

REGISTERED NO. 00447346

**HUBERT C. LEACH LIMITED**  
**Group Strategic Report,**  
**Report of the Directors and**  
**Consolidated Financial Statements**  
**for the Year Ended 31 December 2013**

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for the year ended 31 December 2013**

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**HUBERT C. LEACH LIMITED**

**Company Information  
for the year ended 31 December 2013**

**DIRECTORS:**

J C Hatch  
J P Leach  
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)**

**Group Strategic Report  
for the year ended 31 December 2013**

The directors present their strategic report of the company and the group for the year ended 31 December 2013.

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.

**REVIEW OF BUSINESS  
FINANCIAL REVIEW**

**Revenue**

Revenue increased by 134% to £37.2 million (2012 £15.9 million). This was a consequence of two major sites coming to completion and therefore generating an abundance of house sales.

**Gross profit margin**

Gross profit margin for the year was 17% (2012 20%).

**Operating profit**

Operating (loss)/profit for the year increased from £34,000 loss in 2012 to £1.7million profit in 2013. This was a result of the large number of sales offsetting fixed costs.

**Finance income**

Bank interest (net of interest payable) increased to £44,000 receipt in 2013 from £60,000 cost in 2012. This arose from the company increasing its cash reserves from the high number of sales.

**Balance sheet**

Net assets have increased by £4.2 million to £49.0 million for the group (2012: £44.8 million) due to the operational profit for the year and the reduction in the pension deficit.

**Group Strategic Report  
for the year ended 31 December 2013**

**PRINCIPAL RISKS AND UNCERTAINTIES**

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.

**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.

**HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**

**Group Strategic Report  
for the year ended 31 December 2013**

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to be 'J B French', with a long horizontal stroke extending to the right.

**J B French - Secretary**

**26 September 2014**

**Report of the Directors  
for the year ended 31 December 2013**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2013.

**DIVIDENDS**

The directors recommend a preferred ordinary dividend of 4.2 pence per share.

**DIRECTORS**

Mrs A J Croucher, Mrs C A Elliott, Mrs W A Knatchbull, and Mrs M H Lynch 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.

**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

26 September 2014

## **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 2013 on pages eight to twenty seven. 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 five, 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 Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 and of the group's profit 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.



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

**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

Date: 26/09/14

**HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)****Consolidated Profit and Loss Account  
for the year ended 31 December 2013**

	Notes	2013 £'000	2012 £'000
<b>TURNOVER</b>	2	37,229	15,945
Cost of sales		30,882	12,792
<b>GROSS PROFIT</b>		6,347	3,153
Administrative expenses		4,591	3,187
<b>OPERATING PROFIT/(LOSS)</b>	4	1,756	(34)
Amount written off loan		-	7,257
		1,756	(7,291)
Interest receivable and similar income	5	116	27
		1,872	(7,264)
Interest payable and similar charges	6	72	87
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,800	(7,351)
Tax on profit/(loss) on ordinary activities	7	396	-
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,404	(7,351)
Minority interest - equity		14	(8)
<b>RETAINED PROFIT/(DEFICIT) FOR THE GROUP CARRIED FORWARD</b>		1,390	(7,343)

**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 2013**

	2013 £'000	2012 £'000
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	1,390	(7,343)
Defined benefit pension scheme deficit	3,070	(6,662)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>4,460</u>	<u>(14,005)</u>

The notes form part of these financial statements

**HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**

**Consolidated Balance Sheet  
31 December 2013**

	Notes	2013 £'000	2012 £'000	2012 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	10		2,075		2,067
Investments	11		800		800
Investment property	12		3,986		3,986
			<u>6,861</u>		<u>6,853</u>
<b>CURRENT ASSETS</b>					
Stocks	13	20,327		40,578	
Debtors	14	2,937		1,497	
Cash at bank and in hand		30,513		11,556	
		<u>53,777</u>		<u>53,631</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	15	4,716		5,699	
<b>NET CURRENT ASSETS</b>			<u>49,061</u>		<u>47,932</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			55,922		54,785
<b>PENSION LIABILITY</b>			<u>(6,892)</u>		<u>(9,962)</u>
<b>NET ASSETS</b>			<u>49,030</u>		<u>44,823</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		62		62
Revaluation reserve	18		1,907		1,907
Capital redemption reserve	18		18		18
Other reserves	18		679		679
Profit and loss account	18		40,681		36,390
<b>SHAREHOLDERS' FUNDS</b>	24		43,347		39,056
<b>MINORITY INTERESTS</b>	19		5,683		5,767
<b>TOTAL EQUITY</b>			<u>49,030</u>		<u>44,823</u>

