LMS Direct Conveyancing Limited

Financial statements

for the period ended 31 March 2007

Registered Number 5774507

LMS Direct Conveyancing Limited

Financial statements

for the period ended 31 March 2007

Contents

Directors and Advisors for the period ended 31 March 2007	1
Directors' report for the period ended 31 March 2007	2
Independent auditors' report to the members of LMS Direct Conveyancing Ltd	4
Profit and loss account for the period ended 31 March 2007	5
Balance sheet as at 31 March 2007	6
Notes to the financial statements for the period ended 31 March 2007	7

LMS Direct Conveyancing Limited
Directors and Advisors for the period ended 31 March 2007

The board of directors
Sarah Paton (appointed 7 April 2006)
Jayne Marshall (appointed 7 April 2006, resigned 27 December 2007)
Sally Holdway (appointed 25 July 2007)

Company secretary
Peter Clarkson (appointed 7 April 2006)

Registered Office
LMS House
Lloyd Drive
Cheshire Oaks Business Park
Cheshire
CH65 9HQ

Registered Number
5774507

Auditors
PricewaterhouseCoopers LLP
8 Princes Parade
St Nicholas Place
Liverpool
L3 1QJ

Solicitors
Brabners Chaffe Street
Brook House
77 Fountain Street
Manchester
M2 2EE

Bankers
Barclays Bank plc
Corporate Banking Centre
PO Box 228
51 Mosley Street
Manchester
M60 3DQ

LMS Direct Conveyancing Limited

Directors' report for the period ended 31 March 2007

The directors present their report and the audited financial statements of the company for the period ended 31 March 2007

Incorporation
The company was incorporated on 7 April 2006

Principal activities
LMS Direct Conveyancing Limited provides remortgage services Instructions are received from Legal Marketing Services Limited, a fellow group company, on behalf of UK lenders, mortgage brokers and estate agents The Company acts in the conveyancing of the instructions received from Legal Marketing Services in a similar capacity to other companies on the list of approved panel of solicitors and licensed conveyancers for completion Information on progress of transactions is distributed, in a secure environment, over the internet, to the parties to the transaction
LMS Direct Conveyancing Limited also provides property search information on certain of its transactions

Review of business
The trading results for the period, and the company's financial position at the end of the period, are shown in the attached financial statements

Future developments
The company will continue to expand the activities it carries out in the provision of conveyancing services

Financial risk management
The company s operations expose it to a number of financial risks that include the effects of changes in interest rates and credit risk

The Finance Director of the Group has the responsibility for assessing the levels of such risks, and seeks to limit the adverse effects on the financial performance of the company by monitoring the company s exposure to movements in interest rates and general credit risk

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company s finance department

Credit risk
The company has implemented policies that require, where appropriate, credit checks on potential customers before sales are made The majority of the company's business is with a fellow group company or UK mortgage lenders, which are regarded as representing limited credit risk

Key Performance Indicators
The directors measure the performance of the business using a number of key performance indicators (KPI s) The most significant ones are as follows
- number of instructions,
- number of completions,
- average gross profit by business stream by introducer,
- average timescales from instruction to completion,
- proportion of cancellations relative to instructions,
- average completions per fee earner,
- month on month movement in instructions by introducer type

LMS Direct Conveyancing Limited

Directors' interests in shares
The company is a wholly owned subsidiary of LMS Holdings Limited The directors interests in the shares of LMS Holdings Limited are disclosed in the financial statements of LMS Holdings Limited

Donations
Payments of a charitable nature made during the period amounted to £nil

Statement of directors' responsibilities
The directors are responsible for preparing 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) The financial statements are required by law to 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 those financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985 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

The directors are responsible for the maintenance and integrity of the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditors
A resolution to PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company s auditors in connection with preparing their report) of which the company s auditors are unaware, and the directors have taken the steps that they ought to have taken as the directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

