

Registered number: 02411812

DIRECT VALUATIONS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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DIRECT VALUATIONS LIMITED

COMPANY INFORMATION

Directors	C Anderton P Gratton S Jackson I Fergusson
Company secretary	C Staley
Registered number	02411812
Registered office	3&4 Regan Way Chetwynd Business Park, Chilwell Nottingham NG9 6RZ
Independent auditor	KPMG LLP Statutory Auditor and Chartered Accountant St Nicholas House 31 Park Row Nottingham NG1 6FQ
Bankers	HSBC 26 Clumber Street Nottingham NG1 3GA

DIRECT VALUATIONS LIMITED

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DIRECT VALUATIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Introduction

Our primary strategy is to deliver a best-in-class Panel Management capability to provide efficient, professional property valuations for residential properties to UK lenders. We intend to grow the size of our operations by increasing volume through out-sourced Panel Management contracts and continuing to support our existing clients.

The UK Housing market had a challenging year in 2016/17. Changes in stamp duty and the UK's decision to leave the European Union have impacted consumer confidence and property sales, with a 13% reduction in year on year residential property transactions, the biggest impact of which was felt in London and the South East. That said, successful Panel Management wins protected the overall volume worked by the group, with volumes consistent with the prior year.

The Surveying division put significant investment into IT and operating processes in the year, giving the business the platform for further growth and productivity improvements in 2017/18.

Business review

The underlying operating performance of the business was strong. The business saw Turnover increase by 10% to £15.3m (2016:£13.9m) whilst Operating Profits increased to £1.8m (2016: £1.4m). Margins excluding exceptionals, have decreased to 10% (2016: 13%) as the business invested in operating system improvements.

As at 31 March 2017, the business had net assets of £6.6m. This is £1.9m higher than the position at 31 March 2016 as the business continues to strengthen its balance sheet.

Principal risks and uncertainties

The company's revenues and profits are substantially dependent on the volume of housing transactions in the UK residential property market. During recent years, the mortgage market has been steadily recovering, but remains highly cyclical and subject to changes in consumer confidence, which has been lower in 2017 due to levels of uncertainty following the UK's referendum vote to leave the EU, changes in stamp duty rates and buy-to-let changes. The group has a focus on retaining key customer relationships through high levels of customer service, which has enabled the Group to compete successfully in a difficult market

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Financial and other key performance indicators

	2017	2016
Total Managed Volumes	131,508	133,488
Total Income	17,461,885	15,845,363
EBITDA before Exceptional	2,126,462	2,344,012
EBITDA margin	12.2%	15.0%

The report was approved by the board on 25 July 2017 and signed on its behalf.



C Anderton
Director

DIRECT VALUATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 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;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,916,056 (2016 - £933,373).

Directors

The directors who served during the year were:

C Anderton
P Gratton
S Jackson
I Fergusson

Future developments

We continue in our strategy to grow the business through market share gains driven by best-in-class performance.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECT VALUATIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 25 July 2017 and signed on its behalf.



C Anderton
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DIRECT VALUATIONS LIMITED

We have audited the financial statements of Direct Valuations Limited for the year ended 31 March 2017, set out on pages 6 to 27. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2017 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and Directors' report:

- We have not identified material misstatements in those reports; and
- In our opinion, those reports have been prepared in accordance with Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DIRECT VALUATIONS LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.



Craig Parkin (Senior Statutory Auditor)

for and on behalf of
KPMG LLP

Statutory Auditor and Chartered Accountant

St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

25 July 2017

DIRECT VALUATIONS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Turnover	2	15,298,675	13,859,296
Other operating income	3	2,163,210	1,986,067
Other external charges		(10,671,415)	(9,774,775)
Exceptional other external charges	11	-	(707,004)
Staff costs	6	(4,602,277)	(3,600,441)
Depreciation and amortisation		(348,719)	(216,427)
Other operating expenses		(61,731)	(126,135)
Operating profit	4	1,777,743	1,420,581
Income from other fixed asset investments		187,500	175,000
Interest receivable and similar income	8	24,870	-
Interest payable and expenses	9	(10,719)	(33,798)
Profit before tax		1,979,394	1,561,783
Tax on profit	10	(63,338)	(628,410)
Profit for the financial year		1,916,056	933,373

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 9 to 27 form part of these financial statements.

