

HUBERT C. LEACH LIMITED
Report of the Directors and
Audited
Consolidated Financial Statements
for the Year Ended 31 December 2012

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for the year ended 31 December 2012**

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HUBERT C. LEACH LIMITED

**Company Information
for the year ended 31 December 2012**

DIRECTORS:

P B Leach
J C Hatch
J P Leach
C A Chapman
J B French
C R Shelton
N H Leach
Mrs A J Croucher
Mrs C A Elliott
Mrs W A Knatchbull
Mrs M H Lynch

SECRETARY:

J B French

REGISTERED OFFICE:

Hamels Mansion
Hamels Park
Knights Hill
Buntingford
Hertfordshire
SG9 9NF

REGISTERED NUMBER:

00447346

AUDITORS:

The Trevor Jones Partnership LLP
Chartered Accountants
and Registered Auditor
Springfield House
99/101 Crossbrook Street
Waltham Cross
Hertfordshire
EN8 8JR

BANKERS:

Barclays Bank PLC
Property Finance Team
Business Banking
Floor 27
1 Churchill Place
London
E14 5HP

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)

Report of the Directors for the year ended 31 December 2012

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The group is primarily engaged in residential building, although one subsidiary company is actively seeking to diversify into commercial construction activity

REVIEW OF BUSINESS

The results for the year and the financial position of the group are as shown in the annexed financial statements

Introduction

The group operates entirely in the UK residential building market, with a history that goes back nearly 80 years. The group seeks to combine traditional values with a modern, progressive approach to meet the increasingly sophisticated demands of the house buying public.

FIXED ASSETS

Changes in the company's and the group's fixed assets are shown in notes eleven to thirteen to the financial statements

ANALYSIS OF KEY RISKS

Any business faces a number of risks and uncertainties in its operations. Some of these risks are common across all types of business, others are specific to the particular business in which a company operates.

The principle risks faced by the group and its responses thereto are summarised in this analysis. Not all these factors are within the group's control. There may be other risks and uncertainties which are unknown to the group or which may not be deemed material now which could turn out to be material in the future.

Key risks and the group's response to these risks are shown below.

1. Financial risk management

The group operates in an environment whereby significant cash outlay is required in advance of any sales revenue. This particularly relates to the initial purchase of land and the construction of site infrastructure. Historically this has been financed by borrowings and from sales revenue from projects that are at a more advanced stage. Whilst currently there are sufficient bank funds for anticipated future liabilities, the group has arrangements with its bankers to ensure that future borrowings, if needed, will be available.

2. Foreign currency risk

The group does not feel it is significantly exposed to foreign currency fluctuation. It has no sales outside the United Kingdom and none of its purchases are directly sourced from outside the United Kingdom.

3. Customer concentration risk

The majority of the group's sales are residential properties, sold to members of the public. Consequently, the sales are individually high value items and the group is subject to a risk of a downturn in the UK housing market, both in terms of demand and prices. The group has a policy of actively monitoring the market and has successfully programmed its construction activity accordingly. The group does recognise that market downturns are very difficult to predict accurately and with sufficient time-scales.

4. Competitive pressure risk

The group operates in an industry where there are National housebuilders that have a dominant role. The group recognises that it has to compete on the quality of its product and providing value for money. The group regularly reviews its designs and construction processes.

5. House-building and other construction industry risks

Acquisition of land and its progress toward becoming a construction site is subject to many risks that the group have to counter. Currently, achieving a satisfactory Planning Approval is very difficult and time delays and design considerations can produce significant financial risks. Similarly, estimates made at the acquisition stage in respect of projected sales revenue, construction costs and interest costs can be affected by changes in the housing market.

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)

**Report of the Directors
for the year ended 31 December 2012**

This risk is at the forefront of the group's deliberations when formulating land offers. However, the group has to recognise that some of these risks are completely outside its direct control. The group seeks to mitigate these risks by the employment of staff and consultants with the necessary level of technical expertise.