The financial statements were approved by the Board of Directors on 26 September 2014 and were signed on its behalf by:



J B French - Director

The notes form part of these financial statements

**HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**

**Company Balance Sheet  
31 December 2013**

	Notes	2013 £'000	2012 £'000	2012 £'000
<b>FIXED ASSETS</b>				
Tangible assets	10	2,075		2,067
Investments	11	9,856		9,959
Investment property	12	3,986		3,986
		<u>15,917</u>		<u>16,012</u>
<b>CURRENT ASSETS</b>				
Stocks	13	16,774	37,029	
Debtors	14	2,638	1,497	
Cash at bank and in hand		23,436	3,994	
		<u>42,848</u>	<u>42,520</u>	
<b>CREDITORS</b>				
Amounts falling due within one year	15	9,386	10,333	
<b>NET CURRENT ASSETS</b>			<u>33,462</u>	<u>32,187</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>49,379</u>	<u>48,199</u>
<b>PENSION LIABILITY</b>			<u>(6,892)</u>	<u>(9,962)</u>
<b>NET ASSETS</b>			<u>42,487</u>	<u>38,237</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	17	62		62
Revaluation reserve	18	1,907		1,907
Capital redemption reserve	18	18		18
Profit and loss account	18	40,500		36,250
<b>SHAREHOLDERS' FUNDS</b>	24	<u>42,487</u>		<u>38,237</u>

The financial statements were approved by the Board of Directors on 26 September 2014 and were signed on its behalf by:



J B French - 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 2013**

	Notes	2013 £'000	2012 £'000
<b>Net cash inflow from operating activities</b>	1	20,868	160
<b>Returns on investments and servicing of finance</b>	2	44	(60)
<b>Taxation</b>		(67)	(19)
<b>Capital expenditure</b>	2	(35)	(31)
<b>Equity dividends paid</b>		(169)	(234)
		<u>20,641</u>	<u>(184)</u>
<b>Financing</b>	2	(497)	(7,650)
<b>Increase/(decrease) in cash in the period</b>		<u>20,144</u>	<u>(7,834)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
Increase/(decrease) in cash in the period		20,144	(7,834)
Cash outflow from decrease in debt		<u>398</u>	<u>393</u>
Change in net funds resulting from cash flows		<u>20,542</u>	<u>(7,441)</u>
<b>Movement in net funds in the period</b>		<u>20,542</u>	<u>(7,441)</u>
<b>Net funds at 1 January</b>		<u>8,314</u>	<u>15,755</u>
<b>Net funds at 31 December</b>		<u>28,856</u>	<u>8,314</u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement  
for the year ended 31 December 2013

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

	2013	2012
	£'000	£'000
Operating profit/(loss)	1,756	(34)
Depreciation charges	29	22
Profit on disposal of fixed assets	(1)	(1)
Decrease/(increase) in stocks	20,251	(53)
(Increase)/decrease in debtors	(1,440)	657
Increase/(decrease) in creditors	273	(431)
<b>Net cash inflow from operating activities</b>	<b>20,868</b>	<b>160</b>

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

	2013	2012
	£'000	£'000
<b>Returns on investments and servicing of finance</b>		
Interest received	116	27
Interest paid	(72)	(87)
<b>Net cash inflow/(outflow) for returns on investments and servicing of finance</b>	<b>44</b>	<b>(60)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(36)	(32)
Sale of tangible fixed assets	1	1
<b>Net cash outflow for capital expenditure</b>	<b>(35)</b>	<b>(31)</b>
<b>Financing</b>		
Loan repayments in year	(398)	(393)
Amount written off loan	-	(7,257)
Share buyback	(99)	-
<b>Net cash outflow from financing</b>	<b>(497)</b>	<b>(7,650)</b>

