

**TM Property Service Limited**

Report and Financial Statements

Year Ended

31 December 2006



**BDO Stoy Hayward**  
Chartered Accountants

# **TM Property Service Limited**

## **Report and financial statements for the year ended 31 December 2006**

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Directors and other company details

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### **Directors**

T Brown  
J Carolan  
H Hill  
C Kemp  
R Shipperley

### **Secretary and registered office**

T Brown, Ailesbury Court, High Street, Marlborough, Wiltshire, SN8 1AA

### **Company number**

3775703

### **Auditors**

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

## **TM Property Service Limited**

### **Report of the directors for the year ended 31 December 2006**

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The directors present their report together with the audited financial statements for the year ended 31 December 2006

#### **Principal activities and future developments**

The company provides electronic search transactions via the National Land Information Service ('NLIS') Hub for land and property professionals in the UK and for TM Property Service Limited's sister company, Search Choice Limited. There have been no changes in the company's activities in the year under review.

#### **Review of the business**

The profit and loss account is set out on page 6 and shows turnover for the year of £16.7m generating an operating profit of £0.45m. This compares with a loss before tax of £0.2m in 2005. Turnover and operating profit are key performance indicators for the company.

Although some customers have moved from TM Property Service Limited ('TMPS') to Search Choice Limited ('SC') the company has increased its revenue by 14%. This performance is largely due to the successful penetration within the commercial market sector where TMPS provides a range of bespoke services.

Although the market as a whole has been dealing with the implications of Home Information Pack (HIPs) legislation, the NLIS search process is not impacted.

During the year a new managing director and finance director were appointed.

The directors do not recommend the payment of a dividend.

There have been no events since the balance sheet date which materially affect the position of the company.

#### **Principal risk and uncertainties**

In 2006 it was announced by C-NLIS that they would be awarding at least one more NLIS licence, as a method of expanding access to the NLIS Hub.

The current NLIS licence expires in 2009 and it is not clear what process will exist to provide for the renewal of the licences when the expiry date is reached.

TMPS will work with its group companies to ensure that the TMG Holdings Limited organisation minimises any risk that may exist from this licence issue.

It is not clear what the medium to long term impact of HIPs will be on official searches, but it is certainly not expected to reduce activity over time.

## **TM Property Service Limited**

### **Report of the directors for the year ended 31 December 2006 (*Continued*)**

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#### **Directors**

The directors of the company during the year were

T Brown	(appointed 12 June 2006)
J Carolan	(appointed 12 June 2006)
H Hill	
C Kemp	(appointed 30 January 2006)
R Shipperley	
E Williams	(appointed 30 January 2006, resigned 22 September 2006)
S Foster	(resigned 30 June 2006)
A Strivens	(resigned 30 May 2006)
R Scarff	(resigned 30 January 2006)
A Gill	(resigned 30 January 2006)

#### **Directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 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 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 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

**TM Property Service Limited**

**Report of the directors for the year ended 31 December 2006 (*Continued*)**

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**Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

**On behalf of the Board**

J Carolan



**Director**

Date 30 August 2007

## **TM Property Service Limited**

### **Report of the independent auditors**

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#### **To the shareholders of TM Property Service Limited**

We have audited the financial statements of TM Property Service Limited for the year ended 31 December 2006 which comprise 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).

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 and whether the information given in the Report of the Directors is consistent with those 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *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.

**TM Property Service Limited**

**Report of the independent auditors (*Continued*)**

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*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 December 2006 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 report of the directors is consistent with the financial statements

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors  
London*

30 August 2007

**TM Property Service Limited****Profit and loss account for the year ended 31 December 2006**

	Note	2006 £'000	2005 £'000
Turnover	2	16,667	14,674
Cost of sales		14,243	13,103
<b>Gross profit</b>		<b>2,424</b>	<b>1,571</b>
Administrative expenses		1,972	2,211
<b>Operating profit/(loss)</b>	3	<b>452</b>	<b>(640)</b>
Profit on disposal of fixed assets	4	-	359
Net interest receivable	5	9	54
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>461</b>	<b>(227)</b>
Taxation	8	2	-
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>459</b>	<b>(227)</b>

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 8 to 14 form part of these financial statements




