate Agency sales commission is recognised on the date contracts are exchanged.

e) Trade and other receivables

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

f) Trade and other payables

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

g) Taxation

Income tax on the result for the period comprises current tax and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except where items are recognised directly in equity, in which case the associated income tax asset or liability is recognised via equity.

Current tax is the expected tax payable on the taxable income or expense for the period, using tax rates enacted or substantially enacted on the period end date, 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.

h) Employee benefits

The Company operates a stakeholder pension scheme through another group company. Contributions are charged to the Statement of Comprehensive Income as they become payable and are included in staff costs in accordance with the rules of the scheme.

i) 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.

j) Net financing costs

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Expenses and auditors' remuneration

	Year ended 31 Dec 2014 £000	Period ended 31 Dec 2013 £000
Profit before tax is stated after charging the following:		
Depreciation	4	10
Depreciation recharged from parent company	8	-
Loss on disposal of Property, Plant and Equipment	14	-
Impairment of intangibles	-	468
Staff costs (see note 5)	330	226
Auditors' remuneration and expenses:		
Audit of these financial statements	4	-

4. Finance costs

	Year ended 2014 £000	Period ended 2013 £000
Interest payable	4	15
	4	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 31 Dec 2014 £000	Period ended 31 Dec 2013 £000
Directors	5	1
Other	14	15
	19	16

The aggregate payroll costs of these persons was as follows:	£000	£000
Wages and salaries	306	208
Social security costs	20	15
Other pension costs	4	3
	330	226

In the current and prior period, all Directors are remunerated by another group company, and do not receive any remuneration from Thomas George Cardiff Limited.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Tax expense

	Year ended 31 Dec 2014 £000	Period ended 31 Dec 2013 £000
a) Analysis of expense in the year at 21.50% (December 2013: 23.00%)		
Current tax expense		
Current tax at 21.50% (2013: 23.25%)	55	42
Total current tax	55	42
Deferred tax		
Adjustment in respect of prior years	(3)	-
Current year credit	-	(2)
Total deferred tax	(3)	(2)
Tax expense	52	40

b) Factors affecting current tax expense in the year.

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

	Year ended 31 Dec 2014 £000	Period ended 31 Dec 2013 £000
Profit / (loss) before tax	253	(308)
Tax on profit / (loss) at UK standard rate of 21.50% (December 2013: 23.00%)	54	(71)
Effects of:		
Expenses not deductible for tax purposes	1	111
Adjustment in respect of prior periods	(3)	-
Tax expense	52	40

The impairment charge recorded in 2013 was not deductible for tax purposes, the impact of this was to increase the tax charge by £108,000 for the period.

7. Property, plant and equipment

	Motor vehicles £000	Total £000
Cost		
At 1 January 2014	63	63
Disposals	(58)	(58)
At 31 December 2014	5	5
Accumulated depreciation and impairment		
At 1 January 2014	44	44
Depreciation charge for the year	4	4
Disposals	(44)	(44)
At 31 December 2014	4	4
Carrying amounts		
At 1 January 2014	19	19
At 31 December 2014	1	1

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7. Property, plant and equipment (continued)

	Motor vehicles £000	Total £000
Cost		
At 1 June 2013	132	132
Additions	1	1
Disposals	(70)	(70)
At 31 December 2013	**63**	**63**
Accumulated depreciation and impairment		
At 1 June 2013	87	87
Depreciation charge for the period	10	10
Disposals	(53)	(53)
At 31 December 2013	**44**	**44**
Carrying amounts		
At 1 June 2013	45	45
At 31 December 2013	**19**	**19**

8. Intangibles

	Goodwill £000
Cost	
At 1 January and 31 December 2014	**468**
Accumulated depreciation and impairment	
At 1 January and 31 December 2014	**468**
Carrying amounts	
At 1 January and 31 December 2014	-

	Goodwill £000
Cost	
At 1 June 2013 and 31 December 2013	**468**
Accumulated impairment	
At 1 June 2013	-
Impairment charge for the period	468
At 31 December 2013	**468**
Carrying amounts	
At 1 June 2013	468
At 31 December 2013	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Trade and other receivables

	31 Dec 2014 £000	31 Dec 2013 £000
Trade receivables	66	32
Prepayments and accrued income	20	20
	86	**52**

10. Trade and other payables

	31 Dec 2014 £000	31 Dec 2013 £000
Trade payables	5	8
Amounts owed to group undertakings	430	40
Other taxes and social security costs	27	41
Accruals and deferred income	4	4
	466	**93**

12. Share capital

	31 Dec 2014 £000	31 Dec 2013 £000
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	-	-
	-	**-**

Management of capital

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

	31 Dec 2014 £000	31 Dec 2013 £000
Capital		
Ordinary A shares	-	-
Retained earnings	272	71
	272	**71**

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.

13. Related party transactions

The company used certain assets owned by its parent company during the year and was recharged depreciation of £8,000.

The closing inter-company balance was £430,000 (2013: £40,000.) The balance has increased in the year due to the company's immediate parent company, paying certain expenses on the company's behalf. These expenses were recharged back to the company at cost.

14. Capital Commitments

There were no capital commitments at the year end (December 2013: £nil).

The Company has no commitments due under operating leases.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15. 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 and these are monitored on a regular basis by management. Each of these is considered below.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's liquidity policy is to maintain sufficient liquid resources to cover imbalances and fluctuations in funding, to maintain solvency of the Company and to enable the Company to meet its financial obligations as they fall due. This is achieved through maintaining a prudent level of liquid assets and through rigorous management control of the growth of the business. The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount £000	Contractual cash flows £000	In not more than one month £000	In not more than 3 months £000	In more than 3 months but less than 1 year £000	In more than one year but not more than 5 years £000
Trade and other payables	9	9	9	-	-	-
Amounts owing to group companies	430	430	430	-	-	-
Total	**439**	**439**	**439**	**-**	**-**	**-**

There are no differences between the fair values of financial assets and liabilities and their carrying amounts showing in the Statement of Financial Position.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

Currency risk

The Company is not exposed to any currency risk as all transactions are denominated in Sterling.

Interest rate risk

The Company has no interest bearing liabilities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Based on historic default rates, the Company believes that no impairment provision is necessary in respect of most trade receivables not over due or over due by up to 30 days. 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, 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.

16. Ultimate parent undertaking

The Company is a wholly owned subsidiary of Peter Alan Limited, which is a wholly 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:

Connells Limited
Cumbria House
16-20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN