

RICS Business Services Limited

**Directors' report and consolidated
financial statements**

For the year ended 31 July 1997
Registered number 1526902



Directors' report and financial statements

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Directors' report

Principal activities

The principal activities of the group during the year were the production of journals and publications, the supply of information relating to building construction and maintenance, together with the provision of other services for the surveying profession.

Business review and result for the year

The company's sound result builds on last year's progress and reflects the strategies which have been pursued over recent years.

Details of the profit for the year are set out in the consolidated profit and loss account on page 4.

The directors do not recommend the payment of a dividend (1996: £Nil).

Directors

The directors of the company who served during the year were as follows:

| | |
|----------------------------|----------------------------------|
| CA Coward FRICS - Chairman | (resigned 7 July 1997) |
| JM Allan FRICS | (appointed Chairman 7 July 1997) |
| TJ Binnington FRICS | (appointed 18 November 1996) |
| J Ellis FRICS | |
| G Halman FRICS | |
| MJG King FRICS | (appointed 7 July 1997) |
| C Lenan FCIM | |
| CM Makin FRICS | (resigned 29 August 1997) |
| CA Myers FCCA ACIB | |

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Fixed assets

A review of the group's long leasehold land and buildings was carried out in 1995 by professional valuers which indicated that their open market value is in excess of net book value by approximately £1,400,000.

Laying of financial statements

In accordance with Section 252 of the Companies Act 1985, the company has elected, by passing an elective resolution on 24 October 1991, to dispense with the laying of financial statements before the company in general meeting.

Annual general meeting

In accordance with Section 366 of the Companies Act 1985, the company has elected, by passing an elective resolution on 24 October 1991, to dispense with the holding of annual general meetings.

Auditors

In accordance with Section 386 of the Companies Act 1985, the company has elected, by passing an elective resolution on 24 October 1991, to dispense with the obligation to appoint auditors annually.

Approved by the board and signed on its behalf by:

CA Myers
Secretary



Surveyor Court
Westwood Way
Coventry
CV4 8JE

24 November 1997

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



2 Cornwall Street
Birmingham
B3 2DL

Auditors' report to the members of RICS Business Services Limited

We have audited the financial statements on pages 4 to 22.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 as at 31 July 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG

*Chartered Accountants
Registered Auditors*

24 November 1997

Consolidated profit and loss account
for the year ended 31 July 1997

| | <i>Note</i> | 1997 £'000 | 1996 £'000 |
|--|-------------|-----------------------------|------------------|
| Turnover - continuing activities | | | |
| Cost of sales | 1,2 | 6,059 (2,270) | 5,317 (2,493) |
| Gross profit | | <hr/> 3,789 | <hr/> 2,824 |
| Other operating expenses | | | |
| Other operating income | 3 | (4,027) 521 | (3,760) 456 |
| Operating profit/(loss) - continuing activities | 4 | <hr/> 283 | <hr/> (480) |
| Income from UK listed fixed asset investments | | 232 | 193 |
| Other interest receivable and similar income | | 497 | 489 |
| Profit on sale of tangible fixed assets and fixed asset investments | | 200 | 280 |
| Profit on ordinary activities before taxation | 5 | <hr/> 1,212 | <hr/> 482 |
| Tax on profit on ordinary activities | 1,8 | (265) | (204) |
| Profit on ordinary activities after taxation, being profit for the financial year | 9,19 | <hr/> <hr/> 947 | <hr/> <hr/> 278 |

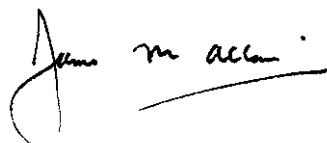
The group has no recognised gains or losses for the year other than those shown above and no adjustments are required to show the historic cost profit for the period.

