DIRECT VALUATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

DIRECT VALUATIONS LIMITED

COMPANY INFORMATION

Directors	C Hickling (resigned 16 September 2015) C Anderton (appointed 16 September 2015) P Gratton S Jackson (appointed 16 September 2015) G Brewster (resigned 16 September 2015) I Fergusson
Company secretary	C Staley
Registered number	02411812
Registered office	3&4 Regan Way Chetwynd Business Park, Chilwell Nottingham NG9 6RZ
Independent auditor	KPMG LLP Statutory Auditor and Chartered Accountant St Nicholas House 31 Park Row Nottingham NG1 6FQ
Bankers	HSBC bank plc 26 Clumber Street Nottingham NG1 3GA

DIRECT VALUATIONS LIMITED

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DIRECT VALUATIONS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Introduction
Our primary strategy is to deliver a best-in-class Panel Management capability to provide efficient, professional property valuations for residential properties to UK lenders. We intend to grow the size of our operations by increasing volume through out-sourced Panel Management contracts and continuing to support our existing clients.

The UK Housing market proved to be fairly stable through 2015/16, although a number of factors throughout the year impacted consumer confidence, resulting in volumes falling short of the forecasts that economists had anticipated. Total lending increased by around 18% year on year, although transaction volumes were fairly stagnant. A housing market short of supply, an uncertain general election and further tax changes have had impacts on transaction volumes and consumer confidence. That said, a more consistent level of volume this year, and improvements in internal operating efficiency have enabled Direct Valuations to increase its market share, handling around 133,000 jobs this year (vs 113,000 last year).

In addition, Direct Valuations renewed its Panel Management contract with HSBC in October 2015, extending its long working relationship by a minimum of three years.

Business review
The underlying operating performance of the business was strong. Excluding exceptional items, the business saw income of £15.8m (21% increase YoY) and operating profits of £2.1m (48% improvement on prior year). Investment into operational efficiencies has benefited the productivity of the business, with Operating Margin increasing from 11% to 13% (pre-exceptional).

Exceptional items in the year of £707,004 result from a balance sheet write-down associated with the business undertaking a sale and leaseback on the business property in the year. This also had an effect on the prior year results as the property value was impaired in the prior year.

As at 31 March 2016, the business had net assets of £4.7m.This is £0.1m lower than the position at 31 March 2015, but reflects the sale of the business properties, previously held at £1.5m. The reduction in net current assets reflects the business distributing cash reserves to the parent company. The other creditors due greater than 1 year reduction reflects the agreed settlements of liabilities under historic tax planning schemes relating to 2003 – 2006.

Principal risks and uncertainties
The Group's revenues and profits are substantially dependent on the volume of housing transactions in the UK residential property market. During recent years, the mortgage market has been steadily recovering, but remains highly cyclical, and competition in the industry is strong. Appetite for lending and Lenders' approval policies also have an impact on group volumes, and retaining key customer relationships is a primary focus. This focus on key clients and high levels of customer service has enabled the Group to compete successfully in the market.

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Financial and other key performance indicators

	2016	2015
Total Income	15,845,363	13,025,007
EBITDA before Exceptional	2,344,012	1,639,710
EBITDA margin	15.0%	12.6%

The report was approved by the board on 13th September 2016 and signed on its behalf.

C Anderton
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement
The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 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; 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 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.

Results and dividends
The profit for the year, after taxation, amounted to £933,373 *(2015 - £796,168)*.

The operating performance of the business was strong, with results before exceptional items of £2.1m reflecting an increase of £0.7m on prior year. The increase is predominantly reflecting an improvement in core operating margins, and an improvement in utilisation of resources, enabled by the diversification strategy of the group.

Directors
The directors who served during the year were:

C Hickling (resigned 16 September 2015)
C Anderton (appointed 16 September 2015)
P Gratton
S Jackson (appointed 16 September 2015)
G Brewster (resigned 16 September 2015)
I Fergusson

Future developments
We continue in our strategy to grow the business through market share gains driven by best-in-class performance.

DIRECT VALUATIONS LIMITED
REGISTERED NUMBER: 02411812

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Disclosure of information to auditor
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events
There have been no significant events affecting the Company since the year end.

