

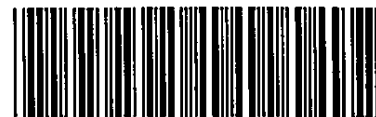
Registration number 01837522

Balanus Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2011

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Balanus Limited
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Balanus Limited
Company Information

Registration Number 01837522

Directors J Clarke
G Turner
G R Williams

Company secretary G H Law

Registered office 17 Duke Street
Chelmsford
Essex
England
CM1 1HP

Auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Balanus Limited
Directors' Report for the Year Ended 31 December 2011

The directors present their report and the audited financial statements of Balanus Limited (Company number 01837522) for the year ended 31 December 2011

Principal activity

The company is an intermediary holding company of the subsidiaries of the Countrywide plc group. It also holds the head lease of two properties which are sublet, generating rental income and expenses.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties, including financial risk management, are the same as those that are relevant to the group. Accordingly, these have been disclosed in the Countrywide Holdings, Ltd consolidated financial statements.

Going concern

After making enquiries, and in light of a guarantee by the company's immediate parent company to fund any short term working capital commitments, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the accounts.

Results

The company made a profit in the year to 31 December 2011 of £63,011,000 (2010: £60,275,000).

The company received dividends in the year of £31,000,000 (2010: £60,000,000) from subsidiaries and £335,000 (2010: £500,000) from its investment in TMG Group.

In addition, the company has benefited from the waiver of some debts payable to dormant subsidiaries of £24,166,000 and has released inter-company and other provisions of £8,421,000 which are no longer needed. Neither the dividends or debt waivers or inter-company provision releases are subject to tax charge.

Dividends

The directors paid an interim dividend of £31,000,000 (2010: £65,000,000).

Freehold land and property

In the opinion of the directors, the difference between the market value and balance sheet value of land is not significant.

Directors of the company

The directors who held office during the year and until the date of signing this report were as follows:

J Clarke

G Turner

G R Williams

Indemnification of directors

Qualifying third party provisions (as defined in Section 234 of the Companies Act 2006) are in force for the benefit of directors and former directors who held office in 2011.

Balanus Limited

Directors' Report for the Year Ended 31 December 2011

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Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reappointment of auditors

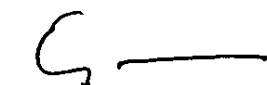
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Statement on disclosure of information to auditors

For persons who were directors at the time this report was prepared, the following applies:

- So far as the directors are aware, there is no relevant information of which the company's auditors are unaware, and
- The directors have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of any such information.

Approved by the Board on 26 April 2012 and signed on its behalf by



G R Williams
Director

Independent Auditors' Report to the Members of Balanus Limited

We have audited the financial statements of Balanus Limited for the year ended 31 December 2011, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Balanus Limited Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditors' Report to the Members of
Balanus Limited**

..... continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Stephen Walton

Stephen Walton (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors

1 Embankment Place
London
WC2N 6RH

26 April 2012

Balanus Limited
Profit and Loss Account for the Year Ended 31 December 2011

	Note	2011 £ 000	2010 £ 000
Other income and gains (including exceptional items)	2, 7	33,194	413
Other operating costs		(786)	(722)
Operating profit/(loss)	4	32,408	(309)
Dividends received	5	31,335	60,500
Interest receivable	8	2	-
Interest payable	9	(172)	-
Amounts written off investments		(6,050)	-
Profit on ordinary activities before taxation		57,523	60,191
Tax on profit on ordinary activities	10	(562)	84
Profit for the financial year		56,961	60,275

All amounts shown above are derived from continuing activities

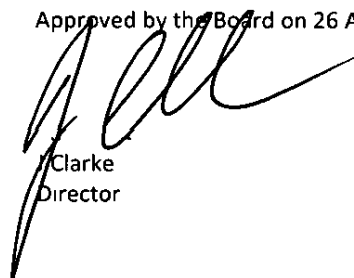
The company has no recognised gains or losses for the year other than the results above. Therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and profit for the years stated above and their historical costs equivalents.

