

Balance sheet

as at 31 July 2006

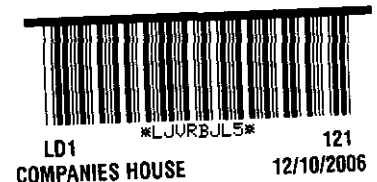
	Note	2006 £'000	Restated 2005 £'000
Fixed assets			
Investments	2	104,210	1,068
Current assets			
Debtors	3	4,984	58,377
Creditors: amounts falling due within one year	4	93,275	31,911
Net current (liabilities)/assets		(88,291)	26,466
Total assets less current liabilities		15,919	27,534
Creditors: amounts falling due after one year	5	100	28,767
Net assets/(liabilities)		15,819	(1,233)
Capital and reserves			
Called up share capital	8	104	100
Share premium account	9	5,629	400
Profit and loss account	9	10,086	(1,733)
Shareholders' funds		15,819	(1,233)

The balance sheet and notes on pages 1 to 7 were approved by the Board on 11 October 2006 and were signed on its behalf by:



D A Fielding *Director*

The notes on pages 2 to 7 are an integral part of this balance sheet.



Notes to the financial statements

1. Accounting policies

Basis of financial statements

The financial year end of the Company is 31 December. This balance sheet and notes thereto have been prepared as at 31 July 2006 for the purpose of complying with section 43(3)(c) of the Companies Act 1985 and have been prepared in accordance with applicable United Kingdom accounting standards and the historical cost convention. The balance sheet for the Company has been prepared on the going concern basis.

This balance sheet is for the Company only and does not represent the consolidated position for the group.

Investment in subsidiaries

Investment in subsidiaries are stated at cost and reviewed for impairment if there are any indications that the carrying value may not be recoverable.

Taxation

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions costs

The Company operates a defined contribution pension scheme for employees of the Company. The assets of the scheme are invested and managed independently of the finances of the Company.

Financial instruments

The Company has reclassified certain equity shares as debt in accordance with the requirements of FRS 25 'Financial Instruments: Disclosure and Presentation' which is effective for accounting periods beginning on or after 1 January 2005. Details of the reclassification are given in notes 6 and 8.

Notes to the financial statements

2. Investments

	<i>Subsidiary undertaking</i>	
	2006 £'000	2005 £'000
At 1 January 2006	1,068	1
Additions	103,142	1,067
At 31 July 2006	104,210	1,068

On 25 July 2006, the Company paid £39,752,296 in respect of the acquisition of esurv Limited from Lending Solutions Holdings Limited. The Company also paid £23,092,713 in respect of the acquisition of Reeds Rains Limited from Lending Solutions Holdings Limited on that date.

On 25 July 2006, the Company issued 10,000 ordinary shares of £0.10 per share at a premium of £210.51 per share, in addition to a cash consideration of £34,700,000 in exchange for the acquisition of the remaining minority interest of 8.33% in Lending Solutions Holdings Limited. The Company also paid £300,000 in cash and issued 32,158 ordinary shares of £0.10 per share at a premium of £97.15 per share for an additional 6.48% shareholding in Reeds Rains Limited.

In July 2006, the Company also incurred deal costs of £68,360 in respect of the acquisition of a surveying business by esurv Limited.

The investment in Lending Solutions Holdings Limited, Reeds Rains Limited and esurv Limited have been included in the Company's balance sheet at their cost of acquisition.

Lending Solutions Holdings Limited earned a profit after tax of £145,730 (2005: £457,087) in the period ended 31 July 2006.

3. Debtors

	2006 £'000	2005 £'000
Corporation tax debtor	241	303
Prepayments and accrued income	48	69
Amounts owed by group undertakings	4,695	58,005
	4,984	58,377

Notes to the financial statements

4. Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Bank overdraft	75,797	11,043
Loans (note 6)	472	12,328
Accruals and deferred income	1,074	1,215
Amounts owed by group undertakings	15,932	7,325
	<u>93,275</u>	<u>31,911</u>

5. Creditors: amounts falling due after one year

	2006 £'000	Restated 2005 £'000
Loans (note 6)	-	28,667
1,005,000 (2005: 1,000,000) 'B' ordinary shares of £0.10 each	100	100
	<u>100</u>	<u>28,767</u>

The 'B' ordinary shares have been classified as loan debt in accordance with the requirements of FRS 25 'Financial Instruments: Disclosure and Presentation' which is effective for accounting periods beginning on or after 1 January 2005 as these shares are entitled to a cumulative dividend and present value of the future dividend payments are expected to be higher than the carrying value of the shares.

Details of rights attached to the 'B' ordinary shares are given in note 8.

6. Loans

	2006 £'000	2005 £'000
Amounts falling due		
In one year or less	472	12,494
In more than one year but not more than two years	-	9,195
In more than two years but not more than five years	-	9,900
In more than five years	-	10,400
	<u>472</u>	<u>41,989</u>
Less: unamortised issue costs	-	(994)
	<u>472</u>	<u>40,995</u>

Details of loans not wholly repayable within five years are as follows:

	2006 £'000	2005 £'000
10% fixed rate subordinated secured loan notes repayable in 3 equal annual instalments commencing 30 June 2011	-	10,077

The above table does not include 'B' ordinary shares reclassified as debt in accordance with FRS 25.

