

Registration number: 02036215

# Hamptons Estates Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2014

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## **Hamptons Estates Limited**

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**Hamptons Estates Limited**  
**Company Information**

**Registration Number** 02036215

**Directors** J Clarke  
S Richmond  
P Creffield  
A R North

**Company secretary** G R Williams  
Oakwood Corporate Secretary Limited

**Registered office** 32 Grosvenor Square  
Mayfair  
London  
W1K 2HJ

**Independent Auditors** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

## **Hamptons Estates Limited**

### **Strategic Report for the year ended 31 December 2014**

The directors present their strategic report for the year ended 31 December 2014.

#### **Business review**

The company's key financial and other performance indicators during the year were as follows:

	<b>2014</b>	<b>2013</b>
	£000	£000
Turnover	81,344	78,422
Operating profit	12,898	14,709
Profit on ordinary activities before taxation	12,951	14,757
Total shareholders' funds	20,108	23,422
Average number of employees	909	833

2014 was a fairly challenging year for the business due to the impact of a cooling London market towards the end of the year. Notwithstanding that, 2014 was the second most profitable year in Hamptons' history and one that saw significant growth; both through acquisition and organic network expansion.

We have high hopes for further growth and increased profitability in 2015. The General Election in May will provide a challenge (especially in Prime Central London where political sensitivity is highest) but we are positive that we have the structure and network in place to deliver a strong result in spite of this.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company are the strength of the UK residential property market, the supply of credit and the stability of interest rates, all of which are fundamental to our future success and profitability.

#### **Future developments**

The directors aim to continue the current strategy to expand our UK branch network, as market conditions continue to improve, through acquisitions and new branch openings and to accelerate our expansion into new overseas markets.

By order of the board.



G R Williams  
Company Secretary  
11 May 2015

**Hamptons Estates Limited**  
**Directors' Report for the Year Ended 31 December 2014**

The directors present their report and the audited financial statements of Hamptons Estates Limited (Company number 02036215) for the year ended 31 December 2014.

**Principal activities**

The principal activity of the company continued to be the provision of estate agency services.

**Results**

The company generated a turnover of £81,344,000 (2013: £78,422,000) and realised a profit on ordinary activities before taxation for the year of £12,951,000 (2013 : £14,757,000).

**Proposed dividend**

The directors do not recommend a final dividend payment in respect of the financial year ended 31 December 2014 (31 December 2013: £13,338,935).

**Financial risk management**

The directors consider that the financial risks are the same as those that are relevant to the group. Accordingly these have been disclosed in the Countrywide plc financial statements.

**Credit risk**

The company has policies that require appropriate credit checks on potential customers before sales are made.

**Liquidity risk**

The company has sufficient funds for operations. If appropriate, the company may request cash transfers from the immediate parent company.

**Directors of the company**

The directors who held office during the year and until the date of this report were as follows:

J Clarke

S Richmond

G Turner (resigned 1 September 2014)

G R Bell (resigned 8 December 2014)

P Creffield

A R North (appointed 8 December 2014)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

**Hamptons Estates Limited**  
**Directors' Report for the Year Ended 31 December 2014**

*..... continued*

**Donations**

The company made contributions during the year to UK charities amounting to £Nil (2013: £Nil).

**Indemnification of directors**

Qualifying third party indemnity provisions (as defined in Section 234 of the Companies Act 2006) were in force during the financial year and also at the date of approval of the financial statements.

**Environmental**

The company operates from one office, a number of trading branches and has no industrial plant. The company believes it is fully compliant with the requirements of all existing environmental legislation.

**Disabled employees**

It is the company's policy to give full consideration to suitable applicants for employment by disabled people. Disabled employee's are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the group who become disabled to continue in their employment or to be trained in other positions in the group.

**Health, safety and welfare at work**

It is the company's policy to give the greatest importance to the health, safety and welfare of its employees. To this end, the company will make every reasonable effort to provide safe and healthy working conditions at all its offices. Similarly, it is the duty of all employees to exercise responsibility and to do everything to prevent injury to themselves and to others. This policy is communicated to employees through contracts of employment, staff hand books, operating manuals, bulletins and notice boards as appropriate.

**Hamptons Estates Limited**  
**Directors' Report for the Year Ended 31 December 2014**

*..... continued*

**Employee involvement**

The company is committed to involve all employees in the performance and development of the company. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations of the company.

