

**REGISTERED NUMBER: 03570861 (England and Wales)**

**NORTHWOOD GB LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**



PricewaterhouseCoopers LLP  
Chartered Accountants  
Statutory Auditors  
Donington Court  
Pegasus Business Park  
Herald Way  
East Midlands  
DE74 2UZ

**NORTHWOOD GB LIMITED**

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**For The Period Ended 31 December 2016**

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**NORTHWOOD GB LIMITED**  
**COMPANY INFORMATION**  
**For The Period Ended 31 December 2016**

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**DIRECTORS:** G M Goodson  
D Gonsalves  
L J George  
W Walker

**SECRETARY:** L J George

**REGISTERED OFFICE:** The Old Courthouse  
60a London Road  
Grantham  
Lincolnshire  
NG31 6HR

**REGISTERED NUMBER:** 03570861 (England and Wales)

**INDEPENDENT AUDITORS:** PricewaterhouseCoopers LLP  
Chartered Accountants  
Statutory Auditors  
Donington Court  
Pegasus Business Park  
Herald Way  
East Midlands  
DE74 2UZ

**NORTHWOOD GB LIMITED**  
**STRATEGIC REPORT**  
**For The Period Ended 31 December 2016**

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The directors present their strategic report for the 7 months ended 31 December 2016.

**PRINCIPAL ACTIVITY**

Northwood GB Limited offers specialist residential lettings and estate agency services across the UK.

The principal activity of the company in the period under review was that of selling, supporting and training residential property franchises.

**FUTURE DEVELOPMENTS**

The Board continues to deliver growth through the support of the network to promote organic growth, recruitment of new franchise owners and the financial support of franchisee-led acquisitions.

**GENERAL INFORMATION**

The company is a private company, limited by shares, incorporated and domiciled in the UK, registered in England, and is a 100% subsidiary of Belvoir Lettings plc.

**REGISTERED OFFICE**

The address of the registered office and principal place of business of the Company is The Old Courthouse, 60a London Road, Grantham, Lincolnshire, NG31 6HR.

**REVIEW OF BUSINESS**

The Company's results are shown in the Statement of Comprehensive Income on page 8 and the Statement of Financial Position on page 9, showing a profit for 7 months to 31 December 2016 of £32,452 (Financial year to 31 May 2016 £363,722)

**KEY PERFORMANCE INDICATORS**

Due to the size of the business, the directors do not consider it necessary to disclose key performance indicators.

**FINANCIAL AND RISK MANAGEMENT**

The directors consider that the risks set out below are the most significant risks in achieving the company's business goals. There could be additional risks and uncertainties which are not currently known to management or currently deemed to be less material, which may also have an adverse effect on the business.

- i. Ability to generate planned revenue and growth profit - There is no certainty that the Company will expand its share of the residential property market as this depends on current market conditions. The risks are mitigated by the directors constantly monitoring the market and supporting the key staff members providing advice, training and support in order to improve performance.
- ii. Legislative changes – The recent tax changes on interest relief against buy-to-let mortgages and higher stamp duty on second homes have cooled BTL landlord activity in the market. Furthermore, the introduction of a ban on tenant fees in 2018 following a year of consultation has lead to uncertainty for both existing and potential new franchise owners.  
The directors are focused on supporting the company in expanding their service offering:
  - Property sales still represent a viable new revenue stream.
  - A drive to engage the company on the upsale possibilities in the financial services sector including the commission on insurances, conveyancing and mortgages.
- iii. Local acquisitions to expand lettings portfolios.

In addition the directors have set out policies, as below, that seek to reduce financial risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

**Credit risk**

Credit risk is the risk of financial loss to the Company if a franchise owners or counterparty to a financial instrument fails to meet its contractual obligations. It is the Company's policy to assess the credit risk of new franchisees before entering contracts.

**NORTHWOOD GB LIMITED**  
**STRATEGIC REPORT (continued)**  
**For The Period Ended 31 December 2016**

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**FINANCIAL AND RISK MANAGEMENT POLICIES (continued)**

The credit risk for liquid funds and other short-term financial assets is considered small. The substantial majority of these assets are deposited with NatWest.

**Liquidity risk**

Liquidity risk arises from the Company's management of working capital and is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the forecast cash inflows and outflows are monitored on a Group-wide monthly basis by Board of the ultimate parent company, Belvoir Lettings plc.

