

DIRECT VALUATIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

Company Registration Number 02411812

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DIRECT VALUATIONS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

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DIRECT VALUATIONS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2014

The board of directors	CC Hickling PR Gratton GP Brewster I Fergusson
Company secretary	CS Staley
Business address	3 - 4 Regan Way Chetwynd Business Park Chilwell Nottingham NG9 6RZ
Registered office	3 - 4 Regan Way Chetwynd Business Park Chilwell Nottingham NG9 6RZ
Auditor	Baker Tilly UK Audit LLP Chartered Accountants Suite A, 7 th Floor City Gate East Toll House Hill Nottingham NG1 5FS
Bankers	HSBC Bank plc 26 Clumber Street Nottingham NG1 3GA

DIRECT VALUATIONS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 MARCH 2014

Fair review of the business

Our primary strategy is to deliver a best-in-class Panel Management capability to provide efficient, professional property valuations for domestic properties to UK lenders. We intend to grow the size of our operations by increasing volume through the out-sourced Panel Management contracts from Sesame Bankhall Valuation Services Ltd, and continuing to provide direct Panel Management to HSBC Group. The company has worked closely with Sesame Bankhall and is pleased with the diversification and volume growth that this has brought, which the board are confident will continue to drive profitable growth.

This strategy is evident in these results, with a 27% increase in overall volumes processed through the business. The company supports the positive, but cautious, outlooks in the market which we believe will lead to a further increase in property valuations through Direct Valuations Ltd.

Position of the business

As at 31 March 2014, the business has net assets of £185,047. This incorporates a full provision for the potential liability under tax planning schemes relating to 2003 - 2006, the impact of which is set out in notes 6 and 7 to the accounts. The operating performance of the business, excluding these exceptional items, was strong, increasing from £578,125 to £922,699.

Subsequent to the year end Shepherd Direct Limited (the company's parent company) is in advanced talks regarding funding options to accelerate its expansion plans and strengthen its working capital position.

Principal risks and uncertainties

The company's revenues and profits are substantially dependent on the volume of mortgage transactions in Great Britain's residential property market. During recent years, the mortgage market has been steadily recovering, but competition remains strong. The company's focus on key clients and high levels of customer service has enabled it to compete successfully and grow in the market, and mitigate the risk of reliance on a relatively small number of key customers.

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.



Signed by order of the directors
CS Staley

Company Secretary

Approved by the directors on 23 December 2014

DIRECT VALUATIONS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements of the company for the year ended 31 March 2014.

Results and dividends

The loss for the year amounted to £3,427,457. Particulars of dividends paid are detailed in note 9 to the financial statements.

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and bank loan 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.

Directors

The directors who served the company during the year were as follows:

CC Hickling
PR Gratton
GP Brewster
I Fergusson

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

DIRECT VALUATIONS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2014

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Auditor

Baker Tilly Audit Limited (formerly known as RSM Tenon Audit Limited) ceased trading on 31 March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

Signed by order of the directors



CS Staley

Company Secretary

Approved by the directors on 23 December 2014

DIRECT VALUATIONS LIMITED

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

YEAR ENDED 31 MARCH 2014

We have audited the financial statements of Direct Valuations Limited for the year ended 31 March 2014. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 pages 3 to 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). 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 2014 and of its loss 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.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in notes 1 and 4 to the financial statements concerning the Company's ability to continue as a going concern. The Company has a significant tax liability and is reliant on successfully obtaining a payment plan with HMRC on acceptable terms or additional finance. These conditions, along with the other matters explained in notes 1 and 4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

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

DIRECT VALUATIONS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIRECT
VALUATIONS LIMITED *(continued)***

YEAR ENDED 31 MARCH 2014

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.

Baker Tilly UK Audit LLP.

Kelly Boorman, Senior Statutory Auditor
For and on behalf of

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor
City Gate East
Toll House Hill
Nottingham
NG1 5FS

Date:- 23 December 2014

DIRECT VALUATIONS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2014

		2014			2013
		Continuing operations			
		Results before exceptional items	Exceptional items	Total	Total
	Note	£	£	£	£
Turnover	2	11,037,895	–	11,037,895	11,747,490
Other operating income	3	2,664,783	–	2,664,783	1,586,185
		13,702,678	–	13,702,678	13,333,675
Other external charges		(7,147,088)	–	(7,147,088)	(8,079,388)
Staff costs	4	(3,173,936)	(4,640,013)	(7,813,949)	(2,892,107)
Depreciation written off fixed assets	5	(158,955)	–	(158,955)	(108,212)
Other operating charges		(2,300,000)	–	(2,300,000)	(1,675,843)
Operating (loss)/profit	5	922,699	(4,640,013)	(3,717,314)	578,125
Interest payable and similar charges	7	(38,182)	(1,582,632)	(1,620,814)	(28,140)
(Loss)/profit on ordinary activities before taxation		884,517	(6,222,645)	(5,338,128)	549,985
Tax on (loss)/profit on ordinary activities	8			1,910,671	(147,338)
(Loss)/profit for the financial year				(3,427,457)	402,647

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 21 form part of these financial statements.

