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HUBERT C. LEACH LIMITED
Report of the Directors and
Financial Statements
for the year ended 31 December 2008



20-8-09 405

HUBERT C LEACH LIMITED

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HUBERT C LEACH LIMITED

Company Information
for the year ended 31 December 2008

DIRECTORS

P B Leach (Chairman)
J C Hatch (Managing)
J P Leach
C A Chapman
J B French
C R Shelton
N H Leach

SECRETARY

J B French

REGISTERED OFFICE

Hamels Mansion
Buntingford
Herts SG9 9NF

REGISTERED NUMBER

00447346

AUDITORS

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

BANKERS

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

HUBERT C LEACH LIMITED

Report of the Directors for the year ended 31 December 2008

The directors present their report with the financial statements of the company for the year ended 31 December 2008

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 75 years. The group seeks to combine traditional values with a modern, progressive approach to meet the increasingly sophisticated demands of the house buying public.

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 programming 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 has 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.

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 seeks 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.

HUBERT C LEACH LIMITED

Report of the Directors (continued) for the year ended 31 December 2008

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 reduced by 15% to £13.2 million (2007 £15.5 million). This was a consequence of housing market changes.

Gross profit margin

Gross profit margin for the year was 20% (2007 25%). The decrease was due to differing mixes of sites involved, and from the results of a major cost and operating review.

Operating profit

Operating profit for the year reduced from £0.7 million in 2007 to an operating loss of £0.4 million in 2008. This was directly as a result of the reduction in sales revenue.

Finance income

Bank interest (net of interest payable) decreased to £1.1 million from £1.2 million in 2007.

Balance sheet

Net assets have reduced by £1.1 million to £58.1 million for the group (2007 £59.2 million), and has increased by £0.5 million for the company.

DIVIDENDS

The directors recommend a preferred ordinary dividend of 4.2 pence per share but do not recommend a deferred ordinary dividend.

FIXED ASSETS

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

DIRECTORS

The directors during the year under review were:

P B Leach
J C Hatch
J P Leach
C A Chapman
J B French
C R Shelton
N H Leach

C A Chapman 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 nineteen to the financial statements.

CHARITABLE CONTRIBUTIONS

The group made charitable contributions in the year amounting to £22,988 (2007 £500).

HUBERT C LEACH LIMITED

**Report of the Directors (continued)
for the year ended 31 December 2008**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of 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 estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself 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**

Dated 1 May 2009

HUBERT C LEACH LIMITED

Report of the Independent Auditors to the Shareholders of Hubert C Leach Limited

We have audited the financial statements of Hubert C Leach Limited for the year ended 31 December 2008 on pages six to eighteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the company and group as at 31 December 2008 and of the profit of the group for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Report of the Directors is consistent with the financial statements.

Trevor Jones

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

Dated 1 May 2009

HUBERT C LEACH LIMITED

Group Profit and Loss Account for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
TURNOVER	2	13,215	15,467
Cost of sales		<u>10,610</u>	<u>11,672</u>
GROSS PROFIT		2,605	3,795
Administrative expenses		<u>3,042</u>	<u>3,066</u>
OPERATING (LOSS)/PROFIT		(437)	729
Dividend received		-	14
Interest receivable	6	1,385	1,609
Interest payable	7	<u>(327)</u>	<u>(403)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		621	1,949
Tax on profit on ordinary activities	8	<u>181</u>	<u>574</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>440</u>	<u>1,375</u>
Attributable to			
Equity holders of the parent		464	1,145
Minority interests		<u>(24)</u>	<u>230</u>
Retained profit for the year		<u>440</u>	<u>1,375</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current or previous year

The notes form part of these financial statements

HUBERT C LEACH LIMITED

Balance Sheet 31 December 2008

	Notes	Group 2008 £000	2007 £000	Parent 2008 £000	2007 £000
FIXED ASSETS					
Tangible assets	10	8,067	8,038	8,067	8,038
Investments	11	<u>800</u>	<u>800</u>	<u>9,968</u>	<u>8,901</u>
		8,867	8,838	18,035	16,939
CURRENT ASSETS					
Stocks	12	32,077	34,173	28,515	30,010
Debtors	13	818	818	506	763
Cash at bank and in hand		<u>24,606</u>	<u>25,859</u>	<u>17,021</u>	<u>17,310</u>
		57,501	60,850	46,042	48,083
CREDITORS Amounts falling due within one year	14	<u>8,235</u>	<u>10,527</u>	<u>12,388</u>	<u>13,875</u>
NET CURRENT ASSETS		<u>49,266</u>	<u>50,323</u>	<u>33,654</u>	<u>34,208</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>58,133</u>	<u>59,161</u>	<u>51,689</u>	<u>51,147</u>
CAPITAL AND RESERVES					
Called up share capital	15	62	62	62	62
Capital redemption reserve		18	18	18	18
Revaluation reserve	16	2,112	2,112	2,112	2,112
Other reserve		678	678	-	-
Profit and loss account	16	<u>49,599</u>	<u>49,304</u>	<u>49,497</u>	<u>48,955</u>
Equity shareholders funds		52,469	52,174	51,689	51,147
Minority interests	17	<u>5,664</u>	<u>6,987</u>	-	-
Total equity	18	<u>58,133</u>	<u>59,161</u>	<u>51,689</u>	<u>51,147</u>

