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SURVEYORS HOLDINGS LIMITED

CONSOLIDATED ACCOUNTS FOR THE 19 MONTHS ENDED 31 JULY 1988

TOGETHER WITH DIRECTORS' AND AUDITOR'S REPORTS

21 JUL 1989

SURVEYORS HOLDINGS LIMITED AND SUBSIDIARY

DIRECTORS' REPORT

FOR THE 19 MONTHS ENDED 31 JULY 1988

The directors present their annual report on the affairs of the group, together with the consolidated accounts and auditors' report for the 19 months ended 31 July 1988.

ACCOUNTING REFERENCE DATE

Following a resolution passed by the Board on 16 September 1987, the company's accounting reference date has been changed to 31 July in line with that of The Royal Institution of Chartered Surveyors, who wholly own the company. The company's subsidiary Building Maintenance Information Limited has also changed its accounting date to be co-terminus with its holding company.

CONSOLIDATION OF ACCOUNTS

The Directors have decided that it is now appropriate to prepare consolidated accounts for the company and its subsidiary, accordingly these accounts have been drawn up under the basis described in Note 2b. The prior year comparatives have been re-stated to effect this change.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activities of the company and its subsidiary during the 19 month period 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.

On 1 January 1988 the company entered into an agreement with the College of Estate Management to form a partnership, Institution and College Conferences (ICC), which became responsible for the conference unit of each partner from that date.

The accompanying Chairman's Statement gives further details of the Company's activities and progress during the year.

The directors do not recommend the payment of a dividend in respect of the period covered by the accounts.

DIRECTORS' REPORT (Continued)

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were:-

A H C Voaden FRICS	
J M Allan FRICS	
N J Arthur FRICS	(appointed 9 December 1987)
C A Coward MA FRICS	(resigned 9 December 1987)
C W Jonas FRICS	
S Kolesar ARICS	(appointed 31 March 1988)
C H Lewis FRICS	(appointed 16 September 1987)
M A Pattison BA	
S G Povall FRICS	
J R Thomas FRICS	
Ted Watts FBIM FRICS	(resigned 24 November 1987)

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

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in Note 3 to the accounts.

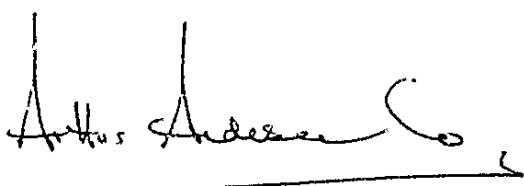
BY ORDER OF THE BOARD

11 Great George Street
London, SW1.

To the Members of SURVEYORS HOLDINGS LIMITED

We have audited the accounts set out on pages 4 to 18 in accordance with approved Auditing Standards.

In our opinion, the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and the group at 31 July 1988 and of the consolidated profit and source and application of funds for the 19 months then ended, and comply with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read "Arthur Andersen & Co.", is written over a horizontal line.

Arthur Andersen & Co.,

Date 20 February 1989

SURVEYORS HOLDINGS LIMITED AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

AS AT 31 JULY 1988 (NOTE 1)

	<u>Notes</u>	<u>31 July</u> <u>1988</u> £000	<u>31 Dec</u> <u>1986</u> £000
FIXED ASSETS			
Tangible Assets	2c & 3	327	149
Investments			
Related company	2d & 4a	476	160
Other investments	2d & 4a	4,908	3,195
		-----	-----
		5,711	3,504
		-----	-----
CURRENT ASSETS			
Stocks	2e & 5	224	287
Debtors	6	287	193
Investments	7	2,066	1,938
Cash at bank and in hand		1,895	42
		-----	-----
		4,472	2,460
		-----	-----
CREDITORS: Amounts falling due within one year	8	(1,275)	(696)
		-----	-----
NET CURRENT ASSETS		3,197	1,764
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		8,908	5,268
		-----	-----
CREDITORS: Amounts falling due after more than one year	9	(8,070)	(5,146)
		-----	-----
PROVISION FOR LIABILITIES AND CHARGES	2g & 10	-	(21)
		-----	-----
NET ASSETS		838	101
		=====	=====
CAPITAL AND RESERVES			
Called-up share capital	11	-	-
Profit and loss account		838	101
		-----	-----
		838	101
		=====	=====

