

**Energy Reports and Surveys Limited**  
**Annual report and financial statements**  
**for the year ended 31 March 2009**

**Registered number**

**Registered Number 03140786**



# **Energy Reports and Surveys Limited**

## **Annual report and financial statements for the year ended 31 March 2009**

### **Contents**

Directors and advisers for the year ended 31 March 2009 .....	1
Directors' report for the year ended 31 March 2009 .....	3
Independent auditors' report to the members of Energy Reports and Surveys Limited .....	10
Profit and loss account for the year ended 31 March 2009.....	5
Balance sheet as at 31 March 2009.....	6
Notes to the financial statements for the year ended 31 March 2009 .....	7

# **Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)**

## **Directors and advisers for the year ended 31 March 2009**

### **Directors**

Andrew Knee  
Peter Clarkson  
Christopher Harris  
Paul Staley (appointed 1 September 2008)

### **Secretary**

Peter Clarkson

### **Registered Office**

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

### **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

# **Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services 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**

The company acts as a panel manager of energy performance certificates, survey and valuation work and other property inspection activities. This work is introduced to the company by Legal Marketing Services Limited, a sister company, lenders, mortgage packagers and other introducers, and is serviced by a panel of surveyors and valuers, who work for organisations independent from Energy Reports and Surveys Limited. The energy performance certificates are completed by a mixture of internally employed domestic energy assessors and external organisations. From October 2008 when there was a change of legislation, the company targeted EPC work for all rental properties, including private landlords and social housing.

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 decreased from £9.7m to £7.2m and loss before tax reduced from a loss of £3m to a loss of £0.7m for the year.

The main driver for the business of ERS is the volume of transactions in the housing market. These fell significantly during 2008. For the year to 31 March 2008, the business incurred substantial start up costs in connection with establishing a workforce to carry out energy performance certificates. This was the main reason for the improvement in the loss before tax in the year to 31 March 2009.

### **Future Developments**

The company's future developments are to continue to provide Energy Performance Certificates ('EPCs') to Home Information Pack (HIP) providers in a cost effective way, by the innovative use of technology. This will include EPCs not only to Legal Marketing Services Limited, a sister company, but to independent HIP providers.

### **Directors**

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

Andrew Knee

Peter Clarkson

Christopher Harris

Paul Staley (appointed 1 September 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 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 and completions,
- average gross profit by business stream by introducer,
- average timescales from instruction to completion,

## **Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)**

- proportion of cancellations relative to instructions,
- average instructions per introducer and month on month movement in instructions by introducer type.

### **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 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 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**  
Secretary

22 July 2009

# **Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)**

## **Independent auditors' report to the members of Energy Reports and Surveys Limited**

We have audited the financial statements of Energy Reports and Valuations 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**

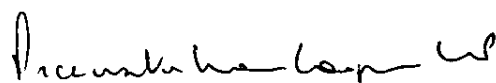
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

## Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)

### Profit and loss account for the year ended 31 March 2009

	Note	2009 £	2008 £
Turnover	2	7,171,217	9,740,222
Cost of sales		(5,393,909)	(9,696,771)
<b>Gross profit</b>		<b>1,777,308</b>	<b>43,451</b>
Administrative expenses		(2,429,379)	(3,043,950)
<b>Operating loss</b>	3	<b>(652,071)</b>	<b>(3,000,499)</b>
Interest (payable)		(1,219)	(1,121)
<b>Loss on ordinary activities before taxation</b>		<b>(653,290)</b>	<b>(3,001,620)</b>
Tax on loss on ordinary activities	6	209,860	913,092
<b>Loss on ordinary activities after taxation</b>		<b>(443,430)</b>	<b>(2,088,528)</b>
<b>Loss for the financial year</b>	13	<b>(443,430)</b>	<b>(2,088,528)</b>


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.

