

HUBERT C LEACH LIMITED
Report of the Directors and
Audited
Consolidated Financial Statements
for the year ended 31st December 2009

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for the year ended 31st December 2009**

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HUBERT C LEACH LIMITED

**Company Information
for the year ended 31st December 2009**

DIRECTORS:	P B Leach J C Hatch J P Leach C A Chapman J B French C R Shelton N H Leach
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 Herts 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 31st December 2009

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2009

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 over 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 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.

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.

HUBERT C LEACH LIMITED (REGISTERED NUMBER: 00447346)

Report of the Directors for the year ended 31st December 2009

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 subcontract arrangements

FINANCIAL REVIEW

Revenue

Revenue increased by 16% to £15.4 million (2008 £13.2 million). This was a consequence of housing market changes

Gross profit margin

Gross profit margin for the year was 32% (2008 20%). The increase was due to differing mixes of sites involved

Operating profit

Operating profit for the year increased from £0.4 million loss in 2008 to an operating profit of £2.2 million in 2009. This was a result of differing mixes of sites. The 2008 operating profit was affected by the reduction in general house prices, which had a direct impact on the group's land stock values

Finance income

Bank interest (net of interest payable) decreased to £0.1 million from £1.1 million in 2008. This arose from both the large reduction in interest rates, plus the reduction in bank balances, resulting in our success in acquiring land for the future

Balance sheet

Net assets have increased by £1.7 million to £59.8 million for the group (2008 £58.1 million), and has increased by £1.6 million for the company

DIVIDENDS

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

DIRECTORS

J C Hatch and J B French 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-six to the financial statements

POLITICAL AND CHARITABLE CONTRIBUTIONS

The group made charitable contributions in the year amounting to £10,800 (2008 £22,988)

FIXED ASSETS

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

**Report of the Directors
for the year ended 31st December 2009**

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 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

5th May 2010

**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 31st December 2009 on pages six to twenty four. 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 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.

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 31st December 2009 and of the group's profit for the year then ended,
- the group financial statements 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.

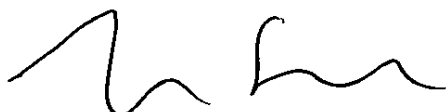
Opinion on other matter prescribed by the Companies Act 2006

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
Herts EN8 8JR

5th May 2010

HUBERT C LEACH LIMITED (REGISTERED NUMBER: 00447346)

**Consolidated Profit and Loss Account
for the year ended 31st December 2009**

	Notes	2009 £'000	2008 £'000
TURNOVER	2	15,381	13,215
Cost of sales		<u>10,396</u>	<u>10,609</u>
GROSS PROFIT		4,985	2,606
Administrative expenses		<u>2,785</u>	<u>3,043</u>
OPERATING PROFIT/(LOSS)	4	2,200	(437)
Interest receivable and similar income	5	<u>199</u>	<u>1,385</u>
		2,399	948
Interest payable and similar charges	6	<u>98</u>	<u>327</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,301	621
Tax on profit on ordinary activities	7	<u>636</u>	<u>181</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		1,665	440
Minority interest - equity		<u>44</u>	<u>(24)</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP		<u>1,621</u>	<u>464</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

HUBERT C. LEACH LIMITED (REGISTERED NUMBER. 00447346)

Consolidated Balance Sheet
31st December 2009

	Notes	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	10	2,070	2,080
Investments	11	800	800
Investment property	12	<u>5,986</u>	<u>5,987</u>
		8,856	8,867
CURRENT ASSETS			
Stocks	13	41,212	32,077
Debtors	14	1,564	626
Cash at bank		<u>19,386</u>	<u>24,606</u>
		62,162	57,309
CREDITORS			
Amounts falling due within one year	15	<u>11,213</u>	<u>8,043</u>
NET CURRENT ASSETS		<u>50,949</u>	<u>49,266</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>59,805</u>	<u>58,133</u>
NET ASSETS		<u>59,805</u>	<u>58,133</u>
CAPITAL AND RESERVES			
Called up share capital	17	62	62
Revaluation reserve	18	2,112	2,112
Capital redemption reserve	18	18	18
Other reserves	18	679	679
Profit and loss account	18	<u>51,217</u>	<u>49,598</u>
SHAREHOLDERS' FUNDS	24	54,088	52,469
MINORITY INTERESTS	19	<u>5,717</u>	<u>5,664</u>
TOTAL EQUITY		<u>59,805</u>	<u>58,133</u>

