

GASCOIGNE HALMAN GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

Period Ended 31 December 2016

(Registered Number 09796165)

THURSDAY



L68NDNFM

LD5

15/06/2017

#109

COMPANIES HOUSE

Contents

Directors' Report	3
Strategic Report	4
Statement of Directors' Responsibilities in Respect of the Directors' Report, Strategic Report and the Financial Statements	6
Independent Auditor's Report to the Members of Gascoigne Halman Group Limited	7
Income Statement	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes	12

Directors' Report

The Directors present their annual report and the audited Financial Statements for the period ended 31 December 2016.

INTRODUCTION AND OVERVIEW

Gascoigne Halman Group Limited is a private limited company incorporated in England & Wales, registered number 09796165.

The principal activity of the Company is a holding company.

The Company was incorporated on 25 September 2015 and prepared its first financial statements for the extended period up to 31 December 2016. For the period ended 31 December 2016, the Company made a profit before tax of £1,231,000.

DIRECTORS

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

RS Shipperley (appointed 25 September 2015)

DC Livesey (appointed 25 September 2015)

DK Plumtree (appointed 25 September 2015)

RJ Twigg (appointed 25 September 2015)

ML Forrest (appointed 18 November 2015)

PJ Higham (appointed 18 November 2015)

JF Halman (appointed 18 November 2015)

DIVIDENDS

During the period there was an interim dividend of £1,200,000 declared. The Directors do not recommend payment of a final dividend.

DISCLOSURE OF INFORMATION TO AUDITOR

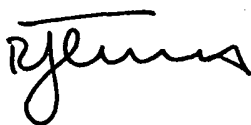
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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

By order of the board



RJ Twigg
Director

8 June 2017

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

Strategic Report

BUSINESS REVIEW

Objectives and strategy of the Company and the Group

Gascoigne Halman Group Limited is a holding company of Gascoigne Halman (Holdings) Limited, which in turn owns Gascoigne Halman Limited, and Gascoigne Halman Private Finance Limited, a group of companies which provides estate agency, lettings, conveyancing and ancillary services to participants in the UK residential property market. The objectives of the Group are to maximise the long term value and revenue for its shareholder and to maintain the delivery of the high quality and flexible service required to meet the various demands of its customers.

Operational performance and key performance indicators

Company

The results of the Company for the year show a profit for the period of £1,231k. Gascoigne Halman Group Limited is a holding company, with 100% interests in each of the following subsidiaries:

- Gascoigne Halman (Holdings) Limited (a holding company);
- Gascoigne Halman Limited; and
- Gascoigne Halman Private Finance Limited.

Group

The performance of Gascoigne Halman Limited and Gascoigne Halman Private Finance Limited for the period under review is discussed in more detail below.

The Group is pleased to report a successful trading year for 2016 in line with projections.

This year represents the first twelve month period in which Gascoigne Halman Limited operated as a subsidiary company of Connells Group and the continuity of our management team aided by the assistance of the Group ensured that changes happened with the minimum amount of disruption. It is particularly pleasing to note that there has been little or no loss in staff.

Comparisons in Gascoigne Halman Limited accounts are difficult in that they compare with the fifteen month trading period ending 31st December 2015, but when compared on a like for like basis the results show a small increase on the preceding twelve months. In house sales, the early part of the year was assisted in the rush to buy investment properties prior to the stamp duty changes in March. The Group experienced solid if not spectacular sales for all of the year in all but the top end of the market where properties priced in excess of £1m continue to struggle with higher levels of stamp duty and with a relatively low level of transactions.

Amongst the changes that were implemented during the year was the introduction of a conveyancing service to vendors and purchasers which has resulted in increased revenue. This is expected to have an even greater effect during 2017.

The Group are also pleased to report that following the establishment of the Land and New Homes department in 2015 we have been successful in securing the instruction on a number of new housing developments which we also hope will be able to contribute to our results in 2017.

The financial year concluded on a high point with forward business levels in line with those twelve months previously despite a number of headwinds in the general economy and the Group look forward with vigour to the opportunities of 2017.

