

ANDREWS AND PARTNERS LIMITED

(Registered Number 235326)

FINANCIAL STATEMENTS

31 DECEMBER 2004



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ANDREWS AND PARTNERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

The directors have pleasure in presenting their report and the audited financial statements of Andrews and Partners Limited and subsidiaries ("The Group") for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the group is in residential estate agency. The group maintained ancillary services in letting and management of residential properties and financial services.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Profits fell significantly in 2004 due to a much tougher market in the second half and new branch losses as the group opened six new branches. The coming year will be one of consolidation.

Insurance companies have recently adopted more prudent assumptions on future investment returns on endowment policies. This has resulted in some policies sold by Andrews Financial Services Limited being forecast to have a shortfall on maturity. As a consequence of this a number of endowment claims have been received by the company. Further information regarding this can be found in note 15 to the financial statements.

RESULTS AND DIVIDENDS

The trading results for the year and the financial position of the company and group are shown in the annexed financial statements. A dividend of £5 (2003: £5) was paid during the year. The directors do not recommend a further dividend. The loss of £144,294 (2003: profit of £1,017,612) has been deducted from (2003 transferred to) reserves.

LAND AND BUILDINGS

There are no significant differences between the market value and book amount of land and buildings.

DIRECTORS

The directors of the company, who served throughout the year, were: -

R D Young (Chairman)

A Radford

M Robson

N K Wright

ANDREWS AND PARTNERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

DIRECTORS' INTERESTS

The interests of the directors in the share capital of the company at 31 December 2004 and 2003 are shown below: -

	Share Options	
	2004	2003
R D Young	-	-
A Radford	-	-
M Robson	-	9,261
N K Wright	-	6,174

The Share Options were exercisable between five and ten years from the date of grant in 1999 at an exercise price of £24.31. During the year the options were exercised.

Certain of the directors of Andrews and Partners Limited also serve as trustees for the shareholding charities. The interests of directors as trustees of the shareholding charities at 31 December 2004 and 2003 were as follows: -

	<u>Ordinary shares of 50p each</u>	
	<u>2004</u>	<u>2003</u>
	<u>Number</u>	<u>Number</u>
R D Young	212,760	212,760
A Radford	212,760	212,760
M Robson	247,260	247,260
N K Wright	293,260	293,260

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires 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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable 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 group 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 of the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ANDREWS AND PARTNERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

CHARITABLE DONATIONS

The group has this year given charitable donations of £1,011,000 (2003: £474,291).

EMPLOYMENT OF DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues.

Training, career development and promotion of a disabled person is, as far as possible, identical to that of other employees who are not disabled.

EMPLOYEE INVOLVEMENT

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved by the Company intranet, the Staff Consultative Committee, a regular information sheet and conferences.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By Order of the Board



N K Wright
Secretary

7 April 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ANDREWS AND PARTNERS LIMITED**

We have audited the financial statements which comprise the consolidated profit and loss account, the note of group historical cost profits and losses, the balance sheets, the consolidated cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to which this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 2004 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors, Bristol

7 April 2005

ANDREWS AND PARTNERS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2004

	<u>2004</u>		<u>2003</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>TURNOVER</u> (Note 2)		23,544,799		21,713,618
Administrative expenses		(22,926,912)		(20,005,110)
Other operating income		<u>58,162</u>		<u>53,092</u>
 <u>OPERATING PROFIT</u>		 676,049		 1,761,600
Interest receivable (Note 4)	264,977		201,546	
Interest payable (Note 4)	<u>(58)</u>		<u>(8,489)</u>	
		<u>264,919</u>		<u>193,057</u>
 <u>PROFIT ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u> <u>AND CHARITABLE DONATIONS</u>		 940,968		 1,954,657
 Charitable donations (Note 3)		 <u>(1,011,000)</u>		 <u>(474,291)</u>
 <u>(LOSS)/PROFIT ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u> (Note 4)		 (70,032)		 1,480,366
 Taxation charge on (loss)/profit on ordinary activities (Note 7)		 <u>(74,257)</u>		 <u>(462,749)</u>
 <u>(LOSS)/PROFIT FOR THE</u> <u>FINANCIAL YEAR</u>		 (144,289)		 1,017,617
 Dividends paid (including non equity interests) (Note 8)		 <u>(5)</u>		 <u>(5)</u>
 <u>(LOSS)/RETAINED PROFIT FOR</u> <u>THE FINANCIAL YEAR</u> (Note 18)		 <u>(144,294)</u>		 <u>1,017,612</u>