6. Loss of key personnel

Loss of key personnel, particularly key management team members could have a detrimental effect on operations.

The group seek to mitigate risks in this area by the sharing of knowledge and information between the senior staff, through regular management meetings, at various levels, and by seeking to improve communication generally.

7. Credit risk

The group primarily sells directly to the public, and properties are not handed over to the purchaser before all cash is received. The group do not therefore believe it has any credit risks.

8. Loss of supply of critical materials

Loss of supply of critical materials from key suppliers could affect the group's ability to deliver product to customers.

In most cases, materials are not purchased directly by the group. They are supplied as part of sub-contract arrangements.

FINANCIAL REVIEW

Revenue

Revenue decreased by 15% to £15.9 million (2011 £18.7 million). This was a consequence of housing market changes and the impact of two new sites that generated limited sales in the year.

Gross profit margin

Gross profit margin for the year was 20% (2011 21%).

Operating profit

Operating (loss)/profit for the year decreased from £1.1 million profit in 2011 to £34,000 loss in 2012. This was a result of differing mixes of sites and market impacts.

Finance income

Bank interest (net of interest payable) reduced from £0.1 million receipt in 2011 to £60,000 cost in 2012. This arose from continuing low interest rates.

Balance sheet

Net assets have decreased by £14.3 million to £44.8 million for the group (2011 £59.1 million). This is mainly due to the deficit in the pension scheme, as described in note three and the exceptional item in note five to the accounts.

DIVIDENDS

The directors recommend a preferred ordinary dividend of 4.2 pence per share and a deferred ordinary dividend of £10 per share.

DIRECTORS

N. H. Leach and C. R. Shelton retire by rotation and being eligible offer themselves for re-election.

Interests of the directors in the shares in the company are shown in note twenty-seven to the financial statements.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The group made charitable contributions in the year amounting to £10,500 (2011 £11,150).

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)

**Report of the Directors
for the year ended 31 December 2012**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, The Trevor Jones Partnership LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



J B French - Secretary

16 May 2013

Report of the Independent Auditors to the Members of Hubert C. Leach Limited

We have audited the financial statements of Hubert C. Leach Limited for the year ended 31 December 2012 on pages six to twenty six. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page four, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

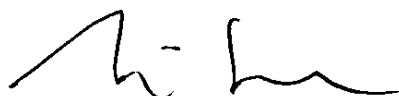
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Tim Somers (Senior Statutory Auditor)
for and on behalf of The Trevor Jones Partnership LLP
Chartered Accountants
and Registered Auditor
Springfield House
99/101 Crossbrook Street
Waltham Cross
Hertfordshire
EN8 8JR

16 May 2013

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**Consolidated Profit and Loss Account
for the year ended 31 December 2012**

	Notes	2012 £'000	2011 £'000
TURNOVER	2	15,945	18,746
Cost of sales		12,792	14,760
GROSS PROFIT		3,153	3,986
Administrative expenses		3,187	2,975
OPERATING (LOSS)/PROFIT	4	(34)	1,011
Amount written off loan	5	7,257	-
		(7,291)	1,011
Interest receivable and similar income	6	27	144
		(7,264)	1,155
Interest payable and similar charges	7	87	40
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,351)	1,115
Tax on (loss)/profit on ordinary activities	8	-	290
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(7,351)	825
Minority interest - equity		(8)	30
(DEFICIT)/RETAINED PROFIT FOR CARRIED FORWARD		(7,343)	795

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)

**Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 December 2012**

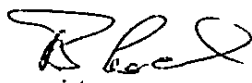
	2012 £'000	2011 £'000
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(7,343)	795
Defined benefit pension scheme deficit	<u>(6,662)</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>(14,005)</u></u>	<u><u>795</u></u>

The notes form part of these financial statements

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**Consolidated Balance Sheet
31 December 2012**