Approved by the Board
on 20 February 1989

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[Signature]
[Signature]

SURVEYORS HOLDINGS LIMITED AND SUBSIDIARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE 19 MONTHS ENDED 31 JULY 1988 (Note 1)

	<u>Notes</u>	<u>19 months ended 31 July 1988 £000</u>	<u>Year ended 31 Dec 1986 £000</u>
TURNOVER	2h & 13	3,911	1,922
Cost of sales		(2,620)	(1,181)
GROSS PROFIT		1,296	741
Other operating expenses (net)	14	(1,922)	(1,096)
OPERATING LOSS		(626)	(355)
INVESTMENT INCOME	2d & 15	785	479
Profit on sale of fixed asset investments		1,013	513
Related company's 50% share of Profit		203	14
Amounts written-off investments	16	(17)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,358	651
Tax on profit on ordinary activities	2g & 19	(621)	(282)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		737	369
ACCUMULATED SURPLUS/(DEFICIT) AS AT 31 December 1986		101	(268)
ACCUMULATED SURPLUS AS AT 31 July 1988		838	101
BREAKDOWN OF ACCUMULATED SURPLUS:			
The company			
Surveyors Holdings Limited		1,224	639
The subsidiary			
Building Maintenance Information Limited		(32)	19
The related company			
R.I.C.S. Journals Limited	4d	(354)	(557)
		838	101

SURVEYORS HOLDINGS LIMITED AND SUBSIDIARY

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

FOR THE 19 MONTHS ENDED 31 JULY 1988 (Note 1)

	<u>19 months</u> <u>ended</u> <u>31 July</u> <u>1988</u> <u>£000</u>	<u>year</u> <u>ended</u> <u>31 Dec</u> <u>1986</u> <u>£000</u>
Profit on ordinary activities after taxation	737	369
Add/(deduct) items not involving cash flow during the year:		
- depreciation	279	76
- gains on disposal of fixed asset investments	(1,014)	(513)
- change in investment in related company	(243)	(14)
- change in investment in subsidiary company	(31)	-
Increase in provision for liabilities and charges	(21)	(3)
Total funds from operations	(293)	(85)
Proceeds from disposal of fixed asset investments	10,156	2,509
Increase in creditors falling due after more than one year	2,924	219
	<u>12,787</u>	<u>2,643</u>
	<u>=====</u>	<u>=====</u>
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	457	172
Purchase of fixed asset investments	10,857	3,065
Further investment in related company	41	58
	<u>11,355</u>	<u>3,295</u>
Increase/(decrease) in net current assets:		
- stocks	(63)	(15)
- debtors	94	(57)
- investments	128	(619)
- creditors other than bank overdraft falling due within one year	(579)	92
	<u>10,935</u>	<u>2,696</u>
Movement in net liquid funds:		
- cash at bank and in hand	1,852	(32)
- bank overdraft	-	(21)
	<u>12,787</u>	<u>2,643</u>
	<u>=====</u>	<u>=====</u>

SURVEYORS HOLDINGS LIMITED

BALANCE SHEET AS AT 31 JULY 1988 (Note 1)

		<u>31 July</u> <u>1988</u> £000	<u>31 Dec</u> <u>1986</u> £000
FIXED ASSETS	<u>NOTES</u>		
Tangible Assets	2c & 3	327	149
Investments	2d & 4	5,394	3,356
		-----	-----
		5,721	3,505
		-----	-----
CURRENT ASSETS			
Stocks	2e & 5	224	283
Debtors	6	281	188
Investments	7	2,066	1,938
Cash at bank and in hand		1,855	1
		-----	-----
		4,426	2,410
CREDITORS: Amounts falling due within one year	8	(1,239)	(663)
		-----	-----
NET CURRENT ASSETS		3,187	1,747
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		8,908	5,252
		-----	-----
CREDITORS: Amounts falling due after more than one year	9	(8,070)	(5,146)
		-----	-----
PROVISION FOR LIABILITIES AND CHARGES	2g & 10	-	(21)
		-----	-----
NET ASSETS		838	85
		=====	=====
CAPITAL AND RESERVES			
Called-up share capital	11	-	-
Profit and loss account		838	85
		-----	-----
TOTAL CAPITAL EMPLOYED		838	85
		=====	=====