**ON BEHALF OF THE BOARD:**

  
.....  
L J George - Director

Date: 19 September 2017

**NORTHWOOD GB LIMITED**  
**REPORT OF THE DIRECTORS**  
**For The Period Ended 31 December 2016**

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The directors present their report with the audited financial statements of the company for the 7 months ended 31 December 2016.

**DIVIDENDS**

An interim dividend of £Nil was paid in the period to 31 December 2016 (31 May 2016: £262,000). The directors have not proposed a dividend for the 7 months ended 31 December 2016 (31 May 2016: £Nil).

**DIRECTORS**

G M Goodson and W Walker held office during the whole period from 1 June 2016 to the date of this report.

The directors shown below held office from 1 June 2016 and resigned during the period reported on, as follows;

P A Gee	-	Resigned 8 June 2016
N M Harris	-	Resigned 8 June 2016
V L Alexander	-	Resigned 8 June 2016
A D Goodson	-	Resigned 8 June 2016

Directors appointed to office during the period;

D Gonsalves	-	Appointed 8 June 2016
L J George	-	Appointed 8 June 2016

**GOING CONCERN**

After consideration of forecasts and making appropriate enquiries and given the ongoing support of the ultimate parent company, Belvoir Lettings plc, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence. For this reason, they continue to adopt the going concern basis in preparing the financial statements. There are no material uncertainties, of which the directors are aware, that may cast doubt on the entity's ability to continue as a going concern by reference to the guidance by the Financial Reporting Council on going concern assessment.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial 7 month period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

**NORTHWOOD GB LIMITED**  
**REPORT OF THE DIRECTORS (continued)**  
**For The Period Ended 31 December 2016**

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**DIRECTORS' INDEMNITIES**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its directors.

**EMPLOYEES**

The Company believes in a policy of equal opportunities. Recruitment and promotion are undertaken on the basis of merit regardless of gender, race, age, marital status, sexual orientation, religion, nationality, colour or disability. If an employee becomes disabled during the course of their employment, adjustments are made where possible to enable such employee to carry on working despite their disability.

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**


In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**INDEPENDENT AUDITORS**

During the period the directors appointed PricewaterhouseCoopers LLP as auditors and a resolution will be proposed for their re-appointment at the forthcoming Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**

  
.....  
L J George - Director

Date: 19 September 2017

**NORTHWOOD GB LIMITED  
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NORTHWOOD GB LIMITED**

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## **Report on the financial statements**

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### **Our opinion**

In our opinion, Northwood GB Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the 7 month period (the "period") 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.
- 

### **What we have audited**

The financial statements, included within the Strategic Report, Report of the Directors and audited financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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.

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## **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

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**NORTHWOOD GB LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**NORTHWOOD GB LIMITED - continued**

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

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### **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**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ("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.

### **What an audit of financial statements involves**

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

**NORTHWOOD GB LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**NORTHWOOD GB LIMITED - continued**

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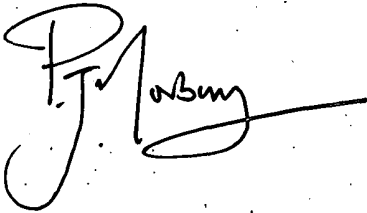
In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired 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. With respect to the Strategic Report and Report of the Directors, we consider whether those reports include the disclosures required by applicable legal requirements.

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**Other matter**

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The financial statements for the year ended 31 May 2016 forming the corresponding figures of the financial statements for the period ended 31 December 2016, are unaudited.



Paul Norbury (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands  
19 September 2017

**NORTHWOOD GB LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For The Period Ended 31 December 2016**

		<b>7 Months to 31 Dec 2016</b>	<b>(Unaudited) Year to 31 May 2016</b>
	Notes	£	£
Revenue	2	<b>1,609,138</b>	2,960,468
Cost of Sales		<b>(56,180)</b>	(290,182)
<b>Gross Profit</b>		<b>1,552,958</b>	2,670,286
Administrative expenses		<b>(1,510,397)</b>	(2,132,828)
<b>OPERATING PROFIT</b>	4	<b>42,561</b>	537,458
Interest receivable		-	4
<b>PROFIT BEFORE TAXATION</b>		<b>42,561</b>	537,462
Income tax expense	5	<b>(10,109)</b>	(173,740)
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD/YEAR AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL PERIOD/YEAR</b>		<b>32,452</b>	363,722