ANDREWS AND PARTNERS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE OF GROUP HISTORICAL COST PROFITS AND LOSSES

	<u>2004</u> £	<u>2003</u> £
Reported (loss)/profit on ordinary activities before taxation	(70,032)	1,480,366
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount.	<u>11,546</u>	<u>11,546</u>
Historical cost (loss)/profit on ordinary activities before taxation and dividends	<u>(58,486)</u>	<u>1,491,912</u>
Historical cost (loss)/profit for the year after taxation and dividends.	<u>(132,748)</u>	<u>1,029,158</u>

The group has no recognised gains and losses other than the (loss)/profit for each financial year above, and therefore no separate statement of total recognised gains and losses has been presented.

All results relate to continuing activities.

ANDREWS AND PARTNERS LIMITED**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004**

	<u>2004</u>		<u>2003</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>				
Intangible assets (Note 10)		589,439		114,119
Tangible assets (Note 9)		6,166,540		5,453,790
Investment in own shares (Note 11)		<u>7,717</u>		<u>7,717</u>
		6,763,696		5,575,626
<u>CURRENT ASSETS</u>				
Debtors (Note 12)	1,389,001		1,411,170	
Cash at bank and in hand	<u>1,727,532</u>		<u>4,216,961</u>	
	3,116,533		5,628,131	
<u>CREDITORS</u> (amounts falling due within one year) (Note 13)	(1,770,642)		(2,566,744)	
<u>CLIENTS' MONIES</u>				
Cash at bank	2,510,318		2,088,058	
Due to clients	<u>(2,510,318)</u>		<u>(2,088,058)</u>	
<u>NET CURRENT ASSETS</u>		1,345,891		3,061,387
<u>TOTAL ASSETS LESS</u>				
<u>CURRENT LIABILITIES</u>		8,109,587		8,637,013
<u>CREDITORS</u> (amounts falling due after more than one year) (Note 14)		-		(40,573)
<u>PROVISIONS FOR LIABILITIES AND</u>				
<u>CHARGES</u> (Note 15)		<u>(461,601)</u>		<u>(804,160)</u>
<u>NET ASSETS</u>		<u>7,647,986</u>		<u>7,792,280</u>
<u>CAPITAL AND RESERVES</u>				
Called up share capital (Note 17)		161,232		161,232
Revaluation reserve (Note 18)		935,198		935,198
Profit and loss account (Note 18)		<u>6,551,556</u>		<u>6,695,850</u>
<u>TOTAL SHAREHOLDERS' FUNDS</u>				
(Note 19)		<u>7,647,986</u>		<u>7,792,280</u>
(including non-equity interests)				

The financial statements on pages 5 to 21 were approved by the Board of Directors on 7 April 2005 and were signed on their behalf by:


M Robson
Director

ANDREWS AND PARTNERS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2004

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>		
Investments (Note 11)	200,200	200,200
<u>CURRENT ASSETS</u>		
Debtors (Note 12)	712,761	435,715
Cash at bank and in hand	<u>2,638</u>	<u>288</u>
	715,399	436,003
<u>CREDITORS</u> (amounts falling due within one year) (Note 13)	<u>(796)</u>	<u>(1,294)</u>
<u>NET CURRENT ASSETS</u>	<u>714,603</u>	<u>434,709</u>
<u>TOTAL ASSETS LESS</u> <u>CURRENT LIABILITIES AND NET</u> <u>ASSETS</u>	<u>914,803</u>	<u>634,909</u>
<u>CAPITAL AND RESERVES</u>		
Called up share capital (Note 17)	161,232	161,232
Profit and loss account (Note 18)	<u>753,571</u>	<u>473,677</u>
<u>TOTAL SHAREHOLDERS' FUNDS</u> (Note 19) (including non-equity interests)	<u>914,803</u>	<u>634,909</u>