SURVEYORS HOLDINGS LIMITED AND SUBSIDIARY

NOTES TO THE CONSOLIDATED ACCOUNTS OF THE GROUP AND COMPANY
FOR THE 19 MONTHS ENDED 31 JULY 1988

1. CHANGE IN ACCOUNTING REFERENCE DATE

Pursuant to a resolution passed by the Board on 16 September 1987 the accounting reference date has been changed to 31 July. Accordingly these accounts have been drawn up for the 19 months ended 31 July 1988 with comparative figures for the year ended 31 December 1986.

2. STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently through the 19 months and the preceeding year, is set out below:

(a) Basis of accounting

The accounts are prepared under the historical cost convention.

(b) Basis of consolidation

The group accounts consolidate for the first time the accounts of Surveyors Holdings Limited and its subsidiary made up to 31 July 1988. In the company accounts, investment in the subsidiary is stated at cost less amounts written-off. No profit and loss account is presented for Surveyors Holdings Limited, as provided by S.228 of the Companies Act 1985. £753,000 (1986 £371,000) of the consolidated profit for the financial year attributable to the shareholders of Surveyors Holdings Limited has been dealt with in the accounts of the company.

(c) Tangible fixed assets

Tangible fixed assets are shown at cost less depreciation. Depreciation is provided to write off the cost of fixed assets in equal annual instalments over their useful lives, which are estimated to be:

Computer equipment and motor vehicles	- 3 years
Office equipment	- 4 years
Fixtures and fittings	- 5 years

(d) Investments

(i) Fixed asset investments are shown at cost less amounts written off.

(ii) Investment in the related company is stated at cost, plus long-term loans, less amounts written off to reflect the company's share of losses incurred since incorporation.

(iii) Investment in the joint venture is stated at cost, plus loans, less amounts written off to reflect the company's share of losses incurred since the joint venture commenced trading.

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

(e) 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.

(f) Associated and related companies

Companies in which the group has an interest comprising not less than 20% of the voting capital and over which it is in a position to exert significant influence are treated as associated companies unless otherwise stated. Such companies are also "related" companies as defined in the Companies Act 1985, and there are no other related companies. The consolidated profit and loss account includes the appropriate share of these companies' profits less losses (based on audited accounts up to 31 July 1988).

(g) Taxation

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

Deferred taxation (which arises from differences in timing, principally of depreciation, between the accounts and the tax computations) has been calculated on 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 current rate of tax, which is reviewed annually to reflect changes in tax rates.

Details of the provision for deferred taxation are given in Note 70.

(h) Turnover

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

3. TANGIBLE FIXED ASSETS

The movement in the 19 month period for the company and the group was as follows:

£,000	<u>Motor Vehicles</u>	<u>Fixtures & Fittings</u>	<u>Computer Equipment</u>	<u>Office Equipment</u>	<u>Total</u>
COST:					
beginning of year	-	125	400	35	560
additions	42	123	290	2	457
	42	248	690	37	1,017
	---	---	---	---	---
DEPRECIATION					
beginning of year	-	25	356	30	411
charge	14	77	183	5	279
	14	102	539	35	690
	---	---	---	---	---
NET BOOK VALUE					
end of period	28	146	151	2	327
	---	---	---	---	---
NET BOOK VALUE					
beginning of period	-	100	44	5	149
	---	---	---	---	---

4. FIXED ASSET INVESTMENTS

a) Fixed asset investments for the group and the company comprise:

	Group		Company	
	<u>1988</u> <u>£000</u>	<u>1986</u> <u>£000</u>	<u>1988</u> <u>£000</u>	<u>1986</u> <u>£000</u>
UK Government securities	2,363	1,138	2,363	1,138
UK listed securities	1,802	1,413	1,802	1,413
Listed overseas	659	644	659	644
Foreign Government securities	84	-	84	-
	4,908	3,195		
Investment in related company	476	160	476	160
Investment in subsidiary company	-	-	10	1
	476	160	5,394	3,356
	===	===	=====	=====

- b) The aggregate market value of listed securities for the company and the group was as follows:

	<u>1988</u> £000	<u>1986</u> £000
Government securities	2,387	1,235
UK listed securities	2,244	2,205
Listed overseas	594	761
Foreign Government securities	88	-
	-----	-----
	5,313	4,201
	-----	-----

- c) Investment in subsidiary company

(i) The company owns the entire issued share capital of Building Maintenance Information Limited (BMI), a company incorporated in Great Britain. The principal activity of BMI is to promote research, design and development relating to buildings and construction and to the maintenance and use of buildings.

(ii) In the opinion of the directors, the aggregate value of the shares in BMI is not less than the amount stated in the Company's balance sheet.

(iii) The company's interest in BMI is represented thus:

	<u>1988</u> £000	<u>1986</u> £000
Called-up share capital at 1 January 1987	1	1
Loan account	40	-
Less amounts written-off at 31 July 1988	(31)	-
	----	----
Net Book Value	10	1
	----	----

d) Investment in related company

The company owns 50% of the equity 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. The principal activity of the company is the publication of professional journals under licence from Surveyors Holdings Limited which owns the titles.

The company's investment in RICS Journals Limited comprises:

	<u>1988</u> <u>£000</u>	<u>1986</u> <u>£000</u>
Share capital	1	1
Long-term loans	829	716
Less amounts written-off	(354)	(557)
	<u>476</u>	<u>160</u>

- e) The company has a 50% share in the joint venture trading as Institution and College Conferences (ICC). The holding is stated at cost, less amounts written-off to reflect the company's share of losses incurred since trading commenced on 1 January 1988. The principal activity is the arranging of conferences for the surveying profession.

5. STOCKS

The stocks held by the group and the company are books held for resale. The estimated replacement cost approximates to their balance sheet value.

	<u>1988</u> <u>£000</u>	<u>1986</u> <u>£000</u>
Group	224	287
	<u>==</u>	<u>==</u>
Company	224	283
	<u>==</u>	<u>==</u>

6. DEBTORS

	Group		Company	
	<u>1988</u>	<u>1986</u>	<u>1988</u>	<u>1986</u>
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	102	64	102	64
VAT	19	5	13	-
Prepayments and accrued income	108	93	108	93
Income tax recoverable	58	31	58	31
	---	---	---	---
	287	193	281	188
	---	---	---	---

7. CURRENT ASSET INVESTMENTS

Current asset investments comprise short term deposits of the group.

8. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

The following amounts are included in creditors falling due within one year:

	Group		Company	
	<u>1988</u>	<u>1986</u>	<u>1988</u>	<u>1986</u>
	£000	£000	£000	£000
Trade creditors	179	103	178	103
Accruals and deferred income	238	206	204	176
Bank account overdraft	1	24	-	21
Other creditors:				
- Value added tax	-	22	-	22
- UK Corporation tax payable	806	341	806	341
- Associated bodies current accounts	51	-	51	-
	---	---	---	---
	1,275	696	1,239	663
	=====	===	=====	===

9. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

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

10. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation has been provided to the extent that the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is probable that the liability will materialise.

