

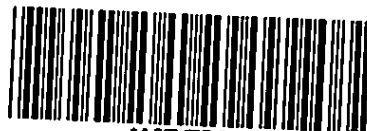
**ANDREWS AND PARTNERS LIMITED**

**(Registered Number 235326)**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2006**

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## **ANDREWS AND PARTNERS LIMITED**

### **DIRECTORS' REPORT** **FOR THE YEAR ENDED 31 DECEMBER 2006**

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 2006

#### **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. The group is planning to launch a new residential surveying company called Landmark Surveyors Limited in 2007

#### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The company took advantage of the improved conditions in the housing market to produce a record turnover in the year, up 32% on 2005. The operating result would also have been a record in 2006 but for the exceptional pension scheme charges explained below. Whilst the profit and loss account on page 7 shows an operating loss for 2006 of £3,399,232, this figure would have been an operating profit of £3,057,768 excluding the exceptional pension charge.

Andrews and Partners Limited operational excellence was recognised in the year as the company won the overall "Estate Agency of the Year Award" in 2006. These prestigious awards are supported by the National Association of Estate Agents and this year the company won no less than four awards as well as the overall award. These comprised two gold awards for customer service and for Best Large Estate Agency, silver for innovation and a bronze for training.

The company was strongly cash generative again in 2006 with a net cash inflow of £3,461,295. Cash at bank at 31 December 2006 was a record figure of £6,347,715.

During the year the company made the decision to cease future contributions to the defined benefit scheme, Andrews Pension Trust and buy out the liabilities of the fund with an insurance company. This decision has the long-term benefit of removing the pension risk from the balance sheet, as pension provision in future will be on a defined contribution basis. The process is expected to complete in 2007 and a provision has been made for the estimated cost of buyout as at 31 December 2006. The cost of the buyout is shown as an exceptional cost of £6,457,000 before tax in the profit and loss account in 2006. It is important to appreciate that in cash flow terms the maximum expected cash outflow is much less, so far only the £1,200,000 one off payment made by the company to Andrews Pension Trust in December 2006. The difference between these figures is explained below.

	£
Exceptional item –pension scheme charge disclosed in the profit and loss account	6,457,000
One off pension scheme payment shown in the cash flow statement	<u>(1,200,000)</u>
Difference	<u>5,257,000</u>
Being	
Actuarial gain in the scheme in 2006 disclosed in the statement of total recognised gains and losses	1,844,000
Other finance income disclosed separately in the profit and loss account	333,000
Difference between FRS17 current service cost and actual contributions paid	34,000
Write off of FRS17 surplus at the beginning of the year	1,546,000
Provision for future costs of buyout at 31 December 2006	<u>1,500,000</u>
	<u>5,257,000</u>

It can be seen that the maximum expected cash outflow is £2.7m being the £1.2m one off payment already made and the £1.5m provision for future costs at 31 December.

Some good news during the year was that the group made a profit before tax of £985,264 on the disposal of shares in Rightmove PLC following their flotation. The Rightmove PLC shares were received for no cash consideration prior to flotation. This is also disclosed as an exceptional item in the profit and loss account for 2006.

## **ANDREWS AND PARTNERS LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)**

#### **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 preference dividend of £5 (2005: £5) was paid during the year. The directors do not recommend a further dividend. The loss of £1,482,405 (2005: profit of £372,102) has been deducted from (2005: transferred to) reserves.

#### **FINANCIAL RISKS**

The property market is sensitive to interest rate movements as they affect the cost of borrowing to finance house purchases. During 2006 base rates increased from 4.5% to 5%. In the coming year, interest rates are expected to rise further which could have a dampening effect on demand in the market.

Interest rates also have an impact on the cost of financing the defined benefit pension scheme. This is recognised in the financial statements as "other finance income". During 2006 rising interest rates resulted in a credit to other finance income and further credit is anticipated in 2007.

#### **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, except where indicated, were: -

A Radford (Chairman)  
M Robson  
N K Wright  
R Witcomb  
D Saint (appointed 1<sup>st</sup> January 2006)

#### **DIRECTORS' INTERESTS**

None of the directors had any direct interest in the share capital of the company.

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 2006 and 2005 were as follows: -

	<u>Ordinary shares of 50p each</u>	
	<u>2006</u>	<u>2005</u>
	<u>Number</u>	<u>Number</u>
A Radford	212,760	212,760
D Saint	247,260	247,260
M Robson	247,260	247,260
N K Wright	293,260	293,260

## **ANDREWS AND PARTNERS LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)**

##### **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 except where policies have changed in the year (see note 1),
- \* 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 a 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.

##### **PROVISION OF INFORMATION TO THE AUDITORS**

- a) So far as the directors are aware, there is no relevant audit information of which the company's and the group's auditors are unaware and
- b) the directors have taken all steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's and the group's auditors are aware of that information

##### **CHARITABLE DONATIONS**

The group has this year given charitable donations of £400,000 (2005 £205,700). The charitable donations were given to the shareholding charitable trusts (see notes 23 and 24). 2005 included £5,700 donated to Charities Aid Foundation.