The financial statements on pages 5 to 21 were approved by the Board of Directors on 7 April 2005 and were signed on their behalf by:


M Robson
Director

ANDREWS AND PARTNERS LIMITED**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004**

	<u>2004</u>		<u>2003</u>
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES			
(Note 1 below)		1,087,620	2,865,496
RETURNS ON INVESTMENTS & SERVICING OF FINANCE			
Interest received	271,198		274,207
Interest paid	(58)		(8,489)
Repayment of loan	-		(284,096)
Charitable donations	(1,011,000)		(474,291)
Dividends paid on non-equity shares	<u>(5)</u>		<u>(5)</u>
NET CASH OUTFLOW FOR INVESTMENT AND SERVICING OF FINANCE		(739,865)	(492,674)
TAXATION - UK Corporation tax paid		(361,878)	(505,194)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	(2,062,490)		(1,709,574)
Payments to acquire intangible fixed assets	(535,000)		-
Receipts from sale of tangible fixed assets	<u>122,184</u>		<u>104,345</u>
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE		(2,475,306)	(1,605,229)
MANAGEMENT OF LIQUID RESOURCES			
Decrease/(increase) in short term deposits with bank		<u>2,209,597</u>	<u>(696,689)</u>
DECREASE IN CASH IN THE YEAR		<u>(279,832)</u>	<u>(434,290)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (NOTE 2 below)		£	
Decrease in cash in the year		(279,832)	
Movement in deposits		(2,209,597)	
Net funds at 1 January 2004		<u>4,216,961</u>	
Net funds at 31 December 2004		<u>1,727,532</u>	

NOTES TO THE CASH FLOW STATEMENT**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>2004</u>	<u>2003</u>
	£	£
Operating profit	676,049	1,761,600
Depreciation charges	1,284,955	1,086,527
Amortisation of goodwill	59,680	33,400
Profit on sale of tangible fixed assets	(57,399)	(79,067)
Decrease/(increase) in debtors	102,990	(266,844)
(Decrease)/increase in creditors	(636,096)	232,812
(Decrease)/increase in provision for liabilities & charges	<u>(342,559)</u>	<u>97,068</u>
	<u>1,087,620</u>	<u>2,865,496</u>

2. ANALYSIS OF NET FUNDS

	At	Cash	At
	1 January	Flow	31 December
	<u>2004</u>		<u>2004</u>
	£	£	£
Cash in hand and at bank	501,631	(279,832)	221,799
Short term cash deposits	3,715,330	(2,209,597)	1,505,733
	<u>4,216,961</u>	<u>(2,489,429)</u>	<u>1,727,532</u>

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below:

(i) Basis of consolidation

The consolidated financial statements incorporate audited financial statements of the company and its subsidiaries. Subsidiaries are listed in note 11 to the financial statements. As permitted by section 230(3) of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit before tax for the financial year was £341 (2003: £138).

(ii) Turnover

(a) Estate Agency:

Commission receivable in respect of the sale of property on behalf of clients is recognised in the financial statements on completion of each sale.

(b) Other Activities:

Turnover represents commission and fees from property letting and management, and commissions from financial services. Initial commission on financial services is recognised as income when the policy goes on risk. A provision is made for future clawbacks of initial commission anticipated to arise in the indemnity period. Renewal commission is recognised on a received basis. Fees and commissions receivable from clients of the property letting and management business are credited to the profit and loss account on completion of the letting of the property or as rents fall due.

(iii) Fixed assets

The group has continued to adopt a policy of revaluation for its properties and separates these assets into components where they have significantly different economic useful lives.