Auditor
RSM UK Audit LLP resigned as auditor during the year and KPMG LLP was appointed. 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.

This report was approved by the board on 13th September 2016 and signed on its behalf.

C Anderton
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIRECT VALUATIONS LIMITED

We have audited the financial statements of Direct Valuations Limited for the year ended 31 March 2016, set out on pages 5 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 2, 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 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Craig Parkin (Senior Statutory Auditor)
for and on behalf of
KPMG LLP

Statutory Auditor and Chartered Accountant
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

13 September 2016

DIRECT VALUATIONS LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note	**Results before exceptional items 2016** £	**Exceptional items 2016 (note 11)** £	**2016** £	*Results before exceptional items 2015* £	*Exceptional items 2015 (note 11)* £	*2015* £
Turnover	3	**13,859,296**	**-**	**13,859,296**	*10,968,255*	-	*10,968,255*
Other operating income	4	**1,986,067**	**-**	**1,986,067**	*2,056,752*	-	*2,056,752*
Other external charges		**(9,774,775)**	**(707,004)**	**(10,481,779)**	*(8,174,330)*	*(746,711)*	*(8,921,041)*
Staff costs		**(3,600,441)**	**-**	**(3,600,441)**	*(3,096,934)*	-	*(3,096,934)*
Depreciation & amortisation		**(216,427)**	**-**	**(216,427)**	*(198,124)*	-	*(198,124)*
Other operating expense		**(126,135)**	**-**	**(126,135)**	*(114,033)*	-	*(114,033)*
Operating profit	**5**	**2,127,585**	**(707,004)**	**1,420,581**	*1,441,586*	*(746,711)*	*694,875*
Income from other fixed asset investments				**175,000**			*125,000*
Interest payable and expenses	9			**(33,798)**			*(22,517)*
Profit on ordinary activities before tax				**1,561,783**			*797,358*
Tax on profit of ordinary activities	10			**(628,410)**			*(1,190)*
Profit for the year				**933,373**			*796,168*
Unrealised surplus on revaluation				**-**			*4,087,500*
Total comprehensive income				**933,373**			*4,883,668*

The notes on pages 9 - 29 form part of these financial statements.

DIRECT VALUATIONS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note		2016 £		2015 £
Non current assets					
Intangible assets	12		**384,953**		*226,691*
Tangible assets	13		**644,576**		*1,717,633*
Investments	14		**6,502,500**		*6,502,500*
Debtors due after more than 1 year	15		**343,030**		*897,630*
			7,875,059		*9,344,454*
Current assets					
Debtors: amounts falling due within one year	15	**976,912**		*793,838*	
Cash at bank and in hand		**3,776,430**		*5,819,842*	
		4,753,344		*6,613,680*	
Creditors: amounts falling due within one year	16	**(4,519,834)**		*(3,721,642)*	
Net current assets			**233,508**		*2,892,038*
Total assets less current liabilities			**8,108,567**		*12,236,492*
Non current liabilities					
Creditors: amounts falling due after more than one year	17		**(3,393,479)**		*(7,454,777)*
Net assets			**4,715,088**		*4,781,715*
Capital and reserves					
Called up share capital	22		**10,000**		*10,000*
Revaluation reserve			**4,087,500**		*4,087,500*
Profit and loss account			**617,588**		*684,215*
Shareholder funds			**4,715,088**		*4,781,715*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13th September 2016.

P Gratton
Director
Company number: 02411812

The notes on pages 9 to 29 form part of these financial statements.

DIRECT VALUATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Revaluation reserve £	Share capital £	Retained earnings £	Total equity £
At 1 April 2015	**4,087,500**	**10,000**	**684,215**	**4,781,715**
Comprehensive income for the year				
Profit for the year	-	-	933,373	933,373
Total comprehensive income for the year	-	-	933,373	933,373
Dividends: Equity capital	-	-	(1,000,000)	(1,000,000)
At 31 March 2016	**4,087,500**	**10,000**	**617,588**	**4,715,088**

The notes on pages 9 to 29 form part of these financial statements.