ON BEHALF OF THE BOARD



P. B. Leach
DIRECTOR

Approved by the board on 1 May 2009

The notes form part of these financial statements

HUBERT C LEACH LIMITED

Group Cash Flow Statement for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1	465	(11,743)
Returns on investments and servicing of finance	2	826	1,220
Taxation		(281)	(983)
Capital expenditure and financial investment	3	(1,138)	8
Equity dividends paid		<u>(169)</u>	<u>(169)</u>
(DECREASE) IN CASH		<u>(297)</u>	<u>(11,667)</u>
 RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET FUNDS	4		
(Decrease) in cash in period		(297)	(11,667)
Net funds at 1 January 2008		<u>18,927</u>	<u>30,594</u>
NET FUNDS AT 31 DECEMBER 2008		<u>18,630</u>	<u>18,927</u>

The notes form part of these financial statements

HUBERT C LEACH LIMITED

Notes to the Group Cash Flow Statement for the year ended 31 December 2008

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

	2008 £000	2007 £000
Operating (loss)/profit	(437)	729
Depreciation charges	41	34
(Loss) on sale of tangible fixed assets	1	-
Decrease/(increase) in stocks	2 096	(12,329)
Decrease in debtors	-	513
(Decrease) in creditors	(1 236)	(690)
Net cash inflow/(outflow) from operating activities	465	(11,743)

2 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2008 £000	2007 £000
Interest received	1 385	1,609
Interest paid	(327)	(403)
Dividends received from other investments	-	14
Dividends paid to minority shareholders	(232)	-
	826	1,220

3 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2008 £000	2007 £000
Payments to acquire tangible fixed assets	(77)	(9)
Receipts from sales of tangible fixed assets	6	-
Receipts from sale of fixed asset investment	-	17
Payments for purchase of fixed asset investment	(1,067)	-
	(1,138)	8

4 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2008 £000	Cash flow £000	At 31 December 2008 £000
Cash at bank and in hand	25,859	(1,253)	24,606
Bank loans and overdrafts	(263)	55	(208)
Other loans – included in other creditors	(6 669)	901	(5,768)
	18,927	(297)	18,630

HUBERT C LEACH LIMITED

Notes to the Financial Statements for the year ended 31 December 2008

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 1985 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.

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.

HUBERT C LEACH LIMITED

Notes to the Financial Statements for the year ended 31 December 2008

I ACCOUNTING POLICIES (continued)

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

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

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

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

Key sources of estimation uncertainty and critical accounting judgments

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 judgment around future margins from sites in assessing whether any impairment provisions need to be recognised

HUBERT C LEACH LIMITED

Notes to the Financial Statements for the year ended 31 December 2008

2 TURNOVER

	2008 £000	2007 £000
Building activities	12,547	14,806
Net property income	<u>668</u>	<u>661</u>
	<u>13,215</u>	<u>15,467</u>

3 OPERATING (LOSS)/PROFIT

	2008 £000	2007 £000
The operating (loss)/profit is arrived at after charging/(crediting) -		
Depreciation – owned assets	41	34
Loss on disposal of fixed assets	1	-
Hire of plant and vehicles	17	19
Auditors remuneration		
Audit work	26	26
Other services	<u>12</u>	<u>14</u>

4 EMPLOYEES

	2008 £000	2007 £000
Employee costs (including directors)		
Salaries and wages	1,776	1,887
Social security costs	182	194
Other pension costs	<u>169</u>	<u>168</u>
	<u>2,127</u>	<u>2,249</u>

The average weekly number of direct employees (including directors) during the year was as follows -

	2008 Number	2007 Number
Management	38	40
Building	<u>5</u>	<u>5</u>
	<u>43</u>	<u>45</u>

Pension arrangements

All employees are invited to participate in a defined contribution Group Personal Pension Scheme operated by Scottish Equitable. Individual Defined Contribution Occupational Pension Schemes have been established for five of the directors also operated by Scottish Equitable. 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 of four companies of which one is Hubert C Leach Limited. Whilst the latest Actuarial Report as at 31 December 2006 does not require the employers to make contributions, the four companies have agreed with the actuaries to make total contributions of £100,000 per annum plus meeting the expenses associated with the scheme and the premiums for the death in service benefits. Hubert C Leach Limited share of the £100,000 was £32,950. The company will continue to make contributions as recommended by the Actuary. The next Actuarial Valuation will be as at 31 December 2009 and it is expected that future contributions will be required at at least the current level.