Consolidated balance sheet
as at 31 July 1997

| | <i>Note</i> | £'000 | 1997 £'000 | 1996 £'000 |
|--|-------------|--------------------------|-----------------------|--------------------------|
| Fixed assets | | | | |
| Tangible assets | <i>1,10</i> | 3,541 | | 3,357 |
| Other investments | <i>1,11</i> | 12,372 | | 7,177 |
| | | | 15,913 | 10,534 |
| Current assets | | | | |
| Stocks | <i>1,12</i> | 252 | | 308 |
| Debtors | <i>13</i> | 314 | | 272 |
| Investments | <i>14</i> | 5,684 | | 7,481 |
| Cash at bank and in hand | | 156 | | 106 |
| | | | | |
| Creditors: Amounts falling due within one year | <i>15</i> | 6,406 (1,757) | | 8,167 (1,462) |
| Net current assets | | | 4,649 | 6,705 |
| Total assets less current liabilities | | | 20,562 | 17,239 |
| Creditors: Amounts falling due after more than one year | <i>16</i> | | (18,718) | (16,342) |
| Net assets | | | 1,844 | 897 |
| Capital and reserves | | | | |
| Called up share capital | <i>18</i> | | - | - |
| Profit and loss account | <i>19</i> | | 1,844 | 897 |
| Equity shareholders' funds | | | 1,844 | 897 |

These financial statements were approved by the board of directors on 24 November 1997 and were signed on its behalf by:

JM Allan
Chairman

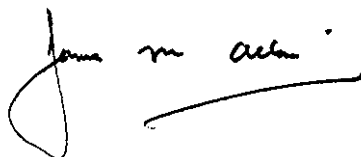


Company balance sheet
as at 31 July 1997

| | <i>Note</i> | £'000 | 1997 £'000 | £'000 | 1996 £'000 |
|--|-------------|--------------------------|-----------------------|--------------------------|-----------------------|
| Fixed assets | | | | | |
| Tangible assets | <i>1,10</i> | 3,528 | | 3,342 | |
| Investment in subsidiary and associated undertakings | <i>1,11</i> | - | | - | |
| Other investments | <i>1,11</i> | 12,372 | | 7,177 | |
| | | | 15,900 | | 10,519 |
| Current assets | | | | | |
| Stocks | <i>1,12</i> | 244 | | 306 | |
| Debtors | <i>13</i> | 256 | | 271 | |
| Investments | <i>14</i> | 5,684 | | 7,481 | |
| Cash at bank and in hand | | 149 | | 103 | |
| | | | | | |
| Creditors: Amounts falling due within one year | <i>15</i> | 6,333 (1,729) | | 8,161 (1,310) | |
| Net current assets | | | 4,604 | | 6,851 |
| Total assets less current liabilities | | | 20,504 | | 17,370 |
| Creditors: Amounts falling due after more than one year | <i>16</i> | | (18,718) | | (16,342) |
| Net assets | | | 1,786 | | 1,028 |
| Capital and reserves | | | | | |
| Called up share capital | <i>18</i> | | - | | - |
| Profit and loss account | <i>19</i> | | 1,786 | | 1,028 |
| Equity shareholders' funds | | | 1,786 | | 1,028 |

These financial statements were approved by the board of directors on 24 November 1997 and were signed on its behalf by:

JM Allan
Chairman



Reconciliation of movements in shareholders' funds
for the year ended 31 July 1997

| | Group | | Company | |
|--|--------------|--------------|----------------|--------------|
| | 1997 | 1996 | 1997 | 1996 |
| | £'000 | £'000 | £'000 | £'000 |
| Profit for the financial year | 947 | 278 | 758 | 256 |
| Goodwill on acquisitions during the year deducted from reserves | - | (238) | - | - |
| Opening shareholders' funds | 897 | 857 | 1,028 | 772 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Closing shareholders' funds | 1,844 | 897 | 1,786 | 1,028 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Consolidated cash flow statement

for the year ended 31 July 1997

Reconciliation of operating profit/(loss) to net cash inflow from operating activities