DIRECT VALUATIONS LIMITED

Registered Number 02411812

BALANCE SHEET**31 MARCH 2014**

	Note	2014 £	£	2013 £	£
Fixed assets					
Tangible assets	10		2,689,195		2,563,492
Investments	11		2,415,000		2,415,000
			<u>5,104,195</u>		<u>4,978,492</u>
Current assets					
Debtors due within one year	12	760,242		1,821,034	
Debtors due after one year	12	897,630		5,473	
Cash at bank		3,805,574		901,071	
		<u>5,463,446</u>		<u>2,727,578</u>	
Creditors: amounts falling due within one year	14	(7,585,009)		(3,310,130)	
Net current liabilities			(2,121,563)		(582,552)
Total assets less current liabilities			<u>2,982,632</u>		<u>4,395,940</u>
Creditors: amounts falling due after more than one year	15		(2,797,585)		(533,436)
			<u>185,047</u>		<u>3,862,504</u>
Capital and reserves					
Called-up share capital	21		10,000		10,000
Profit and loss account	22		175,047		3,852,504
Shareholders' funds	23		<u>185,047</u>		<u>3,862,504</u>

These accounts were approved by the directors and authorised for issue on 23 December 2014, and are signed on their behalf by:



PR Gratton
Director

The notes on pages 9 to 21 form part of these financial statements.

DIRECT VALUATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

1. Accounting policies

Basis of accounting

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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, controlling shareholders, directors and the group'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. These projections also include a significant assumption regarding timing of the re-payment of tax and interest in respect of tax planning schemes (as set out in note 4).

Should HMRC refuse to enter into an appropriate payment plan, this may cast doubt on the company's ability to trade as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business. However the Directors consider it to be unlikely that HMRC will not enter into acceptable terms and in such an event would look to raise additional finance.

Subsequent to the year end the company's parent is in advanced talks regarding funding options to accelerate its expansion plans and strengthen its working capital position.

The Directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that may be necessary in the event that adequate funding was not made available.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

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

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line
Furniture, fittings and equipment	- 25%-33% reducing balance
Motor Vehicles	- 25% straight line

Freehold land is not depreciated. The cost of tangible fixed assets is the purchase price together with any incidental costs of acquisition.

DIRECT VALUATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

1. Accounting policies (continued)

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

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

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

Investments

Investments held as fixed assets are stated at cost less any provision for an impairment in value.

DIRECT VALUATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

1. Accounting policies (continued)

Employee benefit trusts

The company has established trusts for the benefit of employees, former employees and certain of their dependants. Monies contributed to these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where the company determines payments to the trust on the basis of employees' past service to the business and the company can obtain no future economic benefit from those contributions, such contributions payable by the company to the trust are charged to the profit and loss account in the period to which they relate.

Taxation settlements

Where the company has entered into arrangements which are likely to give rise to a taxation liability, provisions are made for taxation and interest to the extent that it is probable that amounts will be payable and these amounts can be reliably estimated.

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2014	2013
	£	£
United Kingdom	11,037,895	11,747,490

3. Other operating income

	2014	2013
	£	£
Management charges receivable	1,202,047	842,933
Other operating income	1,462,736	743,252
	<u>2,664,783</u>	<u>1,586,185</u>

DIRECT VALUATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2014	2013
	No	No
Number of administrative staff	102	97

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	2,916,602	2,630,460
Social security costs	254,051	259,182
Other pension costs	3,283	2,465
Exceptional directors' remuneration	4,640,013	-
	<u>7,813,949</u>	<u>2,892,107</u>

Exceptional directors' remuneration

In 2014 a provision has been made in respect of potential payments due to HMRC following an inquiry into payments made by the company between 2003 and 2006 into tax planning schemes. The provision has been disclosed within exceptional directors' remuneration, as it relates to the PAYE and NIC on amounts previously received by the directors and former directors.

