

L M Group Ltd

Annual report and financial statements

for the five months ended 31 March 2012

Company registered number 02979634

THURSDAY



\*A1E07EEX\*

A21

26/07/2012

#344

COMPANIES HOUSE

**L M Group Ltd**  
**Annual report and financial statements**  
**for the five months ended 31 March 2012**

<b>Contents</b>	<b>Page</b>
Directors and other information	1
Directors' report for the five months ended 31 March 2012	2
Independent auditors' report to the members of L M Group Ltd	4
Profit and loss account for the five months ended 31 March 2012	4
Balance sheet at 31 March 2012	6
Notes to the financial statements for the five months ended 31 March 2012	7

# **L M Group Ltd**

## **Directors and other information**

### **Directors**

B J Herb  
M E Pepper  
C J Rutter

### **Company secretary**

R P Hanna

### **Independent auditors**

Josolyne & Co  
Chartered Accountants & Statutory Auditors  
Silk House  
Park Green  
Macclesfield  
Cheshire  
SK11 7QW

### **Registered office**

Landmark House  
Experian Way  
NG2 Business Park  
Nottingham  
Nottinghamshire  
NG80 1ZZ

# **L M Group Ltd**

## **Directors' report**

### **for the five months ended 31 March 2012**

The directors present their report and the audited financial statements for the five months ended 31 March 2012. The previous financial statements covered the year ended 31 October 2011. The accounting reference date of the Company has been changed to 31 March to bring it in line with that of its current parent group, the Experian plc Group. The Company's registered number is 02979634.

#### **Principal activity**

The Company's principal activity was providing information services to clients, primarily in respect of the credit records of their prospective customers and providing services to its former subsidiary Riskdisk Ltd.

#### **Review of the business and future developments**

The results for the period and the financial position at the period end were considered satisfactory by the directors and the Company continued to trade profitably up until 30 March 2012.

With effect from the close of business on 30 March 2012, the Company transferred its business, assets and employees to Experian Limited, its immediate parent company, at which point it ceased to trade. Experian Limited has undertaken to assume, satisfy and discharge the Company's debts and liabilities.

The directors do not expect the Company to recommence trading. The financial statements have continued to be prepared on a going concern basis, as the directors consider that no adjustments to the carrying values of assets and liabilities would be necessary to prepare the financial statements on a break up basis.

#### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy were subject to a number of risks. The key business risks and uncertainties affecting the Company were considered to relate to data security, information systems and government regulation. The principal risks and uncertainties facing the Company, together with the main means by which they have been managed or mitigated, are set out on pages 24 to 27 of the Experian plc 2012 Annual Report, which does not form part of this report.

#### **Financial risk management**

The directors have constantly monitored the risks and uncertainties facing the Company with particular reference to its exposure to the treasury, currency and other risks that are identified and discussed in the financial review on pages 40 to 46 of the 2012 Experian plc Annual Report. Such risks are managed on a group basis.

#### **Key performance indicators**

As the Company's relevant risks have been managed on a group or divisional basis, the directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of its development, performance or position.

#### **Results and dividends**

The profit for the period was £331,000 (2011: £663,000). The directors do not recommend payment of a final dividend.

#### **Directors**

The directors holding office during the period and up to the date of this report were:

B J Herb  
M E Pepper  
C J Rutter

#### **Insurance and third party indemnification**

During the period and up to the date of signing of this report the Company, through its parent group, maintained liability insurance and third party indemnification provisions for its directors and the company secretary. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

**L M Group Ltd**  
**Directors' report**  
**for the five months ended 31 March 2012 (continued)**

**Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK Generally Accepted Accounting Principles (UK Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its result for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure of information to auditors**

As at the date this report was signed, so far as each director is aware, there is no relevant audit information of which the auditors are unaware and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the board



B J Herb  
Director  
19 July 2012

## **Independent auditors' report to the members of L M Group Ltd**

We have audited the financial statements of L M Group Ltd for the period ended 31 March 2012, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

  
Kenneth McAulay (Senior Statutory Auditor)  
For and on behalf of Josolyne & Co  
Chartered Accountants  
Statutory Auditor

19 July 2012  
Silk House  
Park Green  
Macclesfield  
Cheshire  
SK11 7QW

## **L M Group Ltd**

### **Profit and loss account for the five months ended 31 March 2012**

	Notes	Five months ended 31 March 2012 £'000	Year ended 31 October 2011 £ 000
<b>Turnover</b>	2	<b>1,761</b>	3,910
Staff costs	3	(446)	(1,545)
Depreciation and other amounts written off tangible and intangible fixed assets	8	(21)	(62)
Other operating charges		(964)	(1,678)
<b>Operating profit</b>		<b>330</b>	625
Other interest receivable and similar income	5	7	25
Amounts written off investments – current asset investments		-	1
<b>Profit on ordinary activities before tax</b>	6	<b>337</b>	651
Tax on profit on ordinary activities	7	(6)	12
<b>Profit on ordinary activities after tax and for the financial period</b>	13	<b>331</b>	663