Employees can access our intranet to obtain other general information on the Group. Our annual employee engagement survey was conducted during the year and feedback was rolled in to a continuous improvement programme. Employees are also encouraged to discuss operational issues with their line management and to suggest ways to improve performance and efficiency.

Our employees are also encouraged to become shareholders in the Group. We introduced a share Incentive Plan (SIP) in October 2013 for all employees with more than 18 months' continuous service. The Company gives one matching share for every two shares purchased by the employee (within the maximum investment terms established by HMRC).

We recognise the importance of regular communication with our employees. To support this we have a Group-wide newsletter, 'Inside Countrywide', as well as specific publications to keep our employees up-to-date and informed. The newsletter focuses on communicating operational changes, examples of best practice and highlights specific sales activities, success stories and teamwork around the business.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, Directors' Report 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 prepared 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Hamptons Estates Limited**  
**Directors' Report for the Year Ended 31 December 2014**

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**Reappointment of auditors**

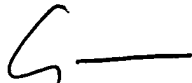
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

**Statement on disclosure of information to auditors**

For persons who were directors at the time this report was prepared, the following applies:

- So far as the directors are aware, there is no relevant information of which the Company's auditors are unaware; and
- The directors have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of any such information.

Approved by the Board on 11 May 2015 and signed on its behalf by:



.....  
G R Williams  
Company secretary



**Hamptons Estates Limited**  
**Independent Auditors' Report to the Members of**  
**Hamptons Estates Limited**

**Report on the financial statements**

*Our opinion*

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its 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.

This opinion is to be read in the context of what we say in the remainder of this report

*What we have audited*

The financial statements, which are prepared by Hamptons Estates Limited, comprise:

- the Balance Sheet as at 31 December 2014 ;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

*What an audit of financial statements involves*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 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 directors' report and financial statements (the "Annual Report") 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 other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Hamptons Estates Limited**  
**Independent Auditors' Report to the Members of**  
**Hamptons Estates Limited**

..... *continued*

**Other matters on which we are required to report by exception**

*Adequacy of accounting records and information and explanations received*

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Directors' remuneration*

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

*Our responsibilities and those of the directors*

As explained more fully in the directors' responsibilities statement set out on page 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



.....  
Darryl Phillips (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP,  
Chartered Accountants and Statutory Auditors  
London  
WC2N 6RH

11 May 2015

**Hamptons Estates Limited**  
**Profit and Loss Account for the Year Ended 31 December 2014**

	Note	2014 £ 000	2013 £ 000
Turnover	2	81,344	78,422
Staff costs	3	(45,692)	(43,020)
Other operating income		195	154
Other operating charges		<u>(22,949)</u>	<u>(20,847)</u>
Operating profit	5	12,898	14,709
Interest receivable and similar income	6	56	68
Interest payable and similar charges	7	<u>(3)</u>	<u>(20)</u>
Profit on ordinary activities before taxation		12,951	14,757
Tax on profit on ordinary activities	9	<u>(2,926)</u>	<u>(3,623)</u>
Profit for the financial year	18	<u><u>10,025</u></u>	<u><u>11,134</u></u>

All amounts shown above are derived from continuing activities.

The company has no recognised gains or losses for the year other than the results above. Therefore no separate statement of total gains and losses has been presented.

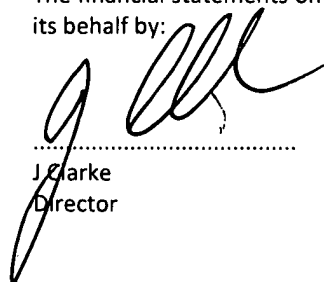
There is no difference between the profit on ordinary activities before taxation and profit for the financial year stated above and their historical costs equivalents.

The notes on pages 11 to 29 form an integral part of these financial statements.