##### **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, a regular information sheet and conferences.

**ANDREWS AND PARTNERS LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)**

**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

3 July 2007

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

We have audited the group and parent company financial statements (the "financial statements") of Andrews and Partners Limited for the year ended 31 December 2006 which comprise the Consolidated Profit and Loss Account, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Total Group Recognised Gains and Losses, the Note of Group Historical Cost Profit and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 responsibility for any other purpose or to any other person to whom 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

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

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's loss and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

*PricewaterhouseCoopers LLP*

*Chartered Accountants and Registered Auditors*

*Bristol 10 July 2007*

**ANDREWS AND PARTNERS LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	<u>2006</u>		<u>2005 (restated)</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>TURNOVER</u> (Note 2)		31,221,825		23,647,083
Administrative expenses		(28,220,215)		(23,437,759)
Exceptional item –Pension Scheme (Note 16)		(6,457,000)		-
Other operating income		<u>56,158</u>		<u>51,409</u>
 <u>OPERATING (LOSS)/PROFIT</u>		 (3,399,232)		 260,733
Interest receivable (Note 3)	358,129		221,420	
Interest payable (Note 3)	<u>(2,504)</u>		<u>(3,520)</u>	
		355,625		217,900
Other finance income (Note 21)		333,000		398,000
Exceptional item –Profit on disposal of shares in Rightmove PLC (Note 15)		<u>985,264</u>		<u>-</u>
 <u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND CHARITABLE DONATIONS</u>		 (1,725,343)		 876,633
Charitable donations (Note 23,24)		<u>(400,000)</u>		<u>(205,700)</u>
 <u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u> (Note 3)		 (2,125,343)		 670,933
Taxation credit/(charge) on (loss)/profit on ordinary activities (Note 6)		<u>642,938</u>		<u>(298,831)</u>
 <u>(LOSS)/PROFIT FOR THE FINANCIAL YEAR (Note 18)</u>		 (1,482,405)		 <u>372,102</u>



**ANDREWS AND PARTNERS LIMITED****FOR THE YEAR ENDED 31 DECEMBER 2006****NOTE OF GROUP HISTORICAL COST PROFITS AND LOSSES**

	<u>2006</u> <u>£</u>	<u>2005</u> <u>(restated)</u> <u>£</u>
Reported (loss)/profit on ordinary activities before taxation	(2,125,343)	670,933
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	11,546	11,546
Realisation of property revaluation gains of previous years	-	51,261
Historical cost (loss)/profit on ordinary activities before taxation	<u>(2,113,797)</u>	<u>733,740</u>
Historical cost (loss)/profit for the year retained after taxation	<u>(1,470,859)</u>	<u>434,909</u>

**STATEMENT OF TOTAL GROUP RECOGNISED GAINS AND LOSSES**

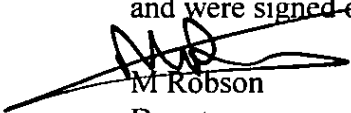
	<u>2006</u> <u>£</u>	<u>2005</u> <u>(restated)</u> <u>£</u>
(Loss)/profit for the financial year	(1,482,405)	372,102
Unrealised surplus on revaluation of freeholds and leaseholds (Note 7)	412,000	416,529
Actuarial gain/(loss) on pension scheme (Note 21)	1,844,000	(1,982,000)
Deferred tax on actuarial (gain)/loss on pension scheme	<u>(553,200)</u>	<u>594,600</u>
Total recognised gains/(losses) related to the year	<u>220,395</u>	<u>(598,769)</u>

All results relate to continuing activities

**ANDREWS AND PARTNERS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006**

	<u>2006</u>		<u>2005 (restated)</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b><u>FIXED ASSETS</u></b>				
Intangible assets (Note 8)		410,960		535,200
Tangible assets (Note 7)		<u>6,745,170</u>		<u>5,982,262</u>
		7,156,130		6,517,462
<b><u>CURRENT ASSETS</u></b>				
Debtors (Note 10)	1,727,071		1,689,773	
Cash at bank and in hand	<u>6,347,715</u>		<u>2,886,420</u>	
	8,074,786		4,576,193	
<b><u>CREDITORS</u></b> (amounts falling due within one year) (Note 11)	(4,682,632)		(2,720,137)	
Pension liability falling due within one year (Note 21)	(1,050,000)		-	
<b><u>CLIENTS' MONIES</u></b>				
Cash at bank	3,202,122		3,123,303	
Due to clients	<u>(3,202,122)</u>		<u>(3,123,303)</u>	
<b><u>NET CURRENT ASSETS</u></b>		2,342,154		1,856,056
<b><u>TOTAL ASSETS LESS</u></b>				
<b><u>CURRENT LIABILITIES</u></b>		9,498,284		8,373,518
<b><u>CREDITORS</u></b> (amounts falling due after one year) (Note 12)		(13,897)		-
<b><u>PROVISIONS FOR LIABILITIES AND CHARGES</u></b> (Note 13)		<u>(264,327)</u>		<u>(456,053)</u>
<b><u>NET ASSETS EXCLUDING PENSION ASSET</u></b>		9,220,060		7,917,465
<b><u>PENSION ASSET</u></b> (Note 21)		-		1,082,200
<b><u>NET ASSETS INCLUDING PENSION ASSET</u></b>		<u>9,220,060</u>		<u>8,999,665</u>
<b><u>CAPITAL AND RESERVES</u></b>				
Called up share capital (Note 17)		161,132		161,132
Revaluation reserve (Note 18)		1,712,466		1,300,466
Profit and loss account (Note 18)		<u>7,346,462</u>		<u>7,538,067</u>
<b><u>TOTAL SHAREHOLDERS' FUNDS</u></b>				
(Note 19)		<u>9,220,060</u>		<u>8,999,665</u>
(including non-equity interests)				