HUBERT C LEACH LIMITED

Notes to the Financial Statements for the year ended 31 December 2008

5 DIRECTORS

	2008 £000	2007 £000
Emoluments		
Directors' emoluments	578	626
Directors' pension contributions to money purchase schemes	<u>58</u>	<u>56</u>

Retirement benefits are accruing to six directors under the company's pension arrangements

	2008 £000	2007 £000
Information regarding the highest paid director is as follows		
Emoluments etc	193	210
Pension contributions to money purchase schemes	<u>23</u>	<u>22</u>

6 INTEREST RECEIVABLE

	2008 £000	2007 £000
Arising on bank deposits	<u>1,385</u>	<u>1,609</u>

7 INTEREST PAYABLE

	2008 £000	2007 £000
On bank loans and overdrafts	1	38
On other loans	<u>326</u>	<u>365</u>
	<u>327</u>	<u>403</u>

8 TAXATION

Analysis of the tax charge

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

	2008 £000	2007 £000
Current tax		
UK corporation tax	181	574
Adjustments in respect of prior periods	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>181</u>	<u>574</u>

HUBERT C LEACH LIMITED

Notes to the Financial Statements for the year ended 31 December 2008

8 TAXATION (continued)

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2008 £000	2007 £000
Profit on ordinary activities before tax	<u>621</u>	<u>1,949</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007 30%)	177	585
Effects of		
Expenses not deductible for tax	1	1
Accelerated capital allowances	(13)	(8)
Income not taxable	-	(4)
Losses not recognised	<u>16</u>	<u>-</u>
Current tax charge	<u>181</u>	<u>574</u>

9 DIVIDENDS

	2008 £000	2007 £000
Preferred ordinary – paid 4 2 pence (2007 4 2 pence)	2	2
Deferred ordinary – paid £10 (2007 £10)	<u>167</u>	<u>167</u>
	<u>169</u>	<u>169</u>

No deferred ordinary dividends have been proposed for 2008, but 4 2 pence has been proposed on the preferred ordinary shares. These dividends will be disclosed in the accounts in the year they are paid.

10 TANGIBLE FIXED ASSETS

	Freehold properties £000	Plant and equipment £000	Total £000
Group and parent			
Cost or valuation			
At 1 January 2008	7,986	348	8,334
Additions	-	77	77
Disposals	<u>-</u>	<u>(27)</u>	<u>(27)</u>
At 31 December 2008	<u>7,986</u>	<u>398</u>	<u>8,384</u>
Depreciation			
At 1 January 2008	-	296	296
Charge for year	-	41	41
On disposals	<u>-</u>	<u>(20)</u>	<u>(20)</u>
At 31 December 2008	<u>-</u>	<u>317</u>	<u>317</u>
Net book value			
At 31 December 2008	<u>7,986</u>	<u>81</u>	<u>8,067</u>
At 31 December 2007	<u>7,986</u>	<u>52</u>	<u>8,038</u>

HUBERT C LEACH LIMITED

Notes to the Financial Statements for the year ended 31 December 2008

10 TANGIBLE FIXED ASSETS (continued)

The net book value of freehold land and buildings comprises

	Group and parent	
	2008	2007
	£000	£000
Investment properties	5,986	5,986
Freehold offices	<u>2,000</u>	<u>2,000</u>
	<u>7,986</u>	<u>7,986</u>

The freehold properties were valued on an open-market basis as at 31 December 2008 by the directors

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

The property rental income earned by the Group from its investment properties all of which are leased out under operating leases, amounted to £581,163 (2007 £614,415) Direct operating expenses arising on the investment properties in the year amounted to £26,862 (2007 £20,071)

The historical cost of the freehold properties included at valuation was as follows -

	2008	2007
	£000	£000
Cost	3,737	3,737
Net realisable value on transfer from trading stock	<u>2,137</u>	<u>2,137</u>
	<u>5,874</u>	<u>5,874</u>

11 INVESTMENTS

	Subsidiary undertakings	Other undertakings	Total
	£000	£000	£000
Group			
Cost			
At 1 January 2008 and at 31 December 2008	<u>-</u>	<u>800</u>	<u>800</u>
Parent			
Cost			
At 1 January 2008	8,101	800	8,901
Additions	<u>1,067</u>	<u>-</u>	<u>1,067</u>
At 31 December 2008	<u>9,168</u>	<u>800</u>	<u>9,968</u>

Subsidiary undertakings

At the year end the company held 55.75% 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 2008 the aggregate capital and reserves of Leach-Lewis Limited amounted to £3,115,000 and the profit for that year was £633,000 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