| | 1997 £'000 | 1996 £'000 |
|---|---------------|---------------|
| Operating profit/(loss) | 283 | (480) |
| Depreciation charge | 530 | 536 |
| Revaluation of freehold property | - | 22 |
| (Increase)/decrease in debtors | (17) | 127 |
| (Decrease)/increase in creditors | 113 | 59 |
| Decrease/(increase) in stocks | 56 | (92) |
| Net cash inflow from operating activities | <u>965</u> | <u>172</u> |

| | Note | 1997 £'000 | 1996 £'000 |
|---|------|----------------|---------------|
| Cash flow statement | | | |
| Net cash inflow from operating activities | | 965 | 172 |
| Returns on investments and servicing of finance | 23 | 668 | 634 |
| Taxation | | - | 13 |
| Capital expenditure and financial investment | 23 | (4,716) | (1,392) |
| Net cash outflow before use of liquid resources and financing | | <u>(3,083)</u> | <u>(573)</u> |
| Management of liquid resources | 23 | 804 | (917) |
| Financing - movement in loan with holding body corporate | | 2,376 | 1,628 |
| Increase in cash in the period | | <u>97</u> | <u>138</u> |

| | | 1997 £'000 | 1996 £'000 |
|--|----|-----------------|----------------|
| Reconciliation of net cash flow to movement in net debt | | | |
| Increase in cash in the period | 24 | 97 | 138 |
| Cash inflow from increase in debt financing | | (2,376) | (1,628) |
| Cash (inflow)/outflow from decrease/increase in liquid resources | | (804) | 917 |
| Change in net debt resulting from cashflows | | <u>(3,083)</u> | <u>(573)</u> |
| Transfer of investments from current assets to fixed assets | 24 | (993) | - |
| Foreign exchange translation difference | 24 | (47) | - |
| Movement in net debt in the period | | <u>(4,123)</u> | <u>(573)</u> |
| Net debt at start of the year | | (8,755) | (8,182) |
| Net debt at end of year | 24 | <u>(12,878)</u> | <u>(8,755)</u> |

Notes

(forming part of the financial statements)

Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of consolidation

The group financial statements consolidate the financial statements of RICS Business Services Limited and its subsidiary undertakings made up to 31 July 1997. In the company's balance sheet, investment in subsidiary undertakings is stated at cost less amounts written off. No profit and loss account is presented for the company as provided by Section 230 of the Companies Act 1985.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets to their estimated residual values by equal annual instalments over their anticipated useful lives as follows:

| | |
|-----------------------------------|-------------|
| Long leasehold land and buildings | - 50 years |
| Motor vehicles | - 3-4 years |
| Fixtures and fittings | - 5 years |
| Computer equipment | - 2 years |
| Office equipment | - 4 years |

No depreciation is provided on freehold land and buildings.

Fixed asset investments

Fixed asset investments and income from fixed asset investments are treated in the financial statements as follows:

(i) Listed investments and subsidiary undertakings

Listed investments and the company's investments in its subsidiary undertakings are shown at cost less amounts written off.

(ii) Associated undertakings

Investments in associated undertakings is stated at cost, plus long term loans, less amounts written off equivalent to the group's share of losses incurred since incorporation.

(iii) Income from listed investments

Income is included, with any related tax credit, in the accounts of the period in which it is receivable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

Notes (continued)

1 Accounting policies (continued)

Taxation

Corporation tax is provided on taxable profit at the current rate.

Deferred taxation (which arises from differences in timing, principally of depreciation, between the accounts and the tax computations) is calculated using the liability method. Under this method, deferred taxation is only provided in cases where it is expected that an actual corporation tax liability will arise at some future date and is calculated at the rate of tax at which the liability is expected to crystallise.

Turnover

Turnover represents the value of goods and services provided and is stated net of discounts and VAT.

Operating lease rentals

Operating lease rentals are charged to the profit and loss account in the period in which they are payable.

Asset leasing

The company owns certain fixed assets which are let on commercial operating leases to its ultimate holding body corporate, The Royal Institution of Chartered Surveyors. These assets comprise motor vehicles, computer equipment and other office equipment and furniture.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling using the rate of exchange ruling at the balance sheet date. Gains and losses arising on translation included in the profit and loss account.