The notes on pages 12 to 23 form part of these financial statements

**NORTHWOOD GB LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2016**

	Notes	31 Dec 2016 £	(Unaudited) 31 May 2016 £
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible assets	6	134,627	156,676
Investments	7	-	125,278
Intangible assets	8	54,920	88,365
		<u>189,547</u>	<u>370,319</u>
<b>CURRENT ASSETS</b>			
Stocks		16,348	25,156
Debtors	9	391,225	507,990
Cash and cash equivalents	10	630,242	220,587
		<u>1,037,815</u>	<u>753,733</u>
<b>TOTAL ASSETS</b>		<u>1,227,362</u>	<u>1,124,052</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liability	11	24,661	34,086
		<u>24,661</u>	<u>34,086</u>
<b>CURRENT LIABILITIES</b>			
Creditors – Amounts falling due within one year	12	691,807	671,549
		<u>691,807</u>	<u>671,549</u>
<b>TOTAL LIABILITIES</b>		<u>716,468</u>	<u>705,635</u>
<b>NET ASSETS</b>		<u>510,894</u>	<u>418,417</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	13	871	800
Share premium account		59,954	-
Profit and loss account		450,069	417,617
<b>SHAREHOLDERS' FUNDS</b>		<u>510,894</u>	<u>418,417</u>

The financial statements on pages 9 to 23 were approved by the Board of Directors on 19 September 2017 and were signed on its behalf by:

  
 L J George, Director

The notes on pages 12 to 23 form part of these financial statements

**NORTHWOOD GB LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**For The Period Ended 31 December 2016**

	Called up share capital £	Share Premium £	Profit and loss account £	Total Shareholders' funds/(deficit) £
Balance at 31 May 2015 (Unaudited)	82	-	383,393	383,475
<b>Changes in equity</b>				
Dividends	-	-	(262,000)	(262,000)
Share reorganisation	718	-	-	718
Purchase of own shares	-	-	(67,498)	(67,498)
Transactions with owners	718	-	(329,498)	(328,780)
Loss and total comprehensive expense for the financial year	-	-	363,722	363,722
<b>Balance at 31 May 2016 (unaudited)</b>	<b>800</b>	<b>-</b>	<b>417,617</b>	<b>418,417</b>
<b>Changes in equity</b>				
Share Option Exercise	71	59,954	-	60,025
Transactions with owners	71	59,954	-	60,025
Profit and total comprehensive income for the financial period	-	-	32,452	32,452
<b>Balance at 31 December 2016</b>	<b>871</b>	<b>59,954</b>	<b>450,069</b>	<b>510,894</b>

The notes on pages 12 to 23 form part of these financial statements

## NORTHWOOD GB LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For The Period Ended 31 December 2016

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#### 1. ACCOUNTING POLICIES

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

The financial statements of Northwood GB Limited have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, as applicable to companies using FRS101.

The principal accounting policies, which have been applied consistently throughout the period, are set out below.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, Financial instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) Paragraph 79(a) (iv) of IAS 1;
  - (ii) Paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) Paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f), (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements).
  - 38B-D (additional comparative information)
  - 40A-D (requirements for a third statement of financial position)
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statements of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, change in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

##### **Going concern**

The directors have prepared the financial statements on the going concern basis given the ongoing support of the ultimate parent company Belvoir Lettings plc.

##### **Standards, amendments and interpretations to existing standards that are not yet effective**

The directors anticipate that the adoption of those standards and interpretations which, at the date of authorisation of these financial statements, were in issue but not yet effective will have little or no impact on the financial statements when they come into effect.

##### **First time adoption of FRS 101**

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.

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## **NORTHWOOD GB LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - continued** **For The Period Period Ended 31 December 2016**

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#### **1. ACCOUNTING POLICIES - continued**

##### **Revenue recognition**

Revenue represents income from the sale of franchise licences (initial franchise fees), management service fees ("MSF"), provision of training, and ongoing support of the franchisees. MSF are invoices to individual franchisees on a monthly basis in relation to a percentage of their turnover for any given month. They are recognised at the point of invoice.

Initial franchise fees are recognised upon signing of the contract as it is at this point that the new franchisee has a legal obligation to make good the terms of the contract. The initial fees are for the use of the brand along with initial training and support and promotion during the opening phase of the new office. As such the company regard this as a separate initial transaction for which they have fulfilled their obligations.

##### **Property, plant and equipment**

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Short Leasehold Property - 10% straight line on cost

Office Equipment - 25% to 33% straight-line on cost

Material residual value estimates and expected useful lives are updated as required but at least annually.

