

H&H Land and Property Limited

**Directors' report and financial
statements**

Registered number 3780434

30 June 2013

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Directors' report

The Directors present their Directors' report and financial statements for the year ended 30 June 2013

Principal activities

The principal activities of the Company are those of chartered surveyors, land agents, estate agents and valuers

Business review

The results of the business are set out in the profit and loss account on page 6

During the year the company acquired the estate agency trade and certain assets and liabilities of H&H King Limited, a group company as detailed in note 18

Dividends

The Directors do not recommend the payment of a dividend (2012 £nil)

Directors and Directors' interests

The Directors who held office during the financial year and their interests in the shares of the parent Company, H&H Group plc were as follows

	Ordinary shares of £1 each H&H Group plc	
	At 30 June 2013	At 30 June 2012
J Liddle	25	25
TJ Parsons	-	-
JDH Robson	50	50
BE Richardson	504	454
D Quayle	100	100
R Stronach (appointed 1 July 2012)	200	-

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company

According to the register of Directors' interests, no rights to subscribe for shares in or debentures of the Company, or any other Group company, were granted to any of the Directors or their immediate families, or exercised by them, during the financial year

Political and charitable contributions

The Company made no political contributions during the current or prior year. Donations to UK charities amounted to £nil (2012 £nil)

Directors' report *(continued)*

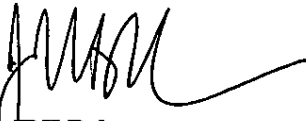
Disclosure of information to Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information

Independent auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board



JDH Robson
Director

Borderway Mart
Rosehill
Carlisle
CA1 2RS

28 November 2013

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and 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, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of H&H Land and Property Limited

We have audited the financial statements of H&H Land and Property Limited for the year ended 30 June 2013 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of H&H Land and Property Limited (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, 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, 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



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

28 November 2013

Profit and Loss Account
for the year ended 30 June 2013

	Note	2013 £	2012 £
Turnover	1	2,447,828	1,684,528
Cost of sales		(254,058)	(162,307)
Gross profit		2,193,770	1,522,221
Administrative expenses		(1,975,925)	(1,383,810)
Operating profit		217,845	138,411
Profit on sale of fixed assets		5,428	6,605
Interest receivable	5	-	7
Profit on ordinary activities before taxation	2-5	223,273	145,023
Tax on profit on ordinary activities	6	(62,575)	(4,104)
Profit for the financial year	13	160,698	140,919

All of the results above derive from continuing activities


The company has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

The transferred business during this period contributed £488,322 to turnover and £49,981 to operating profit for the year

Balance Sheet
at 30 June 2013

	<i>Note</i>	2013		2012	
		£	£	£	£
Fixed assets					
Intangible assets	7		75,763		61,589
Tangible assets	8		219,837		137,710
			<hr/>		<hr/>
			295,600		199,299
Current assets					
Stocks	9	440,268		331,011	
Debtors	10	654,062		529,675	
Cash at bank and in hand		203,556		64,384	
		<hr/>		<hr/>	
Creditors' amounts falling due within one year	11	1,297,886 (620,150)		925,070 (311,731)	
		<hr/>		<hr/>	
Net current assets			677,736		613,339
			<hr/>		<hr/>
Net assets			973,336		812,638
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		973,236		812,538
			<hr/>		<hr/>
Shareholders' funds			973,336		812,638
			<hr/>		<hr/>

These financial statements were approved by the Board of Directors on 28 November 2013 and were signed on its behalf by


JDH Robson
Director

Registered number 3780434

Reconciliation of Movements in Shareholders' Funds
for the year ended 30 June 2013

	2013 £	2012 £
Profit for the financial year	160,698	140,919
Net addition to shareholders' funds	160,698	140,919
Opening shareholders' funds	812,638	671,719
Closing shareholders' funds	973,336	812,638

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of H&H Group plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties) The consolidated financial statements of H&H Group plc, within which this Company is included, can be obtained from the address given in note 17

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life which is a period of fifteen years based on the minimum period the Directors believe the Company will benefit from these investments

Tangible fixed assets and depreciation

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

Leasehold improvements	-	5 years (straight line)
Motor vehicles	-	4 years (straight line)
Fixtures and fittings	-	15% (reducing balance)
Computer equipment	-	3 years (straight line)
Computer software	-	5 years (straight line)