**Hamptons Estates Limited**  
**(Registration number: 02036215)**  
**Balance Sheet as at 31 December 2014**

	Note	2014 £ 000	2013 £ 000
<b>Fixed assets</b>			
Intangible assets	10	2,835	71
Tangible assets	11	11,688	7,192
Investments	12	6,903	378
		<u>21,426</u>	<u>7,641</u>
<b>Current assets</b>			
Debtors	13	21,100	37,530
Cash at bank and in hand		2,762	2,687
		<u>23,862</u>	<u>40,217</u>
Creditors: Amounts falling due within one year	14	(24,293)	(23,121)
Net current (liabilities)/assets		<u>(431)</u>	<u>17,096</u>
Total assets less current liabilities		20,995	24,737
Creditors: Amounts falling due after more than one year	15	-	(272)
Provisions for liabilities	16	(887)	(1,043)
Net assets		<u>20,108</u>	<u>23,422</u>
<b>Capital and reserves</b>			
Called up share capital	17	2,668	2,668
Profit and loss account	18	17,440	20,754
Total shareholders' funds		<u>20,108</u>	<u>23,422</u>

The financial statements on pages 9 to 29 were approved by the Board of Directors on 11 May 2015 and signed on its behalf by:

  
.....  
J Clarke  
Director

## **Hamptons Estates Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2014**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the going concern basis under the historical cost convention as modified by the revaluation of leasehold property and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The applicable accounting standards have been consistently applied.

##### **Cash flow statement**

The company's ultimate parent undertaking, Countrywide plc, publishes a consolidated cash flow statement. A separate cash flow statement for the company is therefore not prepared as the company has taken advantages of the exceptions within FRS 1: Cash flow statements (revised 1996) from preparing a cash flow statement.

##### **Group financial statements**

The company has taken advantage of the exemption from the requirement to prepare group financial statements under Section 400 of The Companies Act 2006 because it is included in the financial statements of the ultimate parent undertaking, Countrywide plc, a company registered in the United Kingdom. The financial statements present information about the company and not about the group.

##### **Going concern**

The financial statements have been prepared on a going concern basis, which assumes that Hamptons Estates Limited will be able to meet its liabilities when they fall due in the foreseeable future. The Board of Directors has reviewed cash flow forecasts which have been stress tested with various assumptions regarding the future housing market volumes. The directors have concluded that it is appropriate to prepare financial statements on a going concern basis.

##### **Turnover**

Residential agency commission, net of VAT, is recognised on the exchange of contracts. Development and investment agency commission is recognised on an invoiced basis, typically 50% on the exchange of contracts and 50% upon completion, as that is when terms and conditions have been met that allows recognition. Letting fees are recognised at commencement of the tenancy or date of renewal as appropriate. Property management fees are recognised evenly over the lifetime of the management service. Rent collection fees are recognised on the rental due date. Tenancy management fees are recognised when the right to consideration has been earned.

##### **Goodwill**

Purchased goodwill (representing the excess of the fair value of consideration given over the fair value of the separable net assets required) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

## Hamptons Estates Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 1 Accounting policies (continued)

##### Depreciation

Tangible fixed assets are stated at historical cost on valuation, net of accumulated depreciation and impairment. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Asset class	Depreciation method and rate
Leasehold property	life of lease
Fixtures and fittings	10% to 33% per annum
Computer equipment	20% to 50% per annum
Motor Vehicles	33% per annum

##### Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation.

##### Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

##### Hire purchase and leasing

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

## **Hamptons Estates Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2014**

**..... continued**

#### **1 Accounting policies (continued)**

##### **Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

##### **Share-based payments**

The ultimate parent operates a number of equity settled share based schemes under which the Group receives services from employees as consideration for equity instruments (options) of the parent. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense within the company.

Where the share awards have non-market related performance criteria the Group has used the Binomial Lattice and Black-Scholes option valuation models to establish the relevant fair values. Where the share awards have a TSR market related performance criteria the Group has used the Monte-Carlo simulation valuation model to establish the relevant fair values. The resulting values are amortised through the income statement over the vesting period of the options and other grants.

At the end of each reporting period, the number of options that are expected to vest based on the non-market conditions are revised and the impact of the revision to original estimates, if any, is recognised in the profit and loss account.

The grant by the parent company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period through the profit and loss account, with a corresponding credit to equity in the subsidiary undertaking's accounts only to the extent not recharged to the subsidiary.

Further details in respect of the underlying group schemes can be found in the Group consolidated financial statements.

