

1837522

BALANUS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2009

THURSDAY



LHQXFNUL

L26

30/09/2010

367

COMPANIES HOUSE

BALANUS LIMITED

Annual report and financial statements for the year ended 31 December 2009

Contents

Directors' Report	2
Independent Auditors' Report to the Members of Balanus Limited	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the accounts	7

Directors	G R Fitzjohn H D Hill C P Shaw J Clarke G Turner G R Williams
Company Secretary	G H Law
Registration number	1837522
Registered office	17 Duke Street Chelmsford Essex CM1 1HP
Statutory Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

BALANUS LIMITED

Annual report and financial statements for the year ended 31 December 2009

Directors' Report

The directors present their report and the audited financial statements of Balanus Limited (Company number 1837522) for the year ended 31 December 2009

Principal activity

The company holds the group investment in the principal operating subsidiaries of the Countrywide plc group. It also holds the head lease of two properties which are sublet, generating rental income and expenses.

Business review

On 8 May 2009, Countrywide Holdings, Ltd, completed a financial restructuring under a Court Approved Scheme of Arrangement whereby the £640 million of existing Notes were cancelled in consideration for a new issue of £175 million of Senior Secured 10% Fixed Rate Notes ("the Notes") and equity in Countrywide Holdings, Ltd. At the same time the Revolving Credit Facility was repaid and further injection of new equity £112.5 million was received by Countrywide Holdings, Ltd.

Balanus Limited, along with the Group's fellow subsidiaries, entered into a new Indenture governing the new Notes again guaranteeing the performance of the new Notes. The assets of the company are secured by fixed and floating charges in favour of the Noteholders.

Going concern

After making enquiries, 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 2009 of £345,000 (2008 loss of £3,919,000). The loss in 2008 was impacted by the cost of £4.1m of intercompany balances identified as irrecoverable and hence written off in the period. No such balances were written off in 2009.

Dividends

The directors do not recommend the payment of a final dividend (2008: nil).

Directors

The directors who held office during the year were as follows:

H D Hill
G R Fitzjohn
C P Shaw
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 2009.

BALANUS LIMITED

Annual report and financial statements for the year ended 31 December 2009

Directors' Report (*continued*)

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records that 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.

Auditors

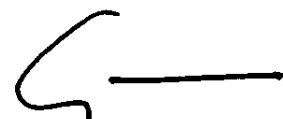
A resolution to reappoint PricewaterhouseCoopers LLP as the Company's Auditors will be proposed at the Annual General Meeting and to authorise the Directors' to fix the Auditors remuneration. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

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

Approval by the board on ²³September 2010 and signed on its behalf by



G R Williams
Director

BALANUS LIMITED

Annual report and financial statements for the year ended 31 December 2009

Independent auditors' report to the members of Balanus Limited

We have audited the financial statements of Balanus Limited for the year ended 31 December 2009 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 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 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.

Opinion on 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 2009 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 matters 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.

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 (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 September 2010

BALANUS LIMITED*Annual report and financial statements for the year ended 31 December 2009*

**Profit and Loss Account
for the year ended 31 December 2009**

	Note	2009 £000	2008 £000
Other income and gains	2	517	656
Other operating costs		<u>(755)</u>	<u>(4,644)</u>
Operating loss	4	(238)	(3,988)
Dividends Received	5	500	-
Net interest receivable / (payable)	6	<u>2</u>	<u>(1)</u>
Profit / (loss) on ordinary activities before tax		264	(3,989)
Tax on profit / (loss) on ordinary activities	7	<u>81</u>	<u>70</u>
Profit / (loss) on ordinary activities after taxation	15	<u>345</u>	<u>(3,919)</u>

All amounts above are derived from continuing operations

The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for the years stated above and their historical cost equivalents

The notes on pages 7 to 14 form part of these accounts

BALANUS LIMITED*Annual report and financial statements for the year ended 31 December 2009***Balance Sheet at 31 December 2009**