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Post-retirement benefits

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

The Company also participates in a group wide pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the Group The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Stocks

Stocks are stated at the lower of cost and net realisable value Work in progress represents unbilled work stated at cost plus attributable overheads

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit 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 is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation purposes and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. The turnover and profit are attributable to the principal activities of the Company, and is earned entirely within the United Kingdom

Client monies

The company is required to hold monies on behalf of its clients. These are held in separate bank accounts. They have been excluded from the cash at bank and in hand balance and offset against the corresponding creditor balance

Business Transfers

Transfer of businesses from fellow group companies are accounted for at book value

Notes (continued)

2 Notes to the profit and loss account

	2013 £	2012 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting).</i>		
Depreciation – owned assets	75,315	43,754
Amortisation of goodwill	41,660	25,431
Profit on disposal of fixed assets	(5,428)	(6,605)
Hire of assets – operating leases	77,945	18,476
	<hr/>	<hr/>
<i>Auditors' remuneration</i>		
Audit of these financial statements	3,396	1,200
	<hr/>	<hr/>

3 Remuneration of directors

	2013 £	2012 £
Directors' emoluments	279,112	259,081
Contributions to money purchase pension schemes	10,940	10,004
	<hr/>	<hr/>
	290,052	269,085
	<hr/>	<hr/>

The emoluments of the highest paid director were £93,027 (2012 £90,826) and company pension contributions of £4,980 (2012 £5,043) were made to money purchase pension schemes on his behalf

Five Directors (2012 four) had benefits accruing under the Group's money purchase pension scheme

4 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows

	Number of employees	
	2013	2012
Management	6	4
Professional	15	12
Sales	4	-
Administration	15	12
	<hr/>	<hr/>
	40	28
	<hr/>	<hr/>

In addition, 2 (2012 1) part-time staff were employed

The aggregate payroll costs of these persons were as follows

	2013 £	2012 £
Wages and salaries	1,146,824	822,911
Social security costs	119,527	87,295
Other pension costs (note 16)	35,439	28,844
	<hr/>	<hr/>
	1,301,790	939,050
	<hr/>	<hr/>

Notes (continued)

5 Interest receivable

	2013 £	2012 £
Bank interest	-	7

6 Taxation

Analysis of charge in year

	2013 £	2012 £
<i>UK corporation tax</i>		
Current tax on income for the year	62,575	6,667
Adjustment in respect of prior year	-	(1)
Total current tax	62,575	6,666
<i>Deferred tax</i>		
Origination/reversal of timing differences	-	(2,562)
Tax on profit on ordinary activities	62,575	4,104

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2012 lower) than the standard rate of corporation tax for small companies in the UK 23.75% (2012 20%). The differences are explained below

	2013 £	2012 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	223,273	145,023
Current tax at 23.75% (2012 20%)	53,030	29,005
<i>Effects of</i>		
Expenses not deductible for tax purposes	372	4,773
Capital allowances for year less than/(in excess of) depreciation	9,173	642
Utilisation of Group relief for no consideration	-	(27,753)
Adjustment in respect of prior year	-	(1)
Total current tax (see above)	62,575	6,666

Factors that may affect future tax charges

The Company has no unutilised trading losses to carry forward (2012 £nil)

The 2013 Budget on 21 March 2013 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2013) was substantively enacted on 5 July 2012, and a further reduction to 24% (effective from 1 April 2013) was substantively enacted on 26 March 2013. This will reduce the company's future current tax charge accordingly.

Notes (continued)

7 Intangible fixed assets

	Goodwill £
<i>Cost</i>	
At beginning of year	343,876
Additions	25,000
Acquired on transfer of business (note 18)	230,991
	<u>599,867</u>
<i>Amortisation</i>	
At beginning of year	282,287
Acquired on transfer of business (note 18)	200,157
Charge for year	41,660
	<u>524,104</u>
<i>Net book value</i>	
At 30 June 2013	<u>75,763</u>
At 30 June 2012	<u>61,589</u>

