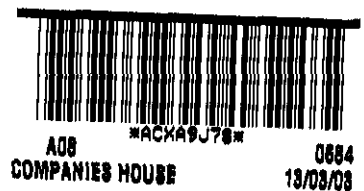


COUNTRYWIDE SURVEYORS LIMITED

REGISTERED IN ENGLAND NO. 1954031

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

COUNTRYWIDE SURVEYORS LIMITED

DIRECTORS' REPORT

The Directors submit their annual report together with audited financial statements for the year ended 31 December 2002.

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 4 October 2002 the Company disposed of the assets, employees and goodwill of the Commercial Division to Bradford and Bingley Plc.

During the year staff were transferred to Countrywide Surveyors (1994). In the year, the Company utilised staff from Countrywide Surveyors (1994) to undertake survey work. Fees for this utilisation appear under operating costs.

The Directors consider the results for the year to be satisfactory.

Profits and Dividend

A final dividend of £16,029,000 (2001: £5,320,000) has been proposed. The retained loss for the year was £14,241,942 (2001: restated profit £5,339,415) which has been transferred to reserves.

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 2002 was 24 (2001: 15).

Fixed Assets

Details of movements in fixed assets are shown in note 9 to the accounts, on page 14.

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

COUNTRYWIDE SURVEYORS LIMITED

DIRECTORS' INTERESTS

C P Shaw is a Director of the immediate holding company Countrywide Assured Group plc and his shareholding and share options are disclosed in that company's annual report.

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

Interests in shares

	At 31 December 2002	At 1 January 2002
P J Hales	-	-
J H Bagshaw	-	23,069
S G Collins	6,500	6,500
P L Creffield	2,378	2,378
M L Stones	-	-
C J Finch	359,143	452,185

Notes

C J Finch holding:

In own name	117,817	196,259
Non-beneficial	92,600 (a)	100,000
In wife's name	148,726	155,926

(a) C J Finch and K P Thomas

Trustees of the S P Finch 46,300

S P Finch and K P Thomas

Trustees of the C J Finch 1997 settlement 46,300

COUNTRYWIDE SURVEYORS LIMITED

DIRECTORS' INTERESTS (CONTINUED)

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

Director	At 1 January 2002	Granted	Exercised	Waived	At 31 December 2002	Exercise price	Market price at exercise	from	to	Scheme
						p	p			
P J Hales	133,333				133,333	140		April 2001	April 2005	Executive (1996)
	125,000				125,000	152		May 2002	May 2009	Executive (1996)
	38,278				38,278	140		April 2000	April 2005	Exec Share Bonus
	4,042				4,042	145		April 2001	April 2006	Exec Share Bonus
	7,530				7,530	74.4		Nov 2005	May 2006	SAYE (1996)
		100,000			100,000	151		April 2005	April 2012	Executive (1996)
		100,000			100,000	151		April 2007	April 2009	Executive Deferred (1996)
J H Bagshaw	25,000		25,000		-	30	137	May 1995	May 2002	Executive
	80,000				80,000	106.5		April 2004	April 2011	Executive (1996)
	4,404				4,404	75.2		Nov 2003	May 2004	SAYE (1996)
	4,808				4,808	74.4		Nov 2005	May 2006	SAYE (1996)
	6,862				6,862	0		May 1999	May 2004	Exec Share Bonus
	15,000				15,000	152		May 2002	May 2009	Executive (1996)
S G Collins	5,000		5,000		-	124.5	146.5	April 2000	April 2007	Executive (1995)
	80,000				80,000	106.5		April 2004	April 2011	Executive (1996)
	6,422				6,422	75.2		Nov 2003	May 2004	SAYE (1996)
	5,715				5,715	74.4		Nov 2004	May 2005	SAYE (1996)
		4,294			4,294	122.4		Nov 2007	May 2008	SAYE (1996)
	15,000				15,000	152		May 2002	May 2009	Executive (1996)
P L Creffield	80,000				80,000	106.5		April 2004	April 2011	Executive (1996)
	3,538				3,538	74.4		Nov 2005	May 2006	SAYE (1996)
	6,536		6,536		-	153.5	159	Mar 2002	Mar 2007	Exec Share Bonus
		5,636			5,636	122.4		Nov 2007	May 2008	SAYE (1996)
	15,000				15,000	152		May 2002	May 2009	Executive (1996)
	4,404				4,404	75.2		Nov 2003	May 2004	SAYE (1996)
ML Stones	10,000	10,000			-	65.5	168	April 1997	April 2004	Executive
	12,500				12,500	124.5		April 2000	April 2007	Executive (1995)
	80,000									Executive (1996)
	2,293									SAYE (1996)
	2,086				2,086	74.4		Nov 2006	May 2006	SAYE (1996)
		3,220			3,220	122.4		Nov 2007	May 2008	SAYE (1996)
CJ Finch	133,333				133,333	140		April 2001	April 2005	Executive (1996)
	35,167				35,167	145		April 2001	April 2006	Exec Share Bonus

No Director had any other interest in the shares or debentures of the Company or any other Group companies which require disclosure.