**Notes to the Consolidated Cash Flow Statement  
for the year ended 31 December 2013**

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.13 £'000	Cash flow £'000	At 31.12.13 £'000
Net cash:			
Cash at bank and in hand	11,556	18,957	30,513
Bank overdraft	(1,378)	1,187	(191)
	<u>10,178</u>	<u>20,144</u>	<u>30,322</u>
Debt:			
Debts falling due within one year	(1,864)	398	(1,466)
	<u>(1,864)</u>	<u>398</u>	<u>(1,466)</u>
Total	<u>8,314</u>	<u>20,542</u>	<u>28,856</u>



**Notes to the Consolidated Financial Statements  
for the year ended 31 December 2013**

**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 2013**

**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 2013

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 (2012 - loss) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2013 £'000	2012 £'000
Building activities	37,066	15,709
Net property income	163	236
	<u>37,229</u>	<u>15,945</u>

All turnover arises in the United Kingdom.

3. STAFF COSTS

	2013 £'000	2012 £'000
Wages and salaries	1,835	1,567
Social security costs	206	181
Other pension costs	1,394	611
	<u>3,435</u>	<u>2,359</u>

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

	2013	2012
Management	25	25
Building	5	5
	<u>30</u>	<u>30</u>

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2013**

**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 accruals.

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 2012 showed a deficit on an ongoing basis of £9.9 million. The company has agreed a formal recovery plan covering the nine years to 30 June 2021 amounting to £350,000 per annum. Under the previous Recovery Plan, for the year ended 31 March 2014 a payment of £240,000 was made. The company also paid the premiums for death in service benefits

The next actuarial valuation will be as at 31 December 2015.

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

	2013 £'000
Present value of defined benefit obligation	(24,622)
Fair value of Scheme assets	17,730
Deficit in Scheme	<u>(6,892)</u>

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

**4. OPERATING PROFIT/(LOSS)**

The operating profit (2012 - operating loss) is stated after charging/(crediting):

	2013 £'000	2012 £'000
Plant hire	48	31
Depreciation - owned assets	28	22
Profit on disposal of fixed assets	(1)	(1)
Auditors' remuneration	67	44
	<u>67</u>	<u>44</u>
	2013 £	2012 £
Directors' remuneration	686,109	591,200
Directors' pension contributions to money purchase schemes	63,151	61,107
	<u>63,151</u>	<u>61,107</u>

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

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

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2013**

**4. OPERATING PROFIT/(LOSS) - continued**

Information regarding the highest paid director is as follows:

	2013	2012
	£	£
Emoluments etc	227,870	196,604
Pension contributions to money purchase schemes	24,750	23,982
	<u>252,620</u>	<u>220,586</u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2013	2012
	£'000	£'000
Deposit account interest	116	27
	<u>116</u>	<u>27</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2013	2012
	£'000	£'000
Interest payable	72	87
	<u>72</u>	<u>87</u>

**7. TAXATION**

**Analysis of the tax charge**

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

	2013	2012
	£'000	£'000
Current tax:		
UK corporation tax	396	-
	<u>396</u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	396	-
	<u>396</u>	<u>-</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 £1,349,457 (2012 - £(7,303,227) loss).

**9. DIVIDENDS**

	2013	2012
	£000	£000
Preferred ordinary - paid 4.2 pence (2012 4.2 pence)	2	2
Deferred ordinary - paid £10 (2012 £12)	167	200
	<u>169</u>	<u>202</u>

A dividend of 4.2 pence per share (£1,896) has been proposed on the preferred ordinary shares. No dividend is proposed on the deferred ordinary shares.

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2013

10. TANGIBLE FIXED ASSETS

**Group**

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
<b>COST</b>					
At 1 January 2013	2,000	172	47	221	2,440
Additions	-	-	-	36	36
Disposals	-	-	(12)	-	(12)
	<u>2,000</u>	<u>172</u>	<u>35</u>	<u>257</u>	<u>2,464</u>
At 31 December 2013	2,000	172	35	257	2,464
<b>DEPRECIATION</b>					
At 1 January 2013	-	136	29	208	373
Charge for year	-	5	6	17	28
Eliminated on disposal	-	-	(12)	-	(12)
	<u>-</u>	<u>141</u>	<u>23</u>	<u>225</u>	<u>389</u>
At 31 December 2013	-	141	23	225	389
<b>NET BOOK VALUE</b>					
At 31 December 2013	<u>2,000</u>	<u>31</u>	<u>12</u>	<u>32</u>	<u>2,075</u>
At 31 December 2012	<u>2,000</u>	<u>36</u>	<u>18</u>	<u>13</u>	<u>2,067</u>