The financial statements on pages 7 to 27 were approved by the Board of Directors on 7 June 2007 and were signed on their behalf by M Robson on 3<sup>rd</sup> July 2007

  
M Robson  
Director

**ANDREWS AND PARTNERS LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2006**

	<u>2006</u>		<u>2005 (as restated)</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b><u>FIXED ASSETS</u></b>				
Investments (Note 9)		200,200		200,200
<b><u>CURRENT ASSETS</u></b>				
Debtors (Note 10)	915,113		795,562	
Cash at bank and in hand	<u>877</u>		<u>-</u>	
	915,990		795,562	
<b><u>CREDITORS (amounts</u></b>				
<b><u>falling due within one year) (Note 11)</u></b>	<u>(200)</u>		<u>(259)</u>	
<b><u>NET CURRENT ASSETS</u></b>		<u>915,790</u>		<u>795,303</u>
<b><u>TOTAL ASSETS LESS</u></b>				
<b><u>CURRENT LIABILITIES AND NET</u></b>				
<b><u>ASSETS</u></b>		<u>1,115,990</u>		<u>995,503</u>
<b><u>CAPITAL AND RESERVES</u></b>				
Called up share capital (Note 17)		161,132		161,132
Profit and loss account (Note 18)		<u>954,858</u>		<u>834,371</u>
<b><u>TOTAL SHAREHOLDERS' FUNDS</u></b>				
(Note 19)		<u>1,115,990</u>		<u>995,503</u>
(including non-equity interests)				

The financial statements on pages 7 to 27 were approved by the Board of Directors on 7 June 2007 and were signed on their behalf by M-Robson on 3<sup>rd</sup> July 2007.

  
M Robson  
Director

**ANDREWS AND PARTNERS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER**  
**2006**

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
<b><u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u></b> (Note 1 below)	4,426,868	1,821,846
<b><u>RETURNS ON INVESTMENTS &amp; SERVICING OF FINANCE</u></b>		
Interest received	356,313	220,216
Interest paid	(2,504)	(3,520)
Exceptional item-proceeds of sale of Rightmove Shares (Note 15)	985,264	-
Charitable donations	(400,000)	(205,700)
<b><u>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u></b>	939,073	10,996
<b><u>TAXATION - UK Corporation tax (paid)/repaid</u></b>	(90,051)	133,191
<b><u>CAPITAL EXPENDITURE</u></b>		
Payments to acquire tangible fixed assets	(1,871,018)	(935,404)
Payments to acquire intangible fixed assets	-	(60,000)
Receipts from sale of tangible fixed assets	56,423	188,259
<b><u>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE</u></b>	(1,814,595)	(807,145)
<b><u>INCREASE IN CASH IN THE YEAR</u></b>	<u>3,461,295</u>	<u>1,158,888</u>
<b><u>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</u></b>	<u>£</u>	
Increase in cash in the year	3,461,295	
Net funds at 1 January 2006	<u>2,886,420</u>	
Net funds at 31 December 2006	<u>6,347,715</u>	

**NOTE TO THE CASH FLOW STATEMENT**

**1 RECONCILIATION OF (LOSS)/PROFIT TO NET CASH INFLOW**

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Operating (loss)/profit	(3,399,232)	260,733
Exceptional item –pension scheme charge (Note 21)	6,457,000	
Exceptional item –pension scheme one off payment (Note 21)	(1,200,000)	-
Depreciation charges	1,490,990	1,391,677
Net credit in respect of retirement benefits	(34,000)	(235,000)
Amortisation of goodwill	124,240	114,239
Profit on sale of tangible fixed assets	(27,303)	(43,725)
Decrease/(increase) in debtors	33,703	(376,541)
Increase in creditors	1,173,196	716,011
Decrease in provision for liabilities & charges	<u>(191,726)</u>	<u>(5,548)</u>
Net cash inflow from operating activities	<u>4,426,868</u>	<u>1,821,846</u>

## **ANDREWS AND PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006**

#### **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 with the exception of changes in accounting policies outlined below, is set out below:

##### **(i) Change in accounting policies**

The company has changed the policy with regard to the disclosure of preference shares and investment in own shares. Preference shares are now shown within creditors' amounts falling due within one year. The investment in own shares of £7,717, previously shown as an investment, has been deducted from profit and loss account as a prior year adjustment (note 20). Another change in company policy this year has been to recognise the pension asset in the subsidiaries' financial statements rather than the company's own financial statements. This is shown as a prior year adjustment in note 20. There is no impact on the group of this change in company policy.

