

Company Registration No. 02249334 (England and Wales)

**HULL HAMPSHIRE ESTATES PLC AND ITS
SUBSIDIARIES**

ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

COMPANY INFORMATION

Directors	Mr P A H Grover FRICS Mr R N F Parsons FNAEA Mrs N Kennard Mr M W Gilbert (Appointed 1 April 2018) Mrs G Smith (Appointed 1 April 2018) Mr A Grover (Appointed 1 April 2018)
Secretary	Mrs N Kennard
Company number	02249334
Registered office	Kintyre House 70 High Street Fareham Hampshire PO16 7BB
Auditor	Alliott Wingham Limited Kintyre House 70 High Street Fareham Hants PO16 7BB
Business address	2 New Road Southampton Hampshire SO14 0AA

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

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HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

The estate agency industry continued its stability in 2018. This led to continued opportunities for the group and the stability of in house sales, albeit with a deduction in profitability.

The directors report a slight decrease in turnover compared to 2017 whilst costs of sales have remained similar to the previous year. This has resulted in a lower operating profit in comparison to 2017.

The directors are confident that the performance of the group will continue to improve over the next year, due to continuing improving market conditions.

Principal risks and uncertainties

As at the year end, even though the market has stabilised, the threat of volatility, although minimal, within the housing market provides the group with a degree of risk and uncertainty. The director's consider that the group's stability and experience in the housing market, will enable the group to maintain presence within the market.

The group also faces a minimal risk of interest rate uncertainty. It is expected that interest rates will slowly rise from current levels, which may effect demand for the purchase of housing to some extent.

Brexit is also considered a principle risk due to its uncertainty and the affect that it could have on market conditions.

Also, due to the ongoing increase by the government in stamp duty on second properties, the group might experience fluctuations in its results over the coming year.

Development and performance

The director's consider that despite the changing market conditions, the group continues to be in a stable position due to ongoing changes made during the year.

This will enable the group to maintain its presence in the market and continue to take advantage as the markets continue to improve.

Key performance indicators

The group monitors its performance through the use of Key Performance Indicators (KPI's).

Turnover has decreased by 3.7% in 2018, from last year's result of £6,116,430 to £5,892,606.

Gross profit percentage for the year has decreased from 49.3% in 2017 to 46.5% in 2018.

Net profit percentage for the year has decreased slightly from 12.7% in 2017 to 6.7% in 2018.

In all cases the KPI's have been calculated on a consistent basis with the 2017 figures and are based directly on the amounts shown in the financial statements.

The KPI's illustrate that the company performance is continuing to improve in line with the overall improvement in the UK housing market.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

On behalf of the board



.....
Mr P A H Grover FRICS

Director

.....
30/5/2019

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the group continued to be that of estate agency.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P A H Grover FRICS

Mr R N F Parsons FNAEA

Mrs N Kennard

Mr M W Gilbert

(Appointed 1 April 2018)

Mrs G Smith

(Appointed 1 April 2018)

Mr A Grover

(Appointed 1 April 2018)

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £21,850. The directors do not recommend payment of a further dividend.

Preference dividends were paid amounting to £9,300. The directors do not recommend payment of a final dividend.

Future developments

The directors anticipate that the group will remain stable and that the state of affairs of the group will continue to be satisfactory.

Auditor

The auditor, Allott Wingham Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

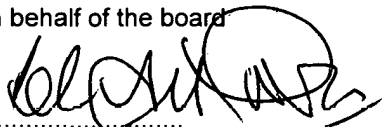
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

On behalf of the board



.....
Mr P A H Grover FRICS
Director

Date: 30/5/2019

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Annual 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 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 group and company, 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;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

Opinion

We have audited the financial statements of Hull Hampshire Estates plc and its subsidiaries (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

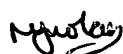
HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

Use of our report

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 an auditor's report 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.