	Notes	2012 £'000	2011 £'000
FIXED ASSETS			
Tangible assets	11	2,067	2,057
Investments	12	800	800
Investment property	13	3,986	3,986
		<u>6,853</u>	<u>6,843</u>
CURRENT ASSETS			
Stocks	14	40,578	40,525
Debtors	15	1,497	2,154
Cash at bank and in hand		11,556	18,087
		<u>53,631</u>	<u>60,766</u>
CREDITORS			
Amounts falling due within one year	16	5,699	5,239
NET CURRENT ASSETS		<u>47,932</u>	<u>55,527</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>54,785</u>	<u>62,370</u>
PENSION LIABILITY		<u>(9,962)</u>	<u>(3,300)</u>
NET ASSETS		<u><u>44,823</u></u>	<u><u>59,070</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	62	62
Revaluation reserve	19	1,907	1,907
Capital redemption reserve	19	18	18
Other reserves	19	679	679
Profit and loss account	19	36,390	50,629
SHAREHOLDERS' FUNDS	25	<u>39,056</u>	<u>53,295</u>
MINORITY INTERESTS	20	<u>5,767</u>	<u>5,775</u>
TOTAL EQUITY		<u><u>44,823</u></u>	<u><u>59,070</u></u>

The financial statements were approved by the Board of Directors on 16 May 2013 and were signed on its behalf by



P B Leach - Director

The notes form part of these financial statements

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**Company Balance Sheet
31 December 2012**

	Notes	2012 £'000	2011 £'000
FIXED ASSETS			
Tangible assets	11	2,067	2,057
Investments	12	9,959	9,959
Investment property	13	3,986	3,986
		<u>16,012</u>	<u>16,002</u>
CURRENT ASSETS			
Stocks	14	37,029	36,963
Debtors	15	1,497	2,143
Cash at bank and in hand		3,994	10,480
		<u>42,520</u>	<u>49,586</u>
CREDITORS			
Amounts falling due within one year	16	10,333	9,883
NET CURRENT ASSETS		<u>32,187</u>	<u>39,703</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>48,199</u>	<u>55,705</u>
PENSION LIABILITY		<u>(9,962)</u>	<u>(3,300)</u>
NET ASSETS		<u><u>38,237</u></u>	<u><u>52,405</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	62	62
Revaluation reserve	19	1,907	1,907
Capital redemption reserve	19	18	18
Profit and loss account	19	36,250	50,418
SHAREHOLDERS' FUNDS	25	<u><u>38,237</u></u>	<u><u>52,405</u></u>

The financial statements were approved by the Board of Directors on 16 May 2013 and were signed on its behalf by



P B Leach - Director

The notes form part of these financial statements

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)

**Consolidated Cash Flow Statement
for the year ended 31 December 2012**

	Notes	2012 £'000	2011 £'000
Net cash inflow/(outflow) from operating activities	1	160	(328)
Returns on investments and servicing of finance	2	(60)	105
Taxation		(19)	(645)
Capital expenditure	2	(31)	(29)
Equity dividends paid		(234)	(203)
		(184)	(1,100)
Financing	2	(7,650)	(632)
Decrease in cash in the period		(7,834)	(1,732)
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		(7,834)	(1,732)
Cash outflow from decrease in debt		393	632
Change in net funds resulting from cash flows		(7,441)	(1,100)
Movement in net funds in the period		(7,441)	(1,100)
Net funds at 1 January		15,755	16,855
Net funds at 31 December		8,314	15,755

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the year ended 31 December 2012

1 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW/(OUTFLOW)
FROM OPERATING ACTIVITIES

	2012 £'000	2011 £'000
Operating (loss)/profit	(34)	1,011
Depreciation charges	22	18
(Profit)/loss on disposal of fixed assets	(1)	2
(Increase)/decrease in stocks	(53)	430
Decrease in debtors	657	18
Decrease in creditors	(431)	(1,807)
Net cash inflow/(outflow) from operating activities	160	(328)