All changes have been made to provide a fairer presentation in the financial statements.

##### **(ii) Basis of consolidation**

The consolidated financial statements incorporate audited financial statements of the company and its subsidiaries. Subsidiaries are listed in note 9 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 £697 (2005: £652).

##### **(iii) 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, as rents fall due or over the duration of the management contract.

##### **(iv) 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) Short and Long Leasehold Premises**

Premises with leases in excess of 50 years to run are depreciated on a straight-line basis over 50 years. Premises with leases with less than 50 years to run are depreciated over the unexpired period of the lease.

**ANDREWS AND PARTNERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)**

1 **ACCOUNTING POLICIES** (continued)

(iv) **Fixed assets**

(c) **Furniture and Equipment.**

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

(d) **Motor Vehicles**

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

(v) **Revaluation reserve**

Increases in valuations arising on the revaluation of tangible fixed assets are taken to the revaluation reserve. Any decreases in valuations are taken to the revaluation reserve to the extent that the individual properties have been revalued upwards previously

(vi) **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. An annual impairment review of the carrying value of goodwill is carried out.

(vii) **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.

(viii) **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.

(ix) **Pension scheme arrangements**

The company operates a defined benefit scheme. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method. Pension costs are charged to operating expenses and other finance expenses in accordance with FRS17- retirement benefits, with actuarial gains and losses being recognised in the statement of total recognised gains and losses. The company now also provides defined contribution post retirement benefits to its employees. Defined contributions are recognised on an accruals basis.

(x) **Exceptional items**

Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the company and which need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

(xi) **Charitable donations**

Charitable donations are recognised when payable.

2 **TURNOVER**

Turnover arises wholly in the UK and represents amounts receivable for services provided outside the group under continuing operations and comprises

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Estate agency	22,883,797	16,339,918
Letting and management	6,341,049	5,885,455
Financial services	<u>1,996,979</u>	<u>1,421,710</u>
	<u>31,221,825</u>	<u>23,647,083</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>2006</u>	<u>2005(restated)</u>
	<u>£</u>	<u>£</u>
Estate Agency	2,641,254	19,161
Financial services	315,942	59,302
Letting and management	789,197	798,170
Exceptional item- pension scheme	(6,457,000)	-
Exceptional item – Rightmove shares	985,264	-
Charitable donations	<u>(400,000)</u>	<u>(205,700)</u>
	<u>(2,125,343)</u>	<u>670,933</u>
and is stated after charging/(crediting)		
Interest payable on:		
- corporation tax	2,454	3,495
- bank loans and overdrafts	45	20
- preference dividend	<u>5</u>	<u>5</u>
	<u>2,504</u>	<u>3,520</u>
Interest receivable on:		
- bank deposits	(354,157)	(215,931)
- corporation tax	<u>(3,972)</u>	<u>(5,489)</u>
Interest receivable	<u>(358,129)</u>	<u>(221,420)</u>
Profit on sale of fixed assets	(27,303)	(43,725)
Depreciation	1,490,990	1,391,677
Amortisation of goodwill	124,240	114,239
Auditors' remuneration - Audit fees	10,000	10,000
- Taxation fees	41,608	30,955
- Other required by legislation	28,810	12,820
Operating lease charges - Land and Buildings	942,199	856,485

**4 STAFF COSTS**

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
(a) Staff costs (including directors' remuneration comprise)		
Salaries	15,655,903	12,203,843
Social Security costs	1,712,314	1,326,006
Pension contributions to		
defined benefit scheme current service cost	103,183	459,946
defined contribution scheme	<u>675,481</u>	<u>-</u>
	<u>18,146,881</u>	<u>13,989,795</u>

**(b) The average number of persons employed by the group was:-**

	<u>2006</u>	<u>2005</u>
	<u>Number</u>	<u>Number</u>
Estate agency	427	390
Lettings	151	140
Financial services	<u>34</u>	<u>30</u>
	<u>612</u>	<u>560</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****5 DIRECTORS' EMOLUMENTS**

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Aggregate emoluments	474,557	351,878
Company contributions paid to		
Defined benefit pension scheme	11,037	46,725
Defined contribution pension scheme	<u>51,488</u>	<u>-</u>
	<u>62,525</u>	<u>46,725</u>
Number of directors to whom retirement benefits are accruing under the defined benefit pension scheme	2	2
Number of directors to whom retirement benefits are accruing under the defined contribution pension scheme	2	-
<u>Highest paid director</u>		
Aggregate emoluments	260,330	198,505
Company contributions paid to		
Defined benefit pension scheme	7,437	31,500
Defined contribution pension scheme	<u>35,438</u>	<u>-</u>
	<u>42,875</u>	<u>31,500</u>