DIRECT VALUATIONS LIMITED
REGISTERED NUMBER:02411812

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	638,538	384,953
Tangible assets	13	662,845	644,575
Investments	14	6,502,500	6,502,500
Debtors due after more than 1 year		164,692	343,030
		7,968,575	7,875,058
Current assets			
Debtors: amounts falling due within one year,	15	2,942,410	976,913
Bank and cash balances		1,176,248	3,776,430
		4,118,658	4,753,343
Creditors: amounts falling due within one year	16	(4,168,046)	(4,519,834)
Net current (liabilities)/assets		(49,388)	233,509
Total assets less current liabilities		7,919,187	8,108,567
Creditors: amounts falling due after more than one year	17	(1,288,043)	(3,393,479)
Net assets		6,631,144	4,715,088
Capital and reserves			
Called up share capital	21	10,000	10,000
Revaluation reserve	22	4,087,500	4,087,500
Profit and loss account	22	2,533,644	617,588
		6,631,144	4,715,088

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 July 2017.



C Anderton
 Director

The notes on pages 9 to 27 form part of these financial statements.

DIRECT VALUATIONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2015	10,000	4,087,500	684,215	4,781,715
Total comprehensive income for the year				
Profit for the year	-	-	933,373	933,373
Transactions with owners recorded directly in equity				
Dividends: Equity capital	-	-	(1,000,000)	(1,000,000)
At 1 April 2016	<u>10,000</u>	<u>4,087,500</u>	<u>617,588</u>	<u>4,715,088</u>
Total comprehensive income for the year				
Profit for the year	-	-	1,916,056	1,916,056
At 31 March 2017	<u><u>10,000</u></u>	<u><u>4,087,500</u></u>	<u><u>2,533,644</u></u>	<u><u>6,631,144</u></u>

The notes on pages 9 - 27 form part of these financial statements.

DIRECT VALUATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

Direct Valuations Limited (the "Company") is a company incorporated, domiciled and registered in England in the UK. The registered number is 02411812 and the registered address is 3&4 Regan Way, Chilwell, Nottingham, NG9 6RZ.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, SDL Property Services Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of SDL Property Services Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered office. The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The directors do not consider there to be any judgements in the applications of these accounting policies that would have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

DIRECT VALUATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis.

1.4 Associates and joint ventures

Associates and joint ventures are held at cost less impairment.

1.5 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future, based on the continued support of its fellow group undertakings, directors and the company's bankers. The directors have prepared projections for the period to 31 March 2020. These projections have been prepared using assumptions which the directors consider to be appropriate to the current financial position of the company as regards to current expected revenues and its cost base, and demonstrate continued growth and profitability.

DIRECT VALUATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.6 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.7 Revenue

Turnover comprises revenue recognised by the company when a valuation report is supplied to the customer, exclusive of value added tax.

1.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Amortisation is provided on the following bases:

Development expenditure	-	25 % reducing balance
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1.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

DIRECT VALUATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.10 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

1.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.13 Non-derivative financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment loss.

Trade and other creditors

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

DIRECT VALUATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.14 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

DIRECT VALUATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.16 Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining liability. Contingent rents are charged as expenses in the periods in which they are incurred.

1.17 Interest payable

Interest payable is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.19 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

1.20 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.21 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

DIRECT VALUATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.22 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.24 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Panel management	15,298,675	13,859,296
	<u>15,298,675</u>	<u>13,859,296</u>

All turnover arose within the United Kingdom.

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

3. Other operating income

	2017 £	2016 £
Other operating income	249,230	302,080
Fees receivable	1,913,980	1,683,987
	2,163,210	1,986,067

4. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	179,269	155,460
Amortisation of intangible assets, including goodwill	169,450	60,967
Defined contribution pension cost	108,319	80,047
Operating Leases	296,742	102,515
Loss on sale of fixed assets	7,281	707,004
	7,281	707,004

5. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to this Company and other companies in the SDL Property Services Group Limited group:

	2017 £	2016 £
Fees for the audit of the Company	40,000	66,500
	40,000	66,500

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	3,984,498	3,134,908
Social security costs	509,460	385,486
Cost of defined contribution scheme	108,319	80,047
	4,602,277	3,600,441

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Administration	131	113
	131	113

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	538,423	2,113,526
Company contributions to defined contribution pension schemes	19,897	-
	558,320	2,113,526

During the year retirement benefits were accruing to 2 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £434,616 (2016 - £1,025,792) for his services to the group as a whole.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2016 - £NIL).