No Director had an interest in any other significant contract with the Company during the year.

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.

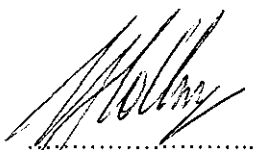
Disabled Employees

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: 5 March 2003

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 18.

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 professions' 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 Directors' 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 2002 and of its loss 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

5 March 2003

Dated: 5 March 2003

COUNTRYWIDE SURVEYORS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £ (restated)
TURNOVER	1b	62,392,692	65,596,691
Staff costs	3	(6,225,156)	(24,811,091)
Other operating costs		(53,701,042)	(25,837,071)
Other income	7	295,735	301,501
OPERATING PROFIT	5	2,762,229	15,250,030
Interest receivable	6	26,708	240,357
Interest payable and similar charges	6	(157,304)	(24,610)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,631,633	15,465,777
Taxation on profit on ordinary activities	8	(898,756)	(4,806,362)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	1,732,877	10,659,415
Dividend		(16,029,000)	(5,320,000)
RETAINED (LOSS)/ PROFIT		(14,296,123)	5,339,415

All results are derived from continuing operations.

The notes on pages 10 to 18 form part of these financial statements.

COUNTRYWIDE SURVEYORS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

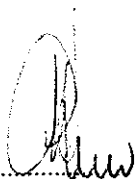
	Note	2002 £000	2001 £000 (restated)
Profit for the financial year		1,732,877	10,659,415
Prior year adjustments:			
Deferred taxation	2	161,425	-
Total recognised gains and losses since the last annual report		1,894,302	10,659,415

COUNTRYWIDE SURVEYORS LIMITED

BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £	2002 £	2001 £ (restated)	2001 £ (restated)
FIXED ASSETS					
Intangible assets:					
Goodwill	10		4,109,972		4,373,708
Tangible assets	9		2,979,983		2,585,662
Investment in subsidiaries	11		6		6
			<u>7,089,961</u>		<u>6,959,376</u>
CURRENT ASSETS					
Debtors	12	16,756,716		20,750,399	
Cash at bank and in hand		<u>1,689,220</u>		<u>1,485,726</u>	
		18,445,936		22,236,125	
Creditors: amounts falling due within one year	13	(23,740,988)		(13,006,071)	
NET CURRENT (LIABILITIES)/ASSETS			(5,295,052)		9,230,054
Total assets less current liabilities			<u>1,794,909</u>		<u>16,189,430</u>
PROVISIONS FOR LIABILITIES AND CHARGES	14		(294,682)		(393,080)
NET ASSETS			<u>1,500,227</u>		<u>15,796,350</u>
CAPITAL AND RESERVES					
Called up share capital	15		500,000		500,000
Profit and loss account	16		1,000,227		15,296,350
EQUITY SHAREHOLDERS' FUNDS	16		<u>1,500,227</u>		<u>15,796,350</u>

Approved by the Board of Directors and signed on 5 March 2003 on their behalf by:



 Director
 C P Shaw

The notes on pages 10 to 18 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 has fully adopted FRS 19: Deferred Taxation, which requires full rather than partial provision for deferred tax liabilities in the financial statements. Additional disclosure is provided in note 2.

(b) Turnover

Turnover comprises commercial fees, professional fees and property management fee income. 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
---	------------------------------

Office furniture and equipment:	three to five years
------------------------------------	---------------------

Motor vehicles:	four years
-----------------	------------

(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 timings 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 Assured Group 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 Assured Group plc.

2. PRIOR YEAR ADJUSTMENT

Deferred Taxation

The Company has adopted FRS 19: Deferred taxation from the beginning of this financial year. This Standard requires full provision to be made for deferred tax on most types of timing difference. The previous accounting standard required provision only to the extent that it was probable that the liability would crystallise in the future. Adoption of FRS 19 has been accounted for by way of a prior year adjustment, which has increased opening reserves at 1 January 2002 by £161,425. As a result the tax charge for the year ended 31 December 2001 had decreased by £13,840.

