

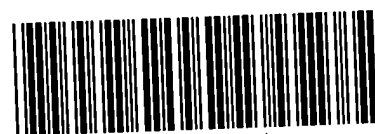
Registered number: 02411812

**SDL SURVEYING LIMITED**  
Formely Direct Valuations Limited

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

WEDNESDAY



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**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**COMPANY INFORMATION**

<b>Directors</b>	C Anderton P Gratton S Jackson I Fergusson G P Brewster (appointed 19 June 2018)
<b>Company secretary</b>	S Tuck
<b>Registered number</b>	02411812
<b>Registered office</b>	3&4 Regan Way Chetwynd Business Park, Chilwell Nottingham NG9 6RZ
<b>Independent auditor</b>	KPMG LLP Statutory Auditor and Chartered Accountant St Nicholas House 31 Park Row Nottingham NG1 6FQ
<b>Bankers</b>	HSBC 26 Clumber Street Nottingham NG1 3GA

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

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**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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 has remained steady in 2017, with transaction volumes at 1.2 million being flat against 2014, 2015 and 2016 levels, albeit with the geography of property transactions continuing to redistribute around the country away from London and the South East. UK Finance forecasts these transactions to remain relatively flat over the next 12 to 24 months, which matches the SDL Board's expectation that the market will remain subdued through the period of the UK's exit from the EU. Re-mortgage lending climbed by around 10% in 2017, albeit remains significantly

**Business review**

The underlying operating performance of the business was stable. The business saw turnover of £16.4m in the year, representing an increase of 7% against prior year. Increases in the cost of fulfilment has restricted overall margin in the year, with EBITDA as a percentage of turnover reducing from 14% to 11%. However, the increases seen in volumes will allow the company to benefit from efficiency savings in the following year.

As at 31 March 2018, the business had net assets of £7.5m. This is £0.9m higher than the position at 31 March 2017 as the business continues to strengthen the balance sheet.

The business continues to invest in its platforms to provide a best-in-class service, and to drive efficiencies in future.

**Principal risks and uncertainties**

SDL Surveying Limited'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 stable, but remains cyclical and subject to changes in consumer confidence. The company has a focus on retaining key customer relationships through high levels of customer service, which has enabled the company to compete successfully in a difficult 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**

	2018	2017
Total Managed Volumes	152,419	131,508
Total Income	£16.4m	£15.3m
EBITDA before Exceptional	£1.85m	£2.13m
EBITDA margin	11%	14%

The report was approved by the board on 27 September 2018 and signed on its behalf.

  
**C Anderton**  
Director

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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

**Change of Name**

On 29 March 2018 the company changed its name from Direct Valuations Limited to SDL Surveying Limited.

**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.

During the current period the Company has adopted IFRS 15, Revenue from Contracts with Customers, using the transition option in paragraph C3(b) to show the cumulative effect of initially applying the standard at the date of initial application. As such revenue in the comparative period has not been restated and as such amounts in the profit or loss account are not fully comparable.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Results and dividends**

The profit for the year, after taxation, amounted to £946,234 (2017 - £1,916,056).

The directors have not recommended the payment of a dividend for either the current or previous year.

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**Directors**

The directors who served during the year, and up to the date of this report were:

C Anderton  
P Gratton  
S Jackson  
I Fergusson  
G Brewster (appointed 19 June 2018)

**Future developments**

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

**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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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**

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 27 September 2018 and signed on its behalf.



C Anderton  
Director

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SDL SURVEYING LIMITED**

**Opinion**

We have audited the financial statements of SDL Surveying Limited ("the company") for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

**Strategic report and director's report**

The directors are responsible for the strategic report and the directors' reports. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' reports;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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; or

We have nothing to report in these respects.