Fixed assets are stated at cost or valuation less depreciation calculated on the following basis:

(a) Freehold Premises:

Freehold buildings are depreciated on a straight-line basis over 50 years.

Freehold land is not depreciated.

(b) Long Leasehold Premises:

Premises with leases in excess of 50 years to run are depreciated on a straight-line basis over 50 years.

(c) Short Leasehold Premises:

Premises with leases with less than 50 years to run are depreciated over the unexpired period of the lease.

(d) Furniture and Equipment:

Furniture and equipment is depreciated on a straight-line basis at varying rates from 10% to 33% per annum.

(e) Motor Vehicles:

Owned motor vehicles are depreciated on a straight-line basis over 4 years.

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004 (continued)**1. ACCOUNTING POLICIES (continued)(iv) Revaluation reserve

Differences arising on the revaluation of tangible fixed assets in the financial statements are taken to the revaluation reserve to the extent that the individual property has been revalued upwards previously.

(v) Intangible fixed assets- goodwill

Purchased goodwill on the acquisition of existing businesses has been accounted for at cost. Goodwill is written off over a period of five to seven years depending on the individual circumstances of the business acquired. The directors consider that this is the useful economic life of the amount paid.

(vi) Deferred taxation

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

(vii) Operating leases

Payments under operating leases are expensed when incurred. Premiums paid under operating leases to secure a leasehold property are capitalised within fixed assets and amortised over the life of the lease.

(viii) Pension Scheme

The group operates a pension scheme providing pensions at retirement whose awards are calculated on receipt of each contribution made by and on behalf of members. The assets of the scheme are held separately from those of the group in an independently administered fund. It is treated as a defined contribution scheme. The pension cost charge represents contributions payable by the group to the fund and is disclosed in note 5(a).

(ix) Charitable donations

Charitable donations are recognised when payable.

2. TURNOVER

Turnover represents amounts receivable for services provided outside the group and comprises:

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Estate agency	16,581,674	15,790,211
Letting and management	5,215,857	4,265,554
Other activities	<u>1,747,268</u>	<u>1,657,853</u>
	<u>23,544,799</u>	<u>21,713,618</u>

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004 (continued)****3. CHARITABLE DONATIONS**

Charitable donations of £1,000,000 (2003: £463,541) were paid under Gift Aid by the group to its shareholder charities. Other charitable donations paid under Gift Aid this year amounted to £11,000 (2003: £10,750).

4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Estate Agency	112,778	1,207,215
Financial services	267,787	353,919
Letting and management	560,403	393,523
Charitable donations	<u>(1,011,000)</u>	<u>(474,291)</u>
	<u>(70,032)</u>	<u>1,480,366</u>
and is stated after charging/(crediting):		
Interest payable on:		
- corporation tax	-	4,879
- bank loans and overdrafts	58	59
- other loans	-	3,551
	<u>58</u>	<u>8,489</u>
Interest receivable on:		
- bank interest	(264,977)	(194,597)
- corporation tax	-	(6,949)
Interest receivable	<u>(264,977)</u>	<u>(201,546)</u>
Profit on sale of fixed assets	(57,399)	(79,067)
Depreciation - owned assets	1,284,955	1,086,527
Amortisation of goodwill	59,680	33,400
Auditors' remuneration - Audit fees	22,753	20,209
- Non audit fees	29,770	31,513
Operating lease charges - Land and Buildings	<u>814,498</u>	<u>738,239</u>

5. STAFF COSTS

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
(a) Staff costs (including directors' remuneration comprise):		
Salaries	11,618,150	10,034,733
Social Security costs	1,287,805	1,085,062
Pension contributions (Note 21)	693,362	632,853
Provision for contributions to employee share trust (Note 15)	<u>3,527</u>	<u>109,500</u>
	<u>13,602,844</u>	<u>11,862,148</u>
	<u>2004</u>	<u>2003</u>
	<u>Number</u>	<u>Number</u>
(b) The average number of persons employed by the group was:-		
Estate agency	388	343
Other activities	<u>161</u>	<u>135</u>
	<u>549</u>	<u>478</u>