Peter Clarkson
Company Secretary
22 January 2008

LMS Direct Conveyancing Limited

Independent auditors' report to the members of LMS Direct Conveyancing Limited

We have audited the financial statements of LMS Direct Conveyancing Limited for the period ended 31 March 2007 which comprise the profit and loss account, the balance sheet, and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
As described in the Statement of Directors Responsibilities the company s directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the period then ended, the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Liverpool
22 January 2008

LMS Direct Conveyancing Limited

Profit and loss account for the period ended 31 March 2007

	Note	2007 £
Turnover – continuing operations	2	**1,105,547**
Cost of sales		**(348,604)**
Gross profit		**756,943**
Administrative expenses		**(1,095,622)**
Operating loss	3	**(338,679)**
Interest receivable and similar income		**-**
Interest payable	6	**(12)**
Loss on ordinary activities before taxation		**(338,691)**
Tax on loss on ordinary activities	7	**100,752**
Loss on ordinary activities after taxation		**(237,939)**
Loss for the financial period	14	**(237,939)**

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

There is no difference between the loss on ordinary activities before taxation and the retained loss for the periods stated above, and their historical cost equivalents

LMS Direct Conveyancing Limited
Balance sheet as at 31 March 2007

	Note	2007	2007
		£	£
Fixed assets			
Tangible assets	8		**236,830**
Current assets			
Debtors	9	**11,337,947**	
Cash at bank and in hand		**28,827**	
		11,366,774	
Creditors: amounts falling due within one year	10	**(11,841,540)**	
Net current liabilities			**(474,768)**
Total assets less current liabilities			**(237,938)**
Net liabilities			**(237,938)**
Capital and reserves			
Called up equity share capital	13		**1**
Profit and loss account	14		**(237,939)**
Shareholders' deficit	15		**(237,938)**

The financial statements on pages 5 to 14 were approved by the board of directors on 22 January 2008 and were signed on its behalf by

Sarah Paton
Director

Sally Holdway
Director

LMS Direct Conveyancing Limited
Notes to the financial statements
for the period ended 31 March 2007

1 Accounting policies

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

Turnover
Turnover represents the amounts derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax All turnover is generated within the United Kingdom

For remortgage work, turnover represents the total fee received by LMS Direct Conveyancing Limited from a lender, after deduction of VAT

Cashflow statement and related party disclosures
The company is a wholly owned subsidiary of LMS Holdings Limited and is included in the consolidated financial statements of LMS Holdings Limited, which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the LMS Holdings Limited group

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

Fixtures and fittings	-	3 – 10 years
Motor vehicles	-	3 – 5 years
Computers	-	3 – 4 years

Software costs are written off as incurred

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

Finance lease agreements
Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies Future instalments under such leases, net of finance charges, are included with creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

LMS Direct Conveyancing Limited

1 Accounting policies (continued)

Operating lease agreements
Rentals paid under operating leases are charged to income as incurred

Deferred taxation
Deferred taxation is recognised on 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 at the balance sheet date

Deferred tax assets are recognised only to the extent that, based on available evidence, it is considered more likely than not that there will be suitable tax profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis at the rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2 Turnover

All turnover is derived from one class of business, being property related services, and is wholly derived in the United Kingdom

3 Operating loss

Operating loss is stated after charging

	2007 £
Depreciation of tangible fixed assets	
- owned assets	**32,574**
- assets held under finance lease and hire purchase agreements	-
Profit on disposal of fixed assets	-
Auditors remuneration	
- as auditors	**2,500**
- for non audit services	**8,530**
Operating lease costs	
- land and buildings	**54,655**
- Other	-

LMS Direct Conveyancing Limited

4 Particulars of employees

The average monthly number of persons (including executive directors) employed by the company during the financial period was

By activity	2007
	No
No of administrative staff	28
Staff costs	£
Wages and salaries	540,194
Social security costs	47,303
Staff costs	587,497