3. EMPLOYEE INFORMATION

	2002	2001
	£	£
Staff costs were as follows:		
Wages and salaries	5,554,389	21,644,796
Social security costs	502,219	2,233,347
Other pension costs	168,548	932,948
	6,225,156	24,811,091

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The average number of persons employed by the Company was:

	2002 Number	2001 Number
Sales	36	327
Management	162	413
	198	740

4. DIRECTORS' EMOLUMENTS

	2002 £	2001 £
Directors' emoluments	695,278	737,899
Company contributions to money purchase schemes	15,869	14,939
Company contributions to defined benefit schemes	72,681	127,222
	783,828	880,060

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £205,480 (2001: £219,074). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £11,000 (2001: 26,622).

	Number of Directors 2002	2001
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	3	3
Defined benefit scheme	3	3
	3	3

The number of Directors who exercised share options was

5. PROFIT FROM OPERATIONS

	2002 £	2001 £
This is stated after charging/(crediting):		
Auditors Remuneration:		
Charge for current year	11,120	10,200
Depreciation of tangible fixed assets	794,298	713,553
Amortisation of goodwill	263,736	263,736
Operating lease payments - Plant and machinery	538,927	1,710,705
- Other	1,531,569	1,360,512
Profit on sale of fixed assets	(74,492)	(12,747)

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INTEREST RECEIVABLE AND PAYABLE

	2002 £	2001 £
Interest receivable:		
Bank interest	3,063	8,763
Other interest	1,048	1,590
Group undertakings	22,597	230,004
	<u>26,708</u>	<u>240,357</u>
Interest payable:		
Bank interest	101	651
Other interest	13,264	23,959
Group undertakings	143,939	-
	<u>157,304</u>	<u>24,610</u>

7. OTHER INCOME

	2002 £	2001 £
Rent receivable	235,160	226,717
Other	60,575	74,784
	<u>295,735</u>	<u>301,501</u>

8. TAXATION CHARGE/(CREDIT)

	2002 £	2001 £ (restated)
a) Taxation on profit/(loss) on ordinary activities		
Corporation tax at 30% (2001:30%)		
Current tax for the year	883,803	4,821,098
Adjustment in respect of prior years	(17,726)	(896)
Deferred tax	32,679	(13,840)
Tax on profit on ordinary activities	<u>898,756</u>	<u>4,806,362</u>
b) Reconciliation of actual tax charge to UK corporate tax rate		
Profit on ordinary activities before tax	2,631,633	15,465,777
Tax at UK rate of 30% (2001:30%) on profit on ordinary activities	789,490	4,639,733
Effects of:		
Permanent differences	15,513	3,751
Amortisation of goodwill and permanent depreciation	84,482	89,415
Leased expensive cars	12,027	60,553
Capital allowances for period in excess of depreciation	6,424	(19,534)
Provisions not deductible for tax purposes	(24,133)	32,444
Current tax charge	<u>883,803</u>	<u>4,806,362</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:

	2002 £	2001 £ (restated)
Asset recognised		
Capital allowances	(120,433)	(128,981)
Short term timing differences	(8,312)	(32,444)
	<u>(128,745)</u>	<u>(161,425)</u>

A potential deferred tax asset of £17,538 relating to realised losses has not been recognised in line with FRS 19, where the recognition of deferred tax assets only is only permissible to the extent that they will be relieved in the foreseeable future.

d) Reconciliation of movement in deferred tax

	2002 £	2001 £ (restated)
Restated deferred tax asset at 1 January	(161,425)	(147,585)
Deferred tax credited/(debited) in profit and loss account for the year	32,680	(13,840)
Deferred tax asset at 31 December	<u>(128,745)</u>	<u>(161,425)</u>

e) Factors that may affect future tax charges

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

9. TANGIBLE FIXED ASSETS

	Land & Freehold £	Building Short Leasehold £	Motor Vehicles £	Furniture and Equipment £	Total £
Cost					
1 January 2002	776,594	475,248	88,316	4,912,434	6,252,592
Additions	4,864	29,613	-	1,264,741	1,299,218
Disposals	-	(64,818)	(88,316)	(273,453)	(426,587)
Transfers (to)/from Group companies	-	(17,274)	-	5,120	(12,154)
31 December 2002	<u>781,458</u>	<u>422,769</u>	<u>-</u>	<u>5,908,842</u>	<u>7,113,069</u>
Depreciation					
1 January 2002	45,917	254,775	86,006	3,280,232	3,666,930
Charge for year	9,746	64,041	(2,199)	722,710	794,298
Disposals	-	(33,457)	(83,807)	(206,157)	(323,421)
Transfers (to)/from Group companies	-	(4,520)	-	(201)	(4,721)
31 December 2002	<u>55,663</u>	<u>280,839</u>	<u>-</u>	<u>3,796,584</u>	<u>4,133,086</u>
Net Book Value					
31 December 2002	<u>725,795</u>	<u>141,930</u>	<u>-</u>	<u>2,112,258</u>	<u>2,979,983</u>
31 December 2001	<u>730,677</u>	<u>220,473</u>	<u>2,310</u>	<u>1,632,202</u>	<u>2,585,662</u>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. GOODWILL

