

COUNTRYWIDE SURVEYORS LIMITED

REGISTERED IN ENGLAND NO. 1954031

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004



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COUNTRYWIDE SURVEYORS LIMITED

DIRECTORS' REPORT

The Directors submit their annual report together with audited financial statements for the year ended 31 December 2004.

Principal Activities

The Company is engaged in survey and valuation work for both residential and commercial properties, building surveying, planning and development and other related property services.

Review of Business

On 5 July 2004 the Company acquired the fixed assets, employees and goodwill of Harvey Donaldson & Gibson for a consideration of £686,000. During the second half of the year the businesses were combined. The Directors consider the results for the combined business for the year to be satisfactory.

Profits and Dividend

A final dividend of £19,050,451 (2003: 2,615,049) has been proposed. The retained profit for the year was £Nil (2003: Loss £1,000,227).

Payment Terms to Suppliers

Payment terms to suppliers are agreed individually with each supplier dependent on the nature of the transactions with that supplier. It is the Company's intention to adhere to these terms wherever possible in the coming year. The number of creditor days at 31 December 2004 was 14 (2003: 24).

Fixed Assets

Details of movements in fixed assets are shown in note 8 to the accounts, on page 13.

Directors

The Directors who served the Company during the year were as follows:

P J Hales	Chairman
C P Shaw	Managing Director
J H Bagshaw	Director
S G Collins	Director
P L Creffield	Director
M L Stones	Director
C J Finch	Non-Executive Director

P J Hales retired as Non-Executive Chairman on 31 December 2004.

COUNTRYWIDE SURVEYORS LIMITED

DIRECTORS' INTERESTS

The beneficial interests of the Directors, their families and connected persons in the shares of Countrywide plc and rights under share option schemes were as follows:

Interests in shares

	At 1 January 2004	At 31 December 2004
	(a)	(b)
P J Hales	Nil	Nil
C P Shaw	Nil	3,188
J H Bagshaw	30,500	12,268
S G Collins	6,500	5,123
P L Creffield	2,378	2,950
M L Stones	Nil	Nil
C J Finch	296,543	109,363

Notes

C J Finch holding:

In own name	107,817	30,000
Non-beneficial	50,000	10,000
In wife's name	138,726	69,363

J H Bagshaw holding

In own name	20,500	12,268
In wife's name	10,000	2,000

(a) C J Finch and K P Thomas

Trustees of the S P Finch 1997 settlement	25,000	5,000
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S P Finch and K P Thomas

Trustees of the C J Finch 1997 settlement	25,000	5,000
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(a) Holding shares in Countrywide Assured Group plc.

(b) Holding shares in Countrywide plc to which Countrywide Assured Group plc shares were converted to Countrywide plc on a 2:1 basis when the Scheme of Arrangement became effective on 21 May 2004.

P J Hales resigned on 31 December 2004.

P L Creffield resigned on 31 January 2005.

COUNTRYWIDE SURVEYORS LIMITED

DIRECTOR'S INTERESTS (CONTINUED)

Details of each Director's entitlement to share options are as follows:

Director	At 1 January 2004 (a)	At 31 December 2004 (b)	from	to	Scheme
P J Hales	38,278	Nil	April-2000	April-2005	Executive Share Bonus
	133,333	Nil	April-2001	April-2005	Executive (1996)
	4,042	Nil	April-2001	April-2006	Executive Share Bonus
	125,000	Nil	May-2002	May-2009	Executive (1996)
	100,000	50,000	April-2005	April-2012	Executive (1996)
	7,530	3,765	Nov-2005	May-2006	SAYE (1996)
	100,000	50,000	April-2007	April-2009	Executive Deferred (1996)
C P Shaw	133,333	Nil	May-2001	April-2005	Executive (1996)
	125,000	Nil	May-2002	May-2006	Executive (1996)
	100,000	50,000	April-2005	April-2012	Executive (1996)
	100,000	50,000	April-2007	April-2009	Deferred Incentive(1996)
	8,588	4,294	Nov-2007	May-2008	SAYE (1996)
J H Bagshaw	6,862	Nil	May 1999	May 2004	Executive Share Bonus
	15,000	7,500	May 2002	May 2009	Executive (1996)
	80,000	40,000	April 2004	April 2011	Executive (1996)
	4,808	Nil	Nov 2005	May 2006	SAYE (1996)
	6,172	Nil	Nov-07	May-2008	SAYE (1996)
S G Collins	15,000	Nil	May 2002	May 2009	Executive (1996)
	80,000	Nil	April 2004	April 2011	Executive (1996)
	5,715	Nil	Nov 2004	May 2005	SAYE (1996)
	4,294	2,147	Nov 2007	May 2008	SAYE (1996)
P L Creffield	15,000	Nil	May 2002	May 2009	Executive (1996)
	80,000	Nil	April 2004	April 2011	Executive (1996)
	3,538	Nil	Nov 2005	May 2006	SAYE (1996)
	5,636	2,818	Nov 2007	May 2008	SAYE (1996)
M L Stones	12,500	Nil	April 2000	April 2007	Executive (1995)
	2,086	Nil	Nov 2005	May 2006	SAYE (1996)
	3,220	1,610	Nov 2007	May 2008	SAYE (1996)
	80,000	Nil	April-2004	April-2011	Executive (1996)
C J Finch	133,333	Nil	April 2001	April 2005	Executive (1996)
	35,167	Nil	April 2001	April 2006	Executive Share Bonus

