

# **TM Search Choice Limited**

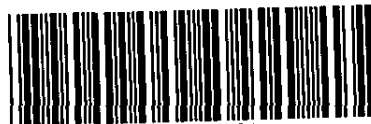
Report and Financial Statements

Year Ended

31 December 2009

Company Number 5281723

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# **TM Search Choice Limited**

## **Report and financial statements for the year ended 31 December 2009**

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### **Directors**

P Albone  
T Brown  
J Carolan  
P Creffield  
S Embley  
R Shipperley

### **Secretary and registered office**

T Brown, 200 Delta Business Park Swindon SN5 7XD

### **Company number**

5281723

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **TM Search Choice Limited**

## **Report of the directors for the year ended 31 December 2009**

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The directors present their report together with the audited financial statements for the period ended 31 December 2009

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

The company provides an electronic transaction and information infrastructure for land and property professionals in the UK. During 2009 TM Search Choice developed direct access to Local Authorities in England and Wales which enabled its sister company, TM Property Searches Limited, to cease as an NLIS licence holder. This was a key component of a wider strategy to enable the business to extend its market penetration which has already had an impact in 2010.

### **Review of the business**

The entire search industry had to cope with very difficult trading conditions in 2009 as property transactions in the UK were almost halved. Despite that the profit and loss account set out on page 5 shows turnover remained almost at 2008 levels, with a small increase in margin. With lower overheads TM Search Choice Limited generated an Operating profit of £0.2m against a small loss of £0.1m for 2008.

The creation of its own hub, to replace reliance on an NLIS Licence held by TM Property Searches Limited, required considerable resources but this has enabled the business to reinforce the brand image and to differentiate it from its competitors. It is already clear that this has had a positive impact in the market as TM Search Choice saw revenues increase in the early part of 2010, although this will be severely impacted by the cancellation of HIPs in May 2010.

At the Board Meeting in February 2010 the directors agreed a dividend of £1.5m which was paid in April 2010.

### **Principal risk and uncertainties**

The entire property market is still in a very poor situation and there is no certainty or agreement quite how long this position will last. The cancellation of HIPs is intended to encourage activity in the property market but it is too early to establish if this expectation will be realised.

However, TM Search Choice will continue to develop search opportunities to provide an ever more extensive range of facilities to the broadening customer base.

TM Search Choice continues to position itself within its market place, with its customers and suppliers, as an innovative organisation that is providing and developing secure and consistently high service levels. This, with the support of a very loyal and stable workforce, remains the focus as the market begins to ease.

### **Summary**

The directors feel the results for 2009 are a just reflection of the effort put in by TM Search Choice management and staff. They represent a positive outcome given market and economic conditions, and the investment that had to be made to launch the TM Official Search hub.

It is certain that 2010 will see further changes across the market and TM Search Choice will be actively developing new opportunities to support growth.

### **Directors**

The directors of the company during the year were

P Albone  
T Brown  
J Carolan  
P Creffield  
G Edwards (resigned 15 January 2010)  
S Embley (appointed 28 January 2010)  
R Shipperley

# **TM Search Choice Limited**

## **Report of the directors for the year ended 31 December 2009 (Continued)**

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### **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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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.

### **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 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 24<sup>th</sup> August 2010

# **TM Search Choice Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF TM SEARCH CHOICE LIMITED**

We have audited the financial statements of TM Search Choice Limited for the year ended 31 December 2009 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 United Kingdom Accounting Standards (United Kingdom 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 auditor's 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, 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 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 (APB'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.

### **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 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters 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.

## TM Search Choice Limited

### Independent auditor's report (*Continued*)

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#### 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

BDO LLP

Geraint Jones, (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date 24 August 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# TM Search Choice Limited

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

	Note	2009 £'000	2008 £'000
Turnover	2	26,659	27,020
Cost of sales		22,461	22,938
<b>Gross profit</b>		<b>4,198</b>	<b>4,082</b>
Administrative expenses		3,993	4,215
<b>Operating profit/(loss)</b>	5	<b>205</b>	<b>(133)</b>
Interest receivable	6	36	207
<b>Profit on ordinary activities before taxation</b>		<b>241</b>	<b>74</b>
Taxation on profit from ordinary activities	7	(53)	28
<b>Profit on ordinary activities after taxation</b>		<b>294</b>	<b>46</b>

