

Company Registration No. 3536032

CB Richard Ellis Limited

Report and Financial Statements

31 December 2007

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CB Richard Ellis Limited

Report and financial statements 2007

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Consolidated profit and loss account	7
Consolidated statement of total recognised gains and losses	7
Consolidated balance sheet	8
Notes to the accounts	9

CB Richard Ellis Limited

Report and financial statements 2007

Officers and professional advisers

Directors

M F Creamer
M J Strong
M Samworth
M Lubieniecki (resigned 19 May 2008)
B White
L H Midler
A J Lowth
P Emburey (appointed 19 May 2008)

Secretary

A Naftis

Registered Office

St Martin's Court
10 Paternoster Row
London
EC4M 7HP

Bankers

HSBC Plc
27-32 Poultry
London EC2P 2BX

Principal legal advisors

Wragge and Co LLP
55 Colmore Row
Birmingham
B3 2AS

Auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
London

CB Richard Ellis Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007.

The company has taken advantage of the exemption under section 228a of the Companies Act 1985 not to prepare group accounts. This exemption is available because the results of CB Richard Ellis Limited and all of its subsidiaries are included in the group accounts of CB Richard Ellis Group Inc., a company incorporated in the United States.

Principal activities and future developments

The principal activity of the group continues to be the provision of property consultancy services.

On 13 April 2007 the company acquired the trade and employees of DGI David George, a UK partnership (see note 10).

Management believe revenue and net assets to be the key performance indicators for 2007.

As shown in the company's profit and loss account on page 7, the Company's sales have increased by 21% in comparison to the prior year. Some of the increase can be explained by acquisition of DGI David George during the year as well as the Company taking advantage of increased market share as a result of its leading position in the industry. Profit after tax has increased by 47% in comparison to the prior year.

The balance sheet on page 8 of the financial statements shows that the company's net assets have increased by 79% over the prior year. This is predominantly due to the trading profits of approximately £35,000,000 in the year.

Financial risk management

The company has adopted risk management policies that seek to mitigate the financial risks as follows:

Financial assets and liabilities that expose the company to financial risk consist principally of cash, trade debtors and trade creditors. The credit risk associated with trade debtors is managed by monitoring credit worthiness of our clients. The financial instruments associated with cash and trade creditors are considered minimal.

The company places its cash in creditworthy institutions. The company performs ongoing credit evaluation of its customers' financial condition. The trade debtors are distributed in such a manner that the concentration of credit risk is not considered extraordinary.

The company is dependent on its parent company for continued financial support and the directors are satisfied that the financial support will be available when required.

The carrying amounts of cash and bank balances, trade debtors and payables approximate their respective fair values due to the relatively short-term maturing of these financial instruments.

The directors are of the view that the company is not exposed to any significant interest rate, or inflation rate risks.

Results and dividends

The retained profit for the company after taxation for the year ended 31 December 2007 amounted to £34,700,000 (2006 – £23,636,000).

The directors do not recommend the payment of a dividend (2006 - £nil).

CB Richard Ellis Limited

Directors' report

Disabled employees

It is the group's policy to give full and fair consideration to the employment, training, career development and promotion of disabled persons, and wherever possible, to provide continued employment and training to persons who become disabled while employed by the group.

Employee involvement

The directors recognise that the quality, commitment and motivation of its staff is crucial to the success of the group. Employees are able to share in this success through a bonus scheme.

Employees are kept informed on matters affecting them and made aware of the general economic factors influencing the group. In addition staff social groups, catering for a wide range of leisure interests, are actively supported by the group.

Directors

The directors who served throughout the year and up to the date of this report, except as noted, are shown on page 1.

Auditors

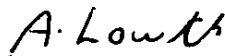
Each of the directors at the date of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Pursuant to section 386 of the Companies Act 1985, as inserted by section 119 of the Companies Act 1989, an elective resolution was passed, dispensing with the requirement to appoint auditors annually.

Approved by the Board of Directors
and signed on behalf of the Board



Director
11 December 2008

CB Richard Ellis Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of CB Richard Ellis Limited

We have audited the financial statements of CB Richard Ellis Limited for the year ended 31 December 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

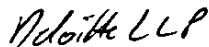
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report to the members of CB Richard Ellis Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
London, UK
11 December 2008

CB Richard Ellis Limited

Profit and loss account Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	1,2	250,867	208,175
Operating expenses		(207,446)	(167,508)
Operating profit	3	43,421	40,667
Interest receivable and similar income	7	5,866	3,013
Interest payable and similar charges	8	(9,126)	(8,841)
Profit on ordinary activities before taxation		40,161	34,839
Tax charge on profit on ordinary activities	9	(5,461)	(11,203)
Profit for the financial year after taxation	19	34,700	23,636

The businesses which were acquired during the year were integrated directly into the existing business. Consequently it is not possible to separate the results of acquisitions from existing operations.

