

COUNTRYWIDE SURVEYORS LIMITED

REGISTERED IN ENGLAND NO. 1954031

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001



COUNTRYWIDE SURVEYORS LIMITED

DIRECTORS' REPORT

The Directors submit their annual report together with audited financial statements for the year ended 31 December 2001.

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 £5,320,000 (2000: £2,320,000) has been proposed. The retained profit for the year was £5,325,575. (2000: profit £2,324,467) 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 2001 was 15 (2000: 14).

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

COUNTRYWIDE SURVEYORS LIMITED

Directors' Interests

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:

	<u>Beneficial</u>		<u>Share Options</u>		<u>Executive Share Bonus Scheme</u>	
	31.12.01	31.12.00	31.12.01	31.12.00	31.12.01	31.12.00
P J Hales	-	-	265,863	265,863	42,320	42,320
C P Shaw	3,983	-	261,727	264,710	-	-
J H Bagshaw	23,069	22,800	129,212	47,991	6,862	6,862
S G Collins	6,500	4,500	112,137	32,137	-	-
P L Creffield	2,378	2,378	98,538	22,920	6,536	12,792
M L Stones	-	-	106,879	24,586	-	-
C J Finch	452,185	461,851	133,333	133,333	35,167	35,167

1,000 of the shares held by C P Shaw are in the name of his wife, Mrs S Shaw

100,000 of the shares held by C J Finch are held in a non-beneficial capacity

155,926 of the shares held by C J Finch are in the name of his wife, Mrs S P Finch

	<u>Granted</u>	<u>Exercised</u>	<u>Exercised</u>
	Executive Share Option Scheme (1996)	Executive Share Bonus Scheme	Savings Related Share Option Scheme
P J Hales	0	0	0
C P Shaw	0	0	2,983
J H Bagshaw	80,000	0	6,900
S G Collins	80,000	0	0
P L Creffield	80,000	6,256	4,382
M L Stones	80,000	0	0

Shares in the Executive Share Option Scheme (1996) were granted at 106.5p per share on 19 April 2001.

On 10 September 2001, P L Creffield waived his 6,256 options under the Executive Share Bonus Scheme granted on 14 April 1998 at 140p per share, and received cash for the number of shares waived at 114p per share, that being the mid-market price on that day.

C P Shaw, J H Bagshaw and P L Creffield exercised their options on SAYE "A" issue at 74p on 3 December 2001.

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.

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.

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: 8 March 2002

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.

Independent Auditors' Report to the Members of Countrywide Surveyors Limited

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, 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 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.

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Dated: 8 March 2002

COUNTRYWIDE SURVEYORS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>Note</u>	2001 £	2000 £
TURNOVER	1b	65,596,691	50,714,202
Staff costs	2	(28,285,012)	(25,971,747)
Other operating costs		(22,363,150)	(18,613,883)
Other income	6	301,501	560,926
OPERATING PROFIT	4	<u>15,250,030</u>	<u>6,689,498</u>
Interest receivable	5	240,357	115,910
Interest payable and similar charges	5	(24,610)	(36,776)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>15,465,777</u>	<u>6,768,632</u>
Taxation on profit on ordinary activities	7	(4,820,202)	(2,124,165)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>10,645,575</u>	<u>4,644,467</u>
DIVIDENDS		<u>(5,320,000)</u>	<u>(2,320,000)</u>
RETAINED PROFIT FOR THE YEAR	16	<u><u>5,325,575</u></u>	<u><u>2,324,467</u></u>

All results are derived from continuing operations.

There are no gains or losses in the years ended 31 December 2001 and 31 December 2000 other than the profit for the periods.

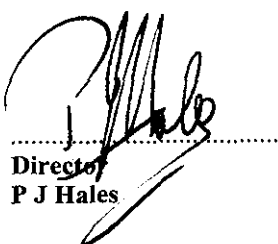
The notes on pages 8 to 16 form part of these financial statements.