All amounts relate to discontinued operations

There are no recognised gains and losses other than the profits stated above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profits on ordinary activities before tax and the profit for the financial periods stated above and their historical cost equivalents

**L M Group Ltd**  
**Balance sheet**  
**at 31 March 2012**

	Notes	31 March 2012 £'000	31 October 2011 £'000
<b>Fixed assets</b>			
Tangible assets	8	-	107
<b>Current assets</b>			
Debtors	9	2,436	2,814
Cash at bank and in hand		-	729
		<b>2,436</b>	<b>3,543</b>
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	11	-	(1,545)
<b>Net current assets</b>		<b>2,436</b>	<b>1,998</b>
<b>Total assets less current liabilities</b>		<b>2,436</b>	<b>2,105</b>
<b>Net assets</b>		<b>2,436</b>	<b>2,105</b>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	2,436	2,105
<b>Total shareholders' funds</b>	14	<b>2,436</b>	<b>2,105</b>

The financial statements on pages 5 to 14 were approved by the board of directors on 19 July 2012 and signed on its behalf by



B J Herb  
 Director



# **L M Group Ltd**

## **Notes to the financial statements**

### **for the five months ended 31 March 2012**

#### **1 Accounting policies**

##### **Basis of accounting**

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable UK accounting standards, and have been rounded to the nearest thousand pounds, except where specifically noted otherwise. The principal accounting policies are set out below.

In accordance with Financial Reporting Standard ('FRS') 18, the Company has conducted a review of its accounting policies and estimation techniques, which has not resulted in any change to the Company's accounting policies or estimation techniques.

##### **Going concern**

Although the Company ceased to trade with effect from 30 March 2012, these financial statements have continued to be prepared on a going concern basis, as the directors consider that no adjustments to the carrying values of assets and liabilities would be necessary to prepare the financial statements on a break up basis.

##### **Cash flow statement and related party disclosures**

The Company is a wholly-owned subsidiary of Experian plc and included in its consolidated financial statements, which are publicly available. Under FRS 1, these financial statements do not require inclusion of a cash flow statement. Under FRS 8 the Company is exempt from disclosing transactions with entities that are wholly owned by the Experian plc Group.

##### **Turnover and revenue recognition**

Turnover, which excludes value added tax, rebates and trade discounts, represented management services, royalties, and fees earned from debt collection activities, and was recognised as services are provided. Amounts invoiced in advance of the performance of services were classified as deferred income.

##### **Leased assets**

Payments made under operating leases were charged to the profit and loss account on a straight line basis over the period of the lease.

##### **Pension costs and post retirement benefits**

The Company provided pension benefits to eligible employees through membership of a defined contribution pension plan, which is a group stakeholder pension scheme operated by Standard Life Assurance Limited. The pension cost recognised in the profit and loss account represents the employer's contributions incurred in respect of that plan.

##### **Deferred tax**

Deferred tax was recognised as a liability or asset if transactions had occurred at the balance sheet date that gave rise to an obligation to pay more, or a right to pay less, tax in the future. A deferred tax asset was not recognised to the extent that the transfer of economic benefits in the future was uncertain. Deferred tax was measured at the average tax rates expected to apply in the periods in which the timing differences were expected to reverse, based on tax rates and laws enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities recognised have not been discounted.

##### **Tangible assets**

Tangible fixed assets were recorded at cost less accumulated depreciation. Cost included the original purchase price of the asset and attributable costs to bring it to its working condition for its intended use. Depreciation was provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Land and buildings - Leasehold improvements	-	5 to 10 years
Fixtures and fittings	-	3 to 10 years

Where there was an indication of impairment, fixed assets were subject to review for impairment in accordance with FRS 11. Any impairment was recognised in the year in which it was incurred.

#### **2 Turnover**

Turnover and profit before tax mainly arose from the Company's principal activity, carried out with UK customers.