The financial statements were approved by the Board of Directors on 5th May 2010 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
31st December 2009**

	Notes	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	10	2,070	2,080
Investments	11	9,959	9,968
Investment property	12	<u>5,986</u>	<u>5,986</u>
		18,015	18,034
CURRENT ASSETS			
Stocks	13	37,651	28,516
Debtors	14	1,493	507
Cash at bank		<u>11,877</u>	<u>17,020</u>
		51,021	46,043
CREDITORS			
Amounts falling due within one year	15	<u>15,774</u>	<u>12,388</u>
NET CURRENT ASSETS		<u>35,247</u>	<u>33,655</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>53,262</u>	<u>51,689</u>
CAPITAL AND RESERVES			
Called up share capital	17	62	62
Revaluation reserve	18	2,112	2,112
Capital redemption reserve	18	18	18
Profit and loss account	18	<u>51,070</u>	<u>49,497</u>
SHAREHOLDERS' FUNDS	24	<u>53,262</u>	<u>51,689</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 5th May 2010 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 31st December 2009**

	Notes	2009 £'000	2008 £'000
Net cash (outflow)/inflow from operating activities	1	(3,369)	658
Returns on investments and servicing of finance	2	101	826
Taxation		(576)	(281)
Capital expenditure and financial investment	2	(11)	(1,138)
Equity dividends paid		(2)	(169)
		(3,857)	(104)
Financing	2	(1,467)	(1,093)
Decrease in cash in the period		(5,324)	(1,197)
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		(5,324)	(1,197)
Cash outflow from decrease in debt		<u>1,467</u>	<u>1,093</u>
Change in net funds resulting from cash flows		(3,857)	(104)
Movement in net funds in the period		(3,857)	(104)
Net funds at 1st January		<u>18,823</u>	<u>18,927</u>
Net funds at 31st December		<u>14,966</u>	<u>18,823</u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the year ended 31st December 2009

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

	2009	2008
	£'000	£'000
Operating profit/(loss)	2,200	(437)
Depreciation charges	32	41
(Profit)/Loss on disposal of fixed assets	(2)	1
(Increase)/Decrease in stocks	(9,135)	2,096
(Increase)/Decrease in debtors	(938)	190
Increase/(Decrease) in creditors	4,474	(1,233)
Net cash (outflow)/inflow from operating activities	<u>(3,369)</u>	<u>658</u>

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

	2009	2008
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	199	1,385
Interest paid	(98)	(327)
Dividends paid to minority interests	-	(232)
Net cash inflow for returns on investments and servicing of finance	<u>101</u>	<u>826</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(24)	(77)
Purchase of fixed asset investments	-	(1,067)
Sale of tangible fixed assets	4	6
Sale of fixed asset investments	9	-
Net cash outflow for capital expenditure and financial investment	<u>(11)</u>	<u>(1,138)</u>
Financing		
Loan repayments in year	(1,467)	(1,093)
Net cash outflow from financing	<u>(1,467)</u>	<u>(1,093)</u>

HUBERT C LEACH LIMITED (REGISTERED NUMBER: 00447346)

Notes to the Consolidated Cash Flow Statement
for the year ended 31st December 2009

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 09 £'000	Cash flow £'000	At 31 12 09 £'000
Net cash			
Cash at bank	24,606	(5,220)	19,386
Bank overdraft	<u>(207)</u>	<u>(104)</u>	<u>(311)</u>
	<u>24,399</u>	<u>(5,324)</u>	<u>19,075</u>
Debt			
Debts falling due within one year	<u>(5,576)</u>	<u>1,467</u>	<u>(4,109)</u>
	<u>(5,576)</u>	<u>1,467</u>	<u>(4,109)</u>
Total	<u>18,823</u>	<u>(3,857)</u>	<u>14,966</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the year ended 31st December 2009**