Statement of total recognised gains and losses

	Note	2007 £'000	2006 £'000
Profit for the financial year		34,700	23,636
Actuarial profit on defined benefit pension schemes	21	1,707	11,836
Deferred tax associated with defined benefit pension schemes		(5,151)	(3,551)
Total recognised gains and losses since last annual report		31,256	31,921

CB Richard Ellis Limited

Balance sheet 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Goodwill	10	97,793	99,130
Tangible assets	11	10,837	11,045
Investments	12	21,308	20,185
		<u>129,938</u>	<u>130,360</u>
Current assets			
Debtors: amounts falling due within one year	13	163,546	101,633
Debtors: amounts falling due after one year	13	1,203	-
Cash at bank and in hand		13,199	29,863
		<u>177,948</u>	<u>131,496</u>
Creditors: amounts falling due within one year	14	<u>(179,427)</u>	<u>(157,285)</u>
Net current liabilities		<u>(1,479)</u>	<u>(25,789)</u>
Total assets less current liabilities		128,459	104,571
Creditors: amounts falling due after more than one year	15	<u>(37,835)</u>	<u>(34,226)</u>
Provisions for liabilities	16	<u>(8,703)</u>	<u>(8,786)</u>
Net assets excluding net pension liabilities		81,921	61,559
Net pension liabilities	21	<u>(10,226)</u>	<u>(21,596)</u>
Net assets including net pension liabilities		<u>71,695</u>	<u>39,963</u>
Capital and reserves			
Called up equity share capital	17	6,000	6,000
Capital contribution		32,527	32,051
Share premium	18	33,954	33,954
Profit and loss account excluding pension reserve	19	42,793	8,093
Pension reserve	21	<u>(43,579)</u>	<u>(40,135)</u>
Shareholders' funds	20	<u>71,695</u>	<u>39,963</u>

These financial statements were approved by the Board of Directors on 11 December 2008.

Signed on behalf of the Board of Directors

A Louth

Director

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and applicable United Kingdom law and accounting standards. The principal accounting policies adopted within that convention are set out below. The accounting policies have been applied consistently in the current and previous year.

Share-based payments

The company has applied the requirements of FRS 20 Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The company's US parent, CB Richard Ellis Group Inc., issued equity-settled share-based payments (share options and restricted stock) to certain employees under its 2001 and 2004 Stock Incentive Plan. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Goodwill

Goodwill is the excess between the amount paid on the acquisition of the business and the fair value of the separable net assets acquired. Goodwill has been capitalised and is written off on a straight line basis over a life of 20 years, being the directors' best estimate of its useful economic life. Provision is made for any impairment.

Turnover

Turnover comprises commissions and fees receivable in respect of services performed exclusive of Value Added Tax. Fee income is recognised when the service is delivered.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided so as to write off the cost of tangible fixed assets less their residual value over their estimated useful lives, using the following rates:

Leasehold improvements	length of lease
Furniture and equipment	33% per annum on a straight-line basis
Computer equipment	33% per annum on a straight-line basis
Fixtures and fittings	10% on a straight-line basis
Furniture	10% on a straight line basis

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment.

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

1. Principal accounting policies (continued)

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Taxation

Current tax including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Cash flow statement

No cash flow statement has been prepared, under the provision of FRS1 "Cash flow statements", on the basis that the company is a wholly owned subsidiary of CB Richard Ellis Group Inc., whose consolidated financial statements are publicly available and include a consolidated cash flow statement.

Group accounts

The company has taken exemption from preparing group financial statements as permitted under section 228a of the Companies Act 1985, as consolidated financial statements are prepared by the ultimate parent undertaking CB Richard Ellis Group Inc., (see note 23). Accordingly these accounts present information about the company as an individual undertaking and not its group.

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

1. Principal accounting policies (continued)

Pensions

For defined benefit schemes, the cost charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of scheme members. Actuarial gains and losses, net of deferred tax, are credited or charged to a separate pension reserve. Actuarial gains and losses are also recognised immediately in the statement of total recognised gains and losses. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company in separate trustee-administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet. For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. Turnover

The group's turnover is derived from property consultancy services. An analysis of turnover by activity has been omitted because, in the opinion of the directors, inclusion would be seriously prejudicial to the business.