All the loans were repaid in the period with the exception of one loan note issued on the acquisition of Reeds Rains Limited.

Notes to the financial statements

6. Loans (continued)

Bank overdrafts and the banking facility are secured by a fixed and floating charge on the Lending Solutions Group's assets excluding the following subsidiaries, BroomCo (3455) Limited, Homefast Property Lawyers Limited, Homeinspectors.co.uk Limited, Chancellors Associates Limited, First Complete Limited, Linear Mortgage Network Holdings Limited, Linear Mortgage Network Limited, Linear Financial Services Holdings Limited and Linear Financial Services Limited. The loan of £0.5m remaining is guaranteed by the Group's bankers, Barclays Bank plc.

7. Obligations under leases

Operating leases

The Company had no annual commitments under non-cancellable operating leases.

8. Share capital

	2006 £'000	Restated 2005 £'000
Authorised:		
5,000,000 (2005: 1,083,332) 'A' ordinary shares of £0.10 each	500	108
5,000,000 (2005: 1,000,000) 'B' ordinary shares of £0.10 each	500	100
	1,000	208
Allotted, called up and fully paid:		
1,037,158 (2005: 1,000,000) 'A' ordinary shares of £0.10 each	104	100

On 25 July 2006, the Company issued 5,000 'A' ordinary shares and 5,000 'B' ordinary shares at a premium of £210.51 per share, as part consideration for the acquisition of the minority interest of 8.33% in Lending Solutions Holdings Limited. Further, the Company also issued 32,158 'A' ordinary shares at a premium of £97.15 per share as part consideration for the acquisition of an additional 6.48% shareholding in Reeds Rains Limited.

The 'B' ordinary shares have been classified as loan debt in accordance with the requirements of FRS 25 'Financial Instruments: Disclosure and Presentation' which is effective for accounting periods beginning on or after 1 January 2005 as these shares are entitled to a cumulative dividend and present value of the future dividend payments are expected to be higher than the carrying value of the shares.

The 'A' and 'B' ordinary shares rank pari passu, but they each constitute a separate class of shares as follows:

Voting rights:

'B' ordinary shares are entitled to vote at any meeting in any default period to exercise a poll of 95% of the voting rights attached to all ordinary shares if the holders have served such notice on the Company to activate these enhanced voting rights.

Dividends:

'A' ordinary shares are not entitled to a dividend without prior written consent of the majority investors.

'B' ordinary shares are entitled to a cumulative cash dividend in respect of the accounting period ended 31 December 2006 equal to 5% of the adjusted profits.

Notes to the financial statements

'B' ordinary shares are entitled to a cumulative cash dividend in respect of the accounting periods ended 31 December 2007 onwards equal to 10% of the adjusted profits.

9. Movement on reserves

	<i>Restated</i>			
	Issued capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2005	100	400	(1,975)	(1,475)
Retained profits for the year	-	-	242	242
Balance at 31 December 2005	<u>100</u>	<u>400</u>	<u>(1,733)</u>	<u>(1,233)</u>
Balance at 1 January 2006	100	400	(1,733)	(1,233)
Additional shares issued in the period	4	-	-	4
Premium on shares issued during the period	-	5,229	-	5,229
Retained profit for the financial period	-	-	11,819	11,819
Balance at 31 July 2006	<u>104</u>	<u>5,629</u>	<u>10,086</u>	<u>15,819</u>

10. Related party transactions

Advantage has been taken of the exemption available not to disclose intra-group related party transactions in respect of 90% owned subsidiaries.

There were no related party transactions with directors.

11. Capital commitments

The Company had no capital commitments as at 31 July 2006 (2005: None).

Notes to the financial statements

12. Principal subsidiary companies

The Company owns directly or indirectly the following effective percentages of issued and fully paid ordinary share capital of its subsidiary undertakings, all of which are incorporated in Great Britain and whose operations are conducted mainly in the United Kingdom:

<i>Name of Company</i>	<i>Holding</i>	<i>Proportion of voting rights held</i>	<i>Nature of business</i>
Lending Solutions Holdings Limited*	Ordinary shares	100.0%	Holding Company
your-move.co.uk limited	Ordinary shares	100.0%	Estate agency and related activities
e.surv limited*	Ordinary shares	100.0%	Surveying and valuation services
BroomCo (3455) Limited	Ordinary shares	100.0%	Non-trading Company
Homefast Property Lawyers Limited	Ordinary shares	77.5%	Legal conveyancing services
Homeinspectors.co.uk Limited	Ordinary shares	76.0%	Training services
First Complete Limited	Ordinary shares	100.0%	Financial services
Reeds Rains Limited* agency and	Ordinary shares	96.3%	Estate related activities
Linear Mortgage Network Holdings Limited	Ordinary shares	65.0%	Holding Company
Linear Mortgage Network Limited	Ordinary shares	65.0%	Mortgage services
Linear Financial Services Holdings Limited	Ordinary shares	56.0%	Financial services
Linear Financial Services Limited	Ordinary shares	56.0%	Financial services
Chancellors Associates Limited	Ordinary shares	100.0%	Estate agency and related activities

* held directly by the Company