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 31st December 2009

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 31st December 2009

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 profit before taxation are attributable to the one principal activity of the group

An analysis of turnover by class of business is given below

	2009 £'000	2008 £'000
Building activities	14,705	12,547
Net property income	<u>676</u>	<u>668</u>
	<u>15,381</u>	<u>13,215</u>

All turnover arises in the United Kingdom

3 STAFF COSTS

	2009 £'000	2008 £'000
Wages and salaries	1,588	1,776
Social security costs	179	182
Other pension costs	<u>153</u>	<u>168</u>
	<u>1,920</u>	<u>2,126</u>

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

	2009	2008
Management	28	38
Building	<u>4</u>	<u>5</u>
	<u>32</u>	<u>43</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2009

3 STAFF COSTS -continued

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 £33,000. 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.

4 OPERATING PROFIT/(LOSS)

The operating profit (2008 - operating loss) is stated after charging/(crediting)

	2009 £'000	2008 £'000
Plant hire	4	17
Depreciation - owned assets	32	42
(Profit)/Loss on disposal of fixed assets	(2)	1
Auditors' remuneration	<u>44</u>	<u>42</u>

	2009 £	2008 £
Directors' remuneration	630,287	578,422
Directors' pension contributions to money purchase schemes	<u>58,334</u>	<u>58,333</u>

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

Money purchase schemes	<u>6</u>	<u>6</u>
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Information regarding the highest paid director is as follows

	2009 £	2008 £
Emoluments etc	222,807	193,438
Pension contributions to money purchase schemes	<u>22,863</u>	<u>22,863</u>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £'000	2008 £'000
Deposit account interest	<u>199</u>	<u>1,385</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2009

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£'000	£'000
Interest payable	<u>98</u>	<u>327</u>

7 TAXATION

Analysis of the tax charge

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

	2009	2008
	£'000	£'000
Current tax		
UK corporation tax	<u>636</u>	<u>181</u>
Tax on profit on ordinary activities	<u>636</u>	<u>181</u>

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

	2009	2008
	£'000	£'000
Profit on ordinary activities before tax	<u>2,301</u>	<u>621</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28%)	644	174
Effects of		
Expenses not deductible for tax	1	1
Accelerated capital allowances	(9)	(13)
Loss not recognised	<u>-</u>	<u>19</u>
Current tax charge	<u>636</u>	<u>181</u>

8 PROFIT 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 profit for the financial year was £1,574,800 (2008 - £711,158)

Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2009

9 DIVIDENDS

	2009 £000	2008 £000
Preferred ordinary - paid 4 2 pence (2008 4 2 pence)	2	2
Deferred ordinary - paid £Nil (2008 £10)	-	167
	<u>2</u>	<u>169</u>

Deferred ordinary dividends have been proposed for 2009 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

10 TANGIBLE FIXED ASSETS

Group

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COSI					
At 1st January 2009	2,000	158	48	192	2,398
Additions	-	2	15	7	24
Disposals	-	-	(16)	(3)	(19)
At 31st December 2009	<u>2,000</u>	<u>160</u>	<u>47</u>	<u>196</u>	<u>2,403</u>
DEPRECIATION					
At 1st January 2009	-	129	47	142	318
Charge for year	-	5	2	25	32
Eliminated on disposal	-	-	(15)	(2)	(17)
At 31st December 2009	-	<u>134</u>	<u>34</u>	<u>165</u>	<u>333</u>
NET BOOK VALUE					
At 31st December 2009	<u>2,000</u>	<u>26</u>	<u>13</u>	<u>31</u>	<u>2,070</u>
At 31st December 2008	<u>2,000</u>	<u>29</u>	<u>1</u>	<u>50</u>	<u>2,080</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2009