**TM Property Service Limited**

**Balance sheet at 31 December 2006**

	<b>Note</b>	<b>2006 £'000</b>	<b>2006 £'000</b>	<b>2005 £'000</b>	<b>2005 £'000</b>
<b>Fixed assets</b>					
Tangible assets	9		289		192
<b>Current assets</b>					
Debtors	10	617		222	
Cash at bank and in hand		156		100	
		773		322	
<b>Creditors: amounts falling due within one year</b>	11	786		697	
<b>Net current liabilities</b>			(13)		(375)
<b>Total assets less current liabilities</b>			276		(183)
<b>Capital and reserves</b>					
Called up share capital	12		5,913		5,913
Share premium account	13		3,996		3,996
Profit and loss account	13		(9,633)		(10,092)
<b>Shareholders' funds/(deficit)</b>	14		276		(183)

The financial statements were approved by the Board of Directors and authorised for issue on 30th August 2007

  
 J Carolan  
 Director

The notes on pages 8 to 14 form part of these financial statements

## TM Property Service Limited

### Notes forming part of the financial statements for the year ended 31 December 2006

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#### 1 Accounting policies

The financial statements have been prepared on a going concern basis under the historical cost convention and are in accordance with applicable accounting standards. There have been no changes in accounting policies during the year.

The principal accounting policies applied during the year are as follows:

##### *Turnover*

Turnover represents sales to outside customers at invoiced amounts less value added tax.

##### *Depreciation*

Depreciation is provided on tangible fixed assets to write off the cost or valuation, less estimated residual values, over their estimated useful lives on a straight line basis at the following principal rates:

Operating licences	- over the life of the assets
Computer equipment	- 33⅓% per annum
Computer software	- Over a 3 to 7 year

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

##### *Research and development*

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable,
- the project is technically feasible and commercially viable,
- current and future costs are expected to be exceeded by future sales, and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over the period the company expects to benefit from the expenditure. Development costs comprising computer software are included in fixed assets.

## TM Property Service Limited

### Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

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#### 1 Accounting policies (*Continued*)

##### *Leased assets*

Assets acquired under finance leases are capitalised and written off over the shorter of their useful lives and the terms of the lease. The interest element of the lease charges is apportioned over the year of the lease on the basis of the rate implicit in the lease. Operating lease rentals are charged to the profit and loss account in the year to which they relate.

#### 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

#### 3 Operating profit/(loss) is stated after charging

	2006 £'000	2005 £'000
Depreciation	64	59
Auditors' remuneration - audit services	5	4
Operating lease rentals - land and buildings	91	70
- vehicles	12	16
	<hr/>	<hr/>

#### 4 Profit on disposal of fixed assets

Profit on the disposal of fixed assets of £359,000 arose on the sales of assets to Search Choice Limited, a fellow subsidiary of TMG Holdings Limited in 2005. There were no disposals of fixed assets in the year to 31 December 2006.

#### 5 Net interest receivable

	2006 £'000	2005 £'000
Bank interest receivable	9	54
	<hr/>	<hr/>

**TM Property Service Limited****Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****6 Employees**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs (including directors) consist of		
Wages and salaries	<b>1,001</b>	743
Social security costs	<b>117</b>	85
Other pension costs	<b>37</b>	30
	<b>1,155</b>	858

The average number of employees, including directors, during the year was 23 (2005 - 22)

**7 Directors' remuneration**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments consist of		
Fees and remuneration for management services	<b>172</b>	244
Payments to personal pension schemes	<b>5</b>	5
Amounts paid to third parties	<b>-</b>	5
	<b>177</b>	254

**TM Property Service Limited****Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****8 Taxation**

	<b>2006 £'000</b>	<b>2005 £'000</b>
Corporation tax charge for the year	<b>2</b>	-
Prior year tax adjustments	-	-
	<hr/>	<hr/>
	<b>2</b>	-
	<hr/>	<hr/>

