

LMS Direct Conveyancing Limited
Financial statements
for the year ended 31 March 2009

Registered Number 5774507

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LMS Direct Conveyancing Limited
Financial statements
for the year ended 31 March 2009

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LMS Direct Conveyancing Limited

Directors and Advisors for the year ended 31 March 2009

Directors

Sarah Paton

Sally Holdway (resigned 9 January 2009)

Lee Hartshorn (appointed 20 November 2008)

Company secretary

Peter Clarkson

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 year ended 31 March 2009

The directors present their report and the audited financial statements of the company for the year ended 31 March 2009.

Business review and principal activities

LMS Direct Conveyancing Limited provides remortgage and transactional conveyancing 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.

The trading results for the year, and the company's financial position at the end of the year, are shown in the attached financial statements. Turnover increased from £3.6m to £6.4m whilst the result before tax improved from a profit of £0.4m to a profit of £1.1m. During the year, the business took processed a higher number of cases from Legal Marketing Services Limited, which is the reason behind the improvements in turnover and profit before tax

Future developments

The directors have decided to scale back the company's remortgage activities and stop taking transactional conveyancing instructions. This is in response to the group's wish to support its wider remortgage panel firms in the face of reduced remortgage activity.

Directors

The directors for the company who served during the year and to the date of this report are:

Sarah Paton

Sally Holdway (resigned 9 January 2009)

Lee Hartshorn (appointed 20 November 2008)

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

Donations

Payments of a charitable nature made during the year amounted to £nil (2008: £nil)

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws 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 and loss of the company for that year.

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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Statement of disclosure of information to auditors

Each director of the company, in office at the time of approval of this report, acknowledges that so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

By order of the Board



Peter Clarkson
Company Secretary
22 July 2009

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 year ended 31 March 2009 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

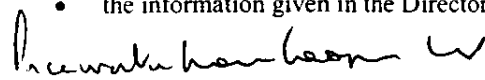
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2009 and of its profit for the year 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

Chartered Accountants and Registered Auditors

Liverpool

22 July 2009

LMS Direct Conveyancing Limited

Profit and loss account for the year ended 31 March 2009

	Note	2009 £	2008 £
Turnover – continuing operations	2	6,397,759	3,556,015
Cost of sales		(2,299,452)	(1,041,912)
Gross profit		4,098,307	2,514,103
Administrative expenses		(2,922,672)	(2,140,278)
Operating profit	3	1,175,635	373,825
Interest payable	6	(49,560)	-
Profit on ordinary activities before taxation		1,126,075	373,825
Tax on profit on ordinary activities	7	(289,854)	(93,080)
Profit on ordinary activities after taxation		836,221	280,745
Profit for the financial year	14	836,221	280,745

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

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

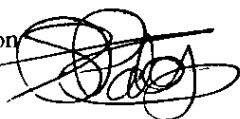
LMS Direct Conveyancing Limited

Balance sheet as at 31 March 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	8		132,615		205,628
Current assets					
Debtors	9	26,980,775		127,265,008	
Cash at bank and in hand		-		196,384	
		26,980,775		127,461,392	
Creditors: amounts falling due within one year	10	(26,234,362)		(127,623,409)	
Net current assets/(liabilities)			746,413		(162,017)
Total assets less current liabilities			879,028		43,611
Provisions for liabilities and charges	12		-		(804)
Net Assets/(liabilities)			879,028		42,807
Capital and reserves					
Called up equity share capital	13		1		1
Profit and loss account	14		879,027		42,806
Shareholders' funds/(deficit)	15		879,028		42,807

The financial statements on pages 5 to 13 were approved by the board of directors on 22 July 2009 and were signed on its behalf by:

Sarah Paton
Director



Lee Hartshorn
Director



LMS Direct Conveyancing Limited

Notes to the financial statements

for the year ended 31 March 2009

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards and the Companies Act 1985.

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 and any interest earned on mortgage advances.

Cashflow statement and related party disclosures

The company is a wholly owned subsidiary of LMS Group Holdings Limited and is included in the consolidated financial statements of LMS Group 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 Group 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:

Equipment	-	3 years
Fixtures and fittings	-	3 – 10 years
Motor vehicles	-	3 years
Computers	-	3 years

Software costs are written off as incurred.

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.