# L M Group Ltd

## Notes to the financial statements for the five months ended 31 March 2012 (continued)

### 3 Staff costs and numbers

Staff costs	Five months ended 31 March 2012 £'000	Year ended 31 October 2011 £'000
Wages and salaries	397	1,241
Social security costs	43	140
Other pension costs	6	164
	446	1,545

There were no pension contributions outstanding at the period end (2011 £nil)

Monthly average staff numbers (including directors)	Five months ended 31 March 2012 Number	Year ended 31 October 2011 Number
Administration	28	29
Directors	3	2
	31	31

### 4 Directors' remuneration

	Five months ended 31 March 2012 £'000	Year ended 31 October 2011 £'000
Aggregate emoluments (excluding employer's pension contributions)	-	203

All (2011 four) of the directors who held office were remunerated by fellow subsidiary undertakings of Experian plc in respect of their services to the Experian plc Group as a whole

In the year ended 31 October 2011 one director, the highest paid, who held office for part of that year, accrued benefits under a defined contribution pension plan to which the Company made contributions of £76,000 Retirement benefits accrued to three directors (2011 four) under a defined benefit pension plan, the Experian Pension Scheme, operated by Experian Finance plc

Highest paid director	Five months ended 31 March 2012 £'000	Year ended 31 October 2011 £ 000
Emoluments (excluding employer's pension contributions)	-	102

# L M Group Ltd

## Notes to the financial statements for the five months ended 31 March 2012 (continued)

### 5 Other interest receivable and similar income

	Five months ended 31 March 2012 £'000	Year ended 31 October 2011 £'000
Interest earned on loans to directors	-	15
Interest earned on inter-company loans	7	2
Bank interest	-	8
	7	25

### 6 Profit on ordinary activities before tax

Profit on ordinary activities before tax is stated after charging

	Five months ended 31 March 2012 £'000	Year ended 31 October 2011 £'000
Fees payable to the auditor for the audit of the Company's financial statements	4	5
Operating lease rentals – plant and machinery	2	4
Operating lease rentals – other (property)	64	153

### 7 Tax on profit on ordinary activities

Analysis of tax charge/(credit) for the period

	Five months ended 31 March 2012 £'000	Year ended 31 October 2011 £'000
<b>Current tax:</b>		
UK corporation tax on the profit for the period	-	-
<b>Total current tax charge</b>	-	-
<b>Deferred tax.</b>		
Origination and reversal of timing differences	6	(18)
Adjustments in respect of prior years	-	6
<b>Total deferred tax</b>	6	(12)
<b>Tax charge/(credit) on profit on ordinary activities</b>	6	(12)

# **L M Group Ltd**

## **Notes to the financial statements for the five months ended 31 March 2012 (continued)**

### **7 Tax on profit on ordinary activities (continued)**

#### **Factors affecting the total current tax charge for the period**

The current tax charge for the period is lower (2011 lower) than the effective standard rate of UK corporation tax of 26% applicable to the accounting period (2011 26.8%). The differences are explained below

	<b>Five months ended 31 March 2012 £'000</b>	<b>Year ended 31 October 2011 £'000</b>
<b>Profit on ordinary activities before tax</b>	<b>337</b>	<b>651</b>
Profit on ordinary activities before tax multiplied by the effective standard rate of UK corporation tax	<b>88</b>	<b>174</b>
Effects of		
Income not taxable	-	(1)
Group relief claimed without payment of consideration	(89)	(191)
Other timing differences	1	18
<b>Current tax charge for the period</b>	<b>-</b>	<b>-</b>

The directors have considered the tax effect of UK to UK transfer pricing legislation on non interest bearing intra-group loans and are satisfied that any associated tax charge/(credit) arising will be offset by compensating adjustments from other Group companies such that no additional tax asset or liability should arise. Therefore, no entries in respect of these items have been reflected in these financial statements as the net impact on both the tax charge and net assets is £nil (2011 £nil)

# L M Group Ltd

## Notes to the financial statements for the five months ended 31 March 2012 (continued)

### 8 Tangible assets

	Land and buildings £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost</b>			
At 1 November 2011	65	182	247
Additions	58	17	75
Disposals	(123)	(199)	(322)
<b>At 31 March 2012</b>	-	-	-
<b>Depreciation</b>			
At 1 November 2011	49	91	140
Charge for the period	4	17	21
Disposals	(53)	(108)	(161)
<b>At 31 March 2012</b>	-	-	-
<b>Net book amount</b>			
<b>At 31 March 2012</b>	-	-	-
At 31 October 2011	16	91	107

None of the above assets are held under finance leases (2011 none)

### 9 Debtors

	31 March 2012 £'000	31 October 2011 £'000
Trade debtors	-	22
Amounts owed by group undertakings	2,323	2,595
Other debtors	-	9
Prepayments and accrued income	-	69
Corporation tax recoverable	113	113
Deferred tax (note 10)	-	6
	<b>2,436</b>	<b>2,814</b>

Amounts owed by group undertakings are unsecured, interest free and repayable upon demand

## **L M Group Ltd**

### **Notes to the financial statements for the five months ended 31 March 2012 (continued)**

#### **10 Deferred tax**

	<b>Deferred tax asset £'000</b>
At 1 November 2011	6
Amounts charged in the profit and loss account	(6)
<b>At 31 March 2012</b>	<b>-</b>

The deferred tax asset at 31 October 2011 was attributable to timing differences between capital allowances and depreciation. There is no deferred tax not provided for.