Mark Nolan FCA (Senior Statutory Auditor)
for and on behalf of Alliot Wingham Limited

30/5/19

Chartered Accountants
Statutory Auditor

Kintyre House
70 High Street
Fareham
Hants
PO16 7BB

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	5,892,606	6,116,430
Cost of sales		(3,150,696)	(3,101,282)
Gross profit		2,741,910	3,015,148
Administrative expenses		(2,291,878)	(2,307,871)
Other operating income		-	1,500
Operating profit	4	450,032	708,777
Interest receivable and similar income	7	8,069	53,768
Interest payable and similar expenses	8	(62,793)	(53,837)
Fair value gains and losses on investment properties	13	-	69,548
Profit before taxation		395,308	778,256
Tax on profit	9	(97,055)	(165,172)
Profit for the financial year	27	298,253	613,084

Profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Profit for the year	298,253	613,084
	<u> </u>	<u> </u>
Other comprehensive income		
Revaluation of tangible fixed assets	44,763	-
Other comprehensive income of associates and jointly controlled entities accounted for using the equity method	-	(150)
	<u> </u>	<u> </u>
Other comprehensive income for the year	44,763	(150)
	<u> </u>	<u> </u>
Total comprehensive income for the year	343,016	612,934
	<u> </u>	<u> </u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

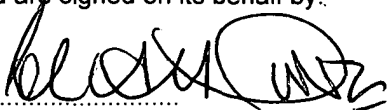
	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Goodwill	11		1,161,348		1,258,770
Tangible assets	12		5,174,417		4,425,205
Investment properties	13		857,652		857,652
Investments	14		27,000		27,000
			<u>7,220,417</u>		<u>6,568,627</u>
Current assets					
Debtors	17	1,352,849		1,130,510	
Cash at bank and in hand		1,021,495		1,167,188	
		<u>2,374,344</u>		<u>2,297,698</u>	
Creditors: amounts falling due within one year	18	(1,915,966)		(1,438,768)	
Net current assets			<u>458,378</u>		<u>858,930</u>
Total assets less current liabilities			<u>7,678,795</u>		<u>7,427,557</u>
Creditors: amounts falling due after more than one year	19		(1,668,361)		(1,728,989)
Provisions for liabilities	22		(54,091)		(54,091)
Net assets			<u><u>5,956,343</u></u>		<u><u>5,644,477</u></u>
Capital and reserves					
Called up share capital	24		136,425		136,425
Share premium account	25		583,577		583,577
Revaluation reserve	26		(320,300)		(365,063)
Profit and loss reserves	27		5,459,263		5,192,160
Equity attributable to owners of the parent company			<u>5,858,965</u>		<u>5,547,099</u>
Non-controlling interests			<u>97,378</u>		<u>97,378</u>
			<u><u>5,956,343</u></u>		<u><u>5,644,477</u></u>

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2018

The financial statements were approved by the board of directors and authorised for issue on 30/5/2019
and are signed on its behalf by:



.....
Mr P A H Grover FRICS
Director

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Investments	14		2,150,107		2,150,107
Current assets					
Debtors	17	1,563,521		636,612	
Cash at bank and in hand		51,705		48,678	
		<u>1,615,226</u>		<u>685,290</u>	
Creditors: amounts falling due within one year	18	(927,572)		(262,228)	
Net current assets			687,654		423,062
Total assets less current liabilities			<u>2,837,761</u>		<u>2,573,169</u>
Creditors: amounts falling due after more than one year	19		(93,000)		(81,000)
Net assets			<u>2,744,761</u>		<u>2,492,169</u>
Capital and reserves					
Called up share capital	24		136,425		136,425
Share premium account	25		583,577		583,577
Profit and loss reserves	27		2,024,759		1,772,167
Total equity			<u>2,744,761</u>		<u>2,492,169</u>

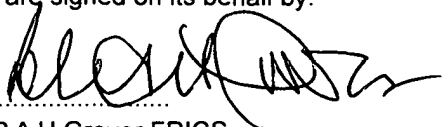
As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £283,742 (2017 - £653,851 loss).

