

COUNTRYWIDE SURVEYORS LIMITED

REGISTERED IN ENGLAND NO. 1954031

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000



COUNTRYWIDE SURVEYORS LIMITED

DIRECTORS' REPORT

The Directors submit their annual report together with audited financial statements for the year ended 31 December 2000.

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

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

Profits and Dividend

A final dividend of £2,320,000 (1999: £3,470,000) has been proposed. The retained profit for the year was £2,324,467 (1999: profit £3,469,577), 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 2000 was 14 (1999: 18)

Fixed Assets

Details of movements in fixed assets are shown in note 8 to the accounts, on page 11.

Directors

The Directors who served the company during the year were as follows:-

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

C J Finch resigned as Chairman and was appointed Non-Executive Chairman on 10 July 2000.

M L Stones was appointed as a Director on 1 January 2000

COUNTRYWIDE SURVEYORS LIMITED

Directors' Interests

C J Finch is a Director of the immediate holding company, Countrywide Assured Group plc, and his shareholdings are disclosed in that company's Annual Report.

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

	Beneficial		Share Options		Executive Share Bonus Scheme	
	31.12.00	31.12.99	31.12.00	31.12.99	31.12.00	31.12.99
P J Hales	-	-	265,863	258,333	42,320	42,320
C P Shaw	-	-	262,644	267,444	-	23,087
J H Bagshaw	22,800	3,313	47,991	70,791	6,862	13,822
S G Collins	4,500	4,500	32,137	26,422	-	-
P L Creffield	2,378	2,378	22,920	19,382	12,792	6,256
M L Stones	-	-	24,586	22,500	-	-

	Granted	Granted	Exercised	Exercised
	"C" Savings related Savings related Share Option Scheme (1996)	Executive Share Bonus Scheme	Executive Share Bonus Scheme	Savings related Share Option Scheme
P J Hales	7,530	-	-	-
C P Shaw	-	-	23,087	4,800
J H Bagshaw	-	-	6,960	22,800
S G Collins	5,715	-	-	-
P L Creffield	3,538	6,536	-	-
M L Stones	2,086	-	-	-

Messrs, Hales, Collins, Creffield and Stones were granted options under the "C" Savings Related Share Option scheme on 11th October 2000 at an option price of 74.4p.

P L Creffield was granted 6,536 options at 153.5p on 21st March 2000 under the Countrywide Assured Group plc Executive Share Option Scheme at no cost.

C P Shaw and J H Bagshaw exercised their options under the Countrywide Assured Group Executive Share Bonus Scheme on 26th April 2000 and purchased shares at 167.5p.

C P Shaw and J H Bagshaw exercised their options under the Countrywide Assured Group Savings Related Share Option Scheme on 14th July 2000. The market price was 140.5p, and the option price was 23p.

No other Director had any 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

Personnel

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

COUNTRYWIDE SURVEYORS LIMITED

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: 7 March 2001

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 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.

REPORT OF THE AUDITORS
TO THE MEMBERS OF COUNTRYWIDE SURVEYORS LIMITED

We have audited the financial statements on pages 6 to 16.

Respective Responsibilities of Directors and Auditors

As described on page 4 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 2000 and of its 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: 7 March 2001

COUNTRYWIDE SURVEYORS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER

	<u>Note</u>	2000 £	1999 £
TURNOVER	1b	50,714,202	49,990,428
Staff costs	2	(25,971,747)	(22,243,403)
Other operating costs		(18,613,883)	(18,496,291)
Other income	6	560,926	910,075
		<hr/>	<hr/>
OPERATING PROFIT	4	6,689,498	10,160,809
Interest receivable	5	115,910	159,895
Interest payable and similar charges	5	(36,776)	(38,073)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,768,632	10,282,631
Taxation on profit on ordinary activities	7	(2,124,165)	(3,343,054)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,644,467	6,939,577
DIVIDENDS		(2,320,000)	(3,470,000)
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR	16	<u>2,324,467</u>	<u>3,469,577</u>

All results are derived from continuing operations.