a) Options on Countrywide Assured Group plc shares.

b) Replacement options on Countrywide plc shares where Countrywide plc shares options were converted to replacement options to acquire ordinary shares in Countrywide plc on a basis of 2:1 when the scheme of arrangements became effective on 21 May 2004.

COUNTRYWIDE SURVEYORS LIMITED

Personnel

The Company has a policy of keeping employees informed of Company affairs on a regular basis by regional meetings involving Main Board and Regional Directors.

Equal Opportunities

The Company is committed to a policy of equal opportunity in employment and believes that this is essential to ensuring the success and growth of the organisation. To this end, the Company makes every effort to select, recruit, train and promote the best candidates based on suitability for the job; to treat all employees and applicants fairly regardless of race, sex, marital status, nationality, ethnic origin or disability; to ensure no employee suffers harassment or intimidation.


Disabled Employees

It is the policy of the Company to provide employment for disabled persons wherever the requirements of the organisation will allow and if applications for employment are received from suitable individuals. If existing employees become disabled every reasonable effort will be made to ensure that their employment with the Company can continue on a worthwhile basis with career opportunities available to them.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board


S.G. Collins
Secretary

Dated: 8 March 2005

COUNTRYWIDE SURVEYORS LIMITED

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year, which show a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the provisions of the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of Countrywide Surveyors Limited

We have audited the financial statements on pages 7 to 17.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Director's report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2004 and profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
KPMG Audit plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

Dated: 8 March 2005

COUNTRYWIDE SURVEYORS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 Continuing Operations	2004 Acquisitions	2004	2003
		£	£	£	£
TURNOVER	1b	99,309,396	443,160	99,752,556	64,359,523
Staff costs	2	(48,498,915)	(305,846)	(48,804,761)	(6,769,906)
Other operating costs		(24,193,821)	(139,093)	(24,332,914)	(55,792,726)
Other income	6	581,288	-	581,288	266,788
OPERATING PROFIT/(LOSS)	4	27,197,948	(1,779)	27,196,169	2,063,679
Interest receivable	5	220,570	-	220,570	389,727
Interest payable and similar charges	5	(86,181)	-	(86,181)	(19,963)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		27,332,337	(1,779)	27,330,558	2,433,443
Taxation on profit on ordinary activities	7			(8,280,107)	(818,621)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15			19,050,451	1,614,822
Dividend				19,050,451	(2,615,049)
RETAINED PROFIT/(LOSS)				-	(1,000,227)

There is no material difference between the results disclosed in the Profit and Loss Account in the year and the result given on an unmodified historical cost basis.

There were no gains or losses other than those reflected in the Profit and Loss Account in the year.

The notes on pages 9 to 17 form part of these financial statements.

COUNTRYWIDE SURVEYORS LIMITED

BALANCE SHEET AT 31 DECEMBER 2004

	Note	2004 £	2004 £	2003 £	2003 £
FIXED ASSETS					
Intangible assets:					
Goodwill	9		4,215,470		3,846,236
Tangible assets	8		4,294,036		3,686,463
Investment in subsidiaries	10		8		6
			8,509,514		7,532,705
CURRENT ASSETS					
Debtors	11	33,594,459		42,815,959	
Cash at bank and in hand		478,419		2,451,342	
		34,072,878		45,267,301	
Creditors: amounts falling due within one year	12	41,938,918		52,092,937	
NET CURRENT LIABILITIES			(7,866,040)		(6,825,636)
Total assets less current liabilities			643,474		707,069
PROVISIONS FOR LIABILITIES AND CHARGES					
	13		(143,474)		(207,069)
NET ASSETS			500,000		500,000
CAPITAL AND RESERVES					
Called up share capital	14		500,000		500,000
Profit and loss account	15		-		-
EQUITY SHAREHOLDERS' FUNDS	15		500,000		500,000

Approved by the Board of Directors and signed on 8 March 2005 on their behalf by:



.....
Director
C P Shaw

The notes on pages 9 to 17 form part of these financial statements.