**Company**

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
<b>COST OR VALUATION</b>					
At 1 January 2013	2,000	172	47	221	2,440
Additions	-	-	-	36	36
Disposals	-	-	(12)	-	(12)
	<u>2,000</u>	<u>172</u>	<u>35</u>	<u>257</u>	<u>2,464</u>
At 31 December 2013	2,000	172	35	257	2,464
<b>DEPRECIATION</b>					
At 1 January 2013	-	136	29	208	373
Charge for year	-	5	6	17	28
Eliminated on disposal	-	-	(12)	-	(12)
	<u>-</u>	<u>141</u>	<u>23</u>	<u>225</u>	<u>389</u>
At 31 December 2013	-	141	23	225	389
<b>NET BOOK VALUE</b>					
At 31 December 2013	<u>2,000</u>	<u>31</u>	<u>12</u>	<u>32</u>	<u>2,075</u>
At 31 December 2012	<u>2,000</u>	<u>36</u>	<u>18</u>	<u>13</u>	<u>2,067</u>

**Group and parent**

The freehold property was valued on an open-market basis as at 31 December 2013 by the directors.

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

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2013**

**10. TANGIBLE FIXED ASSETS - continued**

**Company**

Cost or valuation at 31 December 2013 is represented by:

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
Valuation in 2013	1,695	-	-	-	1,695
Cost	305	172	35	257	769
	<u>2,000</u>	<u>172</u>	<u>35</u>	<u>257</u>	<u>2,464</u>

**11. FIXED ASSET INVESTMENTS**

**Group**

	Shares in group undertakings £'000
<b>COST</b>	
At 1 January 2013 and 31 December 2013	<u>800</u>
<b>NET BOOK VALUE</b>	
At 31 December 2013	<u>800</u>
At 31 December 2012	<u>800</u>

**Company**

	Shares in group undertakings £'000
<b>COST</b>	
At 1 January 2013	9,959
Disposals	(103)
At 31 December 2013	<u>9,856</u>
<b>NET BOOK VALUE</b>	
At 31 December 2013	<u>9,856</u>
At 31 December 2012	<u>9,959</u>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2013

11. FIXED ASSET INVESTMENTS - continued

**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 2013 the aggregate capital and reserves deficit of Leach-Lewis Limited amounted to (£4,501,536) and the loss for that year was (£1,546,419). However, the company has no interest in the ordinary share capital of Leach-Lewis Limited and therefore does not consolidate this undertaking.

12. INVESTMENT PROPERTY

**Group**

	Total £'000
<b>COST</b>	
At 1 January 2013	
and 31 December 2013	3,986
<b>NET BOOK VALUE</b>	
At 31 December 2013	3,986
At 31 December 2012	3,986

The property rental income earned by the Group from its investment properties, most of which are leased out under operating leases, amounted to £65,940 (2012 £105,229). Direct operating expenses arising on the investment properties in the year amounted to £7,967 (2012 £26,029).

**Company**

	Total £'000
<b>COST</b>	
At 1 January 2013	
and 31 December 2013	3,986
<b>NET BOOK VALUE</b>	
At 31 December 2013	3,986
At 31 December 2012	3,986

The property rental income earned by the company from its investment properties, most of which are leased out under operating leases, amounted to £65,941 (2012 £105,229). Direct operating expenses arising on the investment properties in the year amounted to £7,967 (2012 £26,029).



Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2013

12. INVESTMENT PROPERTY - continued

Company

Group and Company:

Cost or valuation at 31 December 2013 is represented by:

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

13. STOCKS

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Stocks	11,249	24,363	7,696	20,814
Part exchange properties	965	1,539	965	1,539
Freehold reversions	47	47	47	47
Work-in-progress	7,473	14,036	7,473	14,036
Building land transferred	593	593	593	593
	<u>20,327</u>	<u>40,578</u>	<u>16,774</u>	<u>37,029</u>

14. DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	70	267	70	267
Other debtors	1,418	78	1,118	78
VAT	62	172	63	172
Prepayments	133	81	133	81
	<u>1,683</u>	<u>598</u>	<u>1,384</u>	<u>598</u>
Amounts falling due after more than one year:				
Other debtors	1,254	899	1,254	899
	<u>1,254</u>	<u>899</u>	<u>1,254</u>	<u>899</u>
Aggregate amounts	<u>2,937</u>	<u>1,497</u>	<u>2,638</u>	<u>1,497</u>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2013

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Bank overdraft and other loans (see note 16)	191	1,378	195	1,383
Other loans (see note 16)	1,466	1,864	1,466	1,864
Trade creditors	1,745	2,164	1,745	2,161
Amounts owed to group undertakings	-	-	4,686	4,635
Tax	396	67	381	67
Social security and other taxes	65	75	65	75
Other creditors	1	1	1	1
Accrued expenses	852	150	847	147
	<u>4,716</u>	<u>5,699</u>	<u>9,386</u>	<u>10,333</u>

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank overdrafts	191	1,378	195	1,383
Other loans	1,466	1,864	1,466	1,864
	<u>1,657</u>	<u>3,242</u>	<u>1,661</u>	<u>3,247</u>

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

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2013	2012
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>

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2013**

**18. RESERVES**

<b>Group</b>	<b>Profit and loss account £'000</b>	<b>Revaluation reserve £'000</b>	<b>Capital redemption reserve £'000</b>	<b>Other reserves £'000</b>	<b>Totals £'000</b>
At 1 January 2013	36,390	1,907	18	679	38,994
Profit for the year	1,390				1,390
Dividends	(169)				(169)
Deficit on pension scheme	3,070	-	-	-	3,070
	<u>40,681</u>	<u>1,907</u>	<u>18</u>	<u>679</u>	<u>43,285</u>
At 31 December 2013	<u>40,681</u>	<u>1,907</u>	<u>18</u>	<u>679</u>	<u>43,285</u>

  

<b>Company</b>	<b>Profit and loss account £'000</b>	<b>Revaluation reserve £'000</b>	<b>Capital redemption reserve £'000</b>	<b>Totals £'000</b>
At 1 January 2013	36,250	1,907	18	38,175
Profit for the year	1,349			1,349
Dividends	(169)			(169)
Deficit on pension scheme	3,070	-	-	3,070
	<u>40,500</u>	<u>1,907</u>	<u>18</u>	<u>42,425</u>
At 31 December 2013	<u>40,500</u>	<u>1,907</u>	<u>18</u>	<u>42,425</u>

**19. MINORITY INTERESTS**

	<b>2013 £'000</b>	<b>2012 £'000</b>
At 1 January 2012	5,767	5,775
Shares repurchased	(98)	-
Profit/(Loss)	21	(8)
	<u>5,690</u>	<u>5,767</u>
At 31 December 2012	<u>5,690</u>	<u>5,767</u>

**20. 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 agreed a claim for £600,000, paid since 31 December 2013.

**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.

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2013**

**22. RELATED PARTY DISCLOSURES**

a. Loans (note 16) includes loans to the company by directors, shareholders and connected persons amounting to £1,466,110 (2012 £1,863,998). 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 £447,100 (2012 £700,000) 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 (2012: £885)

J. P. Leach £32 (2012: £32)

N. H. Leach £237 (2012: £237)

Mrs A. J. Croucher £237 (2012: £237)

Mrs C. A. Elliott £32 (2012: £32)

Mrs W. A. Knatchbull £237 (2012: £237)

Mrs M. H. Lynch £237 (2012: £237)

Deferred ordinary:

J. P. Leach £41,790 (2012: £50,148)

N. H. Leach £20,890 (2012: £25,068)

Mrs A. J. Croucher £20,890 (2012: £25,068)

Mrs C. A. Elliott £41,790 (2012: £50,148)

Mrs W. A. Knatchbull £20,890 (2012: £25,068)

Mrs M. H. Lynch £20,890 (2012: £25,068)