There are no gains or losses in the years ended 31 December 2000 and 31 December 1999 other than the profit for the periods.

The notes on pages 8 to 16 form part of these financial statements.

COUNTRYWIDE SURVEYORS LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	<u>Note</u>	2000 £	2000 £	1999 £	1999 £
FIXED ASSETS					
Intangible assets:					
Goodwill	9		4,637,444		5,103,164
Tangible assets	8		2,269,147		2,463,983
Investment in subsidiaries	10		<u>6</u>		<u>-</u>
			6,906,597		7,567,147
CURRENT ASSETS					
Debtors	11	9,969,323		9,516,169	
Cash at bank and in hand		781,794		692,115	
		<u>10,751,117</u>		<u>10,208,284</u>	
Creditors: amounts falling due within one year	12	(6,738,521)		(8,837,712)	
		<u> </u>		<u> </u>	
NET CURRENT ASSETS			<u>4,012,596</u>		<u>1,370,572</u>
Total assets less current liabilities			10,919,193		8,937,719
PROVISIONS FOR LIABILITIES & CHARGES	13		(609,843)		(952,836)
			<u> </u>		<u> </u>
NET ASSETS			10,309,350		7,984,883
			<u> </u>		<u> </u>
CAPITAL AND RESERVES					
Called up share capital	15		500,000		500,000
Profit and loss account	16		9,809,350		7,484,883
			<u> </u>		<u> </u>
EQUITY SHARE HOLDERS' FUNDS	16		10,309,350		7,984,883
			<u> </u>		<u> </u>

Approved by the Board of Directors on 7 March 2001 and signed on their behalf by


 Director
 P.J. Hales

The notes on pages 8 to 16 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 with the exception of motor vehicles which are stated at their revalued amount. They are drawn up in accordance with applicable accounting standards.

(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

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

Freehold buildings:	50 years
Leasehold properties and improvements:	Over the period of the lease
Office furniture and equipment:	20% per annum on straight line basis
Motor vehicles:	25% per annum on straight line basis

(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) 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.

(e) Deferred Taxation

Provision is made for taxation deferred through income and expenditure being recognised for taxation purposes in different periods from those used for accounting purposes, to the extent that, in the opinion of the Directors, such deferred taxation is expected to become payable in the foreseeable future.

(f) 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.

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(g) Pension Costs

The Company is a member of Countrywide Assured Group plc's pension schemes. The expected cost of pensions in respect of the group's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries. In respect of defined contribution schemes, contributions are charged to the profit and loss account in the year in which they become payable.

(h) 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. EMPLOYEE INFORMATION

Staff costs were as follows:-

	2000 £	1999 £
Wages and salaries	22,811,040	19,599,365
Social security costs	2,344,515	2,008,820
Other pension costs	816,192	635,218
	<hr/>	<hr/>
	25,971,747	22,243,403
	<hr/>	<hr/>

The average number of persons employed by the company was:-

	2000 Number	1999 Number
Sales	323	304
Management and administration	464	387
	<hr/>	<hr/>
	787	691
	<hr/>	<hr/>

3. DIRECTORS' EMOLUMENTS

	2000 £	1999 £
Directors' emoluments	366,625	496,069
Company contributions to money purchase schemes	8,939	6,776
Company contributions to defined benefit schemes	21,244	39,481
	<hr/>	<hr/>
	396,808	542,326
	<hr/>	<hr/>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £96,526. (1999: £196,961). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £Nil (1999: £2,535).