8 Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Computer equipment £	Total £
<i>Cost</i>					
At beginning of year	11,426	80,914	35,954	106,297	234,591
Acquired on transfer of business	26,774	21,986	19,639	28,819	97,218
Additions	29,269	47,028	40,790	26,652	143,739
Disposals	(4,759)	(38,892)	(7,612)	(1,294)	(52,557)
	<u>62,710</u>	<u>111,036</u>	<u>88,771</u>	<u>160,474</u>	<u>422,991</u>
<i>Depreciation</i>					
At beginning of year	3,834	23,275	6,987	62,785	96,881
Acquired on transfer of business	23,878	15,366	14,048	17,758	71,050
Charge for year	9,408	29,242	12,931	23,734	75,315
On disposals	(3,782)	(31,449)	(3,567)	(1,294)	(40,092)
	<u>33,338</u>	<u>36,434</u>	<u>30,399</u>	<u>102,983</u>	<u>203,154</u>
<i>Net book value</i>					
At 30 June 2013	<u>29,372</u>	<u>74,602</u>	<u>58,372</u>	<u>57,491</u>	<u>219,837</u>
At 30 June 2012	<u>7,592</u>	<u>57,639</u>	<u>28,967</u>	<u>43,512</u>	<u>137,710</u>

During the year the goodwill arising on the acquisition of Miles MacInnes Limited was revalued to take account of revised expectations in respect of deferred consideration

Notes (continued)

9 Stocks

	2013 £	2012 £
Work in progress	440,268	331,011

10 Debtors

	2013 £	2012 £
Trade debtors	564,412	465,810
Other debtors	89,650	63,865
	654,062	529,675

11 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	-	29
Amounts owed to Group undertakings	327,220	141,692
Other creditors	95,874	48,115
Corporation tax	62,575	6,667
VAT payable	134,481	115,228
	620,150	311,731

At 30 June 2013 the company was holding £657,777 (2012 £303,849) on behalf of its clients. This cash balance has been excluded from the cash at bank and in hand balance, and has been offset against the associated creditor balance.

12 Called up share capital

	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100

Notes (continued)

13 Profit and loss account

	2013 £	2012 £
At beginning of year	812,538	671,619
Profit for the year	160,698	140,919
At end of year	<u>973,236</u>	<u>812,538</u>

14 Commitments

The Company had no contracted capital commitments at the end of the current or prior year

The Company has no annual commitments relating to operating leases in respect of office equipment (2012 £nil)

The company has annual commitments relating to rental leases in respect of property which expire after five years totalling £24,191 (2012 £21,617) and expiring between one to five years totalling £68,600 (2012 £nil)

15 Contingent liabilities

At 30 June 2013 the Company was party to a Group composite banking arrangement under which overdrafts and cash balances can be offset. The company and its fellow group undertakings have cross guarantee arrangements in connection with bank facilities. The total Group liability under these arrangements at 30 June 2013 amounted to £16,078,000 (2012 £17,360,000). This includes £10,800,000 (2012 £13,250,000) in respect of Money Market Loans that are also secured by charges over certain of the Group's freehold property and finance assets.

16 Pension scheme

All employees are eligible to join the Group pension schemes. The Group operates a funded defined benefit scheme which became paid up with effect from 28 February 2001, i.e. members are earning no further benefits. Details of the scheme are disclosed in the financial statements of H & H Group plc.

As the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme. No contributions have been made in the year (2012 £nil).

The latest full actuarial valuation was carried out at 30 June 2010 and was updated for FRS 17 purposes to 30 June 2013 by a qualified independent actuary. The deficit at the year end before deferred tax is £550,000 (2012 £150,000).

The Group also operates a Group personal pension scheme and a stakeholder pension scheme. Charges for these schemes in the accounts for the year relate to contributions made during the year, and amounted to £35,439 (2012 £28,844). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

17 Ultimate parent company

The Company is a subsidiary undertaking of, and is controlled by, H&H Group plc, incorporated in England and Wales. Results of the Company are consolidated only in the accounts of H&H Group plc. Consolidated accounts of H&H Group plc are available from the Group at Borderway Mart, Rosehill, Carlisle, CA1 2RS.

Notes (continued)

18 Business transfer

During the year the company acquired the estate agency trade and certain assets and liabilities of H&H King Limited, a group company as follows

	Book value £
Fixed assets	
Intangible assets	30,834
Tangible assets	26,168
Current assets	
Debtors	42,121
Cash at bank and in hand	68,618
Total assets	<u>167,741</u>
Liabilities	
Creditors falling due within one year	(128,830)
Total liabilities	<u>(128,830)</u>
Net assets transferred	<u><u>38,911</u></u>

The purchase consideration of £38,911 was settled through inter-company balances

During the year turnover of £488,322 was generated from the transferred business and an operating profit of £49,981