5 Directors' emoluments

The directors aggregate emoluments in respect of qualifying services were

	2007
	£
Emoluments receivable	95,846

The emoluments of the highest paid director were £58,437

6 Interest payable

	2007
	£
Interest payable on bank borrowings	12
	12

LMS Direct Conveyancing Limited

7 Tax on profit on ordinary activities

	Note	2007
		£
Current Tax		
Corporation tax based on the results for the period at 30%		(110,030)
Total current tax		**(110,030)**
Deferred tax charge		9,278
Total deferred tax	12	**9,278**
Tax on loss on ordinary activities		**(100,752)**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007
	£
Loss on ordinary activities before taxation	**(338,691)**
Loss on ordinary activities multiplied by the standard rate	(101,607)
Effects of	
Expenses not deductible for tax purposes	-
Accelerated capital allowances / other timing differences	(8,423)
Adjustment to tax charge in respect of prior periods	-
Current tax charge for the period	(110,030)

LMS Direct Conveyancing Limited

8 Tangible assets

	Equipment	Fixtures and fittings	Motor vehicles	Computers	Total
	£	£	£	£	£
Cost or valuation					
On incorporation	0	0	0	0	0
Additions	48,464	114,363	14,795	91,782	272,255
Disposals	0	0	0	0	0
At 31 March 2007	**48,464**	**114,363**	**14,795**	**91,782**	**269,404**
Accumulated depreciation					
On incorporation	0	0	0	0	0
Charge for the period	5,095	2,508	6,987	17,984	28,477
Disposals	0	0	0	0	0
At 31 March 2007	**5,095**	**2,508**	**6,987**	**17,984**	**32,574**
Net book value					
At 31 March 2007	**43,369**	**111,855**	**7,808**	**73,798**	**236,830**

Included within the net book value of £236,830 is £nil relating to assets held under hire purchase agreements, and £nil relating to assets held under finance lease agreements The depreciation charged in the period in respect of assets held under hire purchase agreements amounted to £nil and £nil in respect of assets held under finance lease agreements

9 Debtors

	2007
	£
Trade debtors	149,043
Client Account	10,774,412
Prepayments and accrued income	291,302
VAT	22,437
Corporation Tax	91,474
Deferred Tax	9,278
Amounts due from parent company	1
	11,337,947

Client Account represents client account bank balances with a corresponding amount payable within other creditors

LMS Direct Conveyancing Limited

10 Creditors: amounts falling due within one year

	2007
	£
Trade creditors	106,722
PAYE and social security	24,604
Client Account	10,774,412
Amounts owed to group undertakings	806,152
Accruals and deferred income	129,650
	11,841,540

11 Commitments under operating leases

At 31 March 2007 the company had no annual commitments under non-cancellable operating leases -

	2007	
	Land & Buildings	Other items
	£	£
Operating leases which expire		
- Within 1 year	-	-
- Within 2 to 5 years	-	-
- More than 5 years	-	-
	-	-

LMS Direct Conveyancing Limited

12 Deferred Taxation

	Deferred taxation £
On incorporation	-
Charged to profit and loss account	9,278
At 31 March 2007	**9,278**

The deferred taxation asset comprises

	2007 £
Accelerated capital allowances	**9,278**

13 Share capital

Authorised share capital	2007 £
Ordinary shares of £0 01p each	**100**

Allotted, called up and fully paid.

	2007 £
Ordinary Share Capital	**1**

14 Reserves

	Profit and loss account £
On incorporation	**0**
Loss for financial period	**(237,939)**
At 31 March 2007	**(237,939)**

LMS Direct Conveyancing Limited

15 Reconciliation of movements in shareholders' funds

	2007
	£
Profit/(Loss) for the financial period	(237,939)
Share capital issued in the period	1
Dividends	-
Net reduction to shareholders funds	(237,938)
Shareholders' funds on incorporation	-
Closing shareholders' equity deficit	(237,938)

16 Ultimate parent company and controlling party

The ultimate parent company and controlling party of LMS Direct Conveyancing Limited is LMS Group Holdings Limited

The immediate parent undertaking is LMS Holdings Limited and the results of LMS Direct Conveyancing Limited are consolidated in the financial statements of that company Copies of LMS Holdings Limited consolidated financial statements can be obtained from the Company Secretary at LMS House, Lloyd Drive, Cheshire Oaks Business Park, Cheshire CH65 9HQ