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention and drawn up in accordance with applicable accounting standards. The Company is exempt from the requirement to prepare consolidated financial statements, by virtue of s228 of the Companies Act 1985. These financial statements present information about the company as an individual undertaking and not as a group.

(b) Turnover

Turnover comprises commercial fees, professional fees and property management fee income all arising in the UK. Commission earned on the sale of commercial property is accounted for on the exchange of contracts for such sales. Residential survey income is accounted for when the survey is completed. Property management fee income is accounted for on a cash basis.

(c) Fixed Assets

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

(i) Tangible Assets

Fixed assets are depreciated over their estimated useful economic lives as follows:

Leasehold properties and improvements:	over the period of the lease
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Office furniture and equipment:	three to five years
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Motor vehicles:	four years
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(ii) Vacant leasehold properties

Provision is made for the best estimate of the present value of unavoidable lease payments on vacant properties held for the Company's continuing operation.

(d) Capitalisation of Internal Software Development Costs

Internal costs that are incurred during the development of significant and separately identifiable computer software for use in the business are capitalised where the software is integral to the generation of future economic benefits. Costs that are capitalised are limited to incremental costs specific to the project, including charges made by third party contractors. The software is depreciated once it is ready for use in the business.

(e) Goodwill

Goodwill arising on acquisition of business since 1 January 1998 is capitalised and amortised to nil by equal annual instalments over its estimated useful life of no more than 20 years. Any impairment charge is included within operating profits.

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(f) 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 taxation are recognised in accordance with FRS 19: 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 FRS 19. Except where permitted by FRS 19, 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.

(g) Operating Leases

Lease payments in respect of operating leases are charged against profit as incurred with the exception of vacant leasehold properties as described above.

(h) Pension Costs

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

(i) FRS1 (Revised)

The immediate parent undertaking of the Company, for which Group accounts are prepared, is Countrywide plc. Under the provisions of FRS1 (Revised), the Company is exempt from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary of Countrywide plc.

2. EMPLOYEE INFORMATION

	2004	2003
	£	£
Staff costs were as follows:		
Wages and salaries	42,737,496	5,929,269
Social security costs	4,831,946	649,991
Other pension costs	1,235,319	190,646
	48,804,761	6,769,906

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The average number of persons employed by the Company was:

	2004 Number	2003 Number
Sales	674	43
Administration	601	167
	<u>1,275</u>	<u>210</u>

3. DIRECTOR'S EMOLUMENTS

	2004 £	2003 £
Director's emoluments	613,615	734,982
Company contributions to money purchase schemes	68,585	18,344
Company contributions to defined benefit schemes	-	71,048
	<u>682,200</u>	<u>824,374</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £263,907 (2003: £234,411). He is a member of a money purchase scheme, under which his accrued pension at the year end was £Nil (2003: 15,525).

	Number of Directors 2004	2003
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	6	3
Defined benefit scheme	-	3
	<u>7</u>	<u>3</u>

The number of Directors who exercised share options was

4. OPERATING PROFIT/(LOSS)

	2004 £	2003 £
This is stated after charging/(crediting):		
Auditors Remuneration:		
Charge for current year	21,600	10,900
Depreciation of tangible fixed assets	1,380,568	1,061,012
Amortisation of goodwill	279,937	263,736
Operating lease payments - Plant and machinery	2,663,450	438,116
- Buildings	2,783,771	1,547,486
Profit on sale of fixed assets	<u>(2,802)</u>	<u>(189,032)</u>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. INTEREST RECEIVABLE AND PAYABLE

	2004	2003
	£	£
Interest receivable:		
Bank interest	9,359	6,816
Unwind of discount on provisions	10,217	-
Other interest	3,428	6,917
Group undertakings	197,566	375,994
	<u>220,570</u>	<u>389,727</u>
Interest payable:		
Unwind of discount on provisions	-	11,018
Other interest	-	705
Group undertakings	86,181	8,240
	<u>86,181</u>	<u>19,963</u>

6. OTHER INCOME

	2004	2003
	£	£
Rent receivable	282,173	225,985
Other	299,115	40,803
	<u>581,288</u>	<u>266,788</u>