Balanus Limited
(Registration number: 01837522)
Balance Sheet at 31 December 2011

	Note	2011 £ 000	2010 £ 000
Fixed assets			
Tangible fixed assets	11	206	211
Investments in subsidiaries and associates	12	142,640	148,690
Other investments	13	75	61
		<u>142,921</u>	<u>148,962</u>
Current assets			
Debtors	14	415	316
Cash at bank and in hand		68	77
		<u>483</u>	<u>393</u>
Creditors: Amounts falling due within one year	15	(15,268)	(44,604)
Net current liabilities		<u>(14,785)</u>	<u>(44,211)</u>
Total assets less current liabilities		128,136	104,751
Provisions for liabilities	16	(1,087)	(3,663)
Net assets		<u>127,049</u>	<u>101,088</u>
Capital and reserves			
Called up share capital	17	16,913	16,913
Share premium account	18	37,014	37,014
Capital redemption reserve	18	3,256	3,256
Merger reserve	18	37,875	37,875
Profit and loss account	18	31,991	6,030
Total shareholders' funds		<u>127,049</u>	<u>101,088</u>

Approved by the Board on 26 April 2012 and signed on its behalf by



J. Clarke
Director

The notes on pages 8 to 20 form an integral part of these financial statements

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

1 Accounting policies

Basis of preparation

The accounts have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The applicable accounting standards which have been applied consistently throughout the year are set out below.

Group accounts

The company has taken advantage of the exemption in section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements because it is 100% owned by the ultimate parent undertaking, Countrywide Holdings, Ltd, a company registered in the Cayman Islands that prepares consolidated accounts. These financial statements present information about the company only and not about the group.

Cash flow statement

The company's ultimate parent company has published a consolidated cash flow statement in its consolidated financial statements. A separate cash flow statement for the company is therefore not prepared as the company has taken advantage of the exemption within FRS1 Cash flow statements (revised 1996) from preparing a cash flow statement.

Going concern

The company has net current liabilities of £14,785,000 as at 31 December 2011 (2010: £44,211,000).

After making enquiries, and in light of a guarantee by the company's immediate parent company to fund any short term working capital commitments, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the accounts.

Other income

Other income is recognised when its receipt is assured and the company has no further obligations to any other party in respect of that income.

Depreciation

Fixed assets are stated at historic purchase cost or valuation less accumulated depreciation.

Tangible fixed assets are depreciated on a straight line basis over their estimated useful economic life as follows:

Asset class	Depreciation method and rate
Freehold Buildings	- 50 years

Vacant Leasehold

Provision is made for the best estimate of the present value of unavoidable lease payments on vacant leasehold properties.

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

Investments

Investments in subsidiaries and associates are held at cost less any impairment

Hire purchase and leasing

Operating lease rentals are charged against profit or loss on a straight line basis over the period of the lease

Deferred tax

The charge for tax is based on the profit and loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain capital and expense items for taxation and accounting purposes. Deferred tax assets and liabilities are recognised in accordance with FRS19. Deferred Taxation. The company has chosen not to discount the deferred tax asset or liability, to reflect the time value of money, as permitted by FRS19. Except where permitted by FRS19, deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they will be relieved in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance date.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is immaterial, provisions are discounted to reflect the time value of money, at a pre tax discount rate that reflects current market assessments and where appropriate, the risk specific to the liability.

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

2 Other income and gains

	2011	2010
	£ 000	£ 000
Rent receivable	407	413
Other income	200	-
	<u>607</u>	<u>413</u>

3 Directors' remuneration

None of the directors received any emoluments for their services as director during 2011 (2010 nil)

4 Operating profit / loss

Operating profit/loss is stated after charging

	2011	2010
	£ 000	£ 000
Depreciation of tangible assets	5	6
Auditors' remuneration for audit work	6	6
Operating lease rentals		
- land and buildings	<u>599</u>	<u>604</u>

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

5 Dividends received

	2011	2010
	£ 000	£ 000
Dividends from subsidiaries	31,000	60,000
Dividends from joint venture	<u>335</u>	<u>500</u>
	<u>31,335</u>	<u>60,500</u>

On 30 June 2011 the company received a £335,000 (2010 £500,000) dividend from TM Group (UK) limited
Balanus has 33.3% ownership of TM Group (UK) limited

6 Dividends paid

	2011	2010
	£ 000	£ 000
Equity dividends paid	<u>31,000</u>	<u>65,000</u>

The directors paid a dividend of £91.65 per share (2010 £192.16 per share)

7 Exceptional items

	2011	2010
	£ 000	£ 000
Release of provisions	8,421	-
Waived intercompany debt	<u>24,166</u>	<u>-</u>
	<u>32,587</u>	<u>-</u>

As part of the reorganisation of the group's dormant companies, some inter-company indebtedness was waived and Balanus Limited recognised a credit of £24,166,000