Goodwill

Goodwill arising on acquisition is written off against reserves in the year of acquisition.

Notes (continued)

Turnover

Excluding the group's share of the turnover of associated undertakings and joint ventures, the analysis of turnover by activity is as follows:

| | 1997 £'000 | 1996 £'000 |
|--|-------------------|-------------------|
| RICS Books | 2,419 | 2,598 |
| Westminster Centre | 379 | 291 |
| NBS/RICS Recruitment | 18 | 19 |
| RICS Conferences | 2 | 3 |
| Asset leasing | 939 | 645 |
| PI/RICS Insurance Services | 300 | 22 |
| Building Cost Information Service Limited | 1,214 | 840 |
| Administration and consultancy | 788 | 687 |
| Building Maintenance Information Information Centre | - | 211 1 |
| | <hr/> 6,059 <hr/> | <hr/> 5,317 <hr/> |

Other operating expenses

| | 1997 £'000 | 1996 £'000 |
|------------------------------------|-------------------|-------------------|
| Other operating expenses comprise: | | |
| Distribution costs | 108 | 140 |
| Administrative expenses | 3,919 | 3,620 |
| | <hr/> 4,027 <hr/> | <hr/> 3,760 <hr/> |

Operating profit/(loss)

The operating profit/(loss) of each activity is as follows:

| | 1997 £'000 | 1996 £'000 |
|---|-----------------|-------------------|
| RICS Books | 560 | 529 |
| Westminster Centre | 63 | 58 |
| NBS/RICS Recruitment | 15 | 16 |
| RICS Conferences | 2 | 3 |
| Asset leasing | (70) | (234) |
| Information Centre | 67 | 30 |
| RICS Insurance Services/PII Services | 146 | 22 |
| Building Maintenance Information | - | 59 |
| Building Cost Information Service Limited | 298 | 68 |
| Administration and consultancy | (798) | (1,031) |
| | <hr/> 283 <hr/> | <hr/> (480) <hr/> |

Notes (continued)

Profit on ordinary activities before taxation

| | 1997 £'000 | 1996 £'000 |
|---|---------------|---------------|
| <i>Profit on ordinary activities before taxation is stated</i> | | |
| <i>after charging/(crediting)</i> | | |
| Depreciation and other amounts written off tangible fixed assets | 530 | 536 |
| Auditors' remuneration: | | |
| Audit - including parent company audit fee of £24,000 (1996: £27,000) | 27 | 32 |
| Non-audit services | 30 | 28 |
| Foreign exchange loss | 47 | - |
| Rents received | (302) | (281) |
| | <hr/> <hr/> | <hr/> <hr/> |

Staff

The average number of persons employed by the company and its subsidiary undertakings (including executive directors) during the year, analysed by category, was as follows:

| | Number of employees 1997 | 1996 |
|----------------|-----------------------------|-------------|
| Distribution | 2 | 6 |
| Sales | 1 | 11 |
| Administration | 15 | 34 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 18 | 51 |

The aggregate payroll costs of these persons were as follows:

| | 1997 £'000 | 1996 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 380 | 1,041 |
| Social security costs | 39 | 89 |
| Other pension costs | 16 | 67 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 435 | 1,197 |

On 1 August 1996 all employees of RICS Business Services Limited were transferred into a service company, RICS Services Limited, a fellow subsidiary wholly owned by the Royal Institution of Chartered Surveyors and consolidated within its financial statements. Staff costs totalling £1,621,000 have been recharged to RICS Business Services Limited for services performed during the year.

Notes (continued)

7 Directors' emoluments

| | 1997 £'000 | 1996 £'000 |
|--|---------------|---------------|
| Aggregate directors' remuneration is shown below: | | |
| Emoluments for services as directors | 105 | 93 |
| | <u>Number</u> | <u>Number</u> |
| The number of directors who are members of pension schemes are as follows: | | |
| Members of defined benefit pension schemes | 2 | 2 |

No emoluments have been paid to non-executive directors.