7. TAXATION CHARGE

	2004	2003
	£	£
a) Taxation on profit on ordinary activities		
Corporation tax at 30% (2003:30%)		
Current tax for the year	8,347,973	837,894
Adjustment in respect of prior years	(90,083)	(35,510)
Deferred tax	22,217	16,237
Tax on profit on ordinary activities	<u>8,280,107</u>	<u>818,621</u>
b) Reconciliation of actual tax charge to UK corporate tax rate		
Profit on ordinary activities before tax	27,330,558	2,433,433
Tax at UK rate of 30% (2003:30%) on profit on ordinary activities	8,199,167	730,033
Effects of:		
Permanent differences	25,424	(4,151)
Amortisation of goodwill and permanent depreciation	85,709	85,294
Leased expensive cars	59,639	7,446
Capital allowances for period in excess of depreciation	(10,930)	18,543
Provisions not deductible for tax purposes	(11,036)	729
Current tax charge	<u>8,347,973</u>	<u>837,894</u>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c) *Deferred taxation*

The components of the net deferred tax asset are as follows. The balances have not been discounted:

	2004	2003
	£	£
Asset recognised		
Capital allowances	(189,316)	(200,497)
Short term timing differences	(26,004)	(37,040)
	<u>(215,320)</u>	<u>(237,537)</u>

A potential deferred tax asset of £1,995 (2003: £nil) relating to realised losses has not been recognised in line with FRS 19, 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*

	2004	2003
	£	£
Deferred tax asset at 1 January	(237,537)	(128,745)
Deferred tax credited in profit and loss account for the year	22,217	16,237
Deferred tax asset transferred from Group companies	-	(125,029)
Deferred tax asset at 31 December	<u>(215,320)</u>	<u>(237,537)</u>

e) *Factors that may affect future tax charges*

The Company anticipates that the effective tax rate will not alter materially in future years.

8. TANGIBLE FIXED ASSETS

	Land & Freehold	Building Short Leasehold	Motor Vehicles	Furniture and Equipment	Total
	£	£	£	£	£
Cost					
1 January 2004	781,458	700,676	304,498	8,308,068	10,094,700
Assets of company acquired	-	3,953	-	73,544	77,497
Additions	-	133,555	-	1,842,258	1,975,813
Disposals	-	(95,679)	(102,068)	(27,945)	(225,692)
Transfers from Group companies	-	-	-	1,300	1,300
31 December 2003	<u>781,458</u>	<u>742,505</u>	<u>202,430</u>	<u>10,197,225</u>	<u>11,923,618</u>
Depreciation					
1 January 2004	65,600	461,048	161,398	5,720,191	6,408,237
Assets of company acquired	-	1,783	-	27,936	29,719
Charge for year	9,937	120,604	60,618	1,189,409	1,380,568
Disposals	-	(95,679)	(75,706)	(18,280)	(189,665)
Transfers from Group companies	-	-	-	723	723
31 December 2004	<u>75,537</u>	<u>487,756</u>	<u>146,310</u>	<u>6,919,979</u>	<u>7,629,582</u>
Net Book Value					
31 December 2004	<u>705,921</u>	<u>254,749</u>	<u>56,120</u>	<u>3,277,246</u>	<u>4,294,036</u>
31 December 2003	<u>715,858</u>	<u>239,628</u>	<u>143,100</u>	<u>2,587,877</u>	<u>3,686,463</u>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. GOODWILL

	Cost £	Amortisation £
1 January 2004	5,274,802	1,428,566
Additions	649,171	-
Charge for the year	-	279,937
31 December 2004	<u>5,923,973</u>	<u>1,708,503</u>
Net Book Value		
31 December 2004		<u>4,215,470</u>
31 December 2003		<u>3,846,236</u>

10. INVESTMENT IN SUBSIDIARIES

The Company owns the whole of the issued and fully paid up ordinary share capital of its subsidiary undertakings all of which are incorporated in Great Britain and whose operations are conducted in the United Kingdom. The subsidiaries did not trade in the year.