10 TANGIBLE FIXED ASSETS -continued

Company

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST OR VALUATION					
At 1st January 2009	2,000	158	48	192	2,398
Additions	-	2	15	7	24
Disposals	-	-	(16)	(3)	(19)
At 31st December 2009	<u>2,000</u>	<u>160</u>	<u>47</u>	<u>196</u>	<u>2,403</u>
DEPRECIATION					
At 1st January 2009	-	129	47	142	318
Charge for year	-	5	2	25	32
Eliminated on disposal	-	-	(15)	(2)	(17)
At 31st December 2009	-	<u>134</u>	<u>34</u>	<u>165</u>	<u>333</u>
NET BOOK VALUE					
At 31st December 2009	<u>2,000</u>	<u>26</u>	<u>13</u>	<u>31</u>	<u>2,070</u>
At 31st December 2008	<u>2,000</u>	<u>29</u>	<u>1</u>	<u>50</u>	<u>2,080</u>

Group and parent

The freehold property was valued on an open-market basis as at 31 December 2009 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 31st December 2009 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	<u>305</u>	<u>160</u>	<u>47</u>	<u>196</u>	<u>708</u>
	<u>2,000</u>	<u>160</u>	<u>47</u>	<u>196</u>	<u>2,403</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2009

11 FIXED ASSET INVESTMENTS

Group

Shares in
group
undertakings
£'000

COST

At 1st January 2009
and 31st December 2009

800

NET BOOK VALUE

At 31st December 2009

800

At 31st December 2008

800

Company

Shares in
group
undertakings
£'000

COST

At 1st January 2009
Disposals

9,968
(9)

At 31st December 2009

9,959

NET BOOK VALUE

At 31st December 2009

9,959

At 31st December 2008

9,968

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 2009 the aggregate capital and reserves of Leach-Lewis Limited amounted to £2,715,738 and the loss for that year was £100,320. However, the company has no interest in the ordinary share capital of Leach-Lewis Limited and therefore does not consolidate this undertaking.

Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2009

12 INVESTMENT PROPERTY

Group	Total £'000
COST	
At 1st January 2009 and 31st December 2009	<u>5,986</u>
NET BOOK VALUE	
At 31st December 2009	<u>5,986</u>
At 31st December 2008	<u>5,986</u>

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to £583,767 (2008 £581,163) Direct operating expenses arising on the investment properties in the year amounted to £17,983 (2008 £26,862)

	£'000
External valuation in 2001	417
Net realisable value on transfer from trading stock	<u>5,569</u>
	<u>5,986</u>

Company	Total £'000
COST	
At 1st January 2009 and 31st December 2009	<u>5,986</u>
NET BOOK VALUE	
At 31st December 2009	<u>5,986</u>
At 31st December 2008	<u>5,986</u>

Group and Company

Cost or valuation at 31 December 2009 is represented by

	£'000
External valuation in 2001	417
Net realisable value on transfer from trading stock	<u>5,569</u>
	<u>5,986</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2009

13 STOCKS

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Stocks	33,298	21,776	29,737	18,215
Part exchange properties	1,038	999	1,038	999
Freehold reversions	47	47	47	47
Work-in-progress	6,135	8,856	6,135	8,856
Building land transferred	<u>694</u>	<u>399</u>	<u>694</u>	<u>399</u>
	<u>41,212</u>	<u>32,077</u>	<u>37,651</u>	<u>28,516</u>

14 DEBTORS

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	296	255	296	255
Other debtors	399	50	399	50
Tax overpaid	51	50	-	-
VAT	8	11	7	11
Prepayments	<u>89</u>	<u>177</u>	<u>70</u>	<u>108</u>
	<u>843</u>	<u>543</u>	<u>772</u>	<u>424</u>
Amounts falling due after more than one year				
Other debtors	<u>721</u>	<u>150</u>	<u>721</u>	<u>150</u>
Aggregate amounts	<u>1,564</u>	<u>693</u>	<u>1,493</u>	<u>574</u>