8 Tax on profit on ordinary activities

The tax charge is based on the profit of the group for the year and comprises:

| | 1997 £'000 | 1996 £'000 |
|---|---------------|---------------|
| UK corporation tax at 32.33% (1996: 33%) | 216 | 159 |
| Over provision in prior years | - | (19) |
| Tax attributable to franked investment income | 49 | 64 |
| | <u>265</u> | <u>204</u> |

9 Profit for the financial year

| | 1997 £'000 | 1996 £'000 |
|--------------------------------|---------------|---------------|
| Retained by the parent company | 758 | 256 |
| Retained by group undertakings | 189 | 22 |
| | <u>947</u> | <u>278</u> |

Notes (continued)

10 Tangible fixed assets

The movement in tangible fixed assets in the year for the group was as follows:

| | Freehold land and buildings | Long leasehold land and buildings | Motor vehicles | Fixtures and fittings | Computer equipment | Office equipment | Total |
|-----------------------|-----------------------------------|--|-------------------|-----------------------------|-----------------------|---------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | | |
| At beginning of year | 130 | 3,413 | 246 | 168 | 2,581 | 516 | 7,054 |
| Additions | - | - | 158 | - | 520 | 43 | 721 |
| Disposals | - | - | (78) | - | (4) | (7) | (89) |
| At end of year | 130 | 3,413 | 326 | 168 | 3,097 | 552 | 7,686 |
| Depreciation | | | | | | | |
| At beginning of year | - | 420 | 145 | 166 | 2,534 | 432 | 3,697 |
| Charge for the year | - | 70 | 80 | 2 | 307 | 71 | 530 |
| Disposals | - | - | (76) | - | (4) | (2) | (82) |
| At end of year | - | 490 | 149 | 168 | 2,837 | 501 | 4,145 |
| Net book value | | | | | | | |
| At 31 July 1997 | 130 | 2,923 | 177 | - | 260 | 51 | 3,541 |
| At 31 July 1996 | 130 | 2,993 | 101 | 2 | 47 | 84 | 3,357 |

The long leasehold land and buildings comprise the company's premises situated at Westwood Business Park, Coventry.

Notes (continued)

10 Tangible fixed assets (continued)

The movement in tangible fixed assets in the year for the company was as follows:

| | Freehold land and buildings | Long leasehold land and buildings | Motor vehicles | Fixtures and fittings | Computer equipment | Office equipment | Total |
|------------------------|-----------------------------------|--|-------------------|-----------------------------|-----------------------|---------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | | |
| At beginning of year | 130 | 3,413 | 246 | 168 | 2,537 | 502 | 6,996 |
| Additions | - | - | 158 | - | 505 | 43 | 706 |
| Disposals | - | - | (78) | - | (4) | (7) | (89) |
| At end of year | 130 | 3,413 | 326 | 168 | 3,038 | 538 | 7,613 |
| Depreciation | | | | | | | |
| At beginning of year | - | 420 | 145 | 166 | 2,495 | 428 | 3,654 |
| Charge for the year | - | 70 | 80 | 2 | 295 | 66 | 513 |
| Disposals | - | - | (76) | - | (4) | (2) | (82) |
| At end of year | - | 490 | 149 | 168 | 2,786 | 492 | 4,085 |
| At 31 July 1997 | 130 | 2,923 | 177 | - | 252 | 46 | 3,528 |
| At 31 July 1996 | 130 | 2,993 | 101 | 2 | 42 | 74 | 3,342 |

The long leasehold land and buildings comprise the company's premises situated at Westwood Business Park, Coventry.

Included in the tangible fixed assets of both the company and the group are assets leased under operating leases to The Royal Institution of Chartered Surveyors. The cost of these assets was £3,120,000 (1996: £2,606,000) with accumulated depreciation of £2,767,000 (1996: £2,506,000).