COUNTRYWIDE SURVEYORS LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

	<u>Note</u>	2001 £	2001 £	2000 £	2000 £
FIXED ASSETS					
Intangible assets:					
Goodwill	9		4,373,708		4,637,444
Tangible assets	8		2,585,662		2,269,147
Investment in subsidiaries	10		6		6
			<u>6,959,376</u>		<u>6,906,597</u>
CURRENT ASSETS					
Debtors	11	20,588,974		9,969,323	
Cash at bank and in hand		1,485,726		781,794	
		<u>22,074,700</u>		<u>10,751,117</u>	
Creditors: amounts falling due within one year	12	(13,006,071)		(6,738,521)	
				<u></u>	
NET CURRENT ASSETS			<u>9,068,629</u>		<u>4,012,596</u>
Total assets less current liabilities			16,028,005		10,919,193
PROVISIONS FOR LIABILITIES & CHARGES	13		(393,080)		(609,843)
NET ASSETS			<u>15,634,925</u>		<u>10,309,350</u>
CAPITAL AND RESERVES					
Called up share capital	15		500,000		500,000
Profit and loss account	16		15,134,925		9,809,350
			<u></u>		<u></u>
EQUITY SHARE HOLDERS' FUNDS	16		<u>15,634,925</u>		<u>10,309,350</u>

Approved by the Board of Directors on 8 March 2002 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. 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 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.

(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

	2001	2000
	£	£
Staff costs were as follows:		
Wages and salaries	24,620,476	22,811,040
Social security costs	2,553,948	2,344,515
Other pension costs	1,110,588	816,192
	<u>28,285,012</u>	<u>25,971,747</u>

The average number of persons employed by the company was:

	2001	2000
	Number	Number
Sales	327	323
Management and administration	413	464
	<u>740</u>	<u>787</u>

3. DIRECTORS' EMOLUMENTS

	2001	2000
	£	£
Directors' emoluments	737,899	366,625
Company contributions to money purchase schemes	14,939	8,939
Company contributions to defined benefit schemes	127,222	21,244
	<u>880,060</u>	<u>396,808</u>

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 £219,074 (2000: £96,526). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £26,622 (2000: £Nil).

	Number of Directors	
	2001	2000
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	3	2
Defined benefit scheme	3	3
	=====	=====
The number of Directors who exercised share options was	3	2
	=====	=====

4. PROFIT FROM OPERATIONS

	2001	2000
	£	£
This is stated after charging/(crediting):		
Auditors remuneration:		
Charge for current year	10,200	10,200
Depreciation of tangible fixed assets	713,553	748,971
Amortisation of goodwill	263,736	319,525
Operating lease payments: Plant and machinery	1,710,705	1,474,019
Other	1,360,512	1,326,649
Profit on sale of fixed assets	(12,747)	(9,706)
	=====	=====

5. INTEREST RECEIVABLE AND PAYABLE

	2001	2000
	£	£
Interest receivable:		
Bank interest	8,763	7,142
Other interest	1,590	-
Group undertakings	230,004	108,768
	=====	=====
	240,357	115,910
	=====	=====
Interest payable:		
Bank interest	651	-
Other interest	23,959	36,776
	=====	=====
	24,610	36,776
	=====	=====

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. OTHER INCOME

	2001 £	2000 £
Rent receivable	226,717	202,253
Other	74,784	358,673
	<hr/> 301,501 <hr/>	<hr/> 560,926 <hr/>

7. TAXATION

	2001 £	2000 £
Tax on profit on ordinary activities:		
Corporation tax for the year	4,821,098	2,207,305
Prior year	(896)	(83,140)
	<hr/> 4,820,202 <hr/>	<hr/> 2,124,165 <hr/>

The taxation charge has been calculated at a corporation tax rate of 30% (2000: 30%).

8. TANGIBLE FIXED ASSETS

	Land & Freehold £	Building Short Leasehold £	Motor Vehicles £	Furniture & Equipment £	Total £
Cost					
1 January 2001	769,368	434,623	408,048	3,995,685	5,607,724
Additions	7,226	40,625	-	1,030,020	1,077,871
Disposals	-	-	(319,732)	(113,271)	(433,003)
	<hr/> 776,594 <hr/>	<hr/> 475,248 <hr/>	<hr/> 88,316 <hr/>	<hr/> 4,912,434 <hr/>	<hr/> 6,252,592 <hr/>
31 December 2001	<hr/> 776,594 <hr/>	<hr/> 475,248 <hr/>	<hr/> 88,316 <hr/>	<hr/> 4,912,434 <hr/>	<hr/> 6,252,592 <hr/>
Depreciation					
1 January 2001	36,312	187,369	306,984	2,807,912	3,338,577
Charge for year	9,605	67,587	50,770	585,591	713,553
Disposals	-	(181)	(271,748)	(113,271)	(385,200)
	<hr/> 45,917 <hr/>	<hr/> 254,775 <hr/>	<hr/> 86,006 <hr/>	<hr/> 3,280,232 <hr/>	<hr/> 3,666,930 <hr/>
31 December 2001	<hr/> 45,917 <hr/>	<hr/> 254,775 <hr/>	<hr/> 86,006 <hr/>	<hr/> 3,280,232 <hr/>	<hr/> 3,666,930 <hr/>
Net Book Value					
31 December 2001	<hr/> 730,677 <hr/>	<hr/> 220,473 <hr/>	<hr/> 2,310 <hr/>	<hr/> 1,632,202 <hr/>	<hr/> 2,585,662 <hr/>
31 December 2000	<hr/> 733,056 <hr/>	<hr/> 247,254 <hr/>	<hr/> 101,064 <hr/>	<hr/> 1,187,773 <hr/>	<hr/> 2,269,147 <hr/>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. GOODWILL