##### **Investments**

Investments are stated at cost, net of any provision for impairment.

##### **Intangible assets**

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Company of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Company. Amortisation charges are included as adjusting items in operating costs in the Statement of Comprehensive Income.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Development expenditure – 25% straight line on cost

##### **Taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

##### **Pension costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

**NORTHWOOD GB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Period Ended 31 December 2016**

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**1. ACCOUNTING POLICIES - continued**

**Operating lease commitments**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

**Administrative expenses**

Administrative expenses are recognised when goods and services are utilised or at the date of their origin.

**Significant judgements and key sources of estimation uncertainty**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**a) Initial recognition and useful lives of intangible assets**

The fair value of customer contracts is recognised on each individual acquisition and requires the exercise of management judgement in each case. Customer contracts are amortised over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue and are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the Statement of Comprehensive Income in specific periods.

Further details of amortisation policies are given on page 12 and the movement on intangible assets is presented in note 9.

**b) Useful lives of property, plant and equipment**

Property, plant and equipment are depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of comprehensive income in specific periods.

Further details of depreciation policies are given on page 12 and the movement on fixed assets is presented in note 7.

**c) Revenue recognition**

Initial franchise fees are recognised upon signing of the contract as it is at this point the new franchisee has a legal obligation to make good the terms of the contract. The initial fees are for the use of the brand along with the initial training and support and promotion of the new office. The directors therefore believe that the benefits are transferred upon the signing of the contract and so revenue is recognised at this point. Future benefits from the contract are dealt with in the monthly Management Service Fee which is spread across the term of the franchise agreement.

Revenue from fees in the estate agency business is recognised by reference to the legal exchange date of the housing transaction as the Company has fulfilled all obligations at that point. The directors therefore believe this to be appropriate as the contract has completed with a property being transferred to a new owner and therefore revenue is recognised at this point.



# NORTHWOOD GB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued For The Period Ended 31 December 2016

### 2. REVENUE

The Board as the chief operating decision maker reviews financial information for and makes decisions about the company's overall franchising business, and has identified a single operating segment, that of property sales & lettings franchising. Management do not report on a geographical basis and no customers represent greater than 10% of total revenue in any of the periods reported.

The segmental information is, therefore, the same as that set out in the statement of comprehensive income. The directors do not consider the presentation of gross profit within the statement of comprehensive income to reflect a true position of the Company's activities and core operations, which is that of a property sales & letting franchisor. Therefore, the directors disclose operating profit as the key performance measure. The reported segment is consistent with the Company's internal reporting for performance measurement and resources allocation.

The directors believe there to be two material income streams which are split as follows:

	<b>7 months to 31 December 2016 £</b>	(Unaudited) Year to 31 May 2016 £
Management Service Fees	<b>1,494,539</b>	2,472,762
Initial fees and other income	<b>26,437</b>	113,775
Other Income	<b>88,162</b>	373,931
	<b><u>1,609,138</u></b>	<u>2,960,468</u>

### 3. EMPLOYEES AND DIRECTORS

	<b>7 months to 31 December 2016 £</b>	(Unaudited) Year to 31 May 2016 £
Wages and salaries	<b>562,607</b>	986,055
Social security costs	<b>63,204</b>	113,056
Other pension costs	<b>240</b>	1,640
	<b><u>626,051</u></b>	<u>1,100,751</u>

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

	<b>7 months to 31 December 2016 No.</b>	(Unaudited) Year to 31 May 2016 No.
Management and administration	<b><u>22</u></b>	<u>22</u>

**NORTHWOOD GB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Period Ended 31 December 2016**

**3. EMPLOYEES AND DIRECTORS – continued**

Key management personnel are defined as directors of the company. Details of the remuneration of the key management personnel are shown below.

	<b>7 months to 31 December 2016</b>	<b>(Unaudited) Year to 31 May 2016</b>
	£	£
Short term employee benefits		
Salaries including bonuses and benefits in kind	<b>111,170</b>	309,453
Social security costs	<b>9,657</b>	38,413
	<b><u>120,827</u></b>	<b><u>347,866</u></b>

**4. OPERATING PROFIT**

Operating profit is stated after charging:

	<b>7 months to 31 December 2016</b>	<b>(Unaudited) Year to 31 May 2016</b>
	£	£
Depreciation - owned assets	<b>22,123</b>	37,867
Audit fees	<b>5,000</b>	5,000
Amortisation	<b>33,445</b>	53,470
Impairment of trade receivables	<b>7,557</b>	145,201
Operating lease expenditure	<b><u>76,600</u></b>	<b><u>100,991</u></b>

Audit fees are borne by the Company's parent company Belvoir Lettings plc.