**6 TAXATION (CREDIT)/CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
UK corporation tax charge based on the profit for the year adjusted for tax purposes		
- current year at 30%	939,102	165,149
- prior year overprovision	<u>(45,855)</u>	<u>(50,945)</u>
Total current tax charge	893,247	114,024
Deferred tax - prior year (note 14)	(27,690)	53,526
Origination and reversal of timing differences (note 14)	<u>(1,508,495)</u>	<u>131,101</u>
Tax on (loss)/profit on ordinary activities	<u>(642,938)</u>	<u>298,831</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>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
(Loss)/Profit on ordinary activities at the UK tax rate (30%)	(637,603)	201,281
<i>Effects of</i>		
Deferred tax on pension asset/(liability) (note 14)	913,800	-
Deferred tax on actuarial gain	553,200	-
Expenses not deductible for tax purposes	68,207	94,969
Accelerated capital allowances / other timing differences	41,498	(131,101)
Adjustments in respect of previous periods	<u>(45,855)</u>	<u>(50,945)</u>
Total current tax charge	<u>893,247</u>	<u>114,204</u>



**ANDREWS AND PARTNERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)**

**7 TANGIBLE FIXED ASSETS**

	<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>At cost/valuation</u>						
1 January 2006	2,338,000	115,000	760,653	9,005,901	1,890,026	14,109,580
Additions	401,700	-	-	1,047,138	422,180	1,871,018
Disposals	-	-	-	-	(262,098)	(262,098)
Revaluation adjustment	347,000	65,000	-	-	-	412,000
31 December 2006	3,086,700	180,000	760,653	10,053,039	2,050,108	16,130,500
<u>Analysis</u>						
At cost	-	-	710,153	10,053,039	2,050,108	12,813,300
At valuation	3,086,700	180,000	50,500	-	-	3,317,200
	3,086,700	180,000	760,653	10,053,039	2,050,108	16,130,500
<u>Accumulated depreciation</u>						
1 January 2006	-	-	538,081	6,660,453	928,784	8,127,318
Charge for year	37,585	2,400	25,751	1,030,092	395,162	1,490,990
Disposals	-	-	-	-	(232,978)	(232,978)
31 December 2006	37,585	2,400	563,832	7,690,545	1,090,968	9,385,330
<u>Net book amounts</u>						
31 December 2006	3,049,115	177,600	196,821	2,362,494	959,140	6,745,170
31 December 2005	2,338,000	115,000	222,572	2,345,448	961,242	5,982,262

The company's freehold and long leasehold properties were revalued at 31 December 2005 with a revision exercise at 31 December 2006, on the basis of open market value by a combination of independent qualified valuers and by internal valuation by David Westgate FRICS who was a director of the company. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom. These valuations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve. The revaluations during the year ended 31 December 2006 resulted in a revaluation surplus of £412,000 (note 18).

At 31 December 2006 the historical cost of the revalued freehold premises was £1,678,623; long leasehold premises £40,140 and short leasehold premises £50,500. At 31 December 2006 the historical net book value of the revalued freehold premises was £1,575,866 (2005: £1,192,977), long leasehold premises £34,790 (2005: £35,325) and short leasehold premises £44,646 (2005: £46,087). No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £352,000 (2005: £224,000). At present it is not envisaged that any tax will become payable in the foreseeable future. There were no capital commitments at 31 December 2006 (31 December 2005: nil).

**ANDREWS AND PARTNERS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)**

**8 INTANGIBLE FIXED ASSETS**

	<u>Goodwill</u> <u>£</u>
<b>At cost</b>	
At 1 January 2006 and 31 December 2006	<u>762,000</u>
<b>Aggregate amortisation</b>	
At 1 January 2006	226,800
Charge for year	<u>124,240</u>
31 December 2006	<u>351,040</u>
<b>Net book amount</b>	
31 December 2006	<u>410,960</u>
31 December 2005	<u>535,200</u>

**9 INVESTMENTS**

**THE COMPANY**

	<u>Shares in</u> <u>subsidiaries</u> <u>£</u>
At 1 January 2006 and	
31 December 2006	<u>200,200</u>

The subsidiaries, all of which have been consolidated, wholly owned and incorporated in England and Wales 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

**10 DEBTORS**

<b>THE GROUP</b>	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Trade debtors	950,285	997,477
Other debtors	45,018	69,553
Prepayments and accrued income	566,310	526,470
Deferred tax asset (note 14)	<u>165,458</u>	<u>96,273</u>
	<u>1,727,071</u>	<u>1,689,773</u>
<b>THE COMPANY</b>		
Amounts due from subsidiary undertakings	<u>915,113</u>	<u>795,562</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****11 CREDITORS: amounts falling due within one year**