In addition, some provisions against inter-company balances have been released, together with claims and litigation provisions no longer required

8 Interest Receivable

	2011	2010
	£ 000	£ 000
Bank interest receivable	<u>2</u>	<u>-</u>

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

9 Interest payable

	2011	2010
	£ 000	£ 000
Interest payable on inter-company indebtedness	<u>172</u>	<u>-</u>

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

10 Taxation on profit on ordinary activities

Tax on profit on ordinary activities

	2011 £ 000	2010 £ 000
Current tax		
Corporation tax charge/(credit)	555	(86)
Adjustments in respect of previous years	5	-
UK Corporation tax	560	(86)
Deferred tax		
Origination and reversal of timing differences	2	2
Total tax on profit on ordinary activities	562	(84)

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)

The differences are reconciled below

	2011 £ 000	2010 £ 000
Profit on ordinary activities before taxation	57,523	60,191
Corporation tax at standard rate	15,244	16,853
Accelerated capital allowances	(1)	(1)
Other short term timing differences	(1)	(1)
Franked investment income	(16,245)	(16,940)
Adjustments in respect of prior year	5	-
Permanent differences	(46)	3
Total current tax	(1,044)	(86)

The main rate of corporation tax will reduce from 26% to 24% from 1 April 2012. Proposals are in place to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013, and a further reduction to the main corporation tax rate of 1% to 22% in 1 April 2014.

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

Deferred tax

The movement in the deferred tax asset in the year is as follows

Analysis of deferred tax

	2011 £ 000	2010 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	2	3
Other timing differences	4	5
	<u>6</u>	<u>8</u>
		£ 000
At 1 January 2011		8
Deferred tax charged to the profit and loss account		<u>(2)</u>
At 31 December 2011		<u>6</u>

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26.25% and will be taxed at 26% in the future.

The overall effect of the further changes from 26% to 22%, if these were applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by £900.

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

11 Tangible fixed assets

	Freehold land and buildings £ 000
Cost or valuation	
At 1 January 2011	<u>260</u>
Depreciation	
At 1 January 2011	49
Charge for the year	<u>5</u>
At 31 December 2011	<u>54</u>
Net book value	
At 31 December 2011	<u>206</u>
At 31 December 2010	<u>211</u>

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... *continued*

12 Investments

The company owns the whole of the issued and fully paid share capital of its subsidiaries, all of which are registered in England and Wales

Principal subsidiary undertakings

Countrywide Estate Agents
CAG Overseas Investment Limited
Countrywide Estate Agents FS Limited
Countrywide Principal Services Limited
Slater Hogg Mortgages Limited
Countrywide Leasing Limited
Countrywide Surveyors Limited
Countrywide Property Lawyers Limited
TitleAbsolute Limited

Joint venture undertakings

TM Group (UK) Limited 33 3% owned

Non-trading and dormant subsidiaries

Berry Bros & Legge Limited
Bridgefords Countrywide Ltd
Capital Private Wealth Consultants Limited
Capital Professional Limited
Countrywide Insurance Services Ltd
Countrywide Conveyancing Limited
Countrywide Financial and Insurance Services Ltd
Countrywide Management Services Ltd
Countrywide Retirement Services Ltd
Gilbert & Son
HCW Estate Agents Ltd
HCW Insurance Services Limited
Heteringtons
Howunals Lts
Hurst Management Services Limited
Joustoute Limited
Lets-Cover Limited
London and Countrywide Property Acutions Ltd
Mann & Co Ltd
Patricks (Cannock) Ltd
Rorke Insurance Services Limited
Tablesign Limited

Big Deal Mortgages Limited
Capital Fine Homes Limited
Capital Private Wealth Limited
Cardinal Mortgage Service Limited (The)
Countrywide Surveyors (1994)
Countrywide Country Homes
Countrywide Financial Services Ltd
Countrywide Property management Services Ltd
Gertinpet Limited
Hamptons Professional Ltd
HCW Group Ltd
Heterington Countywide
Heteringtons Estate Agents Ltd
Howunsay
John D Wood & Co Plc
Leasehold Legal Services Limited
Lets-Insure Ltd
Loyalstone Limited
Mann Countrywide Ltd
Relocations Solutions Countrywide Ltd
RPT Management Services Plc
Uberman Limited

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... *continued*

Waferprime Limited
CEA Holdings Ltd
Howuncea

Kilroy Estate Agents Ltd
Countrywide Estate Agents (South) Ltd
Countrywide Financial Services South Ltd