**NORTHWOOD GB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Period Ended 31 December 2016**

**5. INCOME TAX EXPENSE**

**Analysis of tax expense**

	<b>7 months to 31 December 2016</b>	<b>(Unaudited) Year to 31 May 2016</b>
	<b>£</b>	<b>£</b>
Current tax	<b>19,533</b>	158,584
Deferred tax	<b>(9,424)</b>	15,156
	<hr/>	<hr/>
Tax on profit	<b><u>10,109</u></b>	<b><u>173,740</u></b>

**Factors affecting the tax expense**

The tax assessed for the 7 month period to 31 Dec 2016 is higher (Year to 31 May 2016 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>7 months to 31 December 2016</b>	<b>(Unaudited) Year to 31 May 2016</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before income tax	<b><u>42,561</u></b>	<b><u>537,462</u></b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.00% (31 May 2016 – 20.00%)	<b>8,512</b>	107,492
Effects of:		
Expenses not deductible for tax purposes	<b>2,013</b>	33,833
Remeasurement of deferred tax change in UK rate	<b>(1,317)</b>	32,415
Impact in difference in current and deferred tax rate	<b>901</b>	-
	<hr/>	<hr/>
Income tax expense	<b><u>10,109</u></b>	<b><u>173,740</u></b>

**NORTHWOOD GB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the Period Ended 31 December 2016**

**6. TANGIBLE ASSETS**

	<b>Short Leasehold £</b>	<b>Office Equipment £</b>	<b>Totals £</b>
<b>COST</b>			
At 31 May 2016 (unaudited)	34,619	321,717	356,336
Additions	-	74	74
At 31 December 2016	<u>34,619</u>	<u>321,791</u>	<u>356,410</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 31 May 2016 (unaudited)	28,894	170,766	199,660
Charge for the period	2,019	20,104	22,123
At 31 December 2016	<u>30,913</u>	<u>190,870</u>	<u>221,783</u>
<b>NET BOOK VALUE</b>			
At 31 December 2016	<u>3,706</u>	<u>130,921</u>	<u>134,627</u>
At 31 May 2016 (unaudited)	<u>5,725</u>	<u>150,951</u>	<u>156,676</u>

**7. INVESTMENTS**

	<b>Total £</b>
<b>COST</b>	
At 31 May 2016 (unaudited)	<b>125,278</b>
Disposals	<b>(125,278)</b>
At 31 December 2016	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>-</u>
At 31 May 2016	<u><b>125,278</b></u>

Northwood (Bolton) Limited was disposed of during the current period.

**NORTHWOOD GB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For the Period Ended 31 December 2016**

**8. INTANGIBLE ASSETS**

**Software  
Cost  
£**

**COST**

At 31 May 2016 (Unaudited)

229,335

At 31 December 2016

229,335

**ACCUMULATED AMORTISATION**

At 31 May 2016 (Unaudited)

140,970

Amortisation for the period

33,445

At 31 December 2016

174,415

**NET BOOK VALUE**

At 31 December 2016

54,920

At 31 May 2016 (Unaudited)

88,365

**9. DEBTORS**

(Unaudited)

**31 December  
2016**

£

31 May  
2016

£

Current:

Trade debtors

268,127

304,407

Director's current accounts

3,688

64,188

Other debtors

119,410

139,395

391,225

507,990

Trade debtors are stated net of bad debt provisions of £357,890 (31 May 2016 - £432,906). No provisions have been made against director's current accounts or other debtors.