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SDL SURVEYING LIMITED**

**Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



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

27 September 2018



**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover	2	16,402,615	15,298,675
Other operating income	3	2,258,521	2,163,210
Other external charges		(11,226,908)	(10,733,146)
Staff costs	6	(5,607,667)	(4,602,277)
Depreciation and amortisation		(459,392)	(348,719)
<b>Operating profit</b>	4	<b>1,367,169</b>	<b>1,777,743</b>
Income from other fixed asset investments		-	187,500
Interest receivable and similar income	8	-	24,870
Interest payable and expenses	9	(14,422)	(10,719)
<b>Profit before tax</b>		<b>1,352,747</b>	<b>1,979,394</b>
Tax on profit	10	(406,513)	(63,338)
<b>Profit for the financial year</b>		<b>946,234</b>	<b>1,916,056</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 9 to 30 form part of these financial statements.

The Company has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See note 26.

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**  
**REGISTERED NUMBER:02411812**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	11	1,015,151	638,538
Tangible assets	12	426,909	662,845
Investments	13	6,502,500	6,502,500
Debtors due after more than 1 year		-	164,692
		<u>7,944,560</u>	<u>7,968,575</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	3,735,010	2,942,410
Bank and cash balances		227,728	1,176,248
		<u>3,962,738</u>	<u>4,118,658</u>
Creditors: amounts falling due within one year	15	(3,918,604)	(4,168,046)
<b>Net current assets/(liabilities)</b>		<u>44,134</u>	<u>(49,388)</u>
<b>Total assets less current liabilities</b>		<u>7,988,694</u>	<u>7,919,187</u>
Creditors: amounts falling due after more than one year	16	(501,316)	(1,288,043)
<b>Net assets</b>		<u><u>7,487,378</u></u>	<u><u>6,631,144</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	10,000	10,000
Revaluation reserve	21	4,087,500	4,087,500
Profit and loss account	21	3,389,878	2,533,644
		<u><u>7,487,378</u></u>	<u><u>6,631,144</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2018.



**C Anderton**  
Director

The notes on pages 9 to 30 form part of these financial statements.

The Company has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See note 26.

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 April 2016</b>	<b>10,000</b>	<b>4,087,500</b>	<b>617,588</b>	<b>4,715,088</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,916,056	1,916,056
<b>At 1 April 2017 (as previously stated)</b>	<b>10,000</b>	<b>4,087,500</b>	<b>2,533,644</b>	<b>6,631,144</b>
IFRS 15 adjustment	-	-	(90,000)	(90,000)
<b>At 1 April 2017 (as previously stated)</b>	<b>10,000</b>	<b>4,087,500</b>	<b>2,443,644</b>	<b>6,541,144</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	946,234	946,234
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>946,234</b>	<b>946,234</b>
<b>At 31 March 2018</b>	<b>10,000</b>	<b>4,087,500</b>	<b>3,389,878</b>	<b>7,487,378</b>

The notes on pages 9 to 30 form part of these financial statements.

The Company has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See note 26.

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Direct Valuations Limited (the "Company") is a company incorporated, domiciled and registered in England in the UK. The registered number is 02411812 and the registered address is 3&4 Regan Way, Chilwell, Nottingham, NG9 6RZ.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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.

The Company's ultimate parent undertaking, SDL Property Services Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of SDL Property Services Group 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. The directors do not consider there to be any significant judgments or material sources of estimation in the application of these accounting policies.

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. Accounting policies (continued)**

**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 and 18A 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.

**1.3 Measurement convention**

The financial statements are prepared on the historical cost basis.

**1.4 Associates and joint ventures**

Associates and joint ventures are held at cost less impairment.

**1.5 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 2020. 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, and demonstrate continued growth and profitability.

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. Accounting policies (continued)**

**1.6 Classification of financial instruments issued by the Company**

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

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

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

**1.7 Revenue**

The Company has applied IFRS 15, Revenue from contracts with customers, using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18. The details of accounting policies under IAS 18 are disclosed separately if they are different from those under IFRS 15 and the impact of changes is disclosed in Note 26.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Turnover comprises panel management fees and administration charges exclusive of value added tax. Panel management fees are recognised once the survey has been undertaken and the report provided to the customer. Administration charges are recognised once the job it relates to has been completed.