DIRECT VALUATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Revaluation reserve £	Share capital £	Retained earnings £	Total equity £
At 1 April 2014		10,000	138,047	148,047
Comprehensive income for the year				
Profit for the year		-	796,168	796,168
Revaluation	4,087,500	-		4,087,500
Dividends: Equity capital		-	(250,000)	(250,000)
At 31 March 2015	**4,087,500**	**10,000**	**684,215**	**4,781,715**

The notes on pages 9 to 29 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 28. The presentation of currency of these financial statements is sterling. All amounts in the financial statements are to the nearest pound.

The Company's ultimate parent undertaking, Shepherd Direct Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Shepherd Direct Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered office. The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 1 April 2014 for the purposes of the transition to FRS 101 Adopted IFRSs. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2. The financial statements are prepared on a historical cost basis.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
    - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
    - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party 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
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets..

1. Accounting policies (continued)

1.3 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

1.4 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future, based on the continued support of its fellow group undertakings, directors and the company's bankers. The directors have prepared projections for the period to 31 March 2018. These projections have been prepared using assumptions which the directors consider to be appropriate to the current financial position of the company as regards to current expected revenues and its cost base.

1.5 Revenue

Turnover comprises revenue recognised by the company when a valuation report is supplied to the customer, exclusive of value added tax..

1.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Development expenditure	-	25% reducing balance

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

1. Accounting policies (continued)

Depreciation is provided on the following basis:

Freehold property	- 2%	straight line
Motor vehicles	- 25%	straight line
Fixtures and fittings	- 25%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

1.8 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are re-measured to market value at each Statement of Financial Position date. Gains and losses on re-measurement are recognised in profit or loss for the period.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services

To customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

1. Accounting policies (continued)

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities
The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost
Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

1.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.13 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

1. Accounting policies (continued)

1.17 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2. *Judgments in applying accounting policies and key sources of estimation uncertainty*

There are no significant judgements in applying accounting policy and key sources of estimation uncertainty other than those in note 1. Subsidiaries are valued at market value as at the date of re-organisation in February 2015.

3. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2016 £	*2015 £*
Panel management	**13,859,296**	*10,968,255*
	13,859,296	*10,968,255*

Analysis of turnover by country of destination:

	2016 £	*2015 £*
United Kingdom	**13,859,296**	*10,968,255*
	13,859,296	*10,968,255*

All turnover arose within the United Kingdom.

4. Other operating income

	2016 £	*2015 £*
Other operating income	**302,080**	*428,488*
Fees receivable	**1,683,987**	*1,628,264*
	1,986,067	*2,056,752*

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	155,460	131,609
Amortisation of intangible assets, including goodwill	60,967	66,515
Defined contribution pension cost	80,047	74,938
Operating Leases	102,515	101,018
Loss on sale / impairment of fixed assets (see note 11)	707,004	746,711

6. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to this Company and other companies in the Shepherd Direct Limited group:

	2016 £	2015 £
Fees for the audit of the Company	66,500	47,500
	66,500	47,500

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,134,908	2,631,437
Social security costs	385,486	390,559
Cost of defined contribution scheme	80,047	74,938
	3,600,441	3,096,934

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

	2016 No.	2015 No.
Administration	113	116

8. Directors' remuneration

	2016 £	*2015 £*
Directors' emoluments	**2,113,526**	*91,540*
	2,113,526	*91,540*

During the year retirement benefits were accruing to 3 directors *(2015 - 1)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,025,792 *(2015 - £384,213)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL *(2015 - £8,701)*.

9. Interest payable and similar charges

	2016 £	*2015 £*
Bank interest payable	**28,428**	*20,085*
Finance leases and hire purchase contracts	**5,370**	*2,432*
	33,798	*22,517*

10. Taxation

	2016 £	*2015 £*
Deferred tax		
Change in tax rate	**56,448**	*-*
Origination and reversal of timing differences- current year	**418,757**	*1,190*
Origination and reversal of timing differences- prior year	**153,205**	*-*
Total deferred tax	**628,410**	*1,190*
Taxation on profit on ordinary activities	**628,410**	*1,190*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2015 - lower than)* the standard rate of corporation tax in the UK of 20% *(2015 - 21%)*. The differences are explained below:

	2016 £	*2015 £*
Profit on ordinary activities before tax	**1,561,783**	*797,358*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	**312,357**	*167,445*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**141,400**	*-*
Deferred tax not recognised	**-**	*(166,255)*
Income not taxable	**(35,000)**	*-*
Prior year deferred tax	**153,205**	*-*
Changes in tax rate	**56,448**	*-*
Total tax charge for the year	**628,410**	*1,190*

Factors that may affect future tax charges

The company has tax losses carried forward of £3.85M (2015: 5.62M) available to utilise against future profits. A deferred tax asset has been recognised based on expected utilisation of the tax losses per detailed forecasts prepared to March 2018. Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 March 2016 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 March 2016 by nil.

11. Exceptional items

	2016	*2015*
	£	*£*
Exceptional items - loss on sale of property	**707,004**	*746,711*
	707,004	*746,711*

On 29th March 2016 the company sold its 2 properties at 3&4 Regan Way and 17 Regan Way at a loss. The properties were sold to J&E Nominees a related party (see note 26) during the year at a value lower than market value. See note 28 for further narrative on the prior year loss.

12 Intangible assets

	Development £
Cost	
At 1 April 2015	**528,832**
Additions - internal	**219,229**
At 31 March 2016	**748,061**
Amortisation	
At 1 April 2015	**302,141**
Charge for the year	**60,967**
At 31 March 2016	**363,108**
Net book value	
At 31 March 2016	**384,953**
At 31 March 2015	*226,691*

Development expenditure is internal and external development of software to improve the operational processes. The expenditure is written off at 25% reducing balance.

13. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
As previously stated	**2,633,333**	**81,032**	**1,413,620**	**4,127,985**
Restatement	(1,133,333)	-	(528,832)	(1,662,165)
At 1 April 2015	1,500,000	81,032	884,788	2,465,820
Additions	-	411,949	162,388	574,337
Disposals	(1,500,000)	(34,213)	-	(1,534,213)
At 31 March 2016	**-**	**458,768**	**1,047,176**	**1,505,944**
Depreciation				
As previously stated	**394,688**	**68,121**	**974,141**	**1,436,950**
Restatement	(386,622)	-	(302,141)	(688,763)
At 1 April 2015	8,066	68,121	672,000	748,187
Charge for the period	-	62,842	92,618	155,460
Disposals	(8,066)	(34,213)	-	(42,279)
At 31 March 2016	**-**	**96,750**	**764,618**	**861,368**
Net book value				
At 31 March 2016	-	362,018	282,558	644,576
At 31 March 2015	*1,491,934*	*12,910*	*212,789*	*1,717,633*

The net book value of land and building may be further analysed as follows:

	2016 £	*2015 £*
Freehold	-	*1,491,934*
	-	*1,491,934*

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	*2015 £*
Motor vehicles	358,297	-
	358,297	-

14. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 April 2015	6,500,000	2,500	6,502,500
At 31 March 2016	6,500,000	2,500	6,502,500
Net book value			
At 31 March 2016	6,500,000	2,500	6,502,500
At 31 March 2015	*6,500,000*	*2,500*	*6,502,500*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
JV Limited	England and wales	Ordinary	100 %	Surveying

The aggregate of the share capital and reserves as at 31 March 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
JV Limited	**(3,083,503)**	**641,108**
	(3,083,503)	**641,108**

Participating interests

Associates

Name	Country of incorporation	Class of shares	Holding	Principal activity
Sesame Bankhall Valuations Services Limited	England and Wales	Ordinary	25%	Panel Management

15. Debtors

	2016 £	*2015 £*
Trade debtors	**609,733**	*439,956*
Amounts owed by group undertakings	**10,296**	*15,124*
Other debtors	**-**	*3,272*
Prepayments and accrued income	**191,883**	*96,676*
Deferred taxation (see note 21)	**165,000**	*238,810*
	976,912	*793,838*

Debtors due greater than 1 year are deferred tax assets of £343,030 (2015 £897,630).