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004 (continued)****6. DIRECTORS' EMOLUMENTS**

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Aggregate emoluments	384,974	359,338
Company contributions paid to money purchase scheme	<u>45,379</u>	<u>46,700</u>
Number of directors to whom retirement benefits are accruing under the money purchase pension scheme.	2	2

Highest paid director

Aggregate emoluments	218,654	208,536
Company contributions paid to money purchase Schemes	<u>30,454</u>	<u>31,850</u>

During the year £373,527 has been paid to two directors upon the sale of shares disclosed in note 15. Included within this amount is £224,116 paid to the highest paid director.

7. TAXATION CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
UK corporation tax charge based on the (loss)/profit for the year adjusted for tax purposes		
- current year at 30% and 19%(2003 30% and 19%)	-	434,232
- prior year under/ (overprovision)	<u>79,051</u>	<u>(38,636)</u>
Total current tax charge	79,051	395,596
Deferred tax - prior year (Note 16)	(32,273)	45,782
Origination and reversal of timing differences (Note 16)	<u>27,479</u>	<u>21,371</u>
Tax on profit on ordinary activities	<u>74,257</u>	<u>462,749</u>

The tax for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
(Loss)/profit on ordinary activities at the UK tax rate (30%)	<u>(21,010)</u>	<u>444,110</u>
<i>Effects of;</i>		
Expenses not deductible for tax purposes	21,190	19,742
Accelerated capital allowances / other timing differences	(19,802)	(21,370)
Tax at marginal rates	-	(8,250)
Losses carried forward	19,622	-
Adjustments in respect of previous periods	<u>79,051</u>	<u>(38,636)</u>
Total current tax charge	<u>79,051</u>	<u>395,596</u>

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004 (continued)****8. DIVIDENDS**

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Paid:		
4.9% cumulative preference shares	<u>5</u>	<u>5</u>

9. TANGIBLE FIXED ASSETS

THE GROUP	<u>Freehold premises</u>	<u>Long leasehold</u>	<u>Short leasehold</u>	<u>Furniture and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>At cost/valuation</u>						
1 January 2004	2,096,000	105,000	798,049	7,106,335	1,699,401	11,804,785
Additions	-	-	75,000	1,430,639	556,851	2,062,490
Disposals	-	-	-	(4,452)	(393,490)	(397,942)
31 December 2004	<u>2,096,000</u>	<u>105,000</u>	<u>873,049</u>	<u>8,532,522</u>	<u>1,862,762</u>	<u>13,469,333</u>
<u>Analysis</u>						
At cost	-	-	145,000	8,532,522	1,862,762	10,540,284
At valuation	2,096,000	105,000	728,049	-	-	2,929,049
	<u>2,096,000</u>	<u>105,000</u>	<u>873,049</u>	<u>8,532,522</u>	<u>1,862,762</u>	<u>13,469,333</u>
<u>Accumulated depreciation</u>						
1 January 2004	100,515	5,800	543,583	4,841,654	859,443	6,350,995
Charge for year	27,947	1,160	33,174	854,164	368,510	1,284,955
Disposals	-	-	-	(371)	(332,786)	(333,157)
31 December 2004	<u>128,462</u>	<u>6,960</u>	<u>576,757</u>	<u>5,695,447</u>	<u>895,167</u>	<u>7,302,793</u>
<u>Net book amounts</u>						
31 December 2004	1,967,538	98,040	296,292	2,837,075	967,595	6,166,540
31 December 2003	<u>1,995,485</u>	<u>99,200</u>	<u>254,466</u>	<u>2,264,681</u>	<u>839,958</u>	<u>5,453,790</u>

The group's freehold, long and short leasehold properties were revalued at 31 December 2002, on the basis of open market value by Lipfriend Dawson, who are independent qualified valuers. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom.