All amounts relate to continuing activities

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

The notes on pages 7 to 13 form part of these financial statements

# TM Search Choice Limited

## Balance sheet as at 31 December 2009

<b>Company number 5281723</b>	<b>Note</b>	<b>2009 £'000</b>	<b>2009 £'000</b>	<b>2008 £'000</b>	<b>2008 £'000</b>
<b>Fixed assets</b>					
Intangible assets	9		359		359
Tangible assets	10		349		300
			<hr/>		<hr/>
			708		659
<b>Current assets</b>					
Debtors	11	2,840		1,289	
Cash at bank and in hand		2,929		3,690	
		<hr/>		<hr/>	
		5,769		4,979	
<b>Creditors: amounts falling due within one year</b>	12	4,490		3,945	
		<hr/>		<hr/>	
<b>Net current assets</b>			1,279		1,034
			<hr/>		<hr/>
<b>Net assets</b>			1,987		1,693
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	13	-		-	
Profit and loss account		1,987		1,693	
		<hr/>		<hr/>	
<b>Shareholders' funds</b>	14	1,987		1,693	
		<hr/>		<hr/>	

The financial statements were approved by the Board of Directors and authorised for issue on 24<sup>th</sup> August 2010



J Carolan  
Director

The notes on pages 7 to 13 form part of these financial statements



# TM Search Choice Limited

## Notes forming part of the financial statements for the year ended 31 December 2009

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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 UK accounting standards

The following principal accounting policies have been applied

#### *Goodwill*

Goodwill arising on acquisitions is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired

Positive goodwill is capitalised and an impairment review is carried out on an annual basis. The goodwill is stated at historic cost less any necessary impairment

#### *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 at the following principal rates

Computer equipment	- 33 $\frac{1}{3}$ % per annum straight-line
Fixtures, fittings and equipment	- 33 $\frac{1}{3}$ % per annum straight-line
Computer software	- Over a 3 to 7 year period straight-line
Motor vehicles	- 25% reducing balance

#### *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

#### *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

# TM Search Choice Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (Continued)

## 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 period 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.

### Pension costs

The company contributes an amount based on the basic salary of each staff member to a private pension of their choice. These amounts are charged to the profit and loss account as incurred.

## 2 Turnover

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

## 3 Employees

	2009 £'000	2008 £'000
Staff costs (including directors) consist of		
Wages and salaries	2,009	2,046
Social security costs	228	270
Other pension costs	74	63
	<u>2,311</u>	<u>2,379</u>

The average number of employees, including directors, during the year was 53 (2008 - 59)

## 4 Directors' remuneration

	2009 £'000	2008 £'000
Directors' emoluments consist of		
Fees and remuneration for management services	437	419
Payments to personal pension schemes	8	8
	<u>445</u>	<u>427</u>

The highest paid director received emoluments of £157,096 (2008 - £186,418) in the year.

# TM Search Choice Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (Continued)

## 5 Operating profit

	2009 £'000	2008 £'000
This has been arrived at after charging		
Depreciation of tangible fixed assets	208	323
Auditors' remuneration - audit services	-	15
Operating leases – land and buildings	168	180
	<u>          </u>	<u>          </u>

The auditors' remuneration was accounted and paid for by TM Search Choice Limited's sister company TM Property Searches Limited on behalf of the group in 2009

## 6 Interest receivable

	2009 £'000	2008 £'000
Bank interest receivable	36	207
	<u>          </u>	<u>          </u>

## 7 Taxation on profit from ordinary activities

	2009 £'000	2008 £'000
<i>Current tax</i>		
Corporation tax charge for the year	7	28
<i>Deferred tax</i>		
Deferred tax asset (note 8)	(60)	-
	<u>          </u>	<u>          </u>
Total tax (credit) / charge	(53)	28
	<u>          </u>	<u>          </u>