In the prior year accounts the potential liability in respect of tax planning schemes was disclosed as a contingent liability as the directors were of the view, based on professional advice, that HMRC arguments would not prevail. At 31 March 2014 the amounts have been included in other taxation and social security as following the publication of the Finance Bill 2014 the company may be required to make a payment on account of the tax saved by the scheme. The contingent liability disclosed in the previous year in respect of these schemes was £969,648. The directors have assessed the current legal position in respect of the warranties in place as disclosed in the prior year financial statements and have discounted them in considering the company liability in respect of the scheme.

The directors anticipate the liability under the tax arrangements (as set out in note 1) to be £5,617,225 (including all tax and interest payable). The company is in negotiations with HMRC to agree settlement terms, and, having sought professional advice, anticipate that the most likely outcome is a settlement spread over a period covered by the projections on which the directors have based their going concern assessment. These negotiations are still at an early stage, and payment terms have not yet been agreed. The directors are optimistic that a suitable payment plan with HMRC will be agreed, which will not be detrimental to the operating capability of the business.

5. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2014	2013
	£	£
Depreciation of owned fixed assets	144,170	101,936
Depreciation of assets held under hire purchase agreements	8,553	6,276
Loss on disposal of fixed assets	6,232	-
Exceptional directors' remuneration	<u>4,640,013</u>	<u>-</u>

DIRECT VALUATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

5. Operating (loss)/profit (continued)

Audit and non-audit fees are analysed as follows:

	2014	2013
	£	£
Auditor's remuneration - audit of the financial statements	<u>17,245</u>	<u>10,608</u>
Auditor's remuneration - other fees:		
	2014	2013
	£	£
- Taxation services	4,925	4,160
- Other services	<u>2,380</u>	<u>4,545</u>
	<u>7,305</u>	<u>8,705</u>

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Remuneration receivable	<u>4,913,613</u>	<u>200,004</u>
Remuneration of highest paid director:		
	2014	2013
	£	£
Total remuneration (excluding pension contributions)	<u>273,600</u>	<u>200,004</u>

Within Directors' remuneration is an amount of £4,640,013 in respect of the PAYE and NIC on the amounts previously received by the directors and former directors as per note 4.

7. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowing	36,626	27,121
Finance charges	1,556	1,019
Other similar charges payable	<u>1,582,632</u>	<u>-</u>
	<u>1,620,814</u>	<u>28,140</u>

Other similar charges of £1,582,632 in 2014 relate to interest payable on potential payments due to HMRC following an inquiry into payments made by the company.

DIRECT VALUATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2014		2013
	£	£	£
In respect of the year:			
UK Corporation tax	(778,514)		139,474
Deferred tax:			
Origination and reversal of timing differences	(1,132,157)		7,864
Total deferred tax (note 13)	(1,132,157)		7,864
Tax on (loss)/profit on ordinary activities	(1,910,671)		147,338

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23% (2013 - 24%).

Included in other timing differences is £970,431 which relates to tax schemes.

	2014	2013
	£	£
(Loss)/profit on ordinary activities before taxation	(5,338,128)	549,985
(Loss)/profit on ordinary activities by rate of tax	(1,227,769)	131,996
Effects of:		
Expenses not deductible for tax purposes	394,836	3,486
Capital allowances for period in excess of depreciation	(44,747)	(7,625)
Utilisation of tax losses	(215,542)	-
Unrelieved tax losses	1,272,575	-
Non qualifying depreciation	(11,132)	11,617
Other timing differences	(946,735)	-
Total current tax (note 8(a))	(778,514)	139,474

Other timing differences include £970,431 which relates to tax scheme adjustments.

(c) Factors that may affect future tax charges

The company has taxable losses carried forward of £5,532,934 (2013: £Nil) available to utilise against future profits. A deferred tax asset has been recognised for £5,532,934 of the losses at 20.5% based on expected utilisation of the tax losses as per detailed forecasts produced to March 2017.

DIRECT VALUATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

9. Dividends

Equity dividends

	2014	2013
	£	£
Paid during the year:		
Equity dividends on ordinary shares	<u>250,000</u>	<u>250,000</u>

10. Tangible fixed assets

	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2013	2,633,333	928,972	101,001	3,663,306
Additions	–	284,658	–	284,658
Disposals	–	–	(19,969)	(19,969)
At 31 March 2014	<u>2,633,333</u>	<u>1,213,630</u>	<u>81,032</u>	<u>3,927,995</u>
Depreciation				
At 1 April 2013	297,894	755,110	46,810	1,099,814
Charge for the year	48,398	85,285	19,040	152,723
On disposals	–	–	(13,737)	(13,737)
At 31 March 2014	<u>346,292</u>	<u>840,395</u>	<u>52,113</u>	<u>1,238,800</u>
Net book value				
At 31 March 2014	<u>2,287,041</u>	<u>373,235</u>	<u>28,919</u>	<u>2,689,195</u>
At 31 March 2013	<u>2,335,439</u>	<u>173,862</u>	<u>54,191</u>	<u>2,563,492</u>

Included in land and buildings is freehold land at a cost of £213,333 (2013: £213,333), which is not depreciated.