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012 £'000	2011 £'000
Returns on investments and servicing of finance		
Interest received	27	144
Interest paid	(87)	(39)
Net cash (outflow)/inflow for returns on investments and servicing of finance	(60)	105
Capital expenditure		
Purchase of tangible fixed assets	(32)	(27)
Sale of tangible fixed assets	1	(2)
Net cash outflow for capital expenditure	(31)	(29)
Financing		
Loan repayments in year	(393)	(632)
Amount written off loan	(7,257)	-
Net cash outflow from financing	(7,650)	(632)

The notes form part of these financial statements

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)

**Notes to the Consolidated Cash Flow Statement
for the year ended 31 December 2012**

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 12 £'000	Cash flow £'000	At 31 12 12 £'000
Net cash			
Cash at bank and in hand	18,087	(6,531)	11,556
Bank overdraft	(75)	(1,303)	(1,378)
	<u>18,012</u>	<u>(7,834)</u>	<u>10,178</u>
Debt			
Debts falling due within one year	(2,257)	393	(1,864)
	<u>(2,257)</u>	<u>393</u>	<u>(1,864)</u>
Total	<u>15,755</u>	<u>(7,441)</u>	<u>8,314</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the year ended 31 December 2012**

1 ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared in accordance with applicable International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as adopted for use in the European Union, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee relevant to its operations and effective for accounting periods beginning on 1 January 2007.

The consolidated financial statements have been prepared on the historical cost basis as modified by the revaluation of freehold land and buildings and are in accordance with the applicable Accounting Standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Turnover

Turnover comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after eliminating sales within the Group.

Turnover and profit are recognised as follows:

(a) Private housing development properties

Turnover is recognised in the profit and loss account when the significant risks and rewards of ownership have been transferred to the purchaser. Turnover in respect of the sale of residential properties is recognised at the fair value of the consideration received or receivable on legal completion.

(b) Contracting work

Where the outcome of a construction contract can be estimated reliably, turnover and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in turnover and they are capable of being reliably measured.

Where the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that the total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

(c) Net property income

Turnover is recognised in the profit and loss account on a straight line basis over the term of the lease, net of direct costs.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012

1 ACCOUNTING POLICIES - continued

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional valuers or directors. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve.

No depreciation is provided on freehold offices occupied by the group as these are revalued annually by the directors and the residual value of these properties is so high that any depreciation charge would be immaterial.

Plant and equipment is stated at cost less depreciation.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives. Depreciation is charged as follows:

Plant and equipment - over the expected useful life of the assets ranging from 3 to 13 years.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in stock when the significant risks and rewards of ownership have been transferred to the Group.

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012

1 ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

Contributions payable to the Group's pension scheme are charged to the profit and loss account in the period to which they relate

Customer deposits

Customer deposits are recorded as a liability within 'trade creditors' on receipt and released to the profit and loss account as turnover upon legal completion

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material

Key sources of estimation uncertainty and critical accounting judgements

Site valuations and work in progress

Internal site valuations are carried out at regular intervals throughout the year. The valuations will include an estimation of the costs to complete and remaining revenues, in order to determine the profit that the Group is able to recognise on the proportion of completions in the period, for each development. In addition, the carrying value of land and work in progress can involve considerable judgement around future margins from sites in assessing whether any impairment provisions need to be recognised

2 TURNOVER

The turnover and loss (2011 - profit) before taxation are attributable to the one principal activity of the group

An analysis of turnover by class of business is given below

	2012 £'000	2011 £'000
Building activities	15,709	18,235
Net property income	236	511
	<u>15,945</u>	<u>18,746</u>

All turnover arises in the United Kingdom

3 STAFF COSTS

	2012 £'000	2011 £'000
Wages and salaries	1,567	1,710
Social security costs	181	187
Other pension costs	611	211
	<u>2,359</u>	<u>2,108</u>

The average monthly number of employees during the year was as follows

	2012	2011
Management	25	27
Building	5	4
	<u>30</u>	<u>31</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012

3 STAFF COSTS - continued

Pension arrangements

All employees are invited to participate in a defined contribution Group Personal Pension Scheme, operated by Aegon. Individual Defined Contribution Occupational Pension Schemes have been established for five of the directors, also operated by Aegon. Since 31 December 2007, four of these directors have chosen to join the Group Personal Pension Scheme.