THE GROUP	<u>2006</u>	<u>2005</u> (restated)
	£	£
Preference shares (note 17)	100	100
Trade creditors	459,660	382,104
Outstanding pension contributions	151,057	139,819
Taxation and social security	1,724,569	1,195,140
Corporation tax	939,101	135,905
Other creditors	27,394	-
Accruals	<u>1,380,751</u>	<u>867,069</u>
	<u>4,682,632</u>	<u>2,720,137</u>
THE COMPANY	<u>2006</u>	<u>2005</u>
	£	£
Preference shares (note 17)	100	100
Bank overdraft	-	59
Amounts due to subsidiary undertakings	<u>100</u>	<u>100</u>
	<u>200</u>	<u>259</u>

**12 CREDITORS amounts falling due after more than one year**

THE GROUP	<u>2006</u>	<u>2005</u>
	£	£
Accrued bonuses-amounts due between two and five years	12,322	-
Taxation and social security-amounts due between two and five years	<u>1,575</u>	=
	<u>13,897</u>	=

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****13 PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>Clawback Provision</u> (Note (i)) £	<u>Endowment Claims</u> (Note (ii)) £	<u>Total</u> £
THE GROUP			
At 1 January 2006	224,196	231,857	456,053
Utilised in the year	(175,299)	(8,021)	(183,320)
Released in the year	-	(173,836)	(173,836)
Created in the year	165,430	-	165,430
At 31 December 2006	<u>214,327</u>	<u>50,000</u>	<u>264,327</u>

**(i) Clawbacks**

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

**(ii) 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.

**14. DEFERRED TAXATION**

Breakdown of deferred tax debtor in note 10

	<u>2006</u> <u>Asset created</u> £	<u>2005</u> <u>Asset created</u> £
THE GROUP		
Accelerated capital allowances	130,811	119,432
Pension provision	-	41,946
Other timing differences	<u>34,467</u>	<u>(65,105)</u>
	<u>165,458</u>	<u>96,273</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****14 DEFERRED TAXATION (continued)**

Reconciliation of movement in deferred tax during the year:

	<u>Total deferred</u> <u>tax</u> <u>asset/(liability)</u> <u>£</u>	<u>Deferred tax asset</u> <u>disclosed in</u> <u>debtors (note 10)</u> <u>£</u>	<u>Deferred tax</u> <u>asset/(liability)</u> <u>netted off</u> <u>pension</u> <u>liability/(asset)</u> <u>(note 21)</u> <u>£</u>
Balance b/f 1 <sup>st</sup> January 2006	(367,527)	96,273	(463,800)
Profit and loss –prior year (note 6)	27,690	27,690	-
Profit and loss –current year (note 6)	1,508,495	594,695	913,800
Disclosed in Statement of Total Recognised Gains and Losses	(553,200)	(553,200)	-
Balance c/f 31 December 2006	<u>615,458</u>	<u>165,458</u>	<u>450,000</u>

**15 EXCEPTIONAL ITEM – SALE OF RIGHTMOVE SHARES**

	<u>2006</u> <u>£</u>
Profit on disposal of shares in Rightmove PLC	<u>985,264</u>

During the year the company made a profit before tax of £985,264 on the disposal of shares in Rightmove PLC following their flotation. The Rightmove PLC shares were received for no cash consideration prior to flotation

**16 EXCEPTIONAL ITEM- PENSION SCHEME**

	<u>2006</u> <u>£</u>
Write off of pension asset not recoverable	4,957,000
Provision for costs of wind up of pension scheme	<u>1,500,000</u>
Total	<u>6,457,000</u>

During the year the company made the decision to wind up Andrews Pension Trust and buy out the liabilities with an insurance company

The exceptional item relates to the cost of the write off of the pension asset (calculated under FRS17) together with the provision for the future costs of wind up

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****17 CALLED UP SHARE CAPITAL****THE GROUP AND THE COMPANY**

	<u>4 9% cumulative preference shares of £1 each</u>		<u>Ordinary shares of 50p each</u>	
	<u>Number</u>	<u>£</u>	<u>Number</u>	<u>£</u>
<b>AUTHORISED</b>				
At 1 January 2006 and 31 December 2006	<u>14,960</u>	<u>14,960</u>	<u>370,080</u>	<u>185,040</u>
<b>ALLOTTED, ISSUED AND FULLY PAID</b>				
1 January 2006 and 31 December 2006	<u>100</u>	<u>100</u>	<u>322,264</u>	<u>161,132</u>

**Preference shares**

Following a change in accounting policy, issued preference shares are now shown as part of creditors amounts falling due within one year (Note 11).

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 &amp; Loss Account</u>	<u>Profit &amp; Loss Account</u>	<u>Revaluation Reserve</u>
	<u>£</u>	<u>£</u>	<u>£</u>
At 1 January 2006- as previously reported	7,545,784	1,916,571	1,300,466
Prior year adjustment (note 20)	(7,717)	(1,082,200)	-
At 1 January 2006- as restated	<u>7,538,067</u>	<u>834,371</u>	<u>1,300,466</u>
Surplus on revaluation of freeholds and leaseholds	-	-	412,000
Actuarial gain on pension scheme	1,844,000	-	-
Deferred tax on actuarial gain	(553,200)	-	-
(Loss)/profit for the year	<u>(1,482,405)</u>	<u>120,487</u>	<u>-</u>
At 31 December 2006	<u>7,346,462</u>	<u>954,858</u>	<u>1,712,466</u>