(a) Subsidiary undertakings:

Palmer Snell Fulfords Surveyors Limited
Countrywide Home Information Pack Limited
Home Information Pack Limited
Harvey Donaldson & Gibson Limited (Acquired on 5 July 2004)

(b) Investment in subsidiaries:

Cost or valuation	£
At 1 January 2004	6
Addition	<u>2</u>
At 31 December 2004	<u>8</u>

11. DEBTORS

	2004 £	2003 £
Trade debtors	7,889,367	8,049,280
Amounts owed by parent undertaking	22,792,435	31,215,371
Amounts owed by fellow subsidiary undertakings	571,084	688,841
Other debtors	57,219	65,071
Deferred taxation	215,320	237,537
Prepayments and accrued income	<u>2,069,034</u>	<u>2,559,859</u>
	<u>33,594,459</u>	<u>42,815,959</u>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Bank overdraft	-	2,529,333
Trade creditors	1,848,644	2,554,528
Amounts owed to fellow subsidiary undertakings	8,717,594	26,955,826
Other creditors including taxation and social security:		
Corporation tax	4,074,968	7,580,853
Other taxes and social security	4,632,296	5,701,699
Other creditors	645,841	539,104
Accruals and deferred income	2,969,124	3,616,545
Dividend	19,050,451	2,615,049
	<u>41,938,918</u>	<u>52,092,937</u>

13. PROVISION FOR LIABILITIES AND CHARGES

	2004 £	2003 £
At 1 January 2004	207,069	294,682
Utilised	(97,125)	(156,646)
Profit & loss account	43,747	(15,356)
Discounting	(10,217)	11,018
Transfers from Group companies	-	73,371
At 31 December 2004	<u>143,474</u>	<u>207,069</u>

Provisions include:

- (i) A provision of £70,825 (2003: £138,740) for the estimated unavoidable costs of leasehold properties which have become surplus to the Group's requirements following the closure or relocation of operations. The provision is based on the net rentals and other unavoidable costs payable during the remaining lease period after taking into account rents receivable or expected to be receivable from sub-lessees. The net projected payments are discounted where appropriate.
- (ii) A provision of £72,649 (2003: £68,329) for repairs to properties under leasehold covenants, representing best estimates of the costs to repair existing dilapidations.

14. SHARE CAPITAL

	2004 £	2003 £
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted and fully paid		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Profit & Loss Account	2004 Total Shareholders Funds	2003 Total Shareholders Funds
At 1 January 2004	500,000	-	500,000	1,500,227
Profit for financial period		19,050,451	19,050,451	1,614,822
Dividends		(19,050,451)	(19,050,451)	(2,615,049)
At 31 December 2004	500,000	-	500,000	500,000

16. CAPITAL EXPENDITURE COMMITMENTS

	2004 £	2003 £
Authorised and contracted	112,900	521,807
Authorised but not contracted for	48,687	856,132

17. OPERATING LEASE COMMITMENTS

	2004 £	2003 £
Annual commitments under non-cancellable operating leases are as follows.		
Land and buildings with commitments expiring:		
within one year	407,083	647,406
in two to five years	1,414,124	1,159,354
in more than five years	231,340	243,017
	<u>2,052,547</u>	<u>2,049,777</u>
Other operating leases with commitments expiring:		
within one year	2,098,215	2,451,856
in two to five years	966,596	2,100,874
	<u>3,064,811</u>	<u>4,552,730</u>

The majority of leases of land and buildings are subject to rent reviews.

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. PENSION SCHEMES

The Company offers membership of the Countrywide Assured Group Pensions Scheme to eligible employees. The Scheme has two sections of membership, defined benefit and defined contribution. The company also contributes to the Friends Provident Pension Scheme of behalf of some employees acquired from that business. The defined benefit section is closed to new entrants and from 31 December 2003 also to future service accrual.

Particulars of the actuarial valuation of the Group pension scheme are disclosed within the accounts of Countrywide Assured Group Plc. The financial statements of this Group company can be obtained from the address given in note 20.

Since the Company is a member of a pension scheme providing benefits based on final pensionable pay and is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme.

The latest full actuarial valuation was carried out at 1 April 2003 and was updated for FRS 17 purposes to 31 December 2003 by a qualified independent actuary. The valuation indicates a deficit of £13,210,000 at 31 December 2003. The Group plans to develop a funding programme to recover the deficit over the next ten years. The contribution for the year was £1,189,948 (2003: £68,837).

The pension cost charged for the Company's defined contributions pension arrangements represents contributions payable by the Company and amounted to £Nil (2003: £70,625). A sum of £45,371 was paid to Friends Provident pension scheme (2003: £53,093).

19. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Countrywide plc, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions and balances with entities which form part of the Group headed by Countrywide plc.

20. ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking for which Group accounts are prepared is Countrywide plc, a company registered in England and Wales. Copies of the accounts of Countrywide plc can be obtained at Countrywide House, Perry Way, Witham, Essex, CM8 3SX.