Freehold land and buildings with a cost of £983,333 has suffered an impairment as an investment property in 2009. If valued under the historical cost basis, the freehold property would have had a cost of £1,300,000 (2013: £1,300,000), accumulated depreciation of £114,800 (2013: £98,400) and a net book value of £1,185,200 (2013: £1,201,600).

Hire purchase agreements

Included within the net book value of £2,689,195 is £10,295 (2013 - £18,848) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £8,553 (2013 - £6,276).

DIRECT VALUATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

11. Investments

	Shares in group undertaking £	Unlisted investments £	Total £
Cost			
At 1 April 2013 and 31 March 2014	<u>2,412,500</u>	<u>2,500</u>	<u>2,415,000</u>
Net book value			
At 31 March 2014 and 31 March 2013	<u>2,412,500</u>	<u>2,500</u>	<u>2,415,000</u>

Shares in group undertakings

The investment represents the entire ordinary share capital of the following company, which is registered in England and Wales:

	Net liabilities 2014 £	2013 £	(Loss)/profit for the year 2014 £	2013 £
JV Limited	<u>4,760,479</u>	<u>2,426,369</u>	<u>(2,334,110)</u>	<u>546,918</u>

JV Limited incurred a loss of £2,334,110 in 2014 after an exceptional provision of £3,787,000 was made in respect of PI claims.

Unlisted investments

The investment represents a 25% holding in Sesame Bankhall Valuation Services Limited, which is registered in England and Wales.

12. Debtors

	2014 £	2013 £
Trade debtors	394,575	726,909
Amounts owed by group undertakings	22,244	540,000
Other debtors	4,088	8,064
Prepayments and accrued income	99,335	546,061
Deferred taxation (note 13)	<u>1,137,630</u>	<u>5,473</u>
	<u>1,657,872</u>	<u>1,826,507</u>

The debtors above include the following amounts falling due after more than one year:

	2014 £	2013 £
Deferred taxation	<u>897,630</u>	<u>5,473</u>

DIRECT VALUATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

13. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2014	2013
	£	£
Included in debtors (note 12)	1,137,630	5,473

The movement in the deferred taxation account during the year was:

	2014	2013
	£	£
At 1 April 2013	5,473	13,337
Profit and loss account movement arising during the year	1,132,157	(7,864)
At 31 March 2014	1,137,630	5,473

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2014	2013
	£	£
Excess of depreciation over taxation allowances	5,473	5,473
Tax losses available	1,132,157	-
	1,137,630	5,473

The deferred tax asset has been recognised on the basis that the losses will be utilised in the three years ending 31 March 2017 in accordance with forecasts prepared by the directors.

14. Creditors: amounts falling due within one year

	2014	2013
	£	£
Bank loans	127,123	101,212
Trade creditors	833,954	642,987
Amounts owed to related undertakings	15,349	749,846
Taxation and social security	6,122,280	370,050
Hire purchase agreements	21,379	15,689
Accruals and deferred income	464,924	1,430,346
	7,585,009	3,310,130

The hire purchase creditors are secured on the assets to which they relate.

Within taxation and social security creditor of £6,122,280 in 2014 is £5,617,225 in respect of potential payments due to HMRC following an inquiry into payments made by the company into planning schemes in prior years.

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15. Creditors: amounts falling due after more than one year

	2014	2013
	£	£
Bank loans and overdrafts	785,585	513,132
Amounts owed to related undertakings	2,012,000	–
Hire purchase agreements	–	20,304
	<u>2,797,585</u>	<u>533,436</u>

The bank loan is secured by a debenture in the form of fixed and floating charges over the company's assets.