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

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	241	74
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2008 - 28 50%)	51	21
Effects of		
Adjustments to tax charge in respect of previous periods	(3)	-
Expenses not deductible for tax purposes	-	-
Marginal relief	-	(7)
Depreciation in excess of capital allowances	(7)	35
Utilisation of losses	(36)	-
Short term timing differences	2	(21)
	<u>          </u>	<u>          </u>
Current tax charge for the year	7	28
	<u>          </u>	<u>          </u>

# TM Search Choice Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*Continued*)

## 8 Deferred taxation

The movement in the deferred taxation asset during the year was

	2009 £'000	2008 £'000
Brought forward	-	-
Profit and loss account credit arising during the year	60	-
	<hr/>	<hr/>
Asset carried forward (note 11)	60	-
	<hr/>	<hr/>

The asset for deferred taxation consists of the tax effect of timing differences in respect of

	2009 £'000	2008 £'000
Excess of depreciation over taxation allowances on fixed assets	60	-
	<hr/>	<hr/>

## 9 Fixed assets - Intangible assets

	Purchased goodwill £'000
<i>Cost</i>	
At 1 January 2009 and at 31 December 2009	359
	<hr/>
<i>Impairment</i>	
At 1 January 2009 and at 31 December 2009	-
	<hr/>
<i>Net book value</i>	
At 31 December 2009	359
	<hr/>
At 31 December 2008	359
	<hr/>

On 1 January 2005 the company acquired business assets from TM Property Searches Limited, a fellow subsidiary of TM Group (UK) Limited. Fixed assets with a net book value of £391,000 were acquired for a consideration of £750,000 resulting in goodwill of £359,000. No fair value adjustments were required. The purchased goodwill is subject to an annual impairment test.

# TM Search Choice Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (*Continued*)

## 10 Fixed assets - Tangible assets

	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Computer software £'000	Total £'000
<i>Cost</i>				
At 1 January 2009	36	876	850	1,762
Additions	10	132	115	257
At 31 December 2009	46	1,008	965	2,019
<i>Depreciation</i>				
At 1 January 2009	9	779	674	1,462
Provided in the year	9	143	56	208
At 31 December 2009	18	922	730	1,670
<i>Net book value</i>				
At 31 December 2009	28	86	235	349
At 31 December 2008	27	97	176	300

## 11 Debtors

	2009 £'000	2008 £'000
Trade debtors	1,276	1,150
Prepayments and accrued income	1,504	139
Deferred taxation (note 8)	60	-
	2,840	1,289

# TM Search Choice Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (Continued)

## 12 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	316	43
Corporation tax	7	28
Tax and social security	275	84
Accruals and deferred income	3,735	1,038
Amounts due to group companies	157	2,752
	<u>4,490</u>	<u>3,945</u>

## 13 Share capital

	2009 Number	Authorised		2008 £
		2009 £	2008 Number	
Ordinary shares of £1 each	1,000	1	1,000	1
	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>
	2009 Number	Allotted and called up		2008 £'000
		2009 £'000	2008 Number	
Ordinary shares of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

## 14 Reconciliation of movements in shareholders' funds

	£'000
At 1 January 2009	1,693
Profit for the year	294
Dividends paid	-
	<u>1,987</u>
At 31 December 2009	<u>1,987</u>

# TM Search Choice Limited

Notes forming part of the financial statements  
for the year ended 31 December 2009 (Continued)

## 15 Dividends

	2009 £'000	2008 £'000
Final dividend paid on ordinary shares at £1,500 per share	-	1,500

At the Board meeting in February 2010 the directors agreed a dividend of £1 5m which was paid in April 2010. This will be accounted for in the 2010 financial statements

## 16 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 TM Group (UK) Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in those consolidated financial statements

## 17 Financial commitments

As at 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	2009 Land and buildings £'000	2009 Other £'000	2008 Land and buildings £'000	2008 Other £'000
Operating leases which expire				
In less than one year	-	-	-	-
In the second to fifth years inclusive	168	-	180	-
	<u>168</u>	<u>-</u>	<u>180</u>	<u>-</u>

## 18 Ultimate parent undertaking

At 31 December 2009 TM Search Choice Limited's ultimate parent company was TM Group (UK) Limited, which is the parent of both the smallest and largest groups of which the company is a member

Copies of the financial statements of TM Group (UK) Ltd are available from Companies House

## 19 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