##### **Deferred tax**

The charge for tax is based on the profit and loss account for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets and liabilities are recognised in accordance with FRS 19: Deferred Taxation. The company has chosen not to discount the deferred tax asset or liability, to reflect the time value of money, as permitted by FRS 19. Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except where FRS 19 requires different treatment. Deferred tax assets arising from unrelieved tax losses are only recognised to the extent that they will be relieved in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

## Hamptons Estates Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 2 Turnover

The turnover from various segments is reported below:

	2014	2013
	£000	£000
<i>Continuing operations</i>		
Residential agency	46,136	45,833
Development and investment agency	5,930	5,240
Lettings and management agency	28,014	25,948
Other income	1,264	1,401
	<u>81,344</u>	<u>78,422</u>

#### 3 Staff Costs

	2014	2013
	£ 000	£ 000
Wages and salaries	40,616	38,386
Share based payments	258	188
Social security costs	4,338	4,093
Other pension costs	480	353
	<u>45,692</u>	<u>43,020</u>

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2014	2013
	No.	No.
Sales	716	689
Administration	193	144
	<u>909</u>	<u>833</u>



## Hamptons Estates Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 3 Staff costs (continued)

##### *Share-based payment charges*

The Group operates a number of share-based payment schemes for executive directors and other employees, all of which are equity settled. The Group has no legal or constructive obligation to repurchase or settle any of the options in cash. All charges in relation to these schemes are fully recharged on to the subsidiary companies who employ the designated individuals. The total cost recognised in this profit and loss account was £258,000 in the year ended 31 December 2014 (2013: £188,000). Employer's NI is being accrued, where applicable, at the rate of 13.8% which management expects to be the prevailing rate at the time the options are exercised, based on the share price at the reporting date. The total NI charge for the year was £64,000 (2013: £23,000).

The following table analyses the total cost to the company between each of the relevant schemes, together with the number of options outstanding :

	Outstanding 31 December			
	2014		2013	
	Charge	Number of	Charge	Number of
	£000	options	£000	options
		thousands		thousands
Management Incentive plan	-	-	81	-
IPO Plan	106	73	78	73
Long-term incentive plan	126	94	27	50
Share incentive plan	26	23	2	2
	<u>258</u>	<u>190</u>	<u>188</u>	<u>125</u>

## Hamptons Estates Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 3 Staff costs (continued)

A summary of the main features of each scheme is given below:

##### Executive schemes

###### *Long-term incentive plan (LTIP)*

The LTIP is open to executive directors and designated senior management, and awards are made at the discretion of the Countrywide plc Remuneration Committee. Annual grants vest over a three year period and are subject to market and non-market performance criteria as follows:

- Absolute EPS (two thirds) - 25% of this part of an award will vest for an absolute EPS target (varied for each year) increasing pro-rata to 100% vesting for an absolute EPS target for the year
- Relative TSR (one third) - the company's TSR measured against the constituents of the FTSE 250 (excluding financial services companies and investment trusts). 25% of this part of an award will vest for performance at median of comparator group increasing pro-rata to 100% vesting at upper quartile for the three year period ending.

Full details of targets for each year are detailed in the Countrywide plc consolidated financial statements.

###### *IPO Plan*

At the time of the flotation in March 2013, Countrywide plc awarded nil-cost share options to executive directors and designated senior management designed for the grant of one-off awards in recognition of the loss of rights under a management incentive package that terminated prior to, and as a result of, the flotation (the "MIP"). The performance condition on the vesting of IPO Options, is based on the following performance condition, detailed in the Listing Prospectus, as converted to reflect EBITDA per Ordinary Share in issue immediately following Admission:

- if EBITDA for FYE 2014 is £74 million or less, then no part of an IPO Option will vest (ie EBITDA per ordinary share of 33.72 pence);
- if EBITDA for FYE 2014 is £120 million or more, then 100% of an IPO Option will vest (ie EBITDA per ordinary share of 54.68 pence); and
- if EBITDA for FYE 2014 falls between this specified floor and ceiling, vesting of an IPO Option will occur on a straight-line basis.

IPO options granted to the executive directors become exercisable as follows: 50% on the second anniversary of the date of granting the IPO Option and 50% on the third anniversary of the date of granting the IPO option. IPO options granted to other participants will normally become exercisable on the second anniversary of the date of granting the IPO Option. The number of options that will vest is subject to the performance criterion based on EBITDA for 2014 as well as continued service.

###### *Management incentive plan (MIP)*

Certain members of the management team subscribed to the MIP, under whose terms senior management purchased shares in Countrywide Holdings, Ltd. The difference between the purchase price and the fair value of shares granted to employees were treated as share-based payments. Due to the share exchange on 18 March 2013 and subsequent reorganisation which crystallised the number of C shares exchanged, the vesting period was accelerated.