Number of Directors 2000 1999

Retirement benefits are accruing to the following number of Directors under:

Money purchase schemes	2	1
Defined benefit scheme	3	3
	<u> </u>	<u> </u>

The number of Directors who exercised share options was	2	2
	<u> </u>	<u> </u>

4. PROFIT FROM OPERATIONS

This is stated after charging/(crediting):-	2000	1999
	£	£
Auditors remuneration:		
Charge for current year	10,200	10,623
Depreciation of tangible fixed assets	748,971	889,796
Amortisation of goodwill	319,525	271,048
Operating lease payments: Plant and machinery	1,474,019	1,086,441
Other	1,326,649	1,141,518
Profit on sale of fixed assets	(9,706)	(111,844)
	<u> </u>	<u> </u>

5. INTEREST RECEIVABLE AND PAYABLE

	2000	1999
	£	£
Interest receivable:		
Bank interest	7,142	7,126
Group undertakings	108,768	152,769
	<u> </u>	<u> </u>
	115,910	159,895
	<u> </u>	<u> </u>
Interest payable:		
Other interest	36,776	38,073
	<u> </u>	<u> </u>
	36,776	38,073
	<u> </u>	<u> </u>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. <u>OTHER INCOME</u>	2000 £	1999 £
Rent receivable	202,253	197,869
Other	358,673	712,206
	<u>560,926</u>	<u>910,075</u>

7. <u>TAXATION</u>	2000 £	1999 £
Tax on profit on ordinary activities:		
Corporation tax for the year	2,207,305	3,395,202
Prior year	(83,140)	(52,148)
	<u>2,124,165</u>	<u>3,343,054</u>

The taxation charge has been calculated at a corporation tax rate of 30% (1999: 30.25%).

8. TANGIBLE FIXED ASSETS

	Land & Freehold £	Building Short Leasehold £	Motor Vehicles £	Furniture & Equipment £	Total £
Cost					
1 January 2000	750,129	365,429	653,261	3,644,385	5,413,204
Additions	19,239	130,242	-	478,980	628,461
Disposals	-	(61,048)	(245,213)	(127,680)	(433,941)
	<u>769,368</u>	<u>434,623</u>	<u>408,048</u>	<u>3,995,685</u>	<u>5,607,724</u>
Depreciation					
1 January 2000	27,010	190,123	303,243	2,428,845	2,949,221
Charge for year	9,302	58,294	176,021	505,354	748,971
Disposals	-	(61,048)	(172,280)	(126,287)	(359,615)
	<u>36,312</u>	<u>187,369</u>	<u>306,984</u>	<u>2,807,912</u>	<u>3,338,577</u>
Net Book Value					
31 December 2000	<u>733,056</u>	<u>247,254</u>	<u>101,064</u>	<u>1,187,773</u>	<u>2,269,147</u>
31 December 1999	<u>723,119</u>	<u>175,306</u>	<u>350,018</u>	<u>1,215,540</u>	<u>2,463,983</u>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. GOODWILL

	Cost £	Amortisation £
1 January 2000	5,374,212	(271,048)
Acquisition of business – write back stamp duty	(146,195)	
Charge for the year		(256,494)
Impairment cost in year		(63,031)
	<hr/>	<hr/>
	5,228,107	(590,573)
	<hr/>	<hr/>
Net Book Value		
31 December 2000		4,637,444
		<hr/>
31 December 1999		5,103,164
		<hr/>

The write back of the Stamp Duty reflects a fair value adjustment on a business previously acquired on which a provided amount is no longer deemed necessary.

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.

(a) Subsidiary undertakings:

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 2000	-
Additions	<u>6</u>
At 31 December 2000	<u>6</u>

11. DEBTORS

	2000 £	1999 £
Trade debtors	3,900,250	4,178,071
Amounts owed by parent undertaking	3,232,200	3,802,429
Amounts owed by fellow subsidiary undertakings	1,569,261	336,906
Other debtors	137,546	481,861
Prepayments and accrued income	1,130,066	716,902
	<hr/>	<hr/>
	9,969,323	9,516,169
	<hr/>	<hr/>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. CREDITORS: Amounts falling due within one year