	Cost £	Amortisation £
1 January 2002	5,274,802	(901,094)
Charge for the year	-	(263,736)
31 December 2002	5,274,802	(1,164,830)
Net Book Value		
31 December 2002		4,109,972
31 December 2001		4,373,708

11. 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.

(a) Subsidiary undertakings:

Palmer Snell Fulfords Surveyors Limited, formerly John D Wood & Co Surveyors Limited
Countrywide Home Information Pack Limited
Home Information Pack Limited

(b) Investment in subsidiaries:

	£
Cost or valuation	
At 1 January 2002	6
At 31 December 2002	6

12. DEBTORS

	2002 £	2001 £ (restated)
Trade debtors	4,611,479	5,195,903
Amounts owed by parent undertaking	6,510,557	13,752,562
Amounts owed by fellow subsidiary undertakings	686,609	577,109
Other debtors	106,385	122,408
Taxation recoverable	3,417,874	-
Deferred taxation	128,745	161,425
Other taxation recoverable	560,434	-
Prepayments and accrued income	734,633	940,992
	16,756,716	20,750,399

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank overdrafts	906,048	958,659
Amounts owed to fellow subsidiary undertakings	5,284,382	16,858
Other creditors including taxation and social security:		
Corporation tax	-	1,723,351
Other taxes and social security	303,717	2,843,782
Other creditors	601,303	219,049
Accruals and deferred income	616,538	1,924,372
Proposed dividend	16,029,000	5,320,000
	23,740,988	13,006,071

14. PROVISION FOR LIABILITIES AND CHARGES

	2002	2001
	£	£
At 1 January 2002	393,080	609,843
Charge for year	(38,912)	51,312
Utilisation of provisions	(72,654)	(291,113)
Unwind of discount rate	13,168	23,038
At 31 December 2002	294,682	393,080

Property Provisions include:

- (i) A provision of £220,764 (2001: £316,849) 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 £73,918 (2001: £76,231) for repairs to properties under leasehold covenants, representing best estimates of the costs to repair existing dilapidations.

15. SHARE CAPITAL

	2002	2001
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted and fully paid		
500,000 ordinary shares of £1 each	500,000	500,000

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Profit & Loss Account	2002 Total Shareholders Funds	2001 Total Shareholders Funds (restated)
	£	£	£	£
At 1 January 2002				
Previously reported	500,000	15,134,925	15,634,925	10,309,350
Prior year adjustment		161,425	161,425	147,585
Reserves at 1 January restated	500,000	15,296,350	15,796,350	10,456,935
Profit for financial period		1,732,877	1,732,877	10,659,415
Dividends		(16,029,000)	(16,029,000)	(5,320,000)
At 31 December 2002	500,000	1,000,227	1,500,227	15,796,350

17. CAPITAL EXPENDITURE COMMITMENTS

	2002 £	2001 £
Authorised and contracted	737,981	5,079
Authorised but not contracted for	1,550,370	2,699,384

18. OPERATING LEASE COMMITMENTS

	2002 £	2001 £
Annual commitments under non-cancellable operating leases are as follows.		
Land and buildings with commitments expiring:		
within one year	134,685	181,637
in two to five years	1,016,010	746,160
in more than five years	175,600	267,600
	1,326,295	1,195,397
Other operating leases with commitments expiring:		
within one year	166,497	554,267
in two to five years	117,183	790,630
	283,680	1,344,897

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

19. CLIENT MONIES

No client monies were held by the Company at 31 December 2002 (2001: £48,549).

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. 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.

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 2000 and was updated for FRS 17 purposes to 31 December 2002 by a qualified independent actuary. The valuation indicates a deficit of £12,255,000 at 31 December 2002. In order to redress the deficit, it has been agreed that a contribution rate of 33% of pensionable pay will apply in future years, two thirds of which will be paid by the employer. The contribution for the year was £104,259 (2001: £194,489).

The pension cost charged for the Company's defined contributions pension arrangements represents contributions payable by the Company and amounted to £64,289 (2001: £452,021).

21. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Countrywide Assured Group 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 Assured Group plc.

22. ULTIMATE PARENT UNDERTAKING

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