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

COMPANY BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2018

The financial statements were approved by the board of directors and authorised for issue on 30/5/2019
and are signed on its behalf by:



.....
Mr P A H Grover FRICS
Director

Company Registration No. 02249334

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2017		136,425	583,577	(365,063)	4,659,625	5,014,564	97,378	5,111,942
Year ended 31 December 2017:								
Profit and total comprehensive income for the year		-	-	-	613,084	613,084	-	613,084
Dividends	10	-	-	-	(80,549)	(80,549)	-	(80,549)
Balance at 31 December 2017		136,425	583,577	(365,063)	5,192,160	5,547,099	97,378	5,644,477
Year ended 31 December 2018:								
Profit for the year		-	-	-	298,253	298,253	-	298,253
Other comprehensive income:								
Revaluation of tangible fixed assets		-	-	44,763	-	44,763	-	44,763
Total comprehensive income for the year		-	-	44,763	298,253	298,253	-	298,253
Dividends	10	-	-	-	(31,150)	(31,150)	-	(31,150)
Balance at 31 December 2018		136,425	583,577	(320,300)	5,459,263	5,858,965	97,378	5,956,343

Included within the profit and loss reserves is an undistributable investment property revaluation gain of £415,358

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017		136,425	583,577	2,456,567	3,176,569
Year ended 31 December 2017:					
Loss and total comprehensive income for the year		-	-	(653,851)	(653,851)
Dividends	10	-	-	(30,549)	(30,549)
Balance at 31 December 2017		136,425	583,577	1,772,167	2,492,169
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	283,742	283,742
Dividends	10	-	-	(31,150)	(31,150)
Balance at 31 December 2018		136,425	583,577	2,024,759	2,744,761

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	30	1,153,249		798,885	
Interest paid		(62,793)		(53,837)	
Income taxes paid		(148,557)		(120,201)	
Net cash inflow from operating activities		<u>941,899</u>		<u>624,847</u>	
Investing activities					
Purchase of tangible fixed assets		(807,336)		(547,633)	
Proceeds on disposal of tangible fixed assets		5,500		500	
Interest received		8,069		3,768	
Dividends received		-		50,000	
Net cash used in investing activities		<u>(793,767)</u>		<u>(493,365)</u>	
Financing activities					
Repayment of borrowings		(24,000)		(24,000)	
Repayment of bank loans		(279,298)		106,326	
Payment of finance leases obligations		40,623		15,802	
Dividends paid to equity shareholders		(31,150)		(80,549)	
Net cash (used in)/generated from financing activities		<u>(293,825)</u>		<u>17,579</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(145,693)</u>		<u>149,061</u>	
Cash and cash equivalents at beginning of year		1,167,188		1,018,127	
Cash and cash equivalents at end of year		<u><u>1,021,495</u></u>		<u><u>1,167,188</u></u>	

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Hull Hampshire Estates plc and its subsidiaries ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Kintyre House, 70 High Street, Fareham, Hampshire, PO16 7BB.

The group consists of Hull Hampshire Estates plc and its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Hull Hampshire Estates plc and its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents the amounts receivable for goods and services provided to third parties and gross rents receivable from property letting, in the normal course of business and is shown net of VAT and other sales related taxes. Turnover is recognised at the fair value of the consideration received or receivable and takes into account trade discounts and any settlement discounts.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% straight line
Land and buildings Leasehold	5 years straight line
Office equipment	20% and 25% reducing balance
Fixtures and fittings	12% reducing balance
Motor vehicles	25% reducing balance

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

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in profit or loss.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense 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 reporting end date.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Property, Plant and Equipment

Determine whether there are indicators of impairment of the company's property, plant & equipment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Property, Plant and Equipment

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Estate agency services & similar activities	5,769,545	5,968,657
Rents received	123,061	147,773
	<u>5,892,606</u>	<u>6,116,430</u>
	2018 £	2017 £
Other significant revenue		
Interest income	8,069	3,768
Dividends received	-	50,000
	<u></u>	<u></u>