The previous funded defined benefits scheme, The Leach Pension Scheme, was contracted out of the state scheme. The assets of the scheme continue to be held in a separate trustee administered fund. Contributions to that scheme were charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The company will continue to make contributions necessary to maintain the benefits accrued to 30th June 2003 when the scheme was closed to new accrual.

The Leach Pension Scheme is a scheme for the benefit of employees and former employees of four companies of which one is Hubert C. Leach Limited. The latest actuarial valuation as at 31 December 2009 showed a deficit on an ongoing basis of £3.3 million. The company has agreed a formal recovery plan covering the nine years to 31 March 2020. For the year 31 March 2013 this represents an overall payment of £225,000, of which Hubert C. Leach Limited has paid £87,800. The recovery plan payments increase annually to a final payment in the year to 31 March 2020 of £316,000, of which Hubert C. Leach Limited will pay £123,200. The company also paid the premiums for death in service benefits.

The next actuarial valuation will be as at 31 December 2012. This has not been completed to date, but the actuary has updated the previous valuation to reflect changes in the intervening period. The revised valuation shows an on-going basis deficit of £10.362 million. Hubert C. Leach made an additional contribution of £400,000 during the year.

Present values of defined benefit obligation, fair value of scheme assets and deficit

	2012 £'000
Present value of defined benefit obligation	(28,976)
Fair value of Scheme assets	19,014
Deficit in Scheme	(9,962)

As all actuarial gains and assets are recognised, the deficits shown above are those recognised in the balance sheet.

4 OPERATING (LOSS)/PROFIT

The operating loss (2011 - operating profit) is stated after charging/(crediting)

	2012 £'000	2011 £'000
Plant hire	31	32
Depreciation - owned assets	22	19
(Profit)/loss on disposal of fixed assets	(1)	2
Auditors' remuneration	44	44
	<u> </u>	<u> </u>
	2012 £	2011 £
Directors' remuneration	591,200	626,382
Directors' pension contributions to money purchase schemes	61,107	61,107
	<u> </u>	<u> </u>

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012**

4 OPERATING (LOSS)/PROFIT - continued

The number of directors to whom retirement benefits were accruing was as follows.

Money purchase schemes	<u>6</u>	<u>6</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows

	2012	2011
	£	£
Emoluments etc	196,604	210,831
Pension contributions to money purchase schemes	<u>23,982</u>	<u>23,982</u>

5 EXCEPTIONAL ITEM

The exceptional item relates to the write back of a loan to Leach Lewis Limited, a connected company. The loan stood at £1,667,050 at 1 January 2012 and during the year, further advances were made bringing the amount owed to £7,256,801. The group has concluded that there is doubt as to the recovery of this loan and accordingly has made a provision against it in these financial statements.

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£'000	£'000
Deposit account interest	<u>27</u>	<u>144</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£'000	£'000
Interest payable	<u>87</u>	<u>40</u>

8 TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows

	2012	2011
	£'000	£'000
Current tax		
UK corporation tax	-	290
	<u>-</u>	<u>290</u>
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>290</u>

9 LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(7,303,227) (2011 - £763,463 profit).

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012****10 DIVIDENDS**

	2012 £000	2011 £000
Preferred ordinary - paid 4 2 pence (2011 4 2 pence)	2	2
Deferred ordinary - paid £12 (2011 £12)	200	200
	<u>202</u>	<u>202</u>

Deferred ordinary dividends have been proposed for 2012 at £10 per share (£167,160) and 4 2 pence has been proposed on the preferred ordinary shares (£1,896) These dividends will be disclosed in the accounts in the year they are paid