At 31 December 2004 the historical cost of the revalued freehold premises was £1,276,923; long leasehold premises £40,140 and short leasehold premises £59,239. At 31 December 2004 the historical net book value of the revalued freehold premises was £1,210,003 (2003: £1,227,029); long leasehold premises £35,860 (2003: £36,395) and short leasehold premises £47,966 (2003: £49,845).

No deferred tax is provided on timing differences arising from the revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will be rolled over.

There were no capital commitments at 31 December 2004 (31 December 2003: nil).

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004 (continued)****10. INTANGIBLE FIXED ASSETS**

	<u>Goodwill</u> <u>£</u>
<u>At Cost</u>	
At 1 January 2004	167,000
Additions	<u>535,000</u>
31 December 2004	<u>702,000</u>
<u>Aggregate amortisation</u>	
At 1 January 2004	52,881
Charge for year	<u>59,680</u>
31 December 2004	<u>112,561</u>
<u>Net book amount</u>	
31 December 2004	<u>589,439</u>
31 December 2003	<u>114,119</u>

11. INVESTMENTS**THE GROUP**

	<u>Investment in own shares</u> <u>£</u>
At 1 January 2004 and 31 December 2004	<u>7,717</u>

The above investment represents the value of Andrews and Partners Limited shares acquired by the Andrews and Partners Limited Employee Share Trust from directors who first exercised share options in 2001. These shares were acquired by the Trust using funds provided by Andrews Estate Agents Limited. The costs of funding and administering the scheme are charged to the profit and loss account of the group in the period to which they relate. There is no open market value for the shares at 31 December 2004 as it is a private company.

THE COMPANY

	<u>Shares in</u> <u>subsidiaries</u> <u>£</u>
At 1 January 2004 and 31 December 2004	<u>200,200</u>

The subsidiaries, all of which have been consolidated and are wholly owned are:-

	<u>Proportion of nominal value of shares held</u>		<u>Nature of Business</u>
	<u>By the Company</u> %	<u>By the Group</u> %	
Andrews Estate Agents Limited	100	100	Estate Agents
Andrews Letting and Management Limited	100	100	Letting Agents
Andrews Pension Trust Limited	100	100	Pension Trustee
Andrews Financial Services Limited	0	100	Financial Services
Andrews ESOP Limited	100	100	ESOP Trustee

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004(continued)****12. DEBTORS**

THE GROUP	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Trade debtors	699,698	774,534
Other debtors	72,446	70,585
Corporation tax recoverable	82,246	-
Prepayments and accrued income	443,611	479,847
Deferred tax asset (note 16)	<u>91,000</u>	<u>86,204</u>
	<u>1,389,001</u>	<u>1,411,170</u>
THE COMPANY		
Amounts due from subsidiary undertakings	<u>712,761</u>	<u>435,715</u>

13. CREDITORS: amounts falling due within one year

THE GROUP	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Trade creditors	386,808	498,847
Outstanding pension contributions	17,157	5,127
Taxation and social security	783,674	1,090,657
Corporation tax	-	200,399
Accruals	<u>583,003</u>	<u>771,714</u>
	<u>1,770,642</u>	<u>2,566,744</u>
THE COMPANY	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Amounts due to subsidiary undertakings	100	100
Accruals	<u>696</u>	<u>1,194</u>
	<u>796</u>	<u>1,294</u>

14. CREDITORS: amounts falling due after more than one year

THE GROUP	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Staff bonuses - amounts due between one and two years	-	29,434
Staff bonuses - amounts due between two and five years	-	6,535
Taxation and social security - amounts due between one and two years	-	3,768
Taxation and social security - amounts due between two and five years	-	<u>836</u>
	-	<u>40,573</u>

The Company itself had no creditors falling due after more than one year.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Clawback Provision (Note (i))</u>	<u>Lease Obligations (Note (ii))</u>	<u>Contributions to employee share trust (Note (iii))</u>	<u>Endowment Claims (Note (iv))</u>	<u>Total</u>
	£	£	£	£	£
THE GROUP					
At 1 January 2004	98,120	21,331	370,000	314,709	804,160
Utilised in the year	(145,540)	(21,331)	(373,527)	(6,559)	(546,957)
Profit and loss account	200,871	-	3,527	-	204,398
At 31 December 2004	153,451	-	-	308,150	461,601

(i) Clawbacks

Provision is made for future clawbacks of initial commission anticipated to arise in the indemnity period.