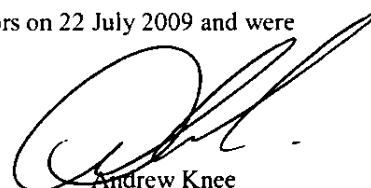
**Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)**  
**Balance sheet as at 31 March 2009**

	Note	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	7	347,536	333,449
<b>Current assets</b>			
Debtors	8	1,113,260	4,023,076
Cash at bank and in hand		-	-
		1,113,260	4,023,076
<b>Creditors - amounts falling due within one year</b>	9	(3,794,376)	(6,236,867)
<b>Net current (liabilities)</b>		(2,681,116)	(2,213,791)
<b>Total assets less current liabilities</b>		(2,333,580)	(1,880,342)
<b>Provisions for liabilities and charges</b>	10	-	(9,808)
<b>Net (liabilities)</b>		(2,333,580)	(1,890,150)
<b>Capital and reserves</b>			
Called up share capital	12	1,411	1,411
Profit and loss account	13	(2,334,991)	(1,891,561)
<b>Equity shareholders' (deficit)</b>	14	(2,333,580)	(1,890,150)

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:



Peter Clarkson  
Director



Andrew Knee  
Director



# **Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services 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**

The turnover shown in the profit and loss account represents amounts invoiced during the period exclusive of Value Added Tax. Turnover is recognised on completion of the energy performance certificate, survey or valuation.

#### **Going Concern**

The company has received confirmation from its ultimate parent undertaking, LMS Group Holdings Limited, that it will receive financial support to continue as a going concern for the foreseeable future.

#### **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.

#### **Fixed assets**

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	Over 5 years
Computer equipment	Over 3 years
Motor vehicles	Over 3 years

#### **Operating lease agreements**

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

#### **Pension costs**

The company operates a defined contribution pension schemes for employees. The cost of these schemes are charged to the profit and loss account 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.

# Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)

## 2 Turnover

All turnover is derived from the provision of survey and valuation services and energy performance certificates and is wholly derived in the United Kingdom.

## 3 Operating loss

Operating loss is stated after charging:

	2009 £	2008 £
Depreciation of owned fixed assets	145,011	57,763
(Profit) on disposal of fixed assets	(3,000)	-
Operating leases	58,746	42,458
Auditors' fees	4,300	4,700

## 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 No	2008 No
No of administrative staff	149	204
	£	£
Wages and salaries	3,461,128	3,402,732
Social security costs	342,900	334,391
Staff costs	3,804,028	3,737,123

## 5 Directors' emoluments

The director's aggregate emoluments in respect of qualifying services were:

	2009 £	2008 £
Aggregate emoluments	121,770	-

The emoluments of the highest paid director were £121,770. In the year the emoluments of only one of the directors was borne by the company

The number of directors who accrued benefits under company pension schemes was as follows

	2009 Number	2008 Number
Money purchase schemes	-	-

## Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)

### 6 Tax on loss on ordinary activities

	2009	2008
	£	£
Current Tax		
Corporation tax based on the results for the year at 28%	(172,984)	(912,674)
Adjustment in respect of previous years	-	(10,226)
<b>Total current tax</b>	<b>(172,984)</b>	<b>(922,900)</b>
Deferred tax (credit)/charge	(36,876)	9,674
Changes in tax rates or laws	-	134
<b>Total deferred tax</b>	<b>(36,876)</b>	<b>9,808</b>
<b>Tax on loss on ordinary activities</b>	<b>(209,860)</b>	<b>(913,092)</b>

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

	2009	2008
	£	£
<b>Loss on ordinary activities before taxation</b>	<b>(653,290)</b>	<b>(3,001,620)</b>
Loss on ordinary activities multiplied by the standard rate	(182,921)	(900,486)
Effects of:		
Expenses not deductible for tax purposes	627	325
Accelerated capital allowances / other timing differences	9,310	(12,513)
Adjustment to tax charge in respect of prior periods	-	(10,226)
<b>Current tax credit for the year</b>	<b>(172,984)</b>	<b>(922,900)</b>

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.

# Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)

## 7 Tangible fixed assets

	Motor Vehicles	Fixtures & Fittings	Computer Equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2008	16,833	150,851	336,737	504,421
Additions	-	40,036	134,709	174,745
Disposals	-	(10,559)	(8,755)	(19,314)
<b>At 31 March 2009</b>	<b>16,833</b>	<b>180,328</b>	<b>462,691</b>	<b>659,852</b>
<b>Depreciation</b>				
At 1 April 2008	14,030	40,369	116,573	170,972
Charge for the year	2,803	27,189	115,019	145,011
Disposals	-	(50)	(3,617)	(3,667)
<b>At 31 March 2009</b>	<b>16,833</b>	<b>67,508</b>	<b>227,975</b>	<b>312,316</b>
<b>Net book value at 31 March 2009</b>	<b>-</b>	<b>112,820</b>	<b>234,716</b>	<b>347,536</b>
Net book value at 31 March 2008	2,803	110,482	220,164	333,449

## 8 Debtors

	2009 £	2008 £
Trade debtors	837,837	2,868,046
Called up share capital not paid	10	10
Amounts owed by group undertakings	148,177	144,884
Deferred tax	27,068	-
Corporation tax	-	934,900
Other debtors	100,168	75,236
	<b>1,113,260</b>	<b>4,023,076</b>

# **Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)**

## **9 Creditors: Amounts falling due within one year**

	2009 £	2008 £
Bank overdraft	145,310	260,058
Trade creditors	395,455	1,442,993
Other taxation and social security	401,447	498,363
Accruals and deferred income	104,436	172,649
Amounts owed to group undertakings	2,675,901	3,836,221
Other creditors	71,827	26,583
	<b>3,794,376</b>	<b>6,236,867</b>

## **10 Provision for liabilities and charges**

	2009 £
At 31 March 2008	9,808
Credit to profit and loss account	(36,876)
<b>At 31 March 2009</b>	<b>(27,068)</b>

The deferred taxation liability comprises

	2009 £
Accelerated capital allowances	(27,068)

## **11 Commitments under operating leases**

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

	2009 £	2008 £
Operating leases which expire:		
Within 1 year	43,500	62,200
Within 2 to 5 years	-	100,035
	<b>43,500</b>	<b>162,235</b>

## Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)

### 12 Called up share capital

	2009 £	2008 £
<b>Authorised</b>		
99,999 Ordinary shares of £1 each	99,999	99,999
1 Preference share of £1 each	1	1
1,000 'A' ordinary shares of £1 each	1,000	1,000
1,000 'B' ordinary shares of £1 each	1,000	1,000
	<b>102,000</b>	<b>102,000</b>

<b>Allotted and fully paid</b>	2009 Number	2009 £	2008 Number	2008 £
Ordinary shares fully paid of £1 each	1,400	1,400	1,400	1,400
Preference shares fully paid of £1 each	1	1	1	1
'A' Ordinary shares fully paid of £1 each	10	10	10	10
	<b>1,411</b>	<b>1,411</b>	<b>1,411</b>	<b>1,411</b>

The amounts of paid up share capital for the following category of shares differed from the called-up share capital stated above due to unpaid calls and were as follows:

	2008 £	2008 £
'A' Ordinary shares fully called	10	10

The 'A' ordinary shares rank pari passu with the existing ordinary shares except that the holders are not entitled to attend or vote at a general meeting of the company nor participate in a distribution of assets on a winding up of the company.

### 13 Statement of movement on reserves

	Profit and loss account £
At 1 April 2008	(1,891,561)
Loss for the financial year	(443,430)
<b>At 31 March 2009</b>	<b>(2,334,991)</b>

## **Energy Reports and Surveys Limited (formerly LMS Survey and Valuation Services Limited)**

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

	2009	2008
	£	£
(Loss) for the financial year	(443,430)	(2,088,528)
Dividends	-	-
Net increase to shareholders deficit	(443,430)	(2,088,528)
Opening shareholders' (deficit)/funds	(1,890,150)	198,378
<b>Closing shareholders' deficit</b>	<b>(2,333,580)</b>	<b>(1,890,150)</b>

### **15 Ultimate parent company and controlling party**

The ultimate parent company and controlling party of Energy Reports and Surveys Limited is LMS Group Holdings Limited.

The immediate parent undertaking is LMS Holdings Limited and the results of Energy Reports and Surveys 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