In the comparative period, turnover comprised panel management fees and administration charges exclusive of value added tax. Panel management fees were recognised when the date had been agreed with the client. Administration charges were recognised once the job they related to had been completed.

**1.8 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Amortisation is provided on the following bases:

Development expenditure	-	15 % reducing balance
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**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. Accounting policies (continued)**

**1.9 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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 in the Statement of Comprehensive Income.

**1.10 Valuation of investments**

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

**1.11 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.

**1.12 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.

**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. Accounting policies (continued)**

**1.13 Non-derivative financial instruments**

**Trade and other debtors**

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment loss.

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

**1.14 Impairment excluding stocks and deferred tax assets**

**Financial assets (including trade and other debtors)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill



**SDL SURVEYING LIMITED**  
**Formerly Direct Valuations Limited**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. Accounting policies (continued)**

allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**1.15 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.

**1.16 Finance lease payments**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining liability. Contingent rents are charged as expenses in the periods in which they are incurred.

**1.17 Interest payable**

Interest payable is charged to the Statement of Comprehensive Income 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.

**1.18 Operating leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**1.19 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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. Accounting policies (continued)**

**1.20 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.

**1.21 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**1.22 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge 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.

**1.23 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**2. Turnover**

IFRS 15 has been implemented using the cumulative effect method and therefore the comparative information has not been restated and continues to be prepared under IAS18. The details of accounting policies under IAS18 are disclosed separately if they are different from those under IFRS 15 and the impact of changes is disclosed in note 26.

The following is a description of the principal activities from which the Company generates its revenue in line with IFRS 15. For further detail in the accounting policy for the current year please see note 1.7.

- Panel management fees: The Company recognises fees at the point the survey has been completed and the report provided to the customer. Cash is received in advance from retail customers, and on 30 day terms from commercial customers.
- Administration fees: The Company recognises revenue once the survey it relates to has been completed. Cash is received on 30 day terms.

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

	2018 £	2017 £
Panel management	14,439,310	13,624,730
Administration charges	1,963,305	1,673,945
	<u>16,402,615</u>	<u>15,298,675</u>

All turnover arose within the United Kingdom.

**3. Other operating income**

	2018 £	2017 £
Other operating income	205,648	249,230
Fees receivable	2,052,873	1,913,980
	<u>2,258,521</u>	<u>2,163,210</u>

Fees receivable represent recharges from other group companies.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**4. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	236,347	179,268
Amortisation of intangible assets, including goodwill	149,736	169,450
Defined contribution pension cost	273,048	108,319
Operating Leases	460,040	144,742
Loss on sale of fixed assets	73,309	7,281
	<u>236,347</u>	<u>179,268</u>

**5. 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 the Company:

	2018 £	2017 £
Fees for the audit of the Company	36,000	40,000
	<u>36,000</u>	<u>40,000</u>

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.

**6. Employees**

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

	2018 £	2017 £
Wages and salaries	4,726,270	3,984,498
Social security costs	608,349	509,460
Cost of defined contribution scheme	273,048	108,319
	<u>5,607,667</u>	<u>4,602,277</u>

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

	2018 No.	2017 No.
Administration	191	131
	<u>191</u>	<u>131</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	832,805	959,218
Company contributions to defined contribution pension schemes	20,500	19,897
	<u>853,305</u>	<u>979,115</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £434,616 (2017 - £434,616).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2017 - £NIL).