	2000	1999
	£	£
Trade creditors	1,000,072	781,923
Amounts owed to fellow subsidiary undertakings	18,603	10,696
Other creditors including taxation and social security:		
Corporation tax	400,048	647,711
Other taxes and social security	1,525,038	2,155,394
Other creditors	186,416	355,048
Accruals and deferred income	1,288,344	1,416,940
Proposed dividend	2,320,000	3,470,000
	<hr/>	<hr/>
	6,738,521	8,837,712
	<hr/>	<hr/>

13. PROVISION FOR LIABILITIES AND CHARGES

	2000	1999
	£	£
At 1 January 2000	952,836	1,019,263
Charge for year	(125,495)	115,026
Utilisation of provisions	(254,098)	(219,526)
Unwind of discount rate	36,600	38,073
	<hr/>	<hr/>
At 31 December 2000	609,843	952,836
	<hr/>	<hr/>

Property Provisions include:

- (i) A provision of £483,611 (1999: £757,984) 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 £126,232 (1999: £194,852) for repairs to properties under leasehold covenants, representing best estimates of the costs to repair existing dilapidations.

14. DEFERRED TAXATION

There is no unprovided potential deferred taxation liability.

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. SHARE CAPITAL

	2000 £	1999 £
<u>Authorised</u>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
<u>Allotted and fully paid</u>		
500,000 ordinary shares of £1 each	500,000	500,000
	<u> </u>	<u> </u>

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Share Capital £	Profit & Loss Account £	Total Equity Shareholders' Funds £
At 1 January 2000	500,000	7,484,883	7,984,883
Retained profit for year	-	2,324,467	2,324,467
At 31 December 2000	<u>500,000</u>	<u>9,809,350</u>	<u>10,309,350</u>

17. CAPITAL EXPENDITURE COMMITMENTS

	2000 £	1999 £
Authorised and contracted	38,422	257,817
	<u> </u>	<u> </u>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. OPERATING LEASE COMMITMENTS

	2000	1999
	£	£
Annual commitments under non-cancellable operating leases are as follows:		
Land and buildings with commitments expiring:		
- within one year	129,065	49,197
- in two to five years	746,365	743,770
- in more than five years	445,626	392,450
	<hr/>	<hr/>
	1,321,056	1,185,417
	<hr/>	<hr/>
Other operating leases with commitments expiring:		
- within one year	101,892	284,961
- in two to five years	1,151,374	1,002,031
	<hr/>	<hr/>
	1,253,266	1,286,992
	<hr/>	<hr/>

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

19. CLIENT MONIES

At 31 December 2000 client monies held by the Company in approved bank and building society accounts amounted to £131,697 (1999: £64,711). This amount, and the matching liability to the clients concerned, are not included in the balance sheet.

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 PENSION SCHEMES

Current employees may be members of the Countrywide Assured Group Pension Scheme. The Scheme has two sections of membership, defined benefit and defined contribution.

The pension cost of the defined benefit section of the scheme was £103,025 (1999: £100,637). The pension cost relating to this section is assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial assessment of the section was at 5 April 2000. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and rate of increase in salaries and pensions. It was assumed that the investment return would be 7% per annum before retirement and 5% after retirement, that salary increases would average 5% per annum (3.5% for 3 years following the valuation) and that pensions would increase at the rate of 4% per annum on average for pension earned before December 1999 and 3% per annum on average for pension earned after December 1999.

At the date of the latest actuarial valuation, the market value of the assets of the defined benefit section of the scheme was £26.2 million and the actuarial value of the assets was sufficient to cover 86% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Following the 5 April 2000 valuation the Company has increased the contribution rate for the defined benefit section with effect from 1 February 2001. This increase to contributions is expected to eliminate the actuarial deficit of £4.3 million over 10 years.

The pension cost charge for the Group's defined contribution pension arrangements represents contributions payable by the Group and amounted to £328,281 (1999: £301,251).

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.