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below

	<b>2006 £'000</b>	<b>2005 £'000</b>
Profit/(loss) on ordinary activities before tax	<b>461</b>	(227)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 – 30%)	<b>138</b>	(68)
Effects of		
Expenses not deductible for tax purposes	<b>12</b>	57
Capital allowances (greater than)/less than depreciation	<b>(14)</b>	(48)
Trading losses carried forward/(utilised)	<b>(134)</b>	59
Adjustments to tax charge for previous year	-	-
Marginal relief	-	-
	<hr/>	<hr/>
Current tax charge for the year	<b>2</b>	-
	<hr/>	<hr/>

No deferred tax asset has been recognised in respect of trading losses carried forward of £685,000 (2005 - £808,000) due to uncertainty over the timing of their utilisation and recovery

**TM Property Service Limited**

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

**9 Fixed assets**

	Computer equipment £'000	Computer software £'000	Operating licences £'000	Total £'000
<i>Cost</i>				
At 1 January 2006	-	5	500	505
Additions	150	11	-	161
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	<b>150</b>	<b>16</b>	<b>500</b>	<b>666</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2006	-	1	312	313
Provided in the year	-	5	59	64
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	<b>-</b>	<b>6</b>	<b>371</b>	<b>377</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2006	<b>150</b>	<b>10</b>	<b>129</b>	<b>289</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	<b>-</b>	<b>4</b>	<b>188</b>	<b>192</b>
	<hr/>	<hr/>	<hr/>	<hr/>

**10 Debtors**

	2006 £'000	2005 £'000
Trade debtors	38	92
Prepayments and accrued income	51	97
Corporation tax consortium relief due	6	33
Amounts due from group companies	522	-
	<hr/>	<hr/>
	<b>617</b>	<b>222</b>
	<hr/>	<hr/>

**TM Property Service Limited**

**Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)**

**11 Creditors: amounts falling due within one year**

	<b>2006 £'000</b>	<b>2005 £'000</b>
Trade creditors	284	340
Amounts owed to group undertakings	-	206
Tax and social security	127	136
Accruals and deferred income	375	15
	<u>786</u>	<u>697</u>

**12 Share capital**

	<b>2006 Number</b>	<b>2005 Number</b>	<b>Authorised 2006 £'000</b>	<b>2005 £'000</b>
Ordinary shares of £1 each	10,795,836	10,795,836	10,796	10,796
Deferred shares of £1 each	1,704,164	1,704,164	1,704	1,704
	<u>12,500,000</u>	<u>12,500,000</u>	<u>12,500</u>	<u>12,500</u>
			<b>Allotted and called up</b>	
	<b>2006 Number</b>	<b>2005 Number</b>	<b>2006 £'000</b>	<b>2005 £'000</b>
Ordinary shares of £1 each	4,208,477	4,208,477	4,209	4,209
Deferred shares of £1 each	1,704,164	1,704,164	1,704	1,704
	<u>5,912,641</u>	<u>5,912,641</u>	<u>5,913</u>	<u>5,913</u>

**13 Reserves**

	<b>Share premium £'000</b>	<b>Profit and loss account £'000</b>
At 1 January 2006	3,966	(10,092)
Profit for the year	-	459
	<u>3,966</u>	<u>(9,633)</u>
At 31 December 2006		

## TM Property Service Limited

### Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

<b>14 Reconciliation of movements in shareholders' funds</b>	<b>£'000</b>
At 1 January 2006	(183)
Profit for the year	459
	<hr/>
At 31 December 2006	<b>276</b>
	<hr/>

### 15 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by TMG Holdings Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in those consolidated financial statements

### 16 Financial commitments

As at 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	<b>2006 Land and buildings £'000</b>	<b>2006 Other £'000</b>	<b>2005 Land and buildings £'000</b>	<b>2005 Other £'000</b>
Operating leases which expire				
In less than one year	33	3	23	-
In the second to fifth years inclusive	-	15	-	20
	<hr/>	<hr/>	<hr/>	<hr/>
	33	18	23	20
	<hr/>	<hr/>	<hr/>	<hr/>

### 17 Ultimate parent undertaking

At 31 December 2006 TM Property Service Limited's ultimate parent company was TMG Holdings Limited, which is the parent of both the smallest and largest companies in the group of which the company is a member

Copies of the financial statements of TMG Holdings Limited are available from Companies House

### 18 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash flow statements", not to prepare a cash flow statement as it is consolidated in the financial statements of its ultimate parent company