The bank loan is repayable in instalments. The loan bears interest at 2.4% above the bank's published base rate.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2014	2013
	£	£
Bank loans and overdrafts	<u>265,158</u>	<u>108,284</u>

16. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2014	2013
	£	£
Amounts payable within 1 year	16,764	15,689
Amounts payable between 1 and 2 years	4,615	15,689
Amounts payable between 3 and 5 years	–	4,615
	<u>21,379</u>	<u>35,993</u>
Hire purchase agreements are analysed as follows:		
Current obligations	21,379	15,689
Non-current obligations	–	20,304
	<u>21,379</u>	<u>35,993</u>

17. Derivatives

The company has no financial instruments that fall to be classified as derivatives.

The company makes little use of financial instruments other than an operational bank account and bank loan 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.

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18. Commitments under operating leases

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	Other 2014 £	Other 2013 £
Operating leases which expire:		
Within 1 year	34,142	-
Within 2 to 5 years	20,527	24,187
	<u>54,669</u>	<u>24,187</u>

19. Contingent liabilities

The company is party to a composite company limited multilateral guarantee in respect of the bank facilities with Shepherd Direct Limited, JV Limited and Moneyquest Mortgage Brokers Limited. At 31 March 2014 the liability was £4,142,358 (2013: £2,060,889).

The directors take advice as to the likelihood of success of claims and actions against the company and no provision is made where the directors consider, based on that advice, that the action is unlikely to succeed.

DIRECT VALUATIONS LIMITED
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20. Related party transactions

Advantage has been taken of the exemption provided by Financial Reporting Standard No. 8 not to disclose transactions with fellow group companies as consolidated financial statements are prepared for the group and are publicly available.

During the year the company invoiced management charges and other recharges of £nil (2013: £4,087) to X-Bond Limited, a company in which P R Gratton and C C Hickling are both directors and shareholders. At the year end the company was owed £nil (2013: £nil) by X-Bond Limited in respect of these management charges.

During the year the company invoiced management charges and other recharges of £1,315,767 (2013: £470,452) to Sesame Bankhall Valuation Services Limited, an associate of Direct Valuations and in which P R Gratton and G P Brewster are directors. At the year end the company was owed £20,704 (2013: £64,106) by Sesame Bankhall Valuation Services Limited in respect of these management charges.

The J & E Shepherd partnership is related to the company as it has partners who have an interest in J & E Nominees Limited, a major shareholder in Shepherd Direct Limited which is the company's ultimate and immediate parent company. During the year the company invoiced management charges and other recharges of £64,700 (2013: £58,275) to J & E Shepherd partnership. At the year end the company was owed £17,100 (2013: £5,718) by J & E Shepherd partnership in respect of these management charges. In addition the company purchased services totalling £149,539 (2013: £110,000) from the J & E Shepherd partnership. At the year end £9,186 (2013: £22,000) was owed to the J & E Shepherd partnership and was included in accruals.

During the year the company made management charges and other recharges of £nil (2013: £9,000) to Activ8 Intelligence Limited, a company in which there is one mutual director and four mutual shareholders. At the year end the company was owed £nil (2013: £nil) by Activ8 Intelligence Limited in respect of these management charges.

The company invoiced management recharges totalling £60,000 (2013: £64,360) to If I Were You Limited, a company which is part of the group, owned 80%. At the year end the company was owed £nil (2013: £nil) by If I Were You Limited.

The company invoiced management charges totalling £26,390 to Direct Lettings Limited, a company which is part of the group, owned 50%. At the year end the company was owed £nil by Direct Lettings Limited.

The company invoiced management charges totalling £37,959 to Maurice MacNeill Iona Limited, a company which is part of the group, owned 90%. At the year end the company was owed £2,299 by Maurice MacNeill Iona Limited.

All transactions were completed at arm's length.

DIRECT VALUATIONS LIMITED
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YEAR ENDED 31 MARCH 2014

21. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

22. Profit and loss account

	2014	2013
	£	£
Balance brought forward	3,852,504	3,699,857
(Loss)/profit for the financial year	(3,427,457)	402,647
Equity dividends	(250,000)	(250,000)
Balance carried forward	<u>175,047</u>	<u>3,852,504</u>

23. Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
(Loss)/profit for the financial year	(3,427,457)	402,647
Equity dividends	(250,000)	(250,000)
Net (reduction)/addition to shareholders' funds	(3,677,457)	152,647
Opening shareholders' funds	3,862,504	3,709,857
Closing shareholders' funds	<u>185,047</u>	<u>3,862,504</u>

24. Post balance sheet events

On 16 July 2014 an interim dividend of £250,000 was approved.

25. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Shepherd Direct Limited. The largest and smallest group in which the results of the company are consolidated is that headed by Shepherd Direct Limited. Consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the opinion of the directors of Shepherd Direct Limited there is no ultimate controlling party.