## Hamptons Estates Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 3 Staff costs (continued)

##### Other schemes

##### *Share incentive plan (SIP)*

An HMRC approved share incentive plan was introduced in October 2013. Under the SIP, eligible employees are invited to make regular monthly contributions into a scheme operated by Capita. Ordinary shares in the Countrywide plc are purchased at the current market price and an award of one matching share is made for every two shares acquired by an employee, subject to a vesting period of three years from the date of each monthly grant.

The aggregate number of share awards outstanding for the Company and their weighted average exercise price is shown below:

	2014 Executive schemes*			2013 Executive schemes*			
	Options		Options	Options		Options	Options
	LTIP	IPO		LTIP	IPO	MIP	
	No of options('000)	No of options('000)	No of shares('000)	No of options('000)	No of options('000)	No of shares('000)	No of shares('000)
At 1 January	50	73	2	-	-	130	-
Granted	44	-	21	50	73	-	2
Exchanged	-	-	-	-	-	(130)	-
At 31 December	94	73	23	50	73	-	2
Grant-vest	Annual three year rolling	18/3/13-18/3/16	Monthly three year rolling	6/9/13-6/9/16	18/3/13-18/3/16	-	5/11/13-5/1 2/16
Expiry date	Five years following vest date	18/3/21	n/a	6/9/23	18/3/21	-	-

\*Executive schemes are granted at £nil consideration and have exercise price of £nil.  
None of the schemes were exercisable at the year end.

## Hamptons Estates Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 3 Staff costs (continued)

The following information is relevant to the determination of the fair value of the awards granted during the year under the schemes:

	LTIP (TSR condition)	LTIP (EPS condition)	IPO Plan	SIP
Option pricing model	Monte-Carlo	Black-Scholes	Binomial lattice	Fair value at grant date
Weighted average share price at grant date	507.5p - 664p	507.5p - 664p	350p	531p
Exercise price	0p	0p	0p	0p
Weighted average contractual life	3 years	3 years	2.2 years	3 years
Expected dividend yield	n/a	1.0% - 2.56%	1.5%	n/a
Volatility	Analysis of 3 years price data	n/a	n/a	n/a
Risk-free interest rate	0.5% - 0.9%	0.5% - 0.9%	1.8%	n/a

#### 4 Directors' remuneration

There were no directors paid through Hamptons Estate Limited in the year ended 31 December 2014 (2013: £nil).

#### 5 Operating profit

Operating profit is stated after charging/(crediting):

	2014 £ 000	2013 £ 000
Depreciation - owned assets	978	1,200
Depreciation - leased assets	690	262
Amortisation of goodwill	208	57
Auditors' remuneration for audit work	29	42
Operating lease rentals:		
- land and buildings	4,515	4,062
- other	1,529	1,569
Other operating income - rent receivable	<u>(195)</u>	<u>(154)</u>

# Hamptons Estates Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

### 6 Interest receivable and similar income

	2014 £ 000	2013 £ 000
Other interest receivable	56	68

### 7 Interest payable and similar charges

	2014 £ 000	2013 £ 000
Foreign currency translation difference	3	-
Bank interest payable	-	20
	3	20

### 8 Dividends

	2014 £ 000	2013 £ 000
Equity dividends paid (£5 per share (2013 : £nil))	13,339	-

# Hamptons Estates Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

### 9 Tax on profit on ordinary activities

#### Tax on profit on ordinary activities

	2014 £ 000	2013 £ 000
<b>Current tax</b>		
Corporation tax charge	2,742	3,253
Adjustments in respect of prior years	1	21
UK Corporation tax	2,743	3,274
<b>Deferred tax</b>		
Origination and reversal of timing differences	183	349
Total tax on profit on ordinary activities	2,926	3,623

#### Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%).

The differences are reconciled below:

	2014 £ 000	2013 £ 000
Profit on ordinary activities before taxation	12,951	14,757
Corporation tax at standard rate	2,783	3,431
Difference between capital allowances and depreciation	(190)	(313)
Permanent depreciation / amortisation	30	39
Share based payment	61	30
Adjustments in respect of prior years	1	21
Other permanent differences	58	66
Total current tax	2,743	3,274

## Hamptons Estates Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 9 Tax on profit on ordinary activities (continued)

##### Deferred tax

The movement in the deferred tax asset in the year is as follows:

##### Analysis of deferred tax

The analysis of deferred tax asset at the year end is as follows:

	2014	2013
	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	934	1,183
Short term timing differences	14	1
Share - based payments	80	27
	<u>1,028</u>	<u>1,211</u>