**NORTHWOOD GB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
For the Period Ended 31 December 2016

**9. DEBTORS - continued**

**Ageing of trade receivables**

Some of the unimpaired trade debtors are past due at the reporting date. Information on financial assets past due but not impaired are as follows:

	<b>31 December 2016</b>	(Unaudited) 31 May 2016 £
Of which:		
Not due	<b>243,833</b>	282,364
Not more than three months	<b>18,368</b>	22,043
Between three and six months	<b>5,926</b>	-
	<u><b>268,127</b></u>	<u>304,407</u>

**10. CASH AND CASH EQUIVALENTS**

	<b>31 December 2016 £</b>	(Unaudited) 31 May 2016 £
Cash in hand	<b>504</b>	1,774
Bank accounts	<b>629,738</b>	218,813
	<u><b>630,242</b></u>	<u>220,587</u>

**11. DEFERRED TAX LIABILITY**

	<b>31 December 2016 £</b>	(Unaudited) 31 May 2016 £
Balance at 1 June	<b>34,086</b>	18,930
Current year movement	<b>(8,108)</b>	15,156
Movement as a result of rate change	<b>(1,317)</b>	-
	<u><b>24,661</b></u>	<u>34,086</u>
Balance at 31 December	<b>24,661</b>	34,086
Deferred taxation has been provided as follows:		
Accelerated capital allowances	<u><b>24,661</b></u>	<u>34,086</u>

Amounts provided in respect of deferred tax are computed at 17% (May 2016: 18%).

**NORTHWOOD GB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Period Ended 31 December 2016**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 December</b>	(Unaudited)
	<b>2016</b>	31 May
	<b>£</b>	2016
		<b>£</b>
Current:		
Trade creditors	<b>30,003</b>	15,220
Taxation and Social security	<b>613,152</b>	256,908
Accruals	<b>37,486</b>	112,508
Other Creditors	<b>11,166</b>	286,913
	<b><u>691,807</u></b>	<b><u>671,549</u></b>

**13. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal	<b>31 December</b>	(Unaudited)
			<b>2016</b>	31 May
			<b>£</b>	2016
		value:		<b>£</b>
60,000 (31 May 16:60,000)	Ordinary A	£0.01	<b>600</b>	600
20,000 (31 May 16:20,000)	Ordinary B	£0.01	<b>200</b>	200
7,112 (31 May 16:Nil)	Ordinary C	£0.01	<b>71</b>	-
			<b><u>871</u></b>	<b><u>800</u></b>

All classes of shares have attached to them full voting and capital distribution (including winding up) rights. The ordinary A shares have the right to the first £150,000 worth of dividends before a dividend can be declared on the B and C classes of shares.

**NORTHWOOD GB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Period Ended 31 December 2016**

**14. DIVIDENDS PAID**

	<b>31 December 2016</b>	(Unaudited) 31 May 2016
	£	£
Ordinary shares of £0.01	-	262,000

	<b>Dividend</b>	Dividend per share
	£	
31 December 2016	£	
Ordinary shares of £0.01	-	-

	<b>Dividend</b>	Dividend per share
	£	£
31 May 2016	£	£
Ordinary shares of £0.01	<b>262,000</b>	3.275

At the time of payment of each dividend, the directors reviewed the financial performance and position of the company in order to satisfy themselves that there were sufficient distributable reserves at the time of distribution of the above dividends.

The directors recommend that no final dividend be paid.

**15. OPERATING LEASE CONTRACTS**

	<b>31 December 2016</b>	(Unaudited) 31 May 2016
	£	£
Minimum operating lease commitments falling due:		
Within one year:		
Land and property	<b>47,500</b>	47,500
Motor vehicles	<b>44,132</b>	43,904
Other	<b>5,534</b>	3,681
	<b>97,166</b>	95,085
Between one and five years		
Land and property	<b>75,208</b>	95,000
Motor vehicles	<b>22,213</b>	39,699
Other	<b>14,618</b>	8,096
	<b>112,039</b>	142,795



**NORTHWOOD GB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Period Ended 31 December 2016**

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**16. RELATED PARTY DISCLOSURES**

During the period/year, total dividends of £Nil (for the year ended 31 May 2016 - £262,000) were paid to directors.

As at 31 December 2016 the directors' loan accounts were overdrawn totalling £3,688 (31 May 2016: 64,188);

	<b>31 December 2016 £</b>	<b>(Unaudited) 31 May 2016 £</b>
E Walker	<b>3,479</b>	25,961
G Goodson	<b>209</b>	712
V Alexander	-	15,006
P Gee	-	15,006
N M Harris	-	7,503
	<b><u>3,688</u></b>	<b><u>64,188</u></b>

**17. CONTROLLING PARTIES**

On 7 June 2016 the Company was acquired by Belvoir Lettings plc. Subsequent to this date the ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Belvoir Lettings plc. Copies of the Belvoir Lettings plc consolidated financial statements can be obtained from the Company Secretary at The Old Courthouse, 60a London Road, Grantham, NG31 8ST.