11 TANGIBLE FIXED ASSETS**Group**

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2012	2,000	163	52	213	2,428
Additions	-	9	15	8	32
Disposals	-	-	(20)	-	(20)
At 31 December 2012	<u>2,000</u>	<u>172</u>	<u>47</u>	<u>221</u>	<u>2,440</u>
DEPRECIATION					
At 1 January 2012	-	129	43	199	371
Charge for year	-	7	6	9	22
Eliminated on disposal	-	-	(20)	-	(20)
At 31 December 2012	<u>-</u>	<u>136</u>	<u>29</u>	<u>208</u>	<u>373</u>
NET BOOK VALUE					
At 31 December 2012	<u>2,000</u>	<u>36</u>	<u>18</u>	<u>13</u>	<u>2,067</u>
At 31 December 2011	<u>2,000</u>	<u>34</u>	<u>9</u>	<u>14</u>	<u>2,057</u>

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012****11 TANGIBLE FIXED ASSETS - continued****Company**

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST OR VALUATION					
At 1 January 2012	2,000	163	52	213	2,428
Additions	-	9	15	8	32
Disposals	-	-	(20)	-	(20)
At 31 December 2012	<u>2,000</u>	<u>172</u>	<u>47</u>	<u>221</u>	<u>2,440</u>
DEPRECIATION					
At 1 January 2012	-	129	43	199	371
Charge for year	-	7	6	9	22
Eliminated on disposal	-	-	(20)	-	(20)
At 31 December 2012	<u>-</u>	<u>136</u>	<u>29</u>	<u>208</u>	<u>373</u>
NET BOOK VALUE					
At 31 December 2012	<u>2,000</u>	<u>36</u>	<u>18</u>	<u>13</u>	<u>2,067</u>
At 31 December 2011	<u>2,000</u>	<u>34</u>	<u>9</u>	<u>14</u>	<u>2,057</u>

Group and parent

The freehold property was valued on an open-market basis as at 31 December 2012 by the directors

If the property had been sold at this value there would have been no liability to corporation tax

Cost or valuation at 31 December 2012 is represented by

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
Valuation in 2001	1,695	-	-	-	1,695
Cost	305	172	47	221	745
	<u>2,000</u>	<u>172</u>	<u>47</u>	<u>221</u>	<u>2,440</u>

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012**

12 FIXED ASSET INVESTMENTS

Group

	Shares in group undertakings £'000
COST	
At 1 January 2012 and 31 December 2012	800
NET BOOK VALUE	
At 31 December 2012	800
At 31 December 2011	800

Company

	Shares in group undertakings £'000
COST	
At 1 January 2012 and 31 December 2012	9,959
NET BOOK VALUE	
At 31 December 2012	9,959
At 31 December 2011	9,959

Group and Company

Subsidiary undertakings

At the year end the company held 51.25% of the ordinary share capital of Swanfield (Hamels) Limited, a company registered and operating in England and Wales and operating as a property trading company. Swanfield (Hamels) Limited is consolidated as a subsidiary undertaking.

All the other subsidiary undertakings were dormant.

Other undertakings

Leach-Lewis Limited, registered in England in which the company holds 74% of the 7½% preference shares and 100% of the 8.52% preference shares. At 31 March 2012 the aggregate capital and reserves deficit of Leach-Lewis Limited amounted to (£2,955,117) and the loss for that year was (£1,808,771). However, the company has no interest in the ordinary share capital of Leach-Lewis Limited and therefore does not consolidate this undertaking.