Geographical summary by destination of turnover is stated below:

	Turnover	
	2007	2006
	£'000	£'000
United Kingdom	229,609	178,253
Europe	13,054	17,465
Middle East	306	254
Others	7,898	12,203
	<u>250,867</u>	<u>208,175</u>

3. Operating profit

	2007	2006
	£'000	£'000
Group operating profit on ordinary activities is stated after charging/(crediting):		
Share based payments	476	346
Depreciation: Owned assets	2,558	2,885
Onerous lease provisions	1,302	1,451
Amortisation of goodwill	6,324	6,057
Fees payable to the company's auditors for the audit of the company's annual accounts	150	115
Auditors' remuneration for other audit services	119	136
Operating leases:		
Plant and machinery	675	391
Other	<u>6,380</u>	<u>5,934</u>

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

4. Share-based payments

The costs of issuing the share options and restricted stock are as follows:

	Share Options		Restricted Stock	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Fair Value charge	186	257	290	89

Fair Value

The fair value of share options and restricted stock is estimated using the Black-Scholes option-pricing model, which takes into account assumptions such as dividend yield, risk-free interest rate, expected stock price volatility and the expected life of the options.

The weighted average fair value of share options granted were \$10.46 and \$5.62 for the years ended 31 December, 2006 and 2005 respectively. There were no share options granted during 2007. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model, utilising the following weighted average assumptions:

	2007	2006	2005
Dividend yield	0%	0%	0%
Expected volatility	44.41%	39.94%	40.00%
Risk-free interest rate	4.14%	4.80%	3.99%
Expected life	5 years	5 years	4 years

The dividend yield assumption is excluded from the calculation, as it is the present intention to retain all earnings. The expected volatility is based on a combination of the historical stock price and implied volatility. The selection of implied volatility data to estimate expected volatility is based upon the availability of actively traded options on the stock. The risk-free interest rate is based upon the US Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the options.

Share options are 100% of fair market value on the date of grant. The share options outstanding during the year were granted as follows:

On 16 September 2003 options in CB Richard Ellis Group Inc. were granted with an exercisable price of \$5.77. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split which reduced the exercise price to \$1.92 and increased the number of options three-fold. The options become exercisable with respect to 20% of the shares on the first, second, third, fourth and fifth anniversaries of the date of grant. The share options expire four years from the date of grant and are subject to earlier termination under certain conditions.

On 22 September 2004 options in CB Richard Ellis Group Inc. were granted with an exercisable price of \$22.39. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split which reduced the exercise price to \$7.46 and increased the number of options three-fold. The options become exercisable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. The share options expire five years from the date of grant and are subject to earlier termination under certain conditions.

On 25 January 2005 options in CB Richard Ellis Group Inc. were granted with an exercisable price of \$33.45 per share. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split which reduced the exercise price to \$11.15 and increased the number of options three-fold. The options become exercisable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. The share options expire five years from the date of grant and are subject to earlier termination under certain conditions.

CB Richard Ellis Limited

Notes to the accounts

Year ended 31 December 2007

4. Share-based payments (continued)

On 21 September 2005 options in CB Richard Ellis Group Inc. were granted with an exercisable price of \$46.28 per share. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split which reduced the exercise price to \$15.43 and increased the number of options three-fold. The options become exercisable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant. The share options expire four years from the date of grant and are subject to earlier termination under certain conditions.

Details of the share options are summarised below:

	2007		2006	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at 1 January	795,520	\$5.73	374,852	\$15.68
Granted during the year	-	-	-	-
Exercised up until 1 June	(25,000)	\$5.79	(11,000)	\$8.79
Lapsed during the year	(129,770)	\$3.20	-	-
	<hr/>		<hr/>	
Balance outstanding at 1 June	640,750	-	363,852	\$15.89
Effect of 3:1 stock split on 1 June 2006	-	-	727,704	\$(10.59)
Exercised between 1 June and 31 December	(6,000)	-	(296,036)	\$4.13
	<hr/>		<hr/>	
Outstanding at the end of the period	634,750	\$6.38	795,520	\$5.73
	<hr/>		<hr/>	
Exercisable at the end of the period	351,041	-	135,830	-

Restricted stock outstanding during the year were granted as follows;

On 21 September 2005, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant.

On 21 February 2006, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. On 1 June 2006, CB Richard Ellis Group Inc effected a 3 for 1 stock split. The shares become vestable on 15 March 2016.

On 6 September 2006, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant.

On 19 March 2007, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. The shares become vestable on 15 March 2016.

On 5 September 2007, restricted shares in CB Richard Ellis Group Inc. were granted at nil cost. The shares become vestable with respect to 25% of the shares on the first, second, third and fourth anniversaries of the date of grant.