	Note	2009 £000	2008 £000
Fixed assets			
Tangible fixed assets	8	217	222
Investments in subsidiaries and associates	9(b)	148,690	148,690
Other investments	10	44	16
Total investments		148,734	148,706
Total fixed assets		148,951	148,928
Current assets			
Debtors	11	5,604	5,352
Cash at bank and in hand		8	30
		5,612	5,382
Creditors amounts falling due within one year	12	(44,554)	(44,713)
Net current liabilities		(38,942)	(39,331)
Total assets less current liabilities		110,009	109,597
Provision for liabilities and charges	13	(4,196)	(4,129)
Net assets		105,813	105,468
Capital and reserves			
Called up share capital	14	16,913	16,913
Share premium	15	37,014	37,014
Capital redemption reserve	15	3,256	3,256
Other reserves	15	37,875	37,875
Profit and loss account	15	10,755	10,410
Equity shareholders' funds	15	105,813	105,468

Approved and authorised for issue by the Board of Directors on 23 September 2010 and signed on its behalf


G R Williams
Director

The notes on pages 7 to 14 form part of the accounts

BALANUS LIMITED

Annual report and financial statements for the year ended 31 December 2009

Notes to the accounts

1. Accounting policies

(a) 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 throughout the year, except where noted 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

The Company's 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

After making enquiries, the Directors have a reasonable expectation that the Group 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.

(b) Other Income

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

(c) Fixed assets

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

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

Freehold buildings	– 50 years
Leasehold property and improvements	– over the period of the lease
Office furniture and equipment	– 5 years

(ii) Vacant leasehold properties

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

(d) Investments

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

(e) Operating leases

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

BALANUS LIMITED**Annual report and financial statements for the year ended 31 December 2009****Notes to the accounts (continued)****1. Accounting policies (continued)****(f) Deferred taxation**

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.

(g) 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 material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risk specific to the liability.

(h) Group accounts

The company has taken advantage of the exemption from the requirement to prepare group accounts because it is included in the accounts of the immediate parent undertaking, Countrywide plc, a company registered in England and Wales. The financial statements present information about the company and not about the group.

2 Other income and gains

	2009 £000	2008 £000
Rent receivable	458	566
Other income	59	90
	517	656

3 Directors' emoluments

None of the director's received any emoluments for their services as director during 2009 (2008 nil)

4 Operating loss

	2009 £000	2008 £000
Operating loss is stated after charging		
Depreciation of tangible assets	6	82
Auditors' remuneration for audit work	5	4
Loss on disposal of investment	-	238
Gain on disposal of fixed assets	-	(271)
Operating lease rentals - land and buildings	600	603
Intercompany balance write off	-	4,190

In 2008, several intercompany balances were identified as irrecoverable and hence written off in the period. No such balances were written off in 2009.

5. Dividends

	2009 £000	2008 £000
Dividends received	500	-

On 14 January 2009 the company received a £500,000 dividend from TMG holdings limited. Balanus has 33.3% ownership of TMG holdings limited.

BALANUS LIMITED**Annual report and financial statements for the year ended 31 December 2009****Notes to the accounts (continued)**

6 Interest	2009	2008
	£000	£000
(a) Interest receivable		
Bank interest receivable	2	11
(b) Interest payable		
Interest on bank and other borrowings repayable in less than 5 years	-	(12)
	<u>2</u>	<u>(1)</u>
7. Taxation	2009	2008
	£000	£000
(a) Taxation on loss on ordinary activities		
Corporation tax at 28% (2008 28%)	(82)	(4)
Current tax for the year	(82)	(4)
Deferred tax	1	(66)
Tax credit on loss on ordinary activities	(81)	(70)
(b) Reconciliation of actual tax charge to UK corporate tax rate		
Loss on ordinary activities before tax	(264)	(3,989)
Tax at UK rate of 28% (2008 28%) on loss on ordinary activities	(74)	(1,137)
Effects of		
Loss/gain qualifying for Substantial Shareholder Exemption	(16)	(30)
Other short term timing differences	(1)	1
Permanent differences	1	43
Write down of investment/intercompany	-	1,119
Franked investment income	(140)	-
Current tax credit	(82)	(4)
(c) Deferred taxation		
The components of the net deferred tax asset are as follows		
Capital allowances	(4)	(4)
Short term timing differences	(6)	(7)
	<u>(10)</u>	<u>(11)</u>
Deferred tax balances have not been discounted		
A potential tax asset in 2009 of £10,276,000 (2008 £10,276,000) relating to realised capital losses had not been recognised in line with FRS19, where the recognition of deferred tax assets is only permissible to the extent that they will be relieved in the foreseeable future		
(d) Reconciliation of movement in deferred tax		
Deferred tax (asset) / liability at 1 January	(11)	55
Deferred tax charge / (credit) in profit and loss account in the year	1	(66)
Deferred tax asset at 31 December	<u>(10)</u>	<u>(11)</u>