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue (Continued)

	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	5,892,606	6,116,430

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	78,839	94,640
Depreciation of tangible fixed assets held under finance leases	18,801	5,201
(Profit)/loss on disposal of tangible fixed assets	(253)	159
Amortisation of intangible assets	97,422	97,422
Operating lease charges	107,930	167,663

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	1,884	1,884
Audit of the financial statements of the company's subsidiaries	20,853	20,578
	22,737	22,462

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Office and management	12	12	-	-
Sales	112	111	-	-
	124	123	-	-

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	3,158,674	3,135,656	-	-
Social security costs	273,980	264,700	-	-
Pension costs	40,533	38,298	-	-
	<u>3,473,187</u>	<u>3,438,654</u>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	5,557	1,030
Other interest income	2,512	2,738
Total interest revenue	<u>8,069</u>	<u>3,768</u>
Income from fixed asset investments		
Income from shares in group undertakings	-	50,000
Total income	<u>8,069</u>	<u>53,768</u>

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	60,618	53,837
Interest on finance leases and hire purchase contracts	1,678	-
Other interest	497	-
Total finance costs	<u>62,793</u>	<u>53,837</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	102,154	148,584
Adjustments in respect of prior periods	-	(2,762)
Total current tax	<u>102,154</u>	<u>145,822</u>

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation (Continued)

Deferred tax		
Origination and reversal of timing differences	(5,099)	19,350
	<u></u>	<u></u>
Total tax charge	97,055	165,172
	<u></u>	<u></u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	395,308	778,256
	<u></u>	<u></u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.26%)	75,109	149,892
Tax effect of expenses that are not deductible in determining taxable profit	1,723	(11,542)
Change in unrecognised deferred tax assets	(5,099)	19,350
Permanent capital allowances in excess of depreciation	25,322	1,800
Effect of revaluations of investments	-	15,302
Dividend income	-	(9,630)
	<u></u>	<u></u>
Taxation charge	97,055	165,172
	<u></u>	<u></u>

10 Dividends

	2018	2017
	£	£
Interim paid	31,150	30,549
	<u></u>	<u></u>

11 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 January 2018 and 31 December 2018	1,830,436
	<u></u>
Amortisation and impairment	
At 1 January 2018	571,666
Amortisation charged for the year	97,422
	<u></u>
At 31 December 2018	669,088
	<u></u>

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Intangible fixed assets	(Continued)
Carrying amount	
At 31 December 2018	1,161,348
At 31 December 2017	1,258,770

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

12 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2018	4,007,709	15,000	293,522	699,743	393,911	5,409,885
Additions	724,500	-	4,879	18,357	59,600	807,336
Disposals	-	-	-	-	(28,457)	(28,457)
At 31 December 2018	4,732,209	15,000	298,401	718,100	425,054	6,188,764
Depreciation and impairment						
At 1 January 2018	44,763	15,000	214,583	434,319	276,015	984,680
Depreciation charged in the year	-	-	12,744	41,833	43,063	97,640
Eliminated in respect of disposals	-	-	-	-	(23,210)	(23,210)
Revaluation	(44,763)	-	-	-	-	(44,763)
At 31 December 2018	-	15,000	227,327	476,152	295,868	1,014,347
Carrying amount						
At 31 December 2018	4,732,209	-	71,074	241,948	129,186	5,174,417
At 31 December 2017	3,962,946	-	78,939	265,424	117,896	4,425,205

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018 £	2017 £	Company 2018 £	2017 £
Motor vehicles	56,402	15,604	-	-

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Tangible fixed assets

(Continued)

Land and buildings with a carrying amount of £4,732,209 were revalued at the year end by the directors on the basis of market value. The valuation was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Cost	4,647,661	3,923,161	-	-
Accumulated depreciation	(91,240)	(44,763)	-	-
Carrying value	4,556,421	3,878,398	-	-

The revaluation surplus is disclosed in note 26.