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS****THE GROUP**

	<u>2006</u>	<u>2005</u> (restated)
	<u>£</u>	<u>£</u>
Opening shareholders' funds- as previously reported	9,007,482	9,598,434
Prior year adjustments (note 20)	(7,817)	-
Opening shareholders' funds- as restated	8,999,665	9,598,434
(Loss)/Profit for the financial year	(1,482,405)	372,102
Surplus on revaluation of freeholds and leaseholds	412,000	416,529
Actuarial gain/(loss) recognised in the pension scheme	1,844,000	(1,982,000)
Movement on deferred tax relating to pension scheme	(553,200)	594,600
Net addition to/(deduction) from shareholders' funds	220,395	(598,769)
Closing shareholders' funds	9,220,060	8,999,665

**THE COMPANY**

	<u>2006</u>	<u>2005</u> (restated)
	<u>£</u>	<u>£</u>
Opening shareholders' funds-as previously reported	2,077,803	914,803
Prior year adjustments (note 20)	(1,082,300)	-
Opening shareholders' funds- as restated	995,503	914,803
Profit for the financial year and net addition to shareholders' funds	120,487	80,700
Closing shareholders' funds	1,115,990	995,503

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****20 PRIOR YEAR ADJUSTMENTS****THE GROUP**

	<u>Total</u>	<u>ESOP investment</u> <u>(note 1)</u>	<u>Preference</u> <u>shares</u> <u>(note 11)</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Prior year adjustments before taxation	(7,817)	(7,717)	(100)
Attributable taxation	-	-	-
Total Prior year adjustments after taxation	(7,817)	(7,717)	(100)

**THE COMPANY**

	<u>Total</u>	<u>Preference</u> <u>shares</u> <u>(note 11)</u>	<u>Pension</u> <u>Scheme</u> <u>(note 11)</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Prior year adjustments before taxation	(1,546,100)	(100)	(1,546,000)
Attributable taxation	463,800	-	463,800
Total Prior year adjustments after taxation	(1,082,300)	(100)	(1,082,200)

**(i) ESOP Investment**

The ESOP investment in Parent's shares of £7,717 represents the value of Andrews and Partners Limited shares acquired by the Andrews and Partners Limited Employee Share Trust from directors who had exercised share options in 2004. This amount has been removed from investments and debited to profit and loss account at the beginning of 2005.

**(ii) Preference Shares**

The 4 9% cumulative preference shares have been reclassified as creditors due within 12 months under FRS25-Financial Instruments. This amount has been included as creditors amounts falling due within one year at the beginning of 2005.

**(iii) Pension scheme**

The pension asset in the company's balance sheet at 31 December 2005 of £1,082,000 has been reallocated to the financial statements of the subsidiary companies under FRS17 -Retirement Benefits. This has necessitated a prior year adjustment. In restating the results for 2005 on the basis of the new policy the total recognised gains and losses for the year decreases by £944,300 as a result of the actuarial gain on the pension scheme less attributable taxation. The remainder, £2,026,500 relating to 2004 and earlier years has been charged to retained profit at the beginning of 2005.



**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****21 PENSION COMMITMENTS - DEFINED BENEFIT SCHEME****THE GROUP**

The most recent actuarial valuation of the pension scheme was carried out as at 30 September 2005 and has been updated at 31 December 2006 by Hewitt, Bacon and Woodrow Limited, professionally qualified actuaries. The principal assumptions used by the actuaries were

	<u>31 December</u> <u>2006</u> <u>(% p a )</u>	<u>31 December</u> <u>2005</u> <u>(% p a )</u>	<u>31 December</u> <u>2004</u> <u>(% p a )</u>
Discount rate for scheme liabilities	5.1	4.7	5.3
Inflation rate	3.1	2.9	2.9
Increase to pensions in payment			
- Post 1997 pension	3.1	2.8	2.8
- Post September 2005 pension	2.3	2.1	2.1

The projected unit method has been used to calculate the assets and liabilities of the scheme

The fair value of the assets of the scheme and the expected long-term rates of return were:

	<u>Long-term</u> <u>rate of</u> <u>return</u> <u>expected at</u> <u>31</u> <u>December</u> <u>2006</u> <u>%</u>	<u>Value at</u> <u>31</u> <u>December</u> <u>2006</u> <u>£'000</u>	<u>Long-term</u> <u>rate of</u> <u>return</u> <u>expected</u> <u>at 31</u> <u>December</u> <u>2005</u> <u>%</u>	<u>Value at</u> <u>31</u> <u>December</u> <u>2005</u> <u>£'000</u>	<u>Long-term</u> <u>rate of</u> <u>return</u> <u>expected</u> <u>at 31</u> <u>December</u> <u>2004</u> <u>%</u>	<u>Value at</u> <u>31</u> <u>December</u> <u>2004</u> <u>£'000</u>
Equities	6.6	12,076	6.5	14,969	7.5	11,349
Property	5.6	1,277	5.6	1,912	6.5	1,571
Government bonds	4.1	6,702	4.1	6,022	4.5	4,855
Corporate bonds	4.5	4,477	4.5	-	5.0	-
Cash and other	4.5	1,861	4.5	818	4.8	826
Total market value of assets as at 31 December		26,393		23,721		18,601