BALANUS LIMITED*Annual report and financial statements for the year ended 31 December 2009***Notes to the accounts (continued)****8. Tangible Assets**

	Freehold Properties £000	Short Leasehold Improve- ments £000	Furniture and Equipment £000	Total £000
Cost or valuation				
1 January 2009	259	165	160	584
Additions	1	-	-	1
31 December 2009	260	165	160	585
Depreciation				
1 January 2009	37	165	160	362
Charge for the year	6	-	-	6
31 December 2009	43	165	160	368
Net book value				
31 December 2009	217	-	-	217
31 December 2008	222	-	-	222

9 Investment in subsidiary, associate and joint venture undertakings

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 and whose operations are conducted under agency agreements through the company

(a) Principal subsidiary and joint venture undertakings**Estate Agency**

Countrywide Estate Agents (Incorporated with Unlimited Liability) trading as	
Abbotts Estate Agents Limited	Countrywide Eastern Counties Limited
Alder King Countrywide Limited	Countrywide North Limited
Austin & Wyatt Limited	Dixons Estate Agents Limited
Bairstow Eves East Limited	Entwistle Green Limited
Bairstow Eves East Midlands Limited	Faron Sutana & Co Limited
Bairstow Eves Kent Limited	Frank Innes Countrywide Limited
Bairstow Eves London Central Limited	Fulfords Estate Agency Limited
Bairstow Eves Eastern Limited	Gascoigne Pees (Metropolitan) Limited
Bairstow Eves North London Limited	Gascoigne Pees (Thames) Limited
Bairstow Eves London South Limited	Gascoigne Pees (Three Counties) Limited
Bairstow Eves North East Limited	Geering & Colyer (Kent) Limited
Bairstow Eves North West Limited	Harvey Donaldson & Gibson Limited
Bairstow Eves West London Limited	John D Wood & Co (R&A) Limited
Beresford Adams Limited	King & Chasemore Limited
Beresford Adams East Limited	Land & New Homes Countrywide Limited
Bridgefords Limited	Mann & Co (South East) Ltd
Bridgefords North West Limited	Mann & Co Limited
Carson and Company Estate Agents Limited	Mann & Co South West Limited
Chappell & Matthews Limited	Mann & Co Thames Valley West Limited
Countrywide Essex Limited	Mann & Co Thames Valley East Limited
Countrywide Corporate Property Services Limited	Miller Estate Agents Limited

BALANUS LIMITED**Annual report and financial statements for the year ended 31 December 2009****Notes to the accounts (continued)****9. Investment in subsidiary, associate and joint venture undertakings (continued)****(a) Principal subsidiary and joint venture undertakings (continued)****Estate Agency (continued)**

Morris Dibben Limited	Stratton Creber Limited
Newcrest Management Services Limited	Taylor's (west) Limited
Palmer Snell Limited	Taylor's Estate Agents Limited
Palmer Snell South Limited	Taylor's South West Limited
Slater Hogg & Howison Limited	Watson Bull & Porter Limited
Spencers Estate Agents Limited	Countrywide Property Auctions Limited
Countrywide Residential Management Limited	Countrywide Country Houses Limited
Countrywide Residential Lettings Limited	
Freeman Forman Lettings Limited	
Executive Property Services Limited	
CAG Overseas Investments Limited	
Countrywide Franchising Limited	
Specialist Lettings and Management Services Limited	