**8. Interest receivable**

	2018 £	2017 £
Interest receivable from group companies	-	24,870
	<u>-</u>	<u>24,870</u>

**9. Interest payable and similar expenses**

	2018 £	2017 £
Bank interest payable	5,590	-
Finance leases and hire purchase contracts	8,832	10,719
	<u>14,422</u>	<u>10,719</u>

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**10. Taxation**

	2018 £	2017 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences - current year	232,777	173,013
Origination and reversal of timing differences - prior year	173,736	(146,011)
Changes to tax rates	-	36,336
<b>Total deferred tax</b>	406,513	63,338
<b>Taxation on profit on ordinary activities</b>	406,513	63,338

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit before tax	1,352,747	1,979,395
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	257,022	395,879
<b>Effects of:</b>		
Expenses not deductible for tax purposes	15,835	210
Capital allowances for year in excess of depreciation	3,039	3,824
Income not taxable	(17,100)	(37,500)
Research and development tax credits	-	(159,120)
Deferred tax rate differences	(27,386)	5,804
Group relief	1,062	-
Prior year deferred tax	173,736	(146,011)
Other differences	305	252
<b>Total tax charge for the year</b>	406,513	63,338

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**10. Taxation (continued)**

**Factors that may affect future tax charges**

The company has tax losses carried forward of £375,021 (2017: £3.2M) 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 2020. Reductions in the UK corporation tax rate from 20% (effective from 1 April 2015) 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 substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 March 2017 by £Nil.

**11. Intangible assets**

	Develop- ment £
<b>Cost</b>	
At 1 April 2017	952,342
Additions - internal	526,349
	<hr/>
At 31 March 2018	1,478,691
	<hr/>
<b>Amortisation</b>	
At 1 April 2017	313,804
Charge for the year	149,736
	<hr/>
At 31 March 2018	463,540
	<hr/>
<b>Net book value</b>	
At 31 March 2018	1,015,151
	<hr/>
At 31 March 2017	638,538
	<hr/>

Development expenditure is internal and external development of software to improve the operational process. The expenditure is written off at 15% reducing balance.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Tangible fixed assets**

	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 April 2017	428,949	1,246,571	1,675,520
Additions	-	134,478	134,478
Disposals	(98,030)	(839,386)	(937,416)
At 31 March 2018	<u>330,919</u>	<u>541,663</u>	<u>872,582</u>
<b>Depreciation</b>			
At 1 April 2017	173,635	839,040	1,012,675
Charge for the year on owned assets	86,303	150,044	236,347
Disposals	(40,840)	(762,509)	(803,349)
At 31 March 2018	<u>219,098</u>	<u>226,575</u>	<u>445,673</u>
<b>Net book value</b>			
At 31 March 2018	<u>111,821</u>	<u>315,088</u>	<u>426,909</u>
At 31 March 2017	<u>255,314</u>	<u>407,531</u>	<u>662,845</u>

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

	2018 £	2017 £
Motor vehicles	111,821	255,314
	<u>111,821</u>	<u>255,314</u>



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**13. Fixed asset investments**

	Investments in subsidiary companies £	Investments in associates £	Total £
<b>Cost</b>			
At 1 April 2017	6,500,000	2,500	6,502,500
At 31 March 2018	6,500,000	2,500	6,502,500
<b>Net book value</b>			
At 31 March 2018	6,500,000	2,500	6,502,500
At 31 March 2017	6,500,000	2,500	6,502,500

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
JV Limited	Ordinary	100 %	Surveying

Name	Registered office
JV Limited	3 & 4 Regan Way, Chilwell, Nottingham, NG9 6RZ

The aggregate of the share capital and reserves as at 31 March 2018 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	(3,584,084)	380,627
	<u>(3,584,084)</u>	<u>380,627</u>

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**13. Fixed asset investments (continued)**

**Participating interests**

**Associates**

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Sesame Bankhall Valuations Services Limited	Pixham End, Dorking, Surrey, RH4 1QA	Ordinary	25%	Panel management