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****21 PENSION COMMITMENTS - DEFINED BENEFIT SCHEME (continued)**

The net pension (liability)/asset recognised in the balance sheet is.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Total market value of assets at 31 December	26,393	23,721	19,412
Present value of scheme liabilities	(21,436)	(22,175)	(16,517)
Surplus in the scheme on an ongoing basis	4,957	1,546	2,895
Write off of pension asset not recoverable	(4,957)	-	-
Provision for costs of buyout	(1,500)	-	-
(Deficit)/surplus relating to retirement benefits	(1,500)	1,546	2,895
Related deferred tax asset/(liability)	450	(464)	(868)
Transfer of net deficit in scheme to current liabilities	(1,050)	-	-
Net pension asset	-	1,082	2,027

Analysis of amount charged to operating profit in respect of the defined benefit scheme:

	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>
Current service cost	103	460

Analysis of amount credited to other finance income

	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>
Expected return on pension scheme assets	1,354	1,279
Interest on pension scheme liabilities	(1,021)	(881)
Net finance income	333	398

Movements in surplus during the year

	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>
Surplus in the scheme at the beginning of the year	1,546	2,895
Movement during the year		
Current service cost	(103)	(460)
Contributions normal	137	695
Contributions one-off	1,200	-
Other finance income	333	398
Actuarial gain/(loss)	1,844	(1,982)
Surplus in the scheme on an ongoing basis	4,957	1,546
Write off of pension asset not recoverable	(4,957)	-
Provision for costs of buyout	(1,500)	-
Transfer of net deficit in scheme to current liabilities	1,500	-
Net pension asset at the end of the year	-	1,546

**ANDREWS AND PARTNERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)****21 PENSION COMMITMENTS - DEFINED BENEFIT SCHEME (continued)**

Analysis of amount recognised in statement of total recognised gains and losses

	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>
Actual return less expected return on pension scheme assets	605	2,574
Experience gains and losses arising on the scheme liabilities	(129)	(1,745)
Changes in assumptions underlying the present value of the scheme liabilities	1,368	(2,811)
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	<u>1,844</u>	<u>(1,982)</u>

History of experience gains and losses

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Difference between actual and expected return on plan assets			
Amount (£'000)	605	2,574	511
Percentage of scheme assets	2.3%	10.9%	2.6%
Experience gains and (losses) on plan liabilities			
Amount (£'000)	(129)	(1,745)	23
Percentage of present value of the scheme liabilities	(0.6%)	(7.9%)	0.1%
Changes in assumptions underlying the present value of the scheme's liabilities			
Amount (£'000)	1,368	(2,811)	(335)
Percentage of present value of the scheme liabilities	6.4%	(12.7%)	(1.7%)
Total amount recognised in statement of total recognised gains and losses			
Amount (£'000)	1,844	(1,982)	199
Percentage of present value of scheme liabilities	8.6%	(8.9%)	1.2%

It was only determined in 2005 that the scheme is a defined benefit scheme and accordingly the required disclosure of 5 years historical information is not available

**22. OPERATING LEASE COMMITMENTS**

Operating lease annual charges not provided for in the financial statements terminate as follows

	<u>2006</u>	<u>2005</u>
	<u>Land and</u>	<u>Land and</u>
	<u>Buildings</u>	<u>Buildings</u>
	<u>£</u>	<u>£</u>
Expiring within one year	81,500	123,000
Expiring between one and five years	432,295	427,195
Expiring after five years	441,892	391,642
	<u>955,687</u>	<u>941,837</u>

The company itself had no operating lease commitments at 31 December 2006 (2005 nil)

## **ANDREWS AND PARTNERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006 (continued)**

#### **23. ULTIMATE CONTROLLING PARTY**

The company's ultimate controlling party is the charity Andrews Charitable Trust, which holds 66% of the allotted share capital of Andrews and Partners Limited. During the year the company made a gift aid payment of £290,200 (2005 £145,100) to Andrews Charitable Trust. There were no amounts due to or from Andrews Charitable Trust at the balance sheet date.

#### **24. 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 £62,742 (2005 £31,371) to Christian Book Promotion Trust and £47,058 (2005 £23,529) 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 2006 the company made a £5,000 interest free car loan to a director, R Pearce-Thomas. At 31 December 2006 the amount of principal outstanding under this loan was £4,792 (2005 £937 from a previous loan). During the year an interest free loan of £5,000 was also made to M Armitage. At 31 December 2006 the amount of principal outstanding under this loan was £3,333 (2005 nil). In 2005 a similar loan of £5,000 was made to another director, C Chapman. At 31 December 2006 the amount of principal outstanding under this loan was £2,500 (2005 £4,167). No provision has been made against the failure of directors to repay these loans.

#### **25. 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.