	£ 000
<b>Movement in deferred tax during the year</b>	
At 1 January 2014	1,211
Deferred tax charged to the profit and loss account	<u>(183)</u>
At 31 December 2014	<u>1,028</u>

# Hamptons Estates Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

### 10 Intangible assets

	Goodwill £ 000	Patents £ 000
<b>Cost</b>		
At 1 January 2014	7,984	-
Additions	2,973	(1)
At 31 December 2014	10,957	(1)
<b>Accumulated amortisation</b>		
At 1 January 2014	7,913	-
Charge for the year	208	-
At 31 December 2014	8,121	-
<b>Net book value</b>		
At 31 December 2014	2,836	(1)
At 31 December 2013	71	-

During the year, the Company acquired a number of small lettings businesses as part of its targeted acquisition programme and one estate agency business.

The additions to goodwill represents the excess of the purchase consideration paid over the net assets acquired.

Goodwill is being amortised evenly over the directors' estimate of its useful economic life of 20 years from the date of each acquisition.



# Hamptons Estates Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

### 11 Tangible assets

	Short leasehold property £ 000	Fixtures and fittings £000	Computer equipment £ 000	Motor vehicles £ 000	Assets in the course of construction £ 000	Total £000
<b>Cost</b>						
At 1 January 2014	3,329	9,031	4,370	361	-	17,091
Additions	63	880	846	263	4,015	6,067
Transfers	29	58	10	-	-	97
At 31 December 2014	<u>3,421</u>	<u>9,969</u>	<u>5,226</u>	<u>624</u>	<u>4,015</u>	<u>23,255</u>
<b>Accumulated depreciation</b>						
At 1 January 2014	602	6,347	2,907	43	-	9,899
Charge for the year	<u>99</u>	<u>880</u>	<u>604</u>	<u>85</u>	<u>-</u>	<u>1,668</u>
At 31 December 2014	<u>701</u>	<u>7,227</u>	<u>3,511</u>	<u>128</u>	<u>-</u>	<u>11,567</u>
<b>Net book value</b>						
At 31 December 2014	<u>2,720</u>	<u>2,742</u>	<u>1,715</u>	<u>496</u>	<u>4,015</u>	<u>11,688</u>
At 31 December 2013	<u>2,727</u>	<u>2,684</u>	<u>1,463</u>	<u>318</u>	<u>-</u>	<u>7,192</u>

Included within tangible assets are assets held under finance leases with a net book value of £959,796 (2013: £895,000)

Assets in the course of construction relate principally to branch refurbishments in progress for which no depreciation has been charged. Depreciation will commence during 2015 when the assets enter operational use.

Where Hamptons Estates Limited's refurbishment team have undertaken the work, costs are capitalised within assets in the course of construction. Where these costs relate to other sites within the group, the associated costs will be recharged to the fellow group undertaking on completion of the refurbishment project.

## Hamptons Estates Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 12 Investments

The company owns the whole of the issued share capital of its subsidiaries, all of which are registered in England and Wales.

##### Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000
<b>Cost</b>	
At 1 January 2014	378
Additions	6,525
At 31 December 2014	<u>6,903</u>
<b>Net book value</b>	
At 31 December 2014	<u>6,903</u>
At 31 December 2013	<u>378</u>

Details of the wholly owned subsidiaries are as follows: Elite Property (Berks) Limited; Preston Bennett Holdings Limited and PSP Lettings Limited.

The directors consider the value of the investments to be supported by their underlying assets.

#### 13 Debtors

	2014 £ 000	2013 £ 000
Trade debtors	8,078	9,400
Amounts owed by Group undertakings	7,795	23,539
Other debtors	1,832	807
Deferred tax asset	1,028	1,211
Prepayments and accrued income	<u>2,367</u>	<u>2,573</u>
	<u>21,100</u>	<u>37,530</u>

Amounts due from Group undertakings are unsecured and payable on demand.

# Hamptons Estates Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

### 14 Creditors: Amounts falling due within one year

	2014 £ 000	2013 £ 000
Trade creditors	495	639
Amounts owed to immediate parent undertaking	6,409	6,409
Amounts owed to fellow subsidiary undertaking	3,261	1,938
Obligations under finance lease and hire purchase contracts	408	272
Corporation tax	2,743	3,274
Other taxation and social security	4,288	4,842
Other creditors	1,094	635
Deferred acquisition costs	1,310	-
Accruals and deferred income	4,285	5,112
	<u>24,293</u>	<u>23,121</u>

Amounts owed to immediate parent understanding and fellow subsidiary undertaking are unsecured and payable on demand.