Notes to the Financial Statements for the year ended 31 December 2008

12	STOCKS	Group		Parent	
		2008 £000	2007 £000	2008 £000	2007 £000
	Building land	22,152	25,638	18,590	21,475
	Work in progress	8,879	7,995	8,879	7,995
	Part exchange properties	999	493	999	493
	Freehold reversions	47	47	47	47
		<u>32,077</u>	<u>34,173</u>	<u>28,515</u>	<u>30,010</u>

13	DEBTORS	Group		Parent	
		2008 £000	2007 £000	2008 £000	2007 £000
	Amounts receivable within one year				
	Trade debtors	255	296	255	296
	Other debtors	386	170	143	169
	Prepayments and accrued income	<u>177</u>	<u>352</u>	<u>108</u>	<u>298</u>
		<u>818</u>	<u>818</u>	<u>506</u>	<u>763</u>

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Parent	
	2008 £000	2007 £000	2008 £000	2007 £000
Bank loan and overdraft (secured)	208	263	208	263
Trade creditors	1,723	2,664	1,723	2,664
Amount owed to subsidiary undertakings	-	-	4,166	3,551
Corporation tax	181	281	181	89
Other taxation and social security	118	139	118	139
Other creditors	5,779	6,685	5,779	6,685
Accruals and deferred income	<u>226</u>	<u>495</u>	<u>213</u>	<u>484</u>
	<u>8,235</u>	<u>10,527</u>	<u>12,388</u>	<u>13,875</u>

The bank loans and overdraft are secured by charges over some of the land and buildings of the group

15 CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
60,000 4 2% preferred ordinary shares of £1 each	60,000	60,000
60,000 deferred ordinary shares of £1 each	60,000	60,000
1,000 5% redeemable preference shares of 5p each	<u>50</u>	<u>50</u>
	<u>120,050</u>	<u>120,050</u>
Allotted issued and fully paid		
45,150 4 2% preferred ordinary shares of £1 each	45,150	45,150
16,716 deferred ordinary shares of £1 each	<u>16,716</u>	<u>16,716</u>
	<u>61,866</u>	<u>61,866</u>

HUBERT C. LEACH LIMITED

Notes to the Financial Statements for the year ended 31 December 2008

16 RESERVES

	Group and Parent	
	2008	2007
	£000	£000
Revaluation reserve		
At 1 January 2008 and 31 December 2008	<u>2,112</u>	<u>2,112</u>
The revaluation reserve comprises		
Surplus on revaluation - investment properties	417	417
- freehold offices	<u>1,695</u>	<u>1,695</u>
	<u>2,112</u>	<u>2,112</u>
Profit and loss account	Group	Parent
	£000	£000
At 1 January 2008	49,304	48,955
Dividends paid	(169)	(169)
Retained profit for year attributable to equity shareholders	<u>464</u>	<u>711</u>
At 31 December 2008	<u>49,599</u>	<u>49,497</u>

The amount of group profit for the year dealt with in the accounts of the parent company is £493,751 (2007 £930 502)

17 MINORITY INTERESTS

	2008	2007
	£000	£000
At 1 January 2008	6 987	6 757
Purchase of shares	(1,067)	-
Dividends paid	(232)	-
(Loss)/profit for the year	<u>(24)</u>	<u>230</u>
At 31 December 2008	<u>5,664</u>	<u>6,987</u>

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Parent	
	2008	2007	2008	2007
	£000	£000	£000	£000
Profit for the financial year	464	1,145	711	930
Dividends	<u>169</u>	<u>169</u>	<u>169</u>	<u>169</u>
Net addition to shareholders funds	295	976	542	761
Opening shareholders funds	<u>52,174</u>	<u>51,198</u>	<u>51 147</u>	<u>50 386</u>
Closing shareholders funds	52,469	52,174	51 689	51,147
Minority interests	<u>5,664</u>	<u>6,987</u>	-	-
Total equity	<u>58,133</u>	<u>59,161</u>	<u>51,689</u>	<u>51,147</u>

HUBERT C LEACH LIMITED

Notes to the Financial Statements for the year ended 31 December 2008

19 DIRECTORS INTERESTS

	31 December 2008		1 January 2008	
	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

20 FINANCIAL COMMITMENTS

Held within stock is land costing £1.3m which represents deposits only. The balance of £10.4m will be paid on completion within the next twelve months of the date of these financial statements.

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 4. This arrangement is contingent on the other Employer companies going into Receivership.

21 CONTINGENT LIABILITIES

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

22 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.

23 RELATED PARTY TRANSACTIONS

- a Other creditors (note 14) includes loans to the company by directors, shareholders and connected persons amounting to £5,768,046 (2007 £6,668,886). 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 5 to the accounts.

24 ULTIMATE CONTROLLING PARTY

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