#### **11 Creditors – amounts falling due within one year**

	<b>31 March 2012 £'000</b>	<b>31 October 2011 £'000</b>
Trade creditors	-	96
Amounts owed to group undertakings	-	1,098
Other creditors including tax and social security	-	225
Accruals and deferred income	-	126
	-	1,545

Amounts owed to group undertakings are unsecured, interest free and repayable upon demand.

#### **12 Called up share capital**

<b>Allotted and fully paid</b>	<b>31 March 2012 £</b>	<b>31 October 2011 £</b>
79 A ordinary shares of £1 each	79	79
10 B ordinary shares of £1 each	10	10
	89	89

The A and the B shares rank pari passu in all respects, except that the B shares carry no voting rights.

## **L M Group Ltd**

### **Notes to the financial statements for the five months ended 31 March 2012 (continued)**

#### **13 Profit and loss account**

	<b>£'000</b>
At 1 November 2011	2,105
Profit for the financial period	331
<b>At 31 March 2012</b>	<b>2,436</b>

In addition, reserves at 31 March 2012 included a capital redemption reserve of £11 (2011 £11)

#### **14 Reconciliation of movements in shareholders' funds**

	<b>31 March 2012 £'000</b>	<b>31 October 2011 £'000</b>
Profit for the financial period and net increase in shareholders' funds	331	654
Opening shareholders' funds	2,105	1,442
<b>Closing shareholders' funds</b>	<b>2,436</b>	<b>2,096</b>

#### **15 Contingent liabilities**

At 31 March 2012 and 31 October 2011 the Company had given an unlimited cross guarantee to its bankers in respect of any indebtedness of the Company's former subsidiary Riskdisk Ltd

#### **16 Transfer of trade**

With effect from the close of business on 30 March 2012, the Company transferred its business undertaking, employees, and trade assets for a consideration of £298,000 to Experian Limited, who has undertaken to assume, satisfy and discharge the Company's debts and liabilities of £330,000

The book values of the assets and liabilities transferred are set out below

	<b>£'000</b>
Fixed assets (intangible and tangible)	159
Debtors	81
Cash	58
Creditors	(330)
<b>Net liabilities transferred</b>	<b>(32)</b>

The assets and liabilities were transferred at their book values and no profit or loss arose

## **L M Group Ltd**

### **Notes to the financial statements for the five months ended 31 March 2012 (continued)**

#### **17 Related parties**

The following transactions and balances with other related parties require disclosure under FRS 8

The Company paid rentals to the Credit League Directors' Pension Scheme of £64,000 in the five months ended 31 March 2012 and £153,000 in the year ended 31 October 2011 in respect of land and buildings. The members of that scheme are former directors of the Company or of Riskdisk Ltd.

The Company made contributions of £15,000 in 2011 to a defined contribution pension plan in respect of Mrs S McLaughlin, a former shareholder and the spouse of former director R McLaughlin.

At 31 October 2010 G Farquhar, a former shareholder of the Company and former director of Riskdisk Ltd, had been advanced £15,000 on an interest earning basis, which was repaid, with accrued interest, in March 2011.

Transactions in relation to loans with directors during the year ended 31 October 2011 are summarised in the table below. There were no such transactions in the five months ended 31 March 2012.

<b>Advances to G Lawrence</b>	<b>2011 £'000</b>
Opening balance	453
Amounts advanced	11
Interest charged (at 4.0% per annum)	15
Amounts repaid	(479)
Closing balance	-

#### **18 Financial commitments**

There were no significant capital commitments contracted but not provided for at 31 March 2012 (2011: None).

At 31 March 2012 there were no annual commitments under non-cancellable operating leases. At 31 October 2011 there were annual commitments in respect of land and buildings of £153,000 and plant and machinery of £4,000, all expiring in between one and five years.

#### **19 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Experian Limited, incorporated in England and Wales.

The Company's ultimate parent undertaking and controlling party, Experian plc, is incorporated in Jersey. It is the parent company of the smallest and largest group in which the results of the Company for the period were consolidated and copies of its consolidated financial statements may be obtained from the Company Secretary, Experian plc, Newenham House, Northern Cross, Malahide Road, Dublin 17, Ireland.