16. Creditors: Amounts falling due within one year

	2016 £	*2015* *£*
Bank loans	-	*168,123*
Trade creditors	**1,284,091**	*997,364*
Taxation and social security	**562,513**	*392,852*
Obligations under finance lease and hire purchase contracts	**86,418**	*5,261*
Other creditors	**1,740,000**	*1,740,000*
Accruals and deferred income	**846,812**	*418,042*
	4,519,834	*3,721,642*

17. Creditors: Amounts falling due after more than one year

	2016 £	*2015* *£*
Bank loans	-	*627,555*
Amounts owed to group undertakings	**950,000**	*3,250,000*
Obligations under finance lease and hire purchase contracts	**204,631**	-
Other creditors	**2,238,848**	*3,577,222*
	3,393,479	*7,454,777*

Secured loans

The hire purchase assets are secured against the asset to which they relate. The bank loan was secured by a debenture in the form of fixed and floating charges over the company assets. This debenture was released in 2016 following repayment of the loan.

Amounts owed to group undertakings is an unsecured loan repayable over 3 years with an interest rate of 6% pa.

18. Loans

Analysis of the maturity of loans is given below:

	2016 £	*2015 £*
Amounts falling due within one year		
Bank loans	-	*168,123*
	-	*168,123*
Amounts falling due 2-5 years		
Bank loans	-	*546,338*
	-	*546,338*
Amounts falling due after more than 5 years		
Bank loans	-	*81,217*
	-	*81,217*

19. Hire purchase & finance leases

Future minimum lease payments for:

	2016 £	*2015 £*
Within one year	**86,418**	-
Between 2-5 years	**204,631**	-
	291,049	-

The present value of minimum lease payments is analysed as follows:

	2016 £	*2015 £*
Within one year	**86,418**	-
Between 2-5 years	**204,631**	-
	291,049	-

20. Financial instruments

	2016 £	*2015 £*
Financial assets		
Cash and cash equivalents	**3,776,430**	*5,819,852*
Financial assets that are debt instruments measured at amortised cost	**620,029**	*458,352*
	4,396,459	*6,278,204*
Financial liabilities		
Financial liabilities measured at amortised cost	**(7,350,800)**	*(10,783,579)*
	(7,350,800)	*(10,783,579)*

Financial assets include trade debtors and amounts owed from group. Financial liabilities include trade creditors, obligations under finance lease, amounts owed to group and hire purchase contracts, other creditors and accruals.

21. Deferred taxation

	Deferred tax £
At 1 April 2015	**1,136,440**
Charged to the profit or loss	**(628,410)**
At 31 March 2016	**508,030**

In respect of prior year:

	Deferred tax £
At 1 April 2014	**1,137,630**
Charged to the profit or loss	**(1,190)**
At 31 March 2015	**1,136,440**

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	**(39,286)**	*(44,527)*
Tax losses carried forward	**547,316**	*1,180,967*
	508,030	*1,136,440*

22. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
10,000- Ordinary shares of £1 each	**10,000**	*10,000*

23. Capital commitments

At 31 March 2016 the Company had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	*165,000*
	-	*165,000*

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £80,047 (2015 - £74,938). Contributions totalling nil (2015 nil) were payable to the fund at the reporting date.

25. Commitments under operating leases

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

Other Operating Leases	2016 £	2015 £
Not later than 1 year	**28,287**	*977*
Later than 1 year and not later than 5 years	**74,227**	*78,669*
Total	**102,514**	*79,646*

Land and buildings	2016 £	*2015 £*
Not later than 1 year	**120,000**	-
Later than 1 year and not later than 5 years	**480,000**	-
Total	**600,000**	-

26. Related party transactions

Sesame Bankhall Valuation Services Limited is and associate company with common directors. J&E partnership has partners who have an interest in J&E Nominees Limited, a shareholder in Shepherd Direct Limited which is the company's ultimate parent company. Moneyquest Mortgage Brokers is an associate company with common directors. Central Scotland West Limited is a fellow subsidiary.