8. Interest receivable

	2017 £	2016 £
Interest receivable from group companies	24,870	-
	24,870	-

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	-	28,428
Finance leases and hire purchase contracts	10,719	5,370
	10,719	33,798
	10,719	33,798

10. Taxation

	2017 £	2016 £
Current tax		
Total current tax	-	-
	-	-
Deferred tax		
Origination and reversal of timing differences - current year	173,013	418,757
Origination and reversal of timing differences - prior year	(146,011)	153,205
Changes to tax rates	36,336	56,448
Total deferred tax	63,338	628,410
	63,338	628,410
Taxation on profit on ordinary activities	63,338	628,410
	63,338	628,410

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>1,979,394</u>	<u>1,561,783</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	395,879	312,357
Effects of:		
Expenses not deductible for tax purposes	210	141,400
Fixed asset differences	3,824	-
Income not taxable	(37,500)	(35,000)
Research and development tax credits	(159,120)	-
Deferred tax rate differences	5,804	-
Change in tax rate	-	56,448
Prior year deferred tax	(146,011)	153,205
Other differences	252	-
Total tax charge for the year	<u><u>63,338</u></u>	<u><u>628,410</u></u>

Factors that may affect future tax charges

The company has tax losses carried forward of £3.2M (2016: £4.3M) available to utilise against future profits. A deferred tax asset has been recognised based on expected utilisation of the tax losses per detailed forecasts prepared to March 2020. Reductions in the UK corporation tax rate from 20% (effective from 1 April 2015) to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 March 2016 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 March 2017 by £Nil.

11. Exceptional items

	2017 £	2016 £
Exceptional items - loss on sale of property	-	707,004
	<u>-</u>	<u>707,004</u>

On 29th March 2016 the company sold its 2 properties at 3&4 Regan Way and 17 Regan Way at a loss. The properties were sold to J&E Nominees, a related party (see note 26) during the year at a value lower than market value.

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

12. Intangible assets

	Develop- ment £
Cost	
At 1 April 2016	748,061
Additions - internal	432,864
Disposals	(228,583)
	952,342
At 31 March 2017	952,342
 Amortisation	
At 1 April 2016	363,108
Charge for the year	169,450
On disposals	(218,754)
	313,804
At 31 March 2017	313,804
 Net book value	
At 31 March 2017	638,538
<i>At 31 March 2016</i>	384,953

Development expenditure is internal and external development of software to improve the operational processes. The expenditure is written off at 25% reducing balance.

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

13. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2016	458,768	1,047,176	1,505,944
Additions	-	199,395	199,395
Disposals	(29,819)	-	(29,819)
At 31 March 2017	<u>428,949</u>	<u>1,246,571</u>	<u>1,675,520</u>
Depreciation			
At 1 April 2016	96,750	764,618	861,368
Charge for the period	104,847	74,422	179,269
Disposals	(27,962)	-	(27,962)
At 31 March 2017	<u>173,635</u>	<u>839,040</u>	<u>1,012,675</u>
Net book value			
At 31 March 2017	<u>255,314</u>	<u>407,531</u>	<u>662,845</u>
At 31 March 2016	<u>362,018</u>	<u>282,557</u>	<u>644,575</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Motor vehicles	<u>255,313</u>	<u>358,297</u>
	<u>255,313</u>	<u>358,297</u>

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

14. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 April 2016	6,500,000	2,500	6,502,500
At 31 March 2017	<u>6,500,000</u>	<u>2,500</u>	<u>6,502,500</u>
Net book value			
At 31 March 2017	<u>6,500,000</u>	<u>2,500</u>	<u>6,502,500</u>
At 31 March 2016	<u>6,500,000</u>	<u>2,500</u>	<u>6,502,500</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
JV Limited	Ordinary	100 %	Surveying

Name	Registered office
JV Limited	3 & 4 Regan Way, Chilwell, Nottingham, NG9 6RZ

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
JV Limited	(3,964,711)	(881,208)
	<u>(3,964,711)</u>	<u>(881,208)</u>

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

14. Fixed asset investments (continued)

Participating interests

Associates

Name	Registered office	Class of shares	Holding	Principal activity
Sesame Bankhall Valuations Services Limited	Pixham End, Dorking, Surrey, RH4 1QA	Ordinary	25%	Panel management

15. Debtors

	2017	2016
	£	£
Due after more than one year		
Deferred tax asset (note 20)	164,692	343,030
	<u>164,692</u>	<u>343,030</u>
	2017	2016
	£	£
Due within one year		
Trade debtors	1,492,901	609,733
Amounts owed by group undertakings	827,013	10,296
Prepayments and accrued income	342,496	191,884
Deferred taxation (note 20)	280,000	165,000
	<u>2,942,410</u>	<u>976,913</u>

Amounts owed by group undertakings are interest free and repayable on demand.

16. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,369,863	1,284,091
Other taxation and social security	363,542	562,513
Obligations under finance lease and hire purchase contracts	75,699	86,418
Other creditors	1,740,000	1,740,000
Accruals and deferred income	618,942	846,812
	<u>4,168,046</u>	<u>4,519,834</u>

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

17. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	139,650	204,631
Amounts owed to group undertakings	648,549	950,000
Other creditors	499,844	2,238,848
	1,288,043	3,393,479

Secured loans

The hire purchase assets are secured against the asset to which they relate.

Amounts owed to group undertakings is an unsecured loan repayable after 3 years with an interest rate of 6% pa.

18. Hire purchase and finance leases

Future minimum lease payments for:

	2017 £	2016 £
Within one year	75,699	86,418
Between 2-5 years	139,650	204,631
	215,349	291,049

The present value of minimum lease payments is analysed as follows:

	2017 £	2016 £
Within one year	75,699	86,418
Between 2-5 years	139,650	204,631
	215,349	291,049

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

19. Financial instruments

	2017 £	2016 £
Financial assets		
Cash and cash equivalents	1,176,248	3,776,430
Financial assets that are debt instruments measured at amortised cost	2,319,915	620,029
	3,496,163	4,396,459
Financial liabilities		
Financial liabilities measured at amortised cost	(5,166,262)	(7,350,800)
	(5,166,262)	(7,350,800)

Financial assets include trade debtors and amounts owed from group.

Financial liabilities include trade creditors, obligations under finance leases and hire purchase contracts, amounts owed to group undertakings, other creditors and accruals.

20. Deferred taxation

	2017 £
At beginning of year	508,030
Charged to profit or loss	(63,338)
At end of year	444,692

The deferred tax asset is made up as follows:

	2017 £
Accelerated capital allowances	(93,132)
Tax losses carried forward	537,824
	444,692

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

21. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

22. Reserves

Revaluation reserve

The revaluation reserve relates to the gain on revaluation of subsidiaries to fair value on reorganisation.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £108,319 (2016: £80,047). Contributions totalling £Nil (2016: £Nil) were payable to the fund at the reporting date.

24. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	£	£
Other Operating Leases		
Not later than 1 year	172,342	28,287
Later than 1 year and not later than 5 years	212,016	74,227
	<u>384,358</u>	<u>102,514</u>
	2017	2016
	£	£
Land and buildings		
Not later than 1 year	156,780	120,000
Later than 1 year and not later than 5 years	620,990	480,000
Later than 5 years	1,080,000	-
	<u>1,857,770</u>	<u>600,000</u>

DIRECT VALUATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

25. Related party transactions

Sesame Bankhall Valuation Services Limited is an associate company with common directors. J&E partnership has partners who have an interest in J&E Nominees Limited, a shareholder in SDL Property Services Group Limited which is the company's ultimate parent company. Moneyquest Mortgage Brokers Limited is an associate company with common directors. Central Scotland West Limited is a fellow subsidiary.

	2017	2016
	£	£
Sesame Bankhall Valuation Services Limited		
Panel Management charges	1,868,225	2,482,675
J&E Partnership		
Management charges made	(260,304)	(492,719)
Amount due to related party	(138,487)	(213,057)
Management charges received	56,000	58,080
Amount due from related party	17,500	8,400
Sale of properties	-	707,004
Moneyquest Mortgage Brokers Limited		
Management charges : income	-	56,239
Management charges: expenditure	-	(234,977)
Amount due from related party	-	-
Central Scotland West limited		
Amount due from fellow subsidiary	3,967	6,568
	3,967	6,568

The Company has taken advantage of the relief available under FRS101.8(k) in respect of Related Party Disclosures and does not disclose transactions with wholly owned entities that are fellow group companies.

26. Controlling party

The Company is a subsidiary undertaking of SDL Property Services Group Limited, which is also considered to be the ultimate controlling party. The results of the Company are included in the financial statements of SDL Property Services Group Limited, incorporated in England & Wales. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 3-4 Regan Way, Chilwell, Nottingham, NG9 6RZ.