Investments in subsidiaries, associates and joint venture undertakings

	Subsidiary companies £ 000	Joint ventures and associates £ 000	Total £ 000
Cost			
At 1 January 2011	144,136	4,554	148,690
Disposals	(6,050)	-	(6,050)
At 31 December 2011	<u>138,086</u>	<u>4,554</u>	<u>142,640</u>

The directors consider the value of their investments to be supported by their underlying assets

Additions and disposals

The company wrote down liquidated investments to the value of £6,050,100 in the year

There were no further investments in 2011

13 Other investments

	Unlisted investments £ 000
Cost	
At 1 January 2011	61
Additions	<u>14</u>
At 31 December 2011	<u>75</u>

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

14 Debtors

	2011	2010
	£ 000	£ 000
Amounts owed by fellow subsidiary undertaking	97	-
Other debtors	161	149
Prepayments	151	73
Corporation tax	-	86
Deferred tax asset	6	8
	<u>415</u>	<u>316</u>

Amounts owing by other group companies are payable on demand and earn interest

15 Creditors: Amounts falling due within one year

	2011	2010
	£ 000	£ 000
Trade creditors	180	76
Amounts owed to immediate parent undertaking	6,096	6,198
Amounts owed to fellow subsidiary undertakings	8,350	38,267
Corporation tax	560	-
Other creditors	82	63
	<u>15,268</u>	<u>44,604</u>

Amounts owing to other group companies are payable on demand and have been subject to interest in 2011

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

16 Provisions

	Property leases £ 000	Property dilapidations £ 000	Claims and litigation £ 000	Total £ 000
Cost or valuation				
At 1 January 2011	(138)	-	(3,525)	(3,663)
Credited / (charged) to profit and loss	90	(135)	2,621	2,576
At 31 December 2011	<u>(48)</u>	<u>(135)</u>	<u>(904)</u>	<u>(1,087)</u>

Property leases

Provision has been made for the estimated unavoidable costs of leasehold properties which have become surplus to the company's requirements following the closure or relocation of business operations. The provision has been estimated by reference to the particular circumstances of each property and is based on the net rentals payable, (discounted to represent values at a discount rate of 5% where appropriate) during the remaining lease periods after taking into account rents receivable or expected to be receivable from sub lessors or potential leases. The provision also takes account of obligations in respect of business rates.

Property dilapidations

Provision has also been made for property dilapidations expected to be payable under lease covenants. A reasonable estimate of the amounts payable for each leasehold property has been made. Due to the uncertainty of the amount and timing, the expenditure has not been discounted.

Claims and litigation

Claims and litigation provisions comprise the amounts set aside to meet claims in respect of former subsidiaries business. The company recognised a £2.6m credit in the year relating to pension mis-selling. The provision represents the directors' best estimate of the group's liability having taken professional advice.

17 Called-up Share capital

	2011 £	2010 £
Authorised		
394,255,904 ordinary shares of 5p each	<u>19,713</u>	<u>19,713</u>
Allotted and fully paid		
1 January and 31 December 2011	<u>16,913</u>	<u>16,913</u>

Balanus Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

18 Reserves

	Share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Merger reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2011	16,913	37,014	3,256	37,875	6,030	101,088
Profit for the year	-	-	-	-	56,961	56,961
Dividends	-	-	-	-	(31,000)	(31,000)
At 31 December 2011	<u>16,913</u>	<u>37,014</u>	<u>3,256</u>	<u>37,875</u>	<u>31,991</u>	<u>127,049</u>

19 Commitments

Operating lease commitments

As at 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2011 £ 000	2010 £ 000
Land and buildings		
Within one year	171	-
Within two and five years	<u>260</u>	<u>600</u>
	<u>431</u>	<u>600</u>

20 Related party transactions

The company has taken advantage of the exemption under FRS 8 'Related party transactions' where disclosure is not required on the grounds that it is a wholly owned subsidiary of a group headed by Countrywide Holdings, Ltd, whose accounts are publicly available

21 Parent and ultimate parent entity

The immediate parent of Balanus Limited is Countrywide plc, a company which is registered in England and Wales

The ultimate parent of Balanus Limited is Countrywide Holdings, Ltd, a company incorporated in the Cayman Islands. Consolidated financial statements have been prepared by Countrywide Holdings, Ltd and are available by request from the Company Secretary of Countrywide plc, 17 Duke Street, Chelmsford, Essex CM1 1HP