**23. ULTIMATE CONTROLLING PARTY**

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

**24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

<b>Group</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) for the financial year	1,390	(7,343)
Dividends	(169)	(234)
	<hr/>	<hr/>
	1,221	(7,577)
Other recognised gains and losses relating to the year (net)	3,070	(6,662)
	<hr/>	<hr/>
<b>Net addition/(reduction) to shareholders' funds</b>	<b>4,291</b>	<b>(14,239)</b>
Opening shareholders' funds	39,056	53,295
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>43,347</b>	<b>39,056</b>
	<hr/>	<hr/>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31 December 2013

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2013 £'000	2012 £'000
Profit/(loss) for the financial year	1,349	(7,303)
Dividends	(169)	(203)
	<hr/>	<hr/>
	1,180	(7,506)
Other recognised gains and losses relating to the year (net)	3,070	(6,662)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	4,250	(14,168)
Opening shareholders' funds	38,237	52,405
	<hr/>	<hr/>
Closing shareholders' funds	42,487	38,237
	<hr/>	<hr/>

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 2013 Ordinary shares		1 January 2013 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
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

**HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**

**Consolidated Trading and Profit and Loss Account  
for the year ended 31 December 2013**

	2013		2012	
	£'000	£'000	£'000	£'000
<b>Turnover</b>				
Residential building	35,579		12,130	
Contract building	1,487		3,579	
Net property income	163		236	
	<u>          </u>	37,229	<u>          </u>	15,945
<b>Cost of sales</b>				
Opening stock	39,028		39,260	
Land cost	78		(46)	
Materials	8,622		2,186	
Subcontractors	(96)		8,302	
Staff costs	415		435	
Plant hire	48		31	
Building site expenses	1,039		1,279	
Professional fees	570		154	
Sales fees - legal	37		17	
Sales fees - agents	492		202	
	<u>          </u>		<u>          </u>	
	50,233		51,820	
Closing stock	(19,351)		(39,028)	
	<u>          </u>	30,882	<u>          </u>	12,792
<b>GROSS PROFIT</b>		6,347		3,153
<b>Other income</b>				
Deposit account interest		116		27
		<u>          </u>		<u>          </u>
		6,463		3,180
<b>Expenditure</b>				
Business rates	51		45	
Light, heat and power	19		15	
Repairs and maintenance	40		32	
Directors' salaries	612		507	
Directors' social security	67		57	
Directors' pension contributions	63		61	
Staff costs	808		625	
Social security	139		124	
Pension scheme contributions	1,331		550	
Telephone	24		26	
Stationery and postage	18		20	
Vehicle expenses	169		197	
Courses and functions	1		6	
Staff medical insurance	48		26	
Staff restaurant and welfare	3		3	
Insurance	70		71	
CITB	18		22	
Computer expenses	81		80	
Subscriptions and donations	26		23	
Staff recruitment	-		1	
Sundry expenses	3		1	
Entertaining	-		1	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Carried forward	3,591	6,463	2,493	3,180

This page does not form part of the statutory financial statements

**HUBERT C. LEACH LIMITED (REGISTERED NUMBER: 00447346)**

**Consolidated Trading and Profit and Loss Account  
for the year ended 31 December 2013**

	2013		2012	
	£'000	£'000	£'000	£'000
Brought forward	3,591	6,463	2,493	3,180
Pension scheme expenses	128		118	
Legal and professional	202		201	
Auditors' remuneration	67		44	
Profit/loss on sale of tangible fixed assets	(1)		(1)	
Advertising	157		78	
Artwork and photography	9		25	
Bad debts	4		(7)	
Show house costs	299		192	
Sales office costs etc	1		-	
Other sales expenses	100		17	
		<u>4,557</u>		<u>3,160</u>
		1,906		20
<b>Finance costs</b>				
Bank charges	5		5	
Interest payable	72		87	
		<u>77</u>		<u>92</u>
		1,829		(72)
<b>Depreciation</b>				
Fixtures and fittings	5		7	
Motor vehicles	7		6	
Computer equipment	17		9	
		<u>29</u>		<u>22</u>
		1,800		(94)
<b>Exceptional items</b>				
Amount written off loan		-		7,257
<b>NET PROFIT/(LOSS)</b>		<u>1,800</u>		<u>(7,351)</u>

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