The Directors monitor the business at regular board meetings throughout the year.

Gascoigne Halman Private Finance Limited has performed in line with expectations. The Company no longer writes new business but will continue to receive renewal commissions for the foreseeable future.

Operational review of the combined results of Gascoigne Halman Limited and Gascoigne Halman Private Finance Limited:

	12 months 31 Dec 2016	15 months 31 Dec 2015	Change (annualised basis) %
	£000	£000	
Total fees and commissions	9,316	11,887	-2%
EBITDA	2,184	2,388	+14%
Profit before tax	1,917	2,429	-1%

Risks and uncertainties

The Group's objective is to appropriately manage all the risks that arise from its activities. Connells Limited, the immediate parent undertaking of the Company and Skipton Building Society, the ultimate holding company, have a formal structure for managing risks throughout the group, which applies to all subsidiaries.

This has three elements:

- The Connell Group's risk appetite is documented in detailed policy risk statements, which are reviewed and approved annually by the Board.
- The primary responsibility for managing risk and ensuring appropriate controls are in place lies with the Group's management. The immediate and ultimate parent undertakings, Skipton Building Society and Connells Limited, through their risk and compliance functions provide monitoring and oversight on behalf of the Society's Board.
- The Board Audit Committee of Skipton Building Society oversees the effectiveness of the risk management framework and the control environment through Skipton Group's Internal Audit function, whose reports are also provided to the Groups Board.

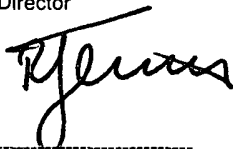
In common with other estate agencies, the Gascoigne Halman Group is highly operationally geared. Performance is affected by transactions volumes in the UK residential housing market. In the short term, many costs are fixed and so a fall in income has an impact on profits and cash flows. Therefore the Group's policy is to retain sufficient cash to ensure that any future deterioration in trading can be funded without recourse to external borrowing.

The continuing healthy housing market is being assisted by the current low interest rate environment and the availability of attractive mortgage rates from lenders. While the outlook is for low interest rates to continue in the short term, a period of interest rate increases may have a negative impact on the market.

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

By order of the board

RJ Twigg
Director



8 June 2017

42 Alderley Road
Wilmslow
Cheshire
SK9 1NY

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report, Strategic Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. 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 GASCOIGNE HALMAN GROUP LIMITED

We have audited the financial statements of Gascoigne Halman Group Limited for the period ended 31 December 2016 set out on pages 8 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 6, 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 2016 and of its profit for the Period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial period is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report and Strategic Report:

- We have not identified material misstatements in these reports;
- In our opinion, these reports have been prepared in accordance with the Companies Act 2006.

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.



13 June 2017

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

Income Statement

FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	15 month period ended 31 Dec 2016 £000
Revenue	1	1,600
Operating expenses		(1,249)
Operating profit		351
Financial income		1,200
Profit before tax		1,551
Tax expense	4	(320)
Profit for the period		1,231

There were no recognised income and expense items in the period other than those reflected in the above Income Statement.

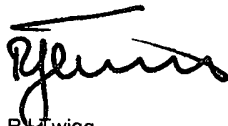
The notes on pages 12 to 16 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2016

	Notes	£000	31 December 2016 £000
Non current assets			
Investments	5	<u>9,000</u>	
Total non current assets			9,000
Current assets			
Trade and other receivables	6	<u>1,747</u>	
Total current assets			<u>1,747</u>
Total assets			<u>10,747</u>
Current liabilities			
Trade and other payables	7	1,249	
Tax liabilities		<u>320</u>	
Total current liabilities			<u>1,569</u>
Total liabilities			<u>1,569</u>
Equity – attributable to equity holders of the company			
Share capital	8	2	
Merger reserve	8	3,000	
Share premium	8	6,145	
Retained earnings	8	<u>31</u>	
Total equity			<u>9,178</u>
Total equity and liabilities			<u>10,747</u>

These accounts were approved by the Board of Directors on 8 June 2017 and signed



R. Twigg
Director

Company registration number: 09796165

The notes on pages 12 to 16 form part of these accounts.