13 Investment property

	Group 2018 £	Company 2018 £
Fair value		
At 1 January 2018 and 31 December 2018	857,652	-

Investment property comprises £857,652. The fair value of the investment property has been arrived at on the basis of a valuation carried out at the balance sheet date by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

14 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	15	-	-	2,123,107	2,123,107
Unlisted investments		27,000	27,000	27,000	27,000
		27,000	27,000	2,150,107	2,150,107

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Fixed asset investments (Continued)

Movements in fixed asset investments Group

Investments
other than
loans
£

Cost or valuation

At 1 January 2018 and 31 December 2018

27,000

Carrying amount

At 31 December 2018

27,000

At 31 December 2017

27,000

Movements in fixed asset investments Company

Shares in
group
undertakings

£

Other
investments
other than
loans

£

Total

£

Cost or valuation

At 1 January 2018 and 31 December 2018

2,123,107

27,000

2,150,107

Carrying amount

At 31 December 2018

2,123,107

27,000

2,150,107

At 31 December 2017

2,123,107

27,000

2,150,107

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Hull Hampshire Estate Services Limited	England	Estate agents t/a Field Palmer	Ordinary	100.00	
Pearsons Consultant Surveyors Limited	England	Property surveying	Ordinary		100.00
Pearsons Land and New Homes Limited	England	Sale of land and new homes	Ordinary		100.00
Pearsons Partnerships Limited	England	Administration of franchises	Ordinary		100.00
Pearsons Southern Limited	England	Estate agents	Ordinary	100.00	
Saltmarsh Estate Agents Limited	England	Dormant company	Ordinary		100.00
West End Land Company Limited	England	Ownership of property occupied by group companies	Ordinary	100.00	

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Subsidiaries

(Continued)

The subsidiary undertakings are held directly by the company, with the exception of Pearsons Consultant Surveyors Limited, Pearsons Land and New Homes Limited and Pearsons Partnerships Limited, which are themselves subsidiaries of Pearsons Southern Limited, and Saltmarsh Estate Agents Limited which is a subsidiary of Hull Hampshire Estates Services Limited.

16 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,138,183	924,688	n/a	n/a
Equity instruments measured at cost less impairment	27,000	27,000	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	3,127,423	2,718,729	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

17 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	301,294	269,530	-	-
Corporation tax recoverable	27,417	27,417	27,417	27,417
Amounts owed by group undertakings	-	-	1,518,034	596,223
Amounts owed by undertakings in which the company has a participating interest	732,611	596,223	-	-
Other debtors	104,278	58,935	12,972	12,972
Prepayments and accrued income	182,151	178,405	-	-
	<u>1,347,751</u>	<u>1,130,510</u>	<u>1,558,423</u>	<u>636,612</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 22)	<u>5,098</u>	<u>-</u>	<u>5,098</u>	<u>-</u>
Total debtors	<u>1,352,849</u>	<u>1,130,510</u>	<u>1,563,521</u>	<u>636,612</u>

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

18 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	20	121,568	315,835	-	-
Obligations under finance leases	21	16,521	4,301	-	-
Other borrowings	20	16,000	24,000	-	-
Trade creditors		132,589	166,588	-	-
Amounts owed to undertakings in which the group has a participating interest		72,543	72,543	-	-
Corporation tax payable		102,189	148,593	-	-
Other taxation and social security		354,715	300,435	-	-
Other creditors		961,736	272,939	923,155	257,811
Accruals and deferred income		138,105	133,534	4,417	4,417
		<u>1,915,966</u>	<u>1,438,768</u>	<u>927,572</u>	<u>262,228</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	20	1,532,606	1,617,637	-	-
Obligations under finance leases	21	42,755	14,352	-	-
Other borrowings	20	-	16,000	-	-
Other creditors		93,000	81,000	93,000	81,000
		<u>1,668,361</u>	<u>1,728,989</u>	<u>93,000</u>	<u>81,000</u>