LMS Direct Conveyancing Limited

3 Operating profit

Operating profit is stated after charging:

	2009	2008
	£	£
Depreciation of tangible fixed assets		
- owned assets	104,211	91,476
Auditors' remuneration		
- as auditors	4,300	4,300
- for non audit services	-	15,303
Operating lease costs:		
- land and buildings	93,344	99,534

4 Particulars of employees

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

By activity	2009	2008
	No	No
No of administrative staff	100	68
	£	£
Wages and salaries	1,840,903	1,249,440
Social security costs	159,957	114,924
Staff costs	2,000,860	1,364,364

5 Directors' emoluments

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

	2009	2008
	£	£
Emoluments receivable	183,889	151,381

LMS Direct Conveyancing Limited

6 Interest payable

	2009	2008
	£	£
Interest payable on bank borrowings	49,560	-
	49,560	-

7 Tax on profit on ordinary activities

	Note	2009	2008
		£	£
Current Tax			
Corporation tax based on the results for the year at 28% (2008: 30%)		328,716	119,315
Adjustment to tax charge in respect of prior periods		-	(17,761)
Total current tax		328,716	101,554
Deferred tax (credit)	12	(38,862)	(8,474)
Total deferred tax		(38,862)	(8,474)
Tax on profit on ordinary activities		289,854	93,080

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009	2008
	£	£
Profit on ordinary activities before taxation	1,126,075	373,825
Profit on ordinary activities multiplied by the standard rate	315,301	112,148
Effects of:		
Accelerated capital allowances / other timing differences	13,415	7,167
Adjustment to tax charge in respect of prior periods	-	(17,761)
Current tax charge for the year	328,716	101,554

The impact on the change in the standard rate from 30% to 28% has been reflected in these financial statements and is not considered to have a significant impact on the company.

LMS Direct Conveyancing Limited

8 Tangible assets

	Equipment £	Fixtures and fittings £	Motor vehicles £	Computers £	Total £
Cost or valuation					
At 1 April 2008	66,204	121,275	14,795	127,405	329,679
Additions	2,752	2,168	-	40,960	45,880
Disposals	-	-	(14,795)	(16,905)	(31,700)
At 31 March 2009	68,956	123,443	-	151,460	343,859
Accumulated depreciation					
At 1 April 2008	17,737	39,989	11,919	54,405	124,050
Charge for the year	16,055	38,238	1,233	48,685	104,211
Disposals	-	-	(13,152)	(3,865)	(17,017)
At 31 March 2009	33,792	78,227	-	99,225	211,244
Net book value at 31 March 2009	35,164	45,216	-	52,235	132,615
At 1 April 2008	48,467	81,286	2,876	73,000	205,628

9 Debtors

	2009 £	2008 £
Trade debtors	254,009	195,739
Client Account (see note below)	25,372,991	126,903,852
Prepayments and accrued income	180,817	152,608
VAT	-	3,529
Corporation tax	-	9,280
Deferred tax (note 12)	38,058	-
Amounts due from parent company	1,134,900	-
	26,980,775	127,265,008

Client Account represents client account bank balances with a corresponding amount payable within other creditors (see note 10).

LMS Direct Conveyancing Limited

10 Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank Loans and Overdrafts	139,306	-
Trade creditors	36,926	48,979
PAYE and social security	123,777	52,259
Corporation tax	92,076	-
Deferred tax	-	804
Client Account (see note 9)	25,372,991	126,903,852
VAT	19,336	-
Amounts owed to group undertakings	10,502	409,512
Accruals and deferred income	439,448	208,003
	26,234,362	127,623,409

11 Commitments under operating leases

At 31 March 2009 the company had no annual commitments under non-cancellable operating leases :-

	2009		2008	
	Land & Buildings	Other Items	Land & Buildings	Other items
	£	£	£	£
Operating leases which expire:				
- Within 1 year	69,061	-	99,715	-
- Within 2 to 5 years	-	-	45,241	-
- More than 5 years	-	-	-	-
	69,061	-	144,956	-

12 Deferred Taxation

	2009
	£
At 31 March 2008	(804)
Credited to profit and loss account	38,862

LMS Direct Conveyancing Limited

At 31 March 2009

38,058

12 Deferred Taxation (continued)

The deferred taxation liability comprises

	2009
	£
Accelerated capital allowances	38,058

13 Share capital

Authorised share capital:	2009	2008
	£	£
10,000 ordinary shares of £0.01p each	100	100

Allotted, called up and fully paid:

	2009	2008
	£	£
1,000 ordinary shares of £0.01p each	1	1

14 Reserves

	Profit and loss account
	£
At 31 March 2008	42,806
Profit for financial year	836,221
At 31 March 2009	879,027

15 Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Profit for the financial year	836,221	280,745
Net increase in shareholders' funds	836,221	280,745
Opening Shareholders' equity funds/(deficit)	42,807	(237,938)
Closing shareholders' funds	879,028	42,807

LMS Direct Conveyancing Limited

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 LMS Group Holdings Limited. Copies of LMS Group Holdings Limited consolidated financial statements can be obtained from the Company Secretary at LMS House, Lloyd Drive, Cheshire Oaks Business Park, Cheshire CH65 9HQ.