15 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank overdraft and other loans (see note 16)	311	207	312	208
Other loans (see note 16)	4,109	5,643	4,109	5,643
Trade creditors	6,080	1,724	6,082	1,723
Amounts owed to group undertakings	-	-	4,562	4,359
Tax	241	181	241	181
Social security and other taxes	200	118	200	118
Other creditors	14	11	14	11
Accrued expenses	<u>258</u>	<u>226</u>	<u>254</u>	<u>212</u>
	<u>11,213</u>	<u>8,110</u>	<u>15,774</u>	<u>12,455</u>

HUBERT C LEACH LIMITED (REGISTERED NUMBER 00447346)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2009**

16 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Amounts falling due within one year or on demand				
Bank overdrafts	311	207	312	208
Other loans	<u>4,109</u>	<u>5,576</u>	<u>4,109</u>	<u>5,576</u>
	<u>4,420</u>	<u>5,783</u>	<u>4,421</u>	<u>5,784</u>

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

Other loans includes loans to related parties, see note 22 for details

17 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2009	2008
Number	Class	Nominal value	£'000	£'000
45,150	4 2% preferred ordinary shares of £1 each	£1	45	45
16,716	deferred ordinary shares of £1 each	£1	<u>17</u>	<u>17</u>
			<u>62</u>	<u>62</u>

18 RESERVES

Group	Profit and loss account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Totals £'000
At 1st January 2009	49,598	2,112	18	679	52,407
Profit for the year	1,621				1,621
Dividends	<u>(2)</u>				<u>(2)</u>
At 31st December 2009	<u>51,217</u>	<u>2,112</u>	<u>18</u>	<u>679</u>	<u>54,026</u>

**Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2009**

18 RESERVES - continued

Company	Profit and loss account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Totals £'000
At 1st January 2009	49,497	2,112	18	51,627
Profit for the year	1,575			1,575
Dividends	(2)			(2)
At 31st December 2009	<u>51,070</u>	<u>2,112</u>	<u>18</u>	<u>53,200</u>

19 MINORITY INTERESTS

	2009 £000	2008 £000
At 1 January 2009	5,664	6,987
Purchase of shares	-	(1,067)
Dividend paid	-	(232)
Sale of shares to directors	9	-
Profit/(Loss)	<u>44</u>	<u>(24)</u>
At 31 December 2009	<u>5,717</u>	<u>5,664</u>

20 CONTINGENT LIABILITIES

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

21 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.

22 RELATED PARTY DISCLOSURES

a Loans (note 16) includes loans to the company by directors, shareholders and connected persons amounting to £4,108,986 (2008 £5,642,971). 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 During the year four directors of Hubert C Leach Limited purchased 9,000 shares in Swanfield (Hamels) Limited.

d Included within other debtors is a balance of £917,050 (2008 - £67,050) which is owed to the company by Leach Lewis Limited, a connected company.

23 ULTIMATE CONTROLLING PARTY

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

HUBERT C LEACH LIMITED (REGISTERED NUMBER: 00447346)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31st December 2009**

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2009	2008
	£'000	£'000
Profit for the financial year	1,621	464
Dividends	<u>(2)</u>	<u>(402)</u>
	1,619	62
Dividends not relating to parent	<u>-</u>	<u>233</u>
Net addition to shareholders' funds	1,619	295
Opening shareholders' funds	<u>52,469</u>	<u>52,174</u>
Closing shareholders' funds	<u>54,088</u>	<u>52,469</u>
 Company	 2009	 2008
	£'000	£'000
Profit for the financial year	1,575	711
Dividends	<u>(2)</u>	<u>(169)</u>
Net addition to shareholders' funds	1,573	542
Opening shareholders' funds	<u>51,689</u>	<u>51,147</u>
Closing shareholders' funds	<u>53,262</u>	<u>51,689</u>

25 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

26 DIRECTORS' INTERESTS

	31 December 2009		1 January 2009	
	Ordinary shares		Ordinary shares	
	Preferred	Deferred	Preferred	Deferred
Beneficial				
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