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012****13 INVESTMENT PROPERTY**

Group	Total £'000
COST	
At 1 January 2012 and 31 December 2012	<u>3,986</u>
NET BOOK VALUE	
At 31 December 2012	<u>3,986</u>
At 31 December 2011	<u>3,986</u>

The property rental income earned by the Group from its investment properties, most of which are leased out under operating leases, amounted to £105,229 (2011 £459,927) Direct operating expenses arising on the investment properties in the year amounted to £26,029 (2011 £73,866)

Company	Total £'000
COST	
At 1 January 2012 and 31 December 2012	<u>3,986</u>
NET BOOK VALUE	
At 31 December 2012	<u>3,986</u>
At 31 December 2011	<u>3,986</u>

The property rental income earned by the company from its investment properties, most of which are leased out under operating leases, amounted to £105,229 (2011 £459,927) Direct operating expenses arising on the investment properties in the year amounted to £26,029 (2011 £73,866)

Group and Company:

Cost or valuation at 31 December 2012 is represented by

	£'000
External valuation in 2001	211
Cost	3,200
Net realisable value on transfer from trading stock	<u>575</u>
	<u>3,986</u>

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012**

14 STOCKS

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Stocks	24,363	30,003	20,814	26,441
Part exchange properties	1,539	1,254	1,539	1,254
Freehold reversions	47	47	47	47
Work-in-progress	14,036	8,628	14,036	8,628
Building land transferred	593	593	593	593
	<u>40,578</u>	<u>40,525</u>	<u>37,029</u>	<u>36,963</u>

15 DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	267	60	267	60
Other debtors	78	2	78	2
VAT	172	48	172	48
Prepayments	81	227	81	216
	<u>598</u>	<u>337</u>	<u>598</u>	<u>326</u>
Amounts falling due after more than one year				
Other debtors	899	1,817	899	1,817
	<u>1,497</u>	<u>2,154</u>	<u>1,497</u>	<u>2,143</u>

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Bank overdraft and other loans (see note 17)	1,378	75	1,383	75
Other loans (see note 17)	1,864	2,257	1,864	2,257
Trade creditors	2,164	2,340	2,161	2,339
Amounts owed to group undertakings	-	-	4,635	4,668
Tax	67	86	67	67
Social security and other taxes	75	58	75	58
Other creditors	1	10	1	10
Accrued expenses	150	413	147	409
	<u>5,699</u>	<u>5,239</u>	<u>10,333</u>	<u>9,883</u>

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012**

17 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts falling due within one year or on demand				
Bank overdrafts	1,378	75	1,383	75
Other loans	1,864	2,257	1,864	2,257
	<u>3,242</u>	<u>2,332</u>	<u>3,247</u>	<u>2,332</u>

Other loans includes loans to related parties, see note 23 for details

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2012	2011
Number	Class	Nominal value	£'000	£'000
45,150	4 2% preferred ordinary	£1	45	45
16,716	Deferred ordinary	£1	17	17
			<u>62</u>	<u>62</u>

19 RESERVES

Group					
	Profit and loss account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Totals £'000
At 1 January 2012	50,629	1,907	18	679	53,233
Deficit for the year	(7,343)				(7,343)
Dividends	(234)				(234)
Deficit on pension scheme	(6,662)	-	-	-	(6,662)
At 31 December 2012	<u>36,390</u>	<u>1,907</u>	<u>18</u>	<u>679</u>	<u>38,994</u>
Company					
	Profit and loss account £'000	Revaluation reserve £'000	Capital redemption reserve £'000		Totals £'000
At 1 January 2012	50,418	1,907	18		52,343
Deficit for the year	(7,303)				(7,303)
Dividends	(203)				(203)
Deficit on pension scheme	(6,662)	-	-		(6,662)
At 31 December 2012	<u>36,250</u>	<u>1,907</u>	<u>18</u>		<u>38,175</u>

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012****20 MINORITY INTERESTS**

	2012 £'000	2011 £'000
At 1 January 2012	5,775	5,745
Sale of shares to directors	-	-
Profit/(Loss)	(8)	30
At 31 December 2012	<u>5,767</u>	<u>5,775</u>

21 CONTINGENT LIABILITIES

There are contingent liabilities in respect of guarantees relating to building agreements entered into in the normal course of business

The company guaranteed Leach Lewis Plant Limited, an associated company, with a £3,000,000 trading facility. This facility has defaulted and Hubert C Leach Limited has received a claim for £956,972, which is being challenged.