	Group		Company	
	<u>1988</u>	<u>1986</u>	<u>1988</u>	<u>1986</u>
	£000	£000	£000	£000
Excess of tax allowances over book depreciation of fixed assets	-	6	-	6
Other timing differences related to current assets and liabilities	-	15	-	15
	---	---	--	--
	-	21	-	21
	---	---	--	--

10. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

The movement on deferred taxation comprises:

	Group		Company	
	<u>1988</u>	<u>1986</u>	<u>1988</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Beginning of period	21	24	21	24
Charged (credited) to profit and loss, in respect of:				
- capital allowances	(6)	(2)	(6)	(2)
- other timing differences	(15)	(18)	(15)	(18)
- tax losses	-	17	-	17
	---	---	---	---
End of period	-	21	-	21
	---	---	---	---

11. SHARE CAPITAL

The authorised, issued and fully paid-up share capital of the company consists of 100 ordinary shares of £1 each (1986-100).

12. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Since the balance sheet date, the Royal Institution of Chartered Surveyors has authorised the acquisition of a long-leasehold site near Coventry in order to accommodate certain of the staff of the Institution and Surveyors Holdings Limited

13. ANALYSIS OF ACTIVITY

Turnover and the operating loss for the group arose as follows:

	Turnover		Operating Profit/(Loss)	
	<u>1987/88</u>	<u>1986</u>	<u>1987/88</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
By activity:				
Surveyors Publications	2,496	1,007	224	56
S.T.S.	860	606	(49)	(62)
Surveyors Appointments				
Consultancy	328	179	12	0
Asset Facilities	154	97	(83)	6
Exceptional payment to RICS Journals Ltd	-	-	(658)	(350)
I.C.C.	-	-	(24)	-
Building Maintenance Information	78	33	(48)	(5)
	-----	-----	-----	-----
	3,916	1,922	(626)	(355)
	-----	-----	-----	-----

Substantially all of the group's turnover arises as a result of trading activities in the United Kingdom.

14. OTHER OPERATING EXPENSES (NET):

	<u>1987/88</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
Other operating expenses	(2,022)	(1,156)
Other operating income	100	60
	-----	-----
	(1,922)	(1,096)
	-----	-----

Other operating expenses include:

	<u>1987/88</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
Distribution costs	34	33
Administrative expenses	1,904	1,077
	-----	-----
	1,938	1,110
	-----	-----

15. INVESTMENT INCOME:

	<u>1987/88</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
Income from UK listed fixed asset investments	198	106
Other interest receivable and similar income	587	373
	---	---
	785	479
	---	---

16. AMOUNTS WRITTEN OFF INVESTMENTS:
Increase/(decrease, in value of
investment in:

	<u>1987/88</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
joint venture	(17)	-
subsidiary company	-	-
related company	-	-
	---	---
	(17)	-
	---	---

17. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Profit on ordinary activities before
taxation is stated after charging:

	<u>1987/88</u> £000	<u>1986</u> £000
a) Depreciation and amounts written off tangible assets	279	76
b) Auditors' remuneration	16	12
c) Staff costs (see Note 18)	672	375
d) Exceptional item- payment to RICS Journals Limited in connection with the provision under licence of professional journals to members of the RICS.	612	350

18 STAFF COSTS:

Staff costs for the group during the period amounted to:

	<u>1987/88</u> £000	<u>1986</u> £000
Wages and salaries	574	307
Social security costs	58	30
Other pension costs	40	38
	---	---
	672	375
	---	---

The average weekly number of persons employed by the group during
the period was as follows:

	<u>1987/88</u>	<u>1986</u>
Distribution	7	5
Sales	19	19
Administration	12	12
	==	==

None of the directors received any remuneration from the company.

19. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	<u>1987/88</u> £000	<u>1986</u> £000
Corporation tax at 35% (1986 36.25%)	603	277
Deferred taxation arising from:		
- capital allowances	(6)	(2)
- other timing differences	(15)	(18)
- losses	-	17
Tax attributable to franked investment income	44	19
Reduction in liability to related company for tax loss payment	-	(11)
	---	---
	626	282
Less - relief for overseas taxation	(5)	-
	---	---
	621	282
	===	===

The payment to a related company for tax losses is in respect of consortium relief claimed under the Income and Corporation Taxes Act, 1970.