	2016	*2015*
Sesame Bankhall Valuation Services Limited	**£**	*£*
Panel Management charges	**2,482,675**	*1,632,612*
J&E Partnership		
Management charges made	**(492,719)**	*(741,195)*
Amount due to related party	**(213,057)**	*(278,257)*
Management charges received	**58,080**	*39,950*
Amount due from related party	**8,400**	*3,200*
Sale of properties	**707,004**	-
From 1st April, the lease for 3&4 and 17 Regan Way from will commence at £120,000 per annum	-	-
Moneyquest Mortgage Brokers Limited		
Management charges : income	**56,239**	*162,725*
Management charges: expenditure	**(234,977)**	*(155,809)*
Amount due from related party	-	*12,269*
Central Scotland West limited		
Amount due from fellow subsidiary	**6,568**	*3,891*

27. Controlling party

The company is a wholly owned subsidiary of Shepherd Direct Limited. Consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3 UZ.
In the opinion of the directors of Shepherd Direct Limited there is no ultimate controlling party.

28. First time adoption of FRS 101

	Note	As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 101 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	Prior year adjustment £	FRS 101 (as restated) 31 March 2015 £
Non current assets	1	5,104,195	-	**5,104,195**	9,193,535	897,630	(746,711)	**9,344,454**
Current assets		5,463,446	-	**5,463,446**	7,511,310	(897,630)	-	**6,613,680**
Creditors: amounts falling due within one year	1/3	(7,585,009)	(37,000)	**(7,622,009)**	(1,882,793)	(1,838,849)	-	**(3,721,642)**
Net current (liabilities)/assets		(2,121,563)	(37,000)	**(2,158,563)**	5,628,517	(1,838,849)	-	**3,789,666**
Total assets less current liabilities		2,982,632	(37,000)	**2,945,632**	14,822,052	(1,838,849)	(746,711)	**12,236,492**
Creditors: amounts falling due after more than one year	2	(2,797,585)	-	**(2,797,585)**	(3,877,555)	(3,577,222)	-	**(7,454,777)**
Provisions	2	-	-	-	(5,317,225)	5,317,225	-	-
Net assets		185,047	(37,000)	**148,047**	5,627,272	(98,846)	(746,711)	**4,781,715**
Capital and reserves		185,047	(37,000)	**148,047**	5,627,272	(98,846)	(746,711)	**4,781,715**

28. First time adoption of FRS 101 (continued)

	Note	*As previously stated 31 March 2015 £*	*Effect of Prior Year Adjustment 31 March 2015 £*	*Effect of transition 31 March 2015 £*	**FRS 101 (as restated) 31 March 2015 £**
Turnover		*9,577,284*		*1,390,971*	**10,968,255**
Other operating income		*3,509,569*		*(1,452,817)*	**2,056,752**
Other external charges		*(6,430,618)*	*(746,711)*	*(1,743,712)*	**(8,921,041)**
Staff costs		*(3,096,935)*		*1*	**(3,096,934)**
Depreciation written off fixed assets	1	*(198,124)*			**(198,124)**
Other operating charges	1	*(1,857,744)*		*1,743,711*	**(114,033)**
Operating profit		*1,503,432*	*(746,711)*	*(61,846)*	**694,875**
Income from investments		*125,000*		-	**125,000**
Interest payable and similar charges		*(22,517)*		-	**(22,517)**
Taxation		*(1,190)*		-	**(1,190)**
Profit on ordinary activities after taxation and for the financial year		*1,604,725*	*(746,711)*	*(61,846)*	**796,168**

Explanation of changes to previously reported profit and equity:

1 Holiday accrual of £37,000 included and £61,000 deferred income recognition aligned to IFRS.
Development expenditure is shown as an intangible rather than tangible asset.
Other operating income meets the IFRS definition of revenue and has therefore been reclassified.
Following a review of the sale of the property in the current year it was identified that the property had become impaired during the prior year and an adjustment was processed to the prior year numbers to reflect this. This resulted in a decrease in value of the property in the prior year of £746,711 to a value of £1.5 million.

Profit as previously reported	1,604,725	
Effect of IFRS adjustments	(61,846)	
Effect of prior year adjustment	(746,711)	see note 11

	796,168	

2 Provisions meet the IFRS definition for other creditors due > /< 1 year and have been reclassified. Reallocation of tax provision to >/< 1 year creditor given new, known timings (£3,577,222 vs £1,740,003)

3

Tax provision / creditor	1,740,003
Holiday pay (booked prior year)	37,000
Sales alignment of policy	61,846

	1,838,849