20 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	1,654,174	1,933,472	-	-
Other loans	16,000	40,000	-	-
	<u>1,670,174</u>	<u>1,973,472</u>	<u>-</u>	<u>-</u>
Payable within one year	137,568	339,835	-	-
Payable after one year	1,532,606	1,633,637	-	-

The long-term loans are secured by fixed charges over the investment property and other freehold land and buildings of the group.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 Loans and overdrafts

(Continued)

21 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	16,521	4,301	-	-
In two to five years	42,755	14,352	-	-
	<u>59,276</u>	<u>18,653</u>	<u>-</u>	<u>-</u>

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
Accelerated capital allowances	54,091	78,091	-	-
Tax losses	-	-	5,098	-
Revaluations	-	(24,000)	-	-
	<u>54,091</u>	<u>54,091</u>	<u>5,098</u>	<u>-</u>

Company	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
Tax losses	-	-	5,098	-
	<u>-</u>	<u>-</u>	<u>5,098</u>	<u>-</u>

	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 1 January 2018	54,091	-
Credit to profit or loss	(5,098)	(5,098)
Liability/(asset) at 31 December 2018	<u>48,993</u>	<u>(5,098)</u>

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Deferred taxation

(Continued)

The deferred tax asset set out above will potentially reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to partially reverse within 12 months and relates to accelerated capital allowances that are partly expected to mature within the same period.

23 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	40,533	38,298

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company	
	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
136,425 Ordinary Shares of £1 each	136,425	136,425

Share capital represents the nominal value of issued shares.

25 Share premium account

	Group 2018 £	2017 £	Company 2018 £	2017 £
At beginning and end of year	583,577	583,577	583,577	583,577

The share premium account represents any premiums received on issue of share capital.

26 Revaluation reserve

	Group 2018 £	2017 £	Company 2018 £	2017 £
At beginning of year	(365,063)	(365,063)	-	-
Revaluation surplus arising in the year	44,763	-	-	-
At end of year	(320,300)	(365,063)	-	-

The revaluation reserve represents the revaluation surplus or deficit on any property, plant, equipment or investment that have an accounting policy of revaluation.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

27 Profit and loss reserves

	Group 2018 £	2017 £	Company 2018 £	2017 £
At the beginning of the year	5,192,160	4,659,625	1,772,167	2,456,567
Profit/(loss) for the year	298,253	613,084	283,742	(653,851)
Dividends	(31,150)	(80,549)	(31,150)	(30,549)
At the end of the year	<u>5,459,263</u>	<u>5,192,160</u>	<u>2,024,759</u>	<u>1,772,167</u>

The profit and loss reserve represents all current and prior period retained profit and losses.

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>535,432</u>	<u>513,088</u>

Key management personnel of the group are considered to be the directors of the parent company and the subsidiaries, as these persons have authority and responsibility for planning, directing and controlling activities of the group.

The company has taken advantage of FRS 102.33.1A, "Disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member."

Transactions with related parties

Amounts owing at year end:

Levabond Limited	£ 48,345 (2017: £38,414)
Hull Hampshire Estates & Investments Limited	£484,109 (2017: £484,109)
Pearsons Asset Management Limited	£137,614 (2017: £73,700)
Chesten Properties limited	(£10,000) (2017: (£10,000))

29 Controlling party

The ultimate controlling party is Mr P A H Grover.

HULL HAMPSHIRE ESTATES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

30 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	298,253	613,084
Adjustments for:		
Taxation charged	97,055	165,172
Finance costs	62,793	53,837
Investment income	(8,069)	(53,768)
(Gain)/loss on disposal of tangible fixed assets	(253)	159
Fair value gains and losses on foreign exchange contracts and investment properties	-	(69,548)
Amortisation and impairment of intangible assets	97,422	97,422
Depreciation and impairment of tangible fixed assets	97,640	99,841
Movements in working capital:		
(Increase) in debtors	(217,241)	(80,678)
Increase/(decrease) in creditors	725,649	(26,636)
Cash generated from operations	1,153,249	798,885