(ii) Lease obligations

Provision is made for future obligations on vacant leasehold properties.

(iii) Employee Share Trust

In 1996 the group established an employee share trust. Share options were originally granted to certain of the directors during 1999 as disclosed on page 2 of the directors' report. The provision represents contributions payable to the Trust to purchase the shares following exercise of the options. The options were exercised during the year.

(iv) Endowment claims

Provision has been made for compensation payable in respect of claims arising from incorrect advice given on endowment policies sold in the period from 29 April 1988 to 28 February 1993. Provision has been made according to the Directors' best estimate for claims received to date together with an estimated provision for future claims that may arise from past business written. Due to the long term nature of endowment contracts and the uncertainty of future investment returns there remains some uncertainty as to the final outcome.

At present, the FSA has said that there are no plans to formally review the sale of endowments in the same way that pensions are being reviewed.

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004 (continued)****16. DEFERRED TAXATION**

	<u>2004</u>	<u>2003</u>
	<u>Asset created</u>	<u>Asset created</u>
	<u>£</u>	<u>£</u>
THE GROUP		
Accelerated capital allowances	2,153	39,642
Other timing differences	<u>88,847</u>	<u>46,562</u>
	<u>91,000</u>	<u>86,204</u>

17. CALLED UP SHARE CAPITAL**THE GROUP AND THE COMPANY**

	<u>4.9% cumulative</u>		<u>Ordinary shares</u>		
	<u>preference shares</u>		<u>of 50p each</u>		<u>Total</u>
	<u>of £1 each</u>		<u>of 50p each</u>		<u>£</u>
	<u>Number</u>	<u>£</u>	<u>Number</u>	<u>£</u>	<u>£</u>
AUTHORISED:					
At 1 January 2004 and					
31 December 2004	<u>14,960</u>	<u>14,960</u>	<u>370,080</u>	<u>185,040</u>	<u>200,000</u>

ALLOTTED, ISSUED AND**FULLY PAID:**

1 January 2004 and					
31 December 2004	<u>100</u>	<u>100</u>	<u>322,264</u>	<u>161,132</u>	<u>161,232</u>

Holders of the cumulative preference shares are entitled to a fixed cumulative preferential dividend at the rate of 4.9% per annum on the paid up capital. In the case of a winding up or other return on capital the holders of the preference shares are entitled to receive repayment in full of the paid up capital together with any arrears of the cumulative preferential dividend. The preference shares carry no voting rights unless the dividends are in arrears.

18. RESERVES

	<u>GROUP</u>	<u>COMPANY</u>	<u>GROUP</u>
	<u>Profit &</u>	<u>Profit &</u>	<u>Revaluation</u>
	<u>Loss Account</u>	<u>Loss Account</u>	<u>Reserve</u>
	<u>£</u>	<u>£</u>	<u>£</u>
At 1 January 2004	6,695,850	473,677	935,198
(Loss)/profit for the year	<u>(144,294)</u>	<u>279,894</u>	<u>-</u>
At 31 December 2004	<u>6,551,556</u>	<u>753,571</u>	<u>935,198</u>

ANDREWS AND PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004 (continued)****19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