22 OTHER FINANCIAL COMMITMENTS

Since 31 December 2008, the company has entered into a legal arrangement, whereby it will guarantee the Leach Pension Scheme contributions of the other three Employer companies, as noted in Note 3. This arrangement is contingent on the other Employer companies going into Receivership.

23 RELATED PARTY DISCLOSURES

a. Loans (note 16) includes loans to the company by directors, shareholders and connected persons amounting to £1,863,998 (2011 £2,256,708). Loans are repayable on demand. Loans received interest at one per cent above bank base rate.

b. Directors receive remuneration for their services as disclosed in note 4 to the accounts.

c. Included within other debtors is a balance of £700,000 (2011 £Nil) which is owed to the company by Leach Lewis Rubber Tracks Ltd, a company associated by a common director and shareholder.

d. During the year the following dividends were paid to the directors of the company in respect of ordinary and deferred shares:

4 2% preferred ordinary

P B Leach £885 (2011 £885)

J P Leach £32 (2011 £32)

N H Leach £237 (2011 £237)

Mrs A J Croucher £237 (2011 £237)

Mrs C A Elliott £32 (2011 £32)

Mrs W A Knatchbull £237 (2011 £237)

Mrs M H Lynch £237 (2011 £237)

Deferred ordinary

J P Leach £50,148 (2011 £50,148)

N H Leach £25,068 (2011 £25,068)

Mrs A J Croucher £25,068 (2011 £25,068)

Mrs C A Elliott £50,148 (2011 £50,148)

Mrs W A Knatchbull £25,068 (2011 £25,068)

Mrs M H Lynch £25,068 (2011 £25,068)

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012

24 ULTIMATE CONTROLLING PARTY

The shares in the company are held by various individual shareholders and therefore there is no ultimate controlling party

25 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2012 £'000	2011 £'000
(Loss)/profit for the financial year	(7,343)	795
Dividends	(234)	(203)
	<u>(7,577)</u>	<u>592</u>
Other recognised gains and losses relating to the year (net)	(6,662)	-
Net (reduction)/addition to shareholders' funds	<u>(14,239)</u>	<u>592</u>
Opening shareholders' funds	53,295	52,703
Closing shareholders' funds	<u>39,056</u>	<u>53,295</u>

Company

	2012 £'000	2011 £'000
(Loss)/profit for the financial year	(7,303)	764
Dividends	(203)	(203)
	<u>(7,506)</u>	<u>561</u>
Other recognised gains and losses relating to the year (net)	(6,662)	-
Net (reduction)/addition to shareholders' funds	<u>(14,168)</u>	<u>561</u>
Opening shareholders' funds	52,405	51,844
Closing shareholders' funds	<u>38,237</u>	<u>52,405</u>

26 CONTINGENT GAIN

During 2007 the group sold its one third interest in The Garden Village Partnership Plc with an agreement that if planning permission was received on the land before 20 May 2025 then the group would receive a further £1,150,000

HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2012**

27 DIRECTORS INTERESTS

	31 December 2012		1 January 2012	
	Ordinary shares		Ordinary shares	
Beneficial	Preferred	Deferred	Preferred	Deferred
P B Leach	21,075	-	21,075	-
J C Hatch	-	-	-	-
J P Leach	750	4,179	750	4,179
C A Chapman	-	-	-	-
J B French	-	-	-	-
C R Shelton	-	-	-	-
N H Leach	5,643	2,089	5,643	2,089
Mrs A J Croucher	5,643	2,089	5,643	2,089
Mrs C A Elliott	750	4,179	750	4,179
Mrs W A Knatchbull	5,643	2,089	5,643	2,089
Mrs M H Lynch	5,643	2,089	5,643	2,089