**14. Debtors**

	<b>2018</b> <b>£</b>	<b>2017</b> <b>£</b>
<b>Due after more than one year</b>		
Deferred tax asset (note 19)	-	164,692
	<u>-</u>	<u>164,692</u>
	<b>2018</b> <b>£</b>	<b>2017</b> <b>£</b>
<b>Due within one year</b>		
Trade debtors	1,547,380	1,492,901
Amounts owed by group undertakings	1,849,357	827,013
Other debtors	49,809	-
Prepayments and accrued income	250,285	342,496
Deferred taxation (note 19)	38,179	280,000
	<u>3,735,010</u>	<u>2,942,410</u>

Amounts owed by group undertakings are interest free and repayable on demand.

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**15. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	1,503,870	1,369,863
Amounts owed to group undertakings	785,440	-
Other taxation and social security	195,874	363,543
Obligations under finance lease and hire purchase contracts	51,669	75,699
Other creditors	707,899	1,740,000
Accruals and deferred income	673,852	618,942
	<u>3,918,604</u>	<u>4,168,047</u>

Amounts owed to group undertakings are interest free and repayable on demand.

**16. Creditors: Amounts falling due after more than one year**

	2018 £	2017 £
Obligations under finance leases and hire purchase contracts	35,903	139,650
Amounts owed to group undertakings	465,413	648,549
Other creditors	-	499,844
	<u>501,316</u>	<u>1,288,043</u>

Amounts owed to group undertakings is an unsecured loan repayable after 3 years with an interest rate of 6% pa. Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

**17. Hire purchase and finance leases**

Future minimum lease payments for:

	2018 £	2017 £
Within one year	51,669	75,699
Between 1-5 years	35,903	139,650
	<u>87,572</u>	<u>215,349</u>

The present value of minimum lease payments matches their current value.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Cash and cash equivalents	227,728	1,176,248
Financial assets that are debt instruments measured at amortised cost	3,446,546	2,319,915
	<u>3,674,274</u>	<u>3,496,163</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(4,224,046)	(5,092,547)
	<u>(4,224,046)</u>	<u>(5,092,547)</u>

Financial assets that are debt instruments measured at amortised cost include trade debtors, amounts owed from group undertakings, and other debtors.

Financial liabilities include trade creditors, obligations under finance leases and hire purchase contracts, amounts owed to group undertakings, other creditors and accruals.

**19. Deferred taxation**

	2018 £
At beginning of year	444,692
Charged to profit or loss	(406,513)
<b>At end of year</b>	<u>38,179</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(25,575)	(93,132)
Tax losses carried forward	63,754	537,824
	<u>38,179</u>	<u>444,692</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

**21. Reserves**

**Revaluation reserve**

The revaluation reserve relates to the gain on revaluation of subsidiaries to fair value on reorganisation.

**Profit and loss account**

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

**22. 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 £273,048 (2017: £108,319). Contributions totalling £Nil (2017: £Nil) were payable to the fund at the reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**23. Commitments under operating leases**

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
<b>Other Operating Leases</b>		
Not later than 1 year	248,425	172,342
Later than 1 year and not later than 5 years	178,521	212,016
	<u>426,946</u>	<u>384,358</u>
	2018 £	2017 £
<b>Land and buildings</b>		
Not later than 1 year	157,680	156,780
Later than 1 year and not later than 5 years	583,620	620,990
Later than 5 years	960,000	1,080,000
	<u>1,701,300</u>	<u>1,857,770</u>

During the year £460,040 was recognised as an expense in the income statement in respect of operating leases (2017:£144,796).

**24. Related party transactions**

Sesame Bankhall Valuation Services Limited is an associate company with common directors. J&E partnership has partners who have an interest in J&E Nominees Limited, a shareholder in SDL Property Services Group Limited which is the company's ultimate parent company.