Financial Services

Countrywide Estate Agents FS Limited
Countrywide Principal Services Limited
Countrywide Leasing Limited
Slater Hogg Mortgages Limited

Surveying & Valuation

Countrywide Surveyors Limited

Conveyancing

Countrywide Property Lawyers Limited
Remortgage Conveyancing Matters Limited

Joint venture undertakings

TMG Holdings Limited 33.3% owned

(b) Investments in subsidiaries and associates

	Subsidiary companies £000	Joint venture £000	Total £000
At 1 January 2009 and 31 December 2009	144,136	4,554	148,690

BALANUS LIMITED**Annual report and financial statements for the year ended 31 December 2009****Notes to the accounts (continued)****10. Other Investments**

	Unlisted invest- ments £000
At 1 January 2009	16
Additions	28
At 31 December 2009	<u>44</u>

11. Debtors

	2009 £000	2008 £000
Amounts owed by subsidiary undertakings	5,213	5,213
Taxation recoverable	86	4
Other debtors	200	69
Prepayments	95	55
Deferred tax	10	11
	<u>5,604</u>	<u>5,352</u>

All group companies are party to the Inter-Creditor agreement which amongst other things restricts settlement of any inter-company balances in the event of a default by Countrywide Holdings, Ltd under the Bond Indenture. The assets of the group are secured by fixed and floating charges under the Debenture.

12 Creditors amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to fellow subsidiary undertakings	43,774	43,979
Amounts owed to immediate parent undertaking	692	741
Accruals and other creditors	88	(7)
	<u>44,554</u>	<u>44,713</u>

All group companies are party to the Inter-Creditor agreement which amongst other things restricts settlement of any inter-company balances in the event of a default by Countrywide Holdings, Ltd under the Bond Indenture.

BALANUS LIMITED*Annual report and financial statements for the year ended 31 December 2009***Notes to the accounts (continued)****13 Provision for liabilities and charges**

	Legal Claims £000	Property Rents £000	Property Dilapidations £000	Total £000
At 1 January 2009	3,962	138	29	4,129
Utilised	(7)	-	-	(7)
Increase in provisions	-	74	-	74
At 31 December 2009	3,955	212	29	4,196

Property provisions -

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 present 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 subleases or potential leases. The provision also takes account of obligations in respect of business rates.

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

Legal claims:-

The provision comprises amounts set aside to meet amounts that might be payable as a result of a legal dispute. The provisions represent the directors' best estimate of the Company's liability having taken professional advice.

14. Share capital

	2009 £000	2008 £000
Authorised		
394,255,904 ordinary shares of 5p each	19,713	19,713
Allotted and fully paid ordinary shares of 5p each		
1 January and 31 December 2009	16,913	16,913

15 Reconciliation of movements in equity shareholders' funds

	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000	Total 2009 £000	Total 2008 £000
At 1 January 09	16,913	37,014	3,256	37,875	10,410	105,468	109,387
Profit / (loss) for the year	-	-	-	-	345	345	(3,919)
At 31 December 2009	16,913	37,014	3,256	37,875	10,755	105,813	105,468

Other reserves represent the premium received on shares issued for acquisitions less adjustments for deferred consideration, in the period 1987 to 1991.

BALANUS LIMITED**Annual report and financial statements for the year ended 31 December 2009**

Notes to the accounts (continued)**16 Operating lease commitments**

The company has annual commitments under non-cancellable operating leases expiring

	2009 £000	2008 £000
Land and building		
Between 2 and 5 years	600	-
After five years	-	600
	<u>600</u>	<u>600</u>

17 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 plc, whose accounts are publicly available

18 Contingent liability

There were no contingent liabilities at 31 December 2009

19 Parent and ultimate parent entity

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