Notes (continued)

1 Fixed asset investments

a) Investment in associated undertaking - group and company

The company owns 50% of the issued ordinary share capital of RICS Journals Limited. RICS Journals Limited is incorporated in Great Britain and the holding is stated at cost plus long term loans, less amounts written off to reflect the company's share of losses incurred since incorporation. RICS Journals Limited did not trade during this year or the proceeding year.

The investment of the company and group in RICS Journals Limited comprises:

| | Group and company | |
|---------------------------|-------------------|-------|
| | 1997 | 1996 |
| | £'000 | £'000 |
| Share capital | 1 | 1 |
| Long term loans | 894 | 894 |
| Less: Amounts written off | (895) | (895) |
| | <hr/> | <hr/> |
| | - | - |
| | <hr/> | <hr/> |

b) Other investments - group and company

| | Group and company |
|--|-------------------|
| | £'000 |
| Cost | |
| At beginning of year | 7,177 |
| Additions | 6,339 |
| Disposals | (2,137) |
| Transfer of current assets to fixed assets | 993 |
| | <hr/> |
| At end of year | 12,372 |
| | <hr/> |

The listed investments are all listed on The London Stock Exchange. The aggregate cost and market value of listed investments of the group and company was as follows:

| | Cost | | Market value | |
|--------------------------------|--------|-------|--------------|-------|
| | 1997 | 1996 | 1997 | 1996 |
| | £'000 | £'000 | £'000 | £'000 |
| UK government securities | 1,752 | 1,078 | 1,861 | 1,092 |
| UK listed securities | 6,568 | 5,709 | 8,031 | 6,239 |
| Overseas listed securities | 2,669 | 390 | 2,913 | 398 |
| Overseas government securities | 390 | - | 375 | - |
| Cash for reinvestment | 993 | - | 993 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 12,372 | 7,177 | 14,173 | 7,729 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Notes (continued)

1 Fixed assets investments (continued)

Cash for reinvestment represents funds held by external fund managers available for investment in securities with predetermined investment parameters.

⇒ Investment in subsidiary and associated undertakings - company

The movement in the year for the company was as follows:

| | Subsidiary undertakings £'000 | Associated undertaking £'000 | Total £'000 |
|------------------------------|-------------------------------------|------------------------------------|----------------|
| Cost | | | |
| At beginning and end of year | 134 | 894 | 1028 |
| Provision | | | |
| At beginning and end of year | (134) | (894) | (1,028) |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 31 July 1997 and 1996 | - | - | - |
| | <hr/> | <hr/> | <hr/> |

The company owns the entire issued ordinary share capital of Building Cost Information Service Limited ("BCIS"), a company incorporated in Great Britain. The principal activity of BCIS is to collate information connected with current building projects, building costs and tender prices and to distribute this to its subscribers. The company's interest in BCIS comprises £100 in respect of the issued share capital of BCIS.

The company owns the entire issued share capital of the following dormant undertakings:

Mountain Peak Limited
 Building Maintenance Information Limited (BMI)
 Westminster Centre Limited (WCL)
 IQS Limited (IQS)
 Domesday 2000 Limited
 Software for Surveyors Limited
 RICS Insurance Services Limited
 Surveyors and Valuers Insurance Services Limited
 Geomatics Ltd
 RICS Geomatics Ltd

Full provision has been made against these investments.

These companies are all incorporated in Great Britain.

Notes (continued)

2 Stocks

The stocks held by the group and the company comprise books held for resale.

| | Group | | Company | |
|---------------------------|-------|-------|---------|-------|
| | 1997 | 1996 | 1997 | 1996 |
| | £'000 | £'000 | £'000 | £'000 |
| Work in progress | 248 | 262 | 240 | 260 |
| Finished goods for resale | 4 | 46 | 4 | 46 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 252 | 308 | 244 | 306 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

3 Debtors

| | Group | | Company | |
|--------------------------------|-------|-------|---------|-------|
| | 1997 | 1996 | 1997 | 1996 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | 75 | 45 | 49 | 30 |
| Amounts owed by parent | 23 | - | 23 | 23 |
| Prepayments and accrued income | 215 | 224 | 184 | 215 |
| Other debtors | 1 | 3 | - | 3 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 314 | 272 | 256 | 271 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

4 Current asset investments

Current asset investments of the group and the company comprise short term cash deposits and government securities.