Statement of Changes in Equity

FOR THE PERIOD ENDED 31 DECEMBER 2016

	Share Capital £000	Merger reserve £000	Share Premium £000	Retained Earnings £000	Total Equity £000
Balance at 25 September 2015	-	-	-	-	-
Shares issued	2	3,000	6,145	-	9,147
Profit for the period	-	-	-	1,231	1,231
Dividends to shareholders	-	-	-	(1,200)	(1,200)
Balance at 31 December 2016	2	3,000	6,145	31	9,178

The notes on pages 12 to 16 form part of these accounts.

Statement of Cash Flows

FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Period ended 31 Dec 2016 £000
Cash flows from operating activities		
Profit for the period		1,231
Adjustments for:		
Financial income		(1,200)
Tax expense	4	<u>320</u>
Operating profit before changes in working capital and provisions		351
Increase in trade and other receivables	6	(1,747)
Increase in trade and other payables	7	<u>1,249</u>
Net cash outflow from operating activities		<u>(147)</u>
Cash flow from financing activities		
Proceeds from issue of shares		6,147
Dividends paid		<u>(1,200)</u>
Net cash inflow from financing activities		4,947
Cash flows from investing activities		
Purchase of shares in subsidiary		(6,000)
Dividends received from subsidiary undertaking		<u>1,200</u>
Net cash outflow from investing activities		(4,800)
Net increase in cash and cash equivalents		
Cash and cash equivalents at 25 September 2015		<u>-</u>
Cash and cash equivalents at 31 December 2016		<u><u>-</u></u>

The notes on pages 12 to 16 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Gascoigne Halman Group Limited (the "Company") is a company incorporated and domiciled in the UK. The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company accounts:

a) Basis of accounting

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Financial Statements are presented in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the EU and effective at 31 December 2016.

Acquisition of Gascoigne Halman (Holdings) Limited

The Company was set up as an intermediate holding company in order to purchase 100% of the equity shareholding of Gascoigne Halman (Holdings) Limited. The acquisition completed on 9 October 2015. The Company purchased Gascoigne Halman (Holdings) Limited through a combination of cash and shares with £6.0m paid to the selling shareholders. The fair value of Gascoigne Halman (Holdings) Limited was £12m at the time of acquisition. The shares issued have been recognised at fair value of £3.0m and have led to the recognition of a merger reserve.

The acquisition includes up to £3m contingent consideration that is deferred for up to three years and is contingent on certain events, including certain of the original shareholders of Gascoigne Halman (Holdings) Limited remaining employed by the business for that period. Under IFRS 3, this consideration does not comprise part of the initial business combination, and will, instead, be expensed to the Income Statement over three years.

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 8 to 11. 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 has sufficient financial resources; as a consequence, the directors believe that the Company is well placed to manage its financial risks successfully in the event of an economic downturn, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Revenue recognition

Revenue represents management charges made to Connells Limited, the immediate parent undertaking.

c) Trade and other receivables

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

d) Trade and other payables

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

e) Taxation

Income tax on the result for the period 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 is recognised via equity.

Current tax is the expected tax payable on the taxable profit 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 Periods.

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 period end.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

f) 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.

2. Expenses and auditor's remuneration

**Period ended
31 Dec 2016
£000**

Profit before tax is stated after charging the following:

Auditor's remuneration and expenses:
Audit of these financial statements

 -

In 2016 the auditor's remuneration of £2,000 was borne by Gascoigne Halman Limited

3. Staff numbers and costs

**Period ended
31 Dec 2016
No**

Directors

 7
 7

In the current period, all Directors are remunerated by other group companies, and do not receive any remuneration from Gascoigne Halman Group Limited.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. Tax expense

a) Analysis of expense in the period

	Period ended 31 December 2016 £000
Current tax charge	320
Tax expense	320

b) Factors affecting current tax expense in the period

The tax expense in the Income Statement is higher than the standard UK corporation tax rate because of the following factors:

	Period ended 31 December 2016 £000
Profit before tax	1,551
Tax on profit at UK standard rate of 20%	310
Effect of Expenses not deductible	250
Income not taxable	(240)
Tax expense	320

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

5. Investments

At 31 December 2016, the Company owns equity share capital in its trading subsidiary undertakings, which are incorporated in the UK, as follows:

Name of subsidiary undertaking	Nature of business	Proportion of ordinary shares held 2016
Gascoigne Halman (Holdings) Limited ^a	Holding Company	100%
Gascoigne Halman Limited ^b	Residential estate agency	100% ¹
Gascoigne Halman Private Finance Limited ^b	Residential estate agency	100% ¹

¹ Held indirectly through Gascoigne Halman (Holdings) Limited

Registered Office

^a Cumbria House, 16-20 Hockliffe Street, Leighton Buzzard, Bedfordshire, LU7 1GN

^b 42 Alderley Road, Wilmslow, Cheshire, SK9 1NY

6. Trade and other receivables

	31 Dec 2016 £000
Amounts owed by immediate parent undertaking	1,600
Amounts due from parent undertaking	45
Amounts due from subsidiary undertakings	102
	1,747

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7. Trade and other payables

	31 Dec 2016 £000
Amounts owed to immediate parent undertaking	750
Accruals and deferred income	499
	<u>1,249</u>

8. Share capital

	31 Dec 2016 £000
Allotted, called up and fully paid	
75,000 £0.01 Ordinary A shares	1
25,000 £0.01 Ordinary B shares	-
146,905 £0.01 Ordinary C shares	<u>1</u>
	<u>2</u>

Connells Limited have granted the owners of the 'B' Ordinary shares (who are directors) a put option where the price to be paid is dependent on the profitability of Gascoigne Halman (Holdings) Limited and its subsidiaries.

The A Ordinary Shares, B Ordinary Shares and C Ordinary Shares rank equally in all respects save as disclosed below:

- On a sale or return of capital, the proceeds will be distributed on a pari passu basis between the holders of the A Ordinary Shares and B Ordinary Shares on a pro-rata basis based on the holdings of A Ordinary Shares and B Ordinary Shares. Under these circumstances the C Ordinary Shares have no entitlement.
- Each A Ordinary Share and B Ordinary Share will entitle its holder to receive notice of, attend and vote at any general meeting of the Company and to receive copies of and to agree any proposed written resolution. The C Ordinary Shares have no similar entitlement.
- The A Ordinary Shares and B Ordinary Shares are entitled to payments of dividends on a pro-rata basis. The C Ordinary Shares are not entitled to dividends.

Management of capital

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

	31 Dec 2016 £000
Capital	
Ordinary shares	2
Merger reserve	3,000
Share premium	6,145
Retained earnings	<u>31</u>
	<u>9,178</u>

The Company's objective when managing capital is:

- 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.

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.

9. Related party transactions

The company has an inter-company payable owing to its immediate parent undertaking of £750,000 and an inter-company receivable of £147,000.

During the period a dividend of £1,200,000 was received from Gascoigne Halman (Holdings) Limited. There was no closing intercompany balance.

10. Capital Commitments

There were no capital commitments at the period end.

The Company has no commitments due under operating leases in the current period.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11. 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 Period £000	In more than one Period but not more than 5 Periods £000
Trade and other payables	499	499	499	-	-	-
Amounts owing to immediate parent undertaking	750	750	750	-	-	-
Total	1,249	1,249	1,249	-	-	-

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 its subsidiary fails to pay a dividend. Management carefully manages its exposure to credit risk.

12. Post balance sheet events

On 18 April 2017 750,000 Ordinary C shares were issued to Connells Limited in exchange for the capitalisation of the loan owed to Connells Limited.

On 18 April 2017 a capital reduction was performed to release £6,144,198 of share premium to retained earnings.

13. Ultimate parent undertaking

The Company is a 75% owned subsidiary of Connells Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group is that headed by Connells Limited and the consolidated accounts of this Company are available to the public and can be obtained from:

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