	2018 £	2017 £
<b>Sesame Bankhall Valuation Services Limited</b>		
Panel Management charges	2,284,635	1,868,225
Amount due from related party	22,684	-
<b>J&amp;E Partnership</b>		
Management charges made	(505,244)	(138,487)
Amount due to related party	144,036	56,000
Management charges received	59,580	17,500

The Company has taken advantage of the relief available under FRS101.8(k) in respect of Related Party Disclosures and does not disclose transactions with wholly owned entities that are fellow group companies.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25. Controlling party**

The Company is a subsidiary undertaking of SDL Property Services Group Limited, which is also considered to be the ultimate controlling party. The results of the Company are included in the financial statements of SDL Property Services Group Limited, incorporated in England & Wales. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 3-4 Regan Way, Chilwell, Nottingham, NG9 6RZ.

**26. Change in accounting policy**

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company has early adopted IFRS 15, Revenue from Contracts with Customers, with a date of initial application of 1 April 2017. As a result the Company has changed its accounting policy for revenue recognition as detailed below.

The Company has applied IFRS 15 using the cumulative effect method - i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 April 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18. The details of the significant changes and quantitative impact of the changes are set out below.

**Panel management fees**

In regards to customer to pay cases the Company previously recognised panel management fees as revenue at the point the job was scheduled. Under IFRS 15, the Company recognises revenue when the job has been completed and the survey report is provided to the customer as this is the key performance obligation. The £104k adjustment below reflects this change.

**Impact on financial statements**

The following tables summarise the impacts of adopting IFRS 15 on the financial statements for the year ended 31 March 2018:

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**NOTES TO THE FINANCIAL STATEMENTS  
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**26. Change in accounting policy (continued)**

	<i>Balance without adoption of IFRS 15 31 March 2018 £</i>	<i>Effect of transition 31 March 2018 £</i>	<b>As reported 31 March 2018 £</b>
<b>Note</b>			
Fixed assets	7,944,560	-	7,944,560
Trade debtors	1,702,380	(155,000)	1,547,380
Amounts owed to group undertakings	1,849,357	-	1,849,357
Prepayments and accrued income	250,285	-	250,285
Deferred taxation (note 19)	38,179	-	38,179
Bank and cash balances	227,728	-	227,728
Trade creditors	(1,503,870)	-	(1,503,870)
Amounts owed to group undertakings	(785,440)	-	(785,440)
Other taxation and social security	(195,874)	-	(195,874)
Other creditors	(707,899)	-	(707,899)
Accruals and deferred income	(777,702)	103,850	(673,852)
<b>Net current assets</b>	<b>97,144</b>	<b>(51,150)</b>	<b>45,994</b>
<b>Total assets less current liabilities</b>	<b>8,041,704</b>	<b>(51,150)</b>	<b>7,990,554</b>
Creditors: amounts falling due after more than one year	(501,316)	-	(501,316)
	<b>7,540,388</b>	<b>(51,150)</b>	<b>7,489,238</b>
Called up share capital	10,000	-	10,000
Revaluation reserve	4,087,500	-	4,087,500
Profit and loss account	3,441,028	(51,150)	3,389,878
	<b>7,538,528</b>	<b>(51,150)</b>	<b>7,487,378</b>



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**26. Change in accounting policy (continued)**

	As previously stated 31 March 2018 £	Effect of transition 31 March 2018 £	Under IFRS 15 31 March 2018 £
Note			
Turnover	16,557,615	(155,000)	16,402,615
Other operating income	4,636,717	-	4,636,717
Other external charges	(13,708,954)	103,850	(13,605,104)
Staff costs	(5,607,667)	-	(5,607,667)
Depreciation and amortisation	(459,392)	-	(459,392)
	<hr/>	<hr/>	<hr/>
<b>Operating profit</b>	1,418,319	(51,150)	1,367,169
Interest payable and similar charges	(14,422)	-	(14,422)
Taxation	(406,513)	-	(406,513)
	<hr/>	<hr/>	<hr/>
	997,384	(51,150)	946,234
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>