Notes (continued)

15 Creditors: Amounts falling due within one year

| | Group | | Company | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 1997 | 1996 | 1997 | 1996 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 5 | - | 5 | - |
| Amounts owed to parent | 16 | 68 | 8 | 83 |
| Amounts owed to group undertakings | - | - | 629 | 231 |
| Accruals and deferred income | 1,060 | 892 | 520 | 528 |
| Other creditors | 676 | 502 | 567 | 468 |
| | <u>1,757</u> | <u>1,462</u> | <u>1,729</u> | <u>1,310</u> |
| Other creditors comprise: | | | | |
| UK corporation tax payable | 498 | 317 | 389 | 283 |
| VAT | 7 | - | 7 | - |
| Other | 171 | 185 | 171 | 185 |
| | <u>676</u> | <u>502</u> | <u>567</u> | <u>468</u> |

16 Creditors: Amounts falling due after more than one year

Creditors falling due after more than one year comprise amounts due to The Royal Institution of Chartered Surveyors ("RICS"), which owns the entire share capital of the company. The amount is interest free and RICS has given an undertaking not to request substantial repayment of the debt for at least twelve months.

7 Deferred tax

The full potential (asset)/liability for deferred taxation and the amount provided for the group and the company at 31% (1996: 33%) are as follows:

| | 1997 | | 1996 | |
|--------------------------------|--|-----------------------------|--|-----------------------------|
| Group | Full potential (asset)/liability £'000 | Amount provided £'000 | Full potential (asset)/liability £'000 | Amount provided £'000 |
| Short term differences | (9) | - | (10) | - |
| Accelerated capital allowances | (147) | - | (216) | - |
| | <u>(156)</u> | <u>-</u> | <u>(226)</u> | <u>-</u> |
| Company | | | | |
| Accelerated capital allowances | (134) | - | (216) | - |
| | <u>(134)</u> | <u>-</u> | <u>(216)</u> | <u>-</u> |

Notes (continued)

8 Share capital

The authorised, allotted, called and fully paid up share capital of the company consists of 100 ordinary shares of £1 each (1996: £100).

9 Reserves

| | Profit and loss account | |
|-------------------------------|-------------------------|------------------|
| | Group £'000 | Company £'000 |
| At beginning of year | 897 | 1,028 |
| Profit for the financial year | 947 | 758 |
| At end of year | <u>1,844</u> | <u>1,786</u> |

10 Capital commitments

The group and the company had no outstanding capital commitments at 31 July 1997 (1996: £Nil).

11 Contingent liabilities

There were no contingent liabilities for either the group or the company at 31 July 1997 (1996: Nil).

12 Operating lease commitments

Annual commitments on operating leases are as follows:

| | Group | | Company | |
|--|--------------|---------------|--------------|---------------|
| | 1997 £000 | 1996 £'000 | 1997 £000 | 1996 £'000 |
| Land and buildings: On leases which expire: After five years | 30 | 30 | 30 | 30 |
| | <u>30</u> | <u>30</u> | <u>30</u> | <u>30</u> |

Notes (continued)

3 Analysis of cashflows

| | 1997 £'000 | 1996 £'000 |
|--|---------------|---------------|
| Returns on investments and servicing of finance | | |
| Interest received | 495 | 480 |
| Dividends received | 173 | 154 |
| | <hr/> | <hr/> |
| Net cash inflow for return on investments and servicing of finance | 668 | 634 |
| | <hr/> | <hr/> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (721) | (406) |
| Purchase of fixed asset investments | (6,339) | (5,259) |
| Sale of tangible fixed assets | 34 | 48 |
| Sale of fixed asset investments | 2,310 | 4,494 |
| Acquisition of subsidiary undertaking (see note 25) | - | (269) |
| | <hr/> | <hr/> |
| Net cash outflow from capital expenditure and financial investment | (4,716) | (1,392) |
| | <hr/> | <hr/> |
| Management of liquid resources * | | |
| Purchase of government securities | (764) | - |
| Sale of government securities | 770 | 2,847 |
| Net increase/(decrease) in cash and certificates of deposit | 798 | (3,764) |
| | <hr/> | <hr/> |
| Net cash inflow/(outflow) from management of liquid resources | 804 | (917) |
| | <hr/> | <hr/> |

* RICS Business Services Limited includes as liquid resources short term investments such as term deposits of less than one year, securities and cash held for reinvestment.