### 15 Creditors: Amounts falling due after more than one year

	2014 £ 000	2013 £ 000
Obligations under finance lease and hire purchase contracts	-	249
Other creditors	-	23
	<u>-</u>	<u>272</u>

## Hamptons Estates Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 16 Provisions for liabilities

	Restruct- uring provision £000	Dilapid- ation provision £000	Fee refund provision £000	Total £000
At 1 January 2014	328	59	656	1,043
Profit and loss account	(161)	48	(15)	(128)
Utilised in the year	(14)	(14)	-	(28)
Reclassification	(103)	-	103	-
At 31 December 2014	<u>50</u>	<u>93</u>	<u>744</u>	<u>887</u>

#### **Restructuring provision**

A provision has been recognised in respect of amounts owed by overseas operations that are being closed and any costs incurred in the closure of these operations.

#### **Dilapidation provision**

Provision has been made for property repairs expected to be payable under lease covenants. A reasonable estimate of the amounts payable for each leasehold property has been made, however, due to the uncertainty of the amount and timing, the expenditure has not been discounted.

#### **Fee refund provision**

The fee refund provision represents an estimate of all lettings and management fees recorded to revenue in current year and previous years which may be refunded in the future due to early termination of tenancies.

# Hamptons Estates Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

### 17 Called up share capital

	2014 £000	2013 £000
<b>Allotted, called up and fully paid</b>		
Equity: 2,667,787 ordinary shares of £1 each (2013 : 2,667,787)	2,668	2,668

### 18 Reconciliation of movements in shareholders' funds

	Called up share capital £ 000	Other Reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2014	2,668	-	20,754	23,422
Profit for the financial year	-	-	10,025	10,025
Dividend paid	-	-	(13,339)	(13,339)
Equity settled FRS 20 Charges	-	(258)	-	(258)
Recharged share-based payment charge	-	258	-	258
At 31 December 2014	2,668	-	17,440	20,108

### 19 Client monies

	2014 £000	2013 £000
Amount of clients' monies held in approved bank accounts	34,651	26,651

These amounts and the matching liability to the clients concerned are not included in the balance sheet.

## Hamptons Estates Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 20 Commitments

##### Operating lease commitments

As at 31 December the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2014 £ 000	2013 £ 000
<b>Land and buildings</b>		
Within one year	815	644
Within two and five years	902	934
Over five years	2,540	2,260
	<u>4,257</u>	<u>3,838</u>
<b>Other</b>		
Within one year	177	110
Within two and five years	709	1,157
	<u>886</u>	<u>1,267</u>
	<u>5,143</u>	<u>5,105</u>

#### 21 Pension schemes

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £480,000 (2013: £353,000).

Contributions amounting to £nil (2013: £4,000) were payable to the scheme as at the year end and are included in creditors.

#### 22 Related party transactions

The company has taken advantage of the exemption under FRS 8: 'Related party transactions' where disclosure is not required on the grounds that it is a wholly owned subsidiary of a group headed by Countrywide plc, whose financial statements are publicly available.

## **Hamptons Estates Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2014**

*..... continued*

#### **23 Contingent liabilities**

The company, along with other fellow subsidiaries, has given a joint and several liability guarantee in respect of the bank borrowings of Countrywide plc, amounting to £120million (2013: £75million) at the year end.

#### **24 Post balance sheet events**

On 19 March 2015 the Competition and Markets Authority (CMA) concluded their investigation into an association of estate and lettings agents in Hampshire. Hamptons Estates Limited was one of three parties forming part of the association who have admitted arrangements that had the object of reducing the competitive pressure on estate and lettings agents' fees in the local area in and around Fleet in Hampshire. Hamptons Estates Limited has agreed to pay a maximum total penalty of £621,285 (following application of a 10% settlement discount).

#### **25 Parent and ultimate parent entity**

The company's immediate parent company is Hamptons Group Limited. Countrywide plc, a company incorporated in the United Kingdom, and listed on the London Stock Exchange, is the ultimate parent and controlling party.

The largest and smallest consolidated financial statements for the year ended 31 December 2014 which include the results of the company have been prepared by Countrywide plc. These consolidated financial statements are available by request from the Company Secretary of Countrywide plc, 17 Duke Street, Chelmsford, Essex CM1 1HP.