<u>THE GROUP</u>	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
(Loss)/profit for the financial year	(144,289)	1,017,617
Dividends paid	<u>(5)</u>	<u>(5)</u>
Net (deduction from)/addition to shareholders' funds	(144,294)	1,017,612
Opening shareholders' funds	<u>7,792,280</u>	<u>6,774,668</u>
Closing shareholders' funds	<u>7,647,986</u>	<u>7,792,280</u>
Closing shareholders' funds comprise:		
Non-equity interests - preference shares	100	100
Equity interests	<u>7,647,886</u>	<u>7,792,180</u>
	<u>7,647,986</u>	<u>7,792,280</u>
 <u>THE COMPANY</u>	 <u>2004</u>	 <u>2003</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	279,899	147,412
Dividends paid	<u>(5)</u>	<u>(5)</u>
Net addition to shareholders' funds	279,894	147,407
Opening shareholders' funds	<u>634,909</u>	<u>487,502</u>
Closing shareholders' funds	<u>914,803</u>	<u>634,909</u>
Closing shareholders' funds comprise:		
Non-equity interests - preference shares	100	100
Equity interests	<u>914,703</u>	<u>634,809</u>
	<u>914,803</u>	<u>634,909</u>

20. OPERATING LEASE COMMITMENTS

Operating lease commitments of the group payable within one year but not provided in the financial statements:

	<u>2004</u>	<u>2003</u>
	<u>Land and</u>	<u>Land and</u>
	<u>Buildings</u>	<u>Buildings</u>
	<u>£</u>	<u>£</u>
Expiring within one year	88,750	
Expiring between one and five years	441,340	
Expiring after five years	<u>342,042</u>	
	<u>872,132</u>	

The company itself had no operating lease commitments at 31 December 2004.

21. STATUS OF THE PENSION SCHEME

Historically, both the Directors of the company and the Pension Trustee have considered that the group's pension scheme is a money purchase scheme. There has recently been a legal case involving KPMG and the status of their scheme. In August 2004 the judge finally made his ruling in this case. It was held that the KPMG scheme was not a money purchase scheme and therefore KPMG, as the employer, would become responsible for any deficit in funding the benefits.

In view of the similarity between the benefit structure for the KPMG scheme and the benefit structure for the group's pension scheme, the Directors of the company have asked the company's lawyers for their legal opinion regarding the implications for the pension scheme and the group. In summary, they concluded that the scheme should not be categorised as a money purchase scheme but as a salary-related scheme under the legislation and that it delivers a defined benefit promise, which in turn has implications for the transfer calculations and the employer's funding obligations.

The company was advised that KPMG were appealing against the ruling and that the verdict in this appeal would be known in May 2005. The Directors of the company believe that the benefit of incurring the significant costs associated with this change of status should not be incurred until this verdict is known and therefore have concluded that for this year-end the scheme should continue to operate as a money purchase scheme.

The scheme actuaries, Hewitt, Bacon & Woodrow have estimated that at 31 December 2004, on an FRS 17 basis, the scheme is in surplus.

22. ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is the charity Andrews Charitable Trust (formerly known as World in Need), which holds 66% of the allotted share capital of Andrews and Partners Limited. During the year the company made a gift aid donation of £725,500 to Andrews Charitable Trust. There were no amounts due to or from Andrews Charitable Trust at the balance sheet date.

ANDREWS AND PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004 (continued)

23. RELATED PARTY DISCLOSURES

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions and balances with entities that are part of the Andrews and Partners Limited group that have been eliminated on consolidation.

During the year the company made gift aid donations of £156,857 to Christian Book Promotion Trust and £117,643 to The Christian Initiative Trust. Christian Book Promotion Trust and The Christian Initiative Trust are shareholders of Andrews and Partners Ltd.

There were no amounts due to or from Christian Book Promotion Trust or The Christian Initiative Trust at the balance sheet date.

In 2002 the group made interest free car loans to two directors of subsidiary companies, C. Chapman & R. Pearce-Thomas. The value of the loans made during 2002 to each of the two directors was £5,000. At 31 December 2004 the amount of principal outstanding under these loans were £278 (2003 £1,944) and £2,187 (2003 £3,437) respectively. No provision has been made against the failure of directors to repay these loans.

24. ANDREWS AND PARTNERS EMPLOYEE SHARE TRUST

The Employee Share Trust was established on 23 September 1996 to hold and distribute fully paid ordinary shares in the company issued under employees' share schemes (within the meaning of section 743 of the Companies Act 1985). The Employee Share Trust holds 15,435 shares in Andrews and Partners Limited.