Changes in net debt during the year

| | At beginning of year £'000 | Cashflow £'000 | Other non-cash changes £'000 | Foreign exchange movement £'000 | At end of year £'000 |
|----------------------------|----------------------------------|-------------------|------------------------------------|--|----------------------------|
| Cash at bank | 106 | 97 | - | (47) | 156 |
| Loan due after one year | (16,342) | (2,376) | - | - | (18,718) |
| Current assets investments | 7,481 | (804) | (993) | - | 5,684 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | (8,755) | (3,083) | (993) | (47) | (12,878) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Notes (continued)

25 Acquisitions

On 14 December 1995, Building Cost Information Service Limited (BCIS), a wholly owned subsidiary of RICS Business Services Limited, acquired 100% of the ordinary share capital of Building Data Banks Limited, the acquisition method of accounting being used to record the transaction. All trade of the acquired company was transferred into BCIS as of the date of acquisition. A table of the separable net assets of the acquisition is given below:

| | |
|--|-------|
| Net assets: | £'000 |
| Debtors | 54 |
| Creditors: Amounts falling due within one year | (23) |
| | <hr/> |
| Goodwill | 31 |
| | 238 |
| | <hr/> |
| Net purchase consideration | 269 |
| | <hr/> |
| Represented by: | |
| Cash consideration | 305 |
| Cash at date of acquisition | (36) |
| | <hr/> |
| | 269 |
| | <hr/> |

6 Pension obligations

Prior to the transfer of staff the company was party to a pension scheme operated by The Royal Institution of Chartered Surveyors providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions to the scheme were charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

A subsidiary member of the group also operates a money purchase pension scheme. Contributions during the year for this scheme amounted to £16,000 (1996: £13,000). There were no outstanding contributions at the end of the financial year (1996: £10,000).

7 Related parties

By virtue of being a wholly owned subsidiary included in the consolidated financial statements of a larger EU body corporate, the company is exempt from disclosing transactions or balances with entities of the group qualifying as related party.

8 Ultimate holding body corporate

The company's ultimate holding body corporate is The Royal Institution of Chartered Surveyors.

Copies of the financial statements of The Royal Institution of Chartered Surveyors can be obtained from its principal place of business at 12 Great George Street, Parliament Square, London, SW1P 3AD.

Company profit and loss account

for the year ended 31 July 1997

| | 1997 £'000 | 1996 £'000 |
|---|---------------|---------------|
| Turnover | 4,845 | 4,477 |
| Cost of sales | (2,014) | (2,286) |
| Gross profit | 2,831 | 2,191 |
| Other operating expenses | (3,368) | (3,195) |
| Other operating income | 521 | 456 |
| Operating loss | (16) | (548) |
| Income from UK listed fixed asset investments | 232 | 193 |
| Other interest receivable and similar income | 497 | 489 |
| Profit on sale of tangible fixed assets and fixed asset investments | 200 | 280 |
| Amounts written off fixed asset investments | - | 2 |
| Profit/(loss) on ordinary activities before taxation | 913 | 416 |
| Tax on profit/(loss) on ordinary activities | (155) | (160) |
| Profit/(loss) on ordinary activities after taxation, being loss for the financial year | 758 | 256 |
| Retained profit brought forward | 1,028 | 772 |
| Retained profit carried forward | 1,786 | 1,028 |

The profit and loss account of the company was approved by the board of directors on 24 November 1997 and signed on its behalf by:

JM Allan
Chairman