	Cost £	Amortisation £
1 January 2001	5,228,017	(590,573)
Charge for the year		(263,736)
	<hr/>	<hr/>
31 December 2001	5,228,017	(854,309)
	<hr/>	<hr/>
Net Book Value		
31 December 2001		4,373,708
		<hr/>
31 December 2000		4,637,444
		<hr/>

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 2001	6
	<hr/>
At 31 December 2001	6
	<hr/>

11. DEBTORS

	2001 £	2000 £
Trade debtors	5,195,903	3,900,250
Amounts owed by parent undertaking	13,752,562	3,232,200
Amounts owed by fellow subsidiary undertakings	577,109	1,569,261
Other debtors	122,408	137,546
Prepayments and accrued income	940,992	1,130,066
	<hr/>	<hr/>
	20,588,974	9,969,323
	<hr/>	<hr/>

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. CREDITORS: Amounts falling due within one year

	2001 £	2000 £
Trade creditors	958,659	1,000,072
Amounts owed to fellow subsidiary undertakings	16,858	18,603
Other creditors including taxation and social security:		
Corporation tax	1,723,351	400,048
Other taxes and social security	2,843,782	1,525,038
Other creditors	219,049	186,416
Accruals and deferred income	1,924,372	1,288,344
Proposed dividend	5,320,000	2,320,000
	<hr/>	<hr/>
	13,006,071	6,738,521
	<hr/>	<hr/>

13. PROVISION FOR LIABILITIES AND CHARGES

	2001 £	2000 £
At 1 January 2001	609,843	952,836
Charge for year	51,312	(125,495)
Utilisation of provisions	(291,113)	(254,098)
Unwind of discount rate	23,038	36,600
	<hr/>	<hr/>
At 31 December 2001	393,080	609,843
	<hr/>	<hr/>

Property Provisions include:

- (i) A provision of £316,849 (2000: £483,611) 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 £76,231 (2000: £126,232) 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

	2001 £	2000 £
<u>Authorised</u>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
<u>Allotted and fully paid</u>		
500,000 ordinary shares	500,000	500,000

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Share Capital £	Profit & Loss Account £	Total Equity Shareholders Funds £
At January 2001	500,000	9,809,350	10,309,350
Retained profit for year	-	5,325,575	5,325,575
At December 2001	500,000	15,134,925	15,634,925

17. CAPITAL EXPENDITURE COMMITMENTS

	2001 £	2000 £
Authorised and contracted	5,079	38,422

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. OPERATING LEASE COMMITMENTS

	2001	2000
	£	£
Annual commitments under non-cancellable operating leases are as follows:		
Land and buildings with commitments expiring:		
- within one year	181,637	129,065
- in two to five years	746,160	746,365
- in more than five years	267,600	445,626
	<hr/>	<hr/>
	1,195,397	1,321,056
	<hr/>	<hr/>
Other operating leases with commitments expiring:		
- within one year	554,267	101,892
- in two to five years	790,630	1,151,374
	<hr/>	<hr/>
	1,344,897	1,253,266
	<hr/>	<hr/>

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

19. CLIENT MONIES

At 31 December 2001 client monies held by the Company in approved bank and building society accounts amounted to £48,549 (2000: £131,697). This amount and the matching liability to the clients concerned, are not included in the balance sheet.

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 2001 by a qualified independent actuary. The valuation indicates a deficit of £7,179,000 at 31 December 2001. 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 £194,489 (2000: £103,025).

The pension cost charged for the company's defined contributions pension arrangements represents contributions payable by the company and amounted to £452,021 (2000: £328,281).

COUNTRYWIDE SURVEYORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.