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

4. Share-based payments (continued)

Details of the restricted stock are summarised below:

	2007	Weighted average exercise price	2006	Weighted average exercise price
	Number		Number	
Options outstanding at 1 January	220,321	-	41,595	-
Granted during the year before 1 June stock split	-	-	19,290	-
Stock lapsed prior to stock split	-	-	(3,500)	-
Effect of 3:1 stock split on stock granted before 1 June 2006	-	-	114,770	-
Stock granted during the period after stock split 1 June 2006	-	-	79,925	-
Stock lapsed after stock split	-	-	(3,197)	-
Granted during 2007	161,392	-	-	-
Vested during the period	(47,744)	-	(28,562)	-
Outstanding at the end of the period	<u>333,969</u>	-	<u>220,321</u>	-

5. Directors' remuneration

	2007 £'000	2006 £'000
Remuneration		
Emoluments	5,292	7,298
Contributions to defined benefit and defined contribution pension schemes	63	52
	<u>5,355</u>	<u>7,350</u>

Pensions

The number of directors who were members of pension schemes was as follows:

	No.	No.
Money purchase schemes	2	2
Final salary schemes	1	1
	<u>3</u>	<u>3</u>

	£'000	£'000
Highest paid director		
Emoluments	1,820	2,292
Company contributions to defined benefit pension schemes	-	15
	<u>1,820</u>	<u>2,307</u>

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

6. Employment costs (including directors)

	2007 £'000	2006 £'000
Wages and salaries	140,278	112,218
Social security costs	15,565	15,301
Pension costs (see note 21)	2,551	2,848
	<u>158,394</u>	<u>130,367</u>

The average monthly number of employees (including directors) was:

	Average 2007 No.	Average 2006 No.
Professional staff	983	858
Administrative staff	525	506
	<u>1,508</u>	<u>1,364</u>

7. Interest receivable and similar income

	2007 £'000	2006 £'000
Bank interest receivable	5,109	2,980
Intercompany interest receivable	-	33
Net credit re financing of retirement benefits	757	-
	<u>5,866</u>	<u>3,013</u>

8. Interest payable and similar charges

	2007 £'000	2006 £'000
Bank interest	1,723	909
Intercompany interest payable	6,758	6,658
Other interest expense	645	1,148
Net debit re financing of retirement benefits	-	126
	<u>9,126</u>	<u>8,841</u>

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

9. Tax charge on profit on ordinary activities

	2007 £'000	2006 £'000
Current tax		
UK corporation tax	6,392	9,483
Adjustments in respect of prior periods	457	48
Total current tax	<u>6,849</u>	<u>9,531</u>
Deferred tax		
Origination and reversal of timing differences	(1,523)	1,209
Adjustments in respect of prior periods	152	463
Effect of tax rate change on opening balance	(17)	-
Total deferred tax (credit)/charge	<u>(1,388)</u>	<u>1,672</u>
Total tax charge on profit on ordinary activities	<u>5,461</u>	<u>11,203</u>
Deferred tax reconciliation		
Opening deferred tax (liability)/asset (see note 15)	(185)	1,487
Credit/(charge) to the profit and loss account	1,388	(1,209)
Adjustments in respect of prior periods	-	(463)
Closing deferred tax asset/(liability) (see note 13)	<u>1,203</u>	<u>(185)</u>

There are no unprovided deferred tax assets and liabilities as at 31 December 2007 (2006 - £nil).

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	<u>40,161</u>	<u>34,839</u>
Tax @ 30% (2006 – 30%)	12,049	10,452
Effects of:		
Expenses not deductible for tax purposes	5,331 x	1,469 x
Capital allowances in excess of depreciation	96	139
Other fixed asset timing differences	(263)	(240)
Other deferred tax movements x	(2,903)	(1,533)
Tax losses utilised	-	(804)
Adjustments to tax charge in respect of previous periods	457	48
Group relief	(7,918)	-
Total current tax	<u>6,849</u>	<u>9,531</u>

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

10. Goodwill

	£'000
Cost	
At 1 January 2007	122,275
Additions	3,178
Adjustment	1,809
At 31 December 2007	<u>127,262</u>
Amortisation	
At 1 January 2007	23,145
Charge for the year	6,324
At 31 December 2007	<u>29,469</u>
Net book value	
At 31 December 2007	<u>97,793</u>
At 31 December 2006	<u>99,130</u>

On 13 April 2007 the company acquired the trade and employees of DGI David George, a UK partnership, for a cash consideration of £3,178,000. This gave rise to goodwill in the company of £3,178,000 as explained below.

The adjustment booked in the year relates to further consideration paid to the former owners of Holley Blake, a business acquired in 2006.

The following table below sets out the book values of the identifiable assets and liabilities acquired and their fair value to the company:

	DGI David George £'000	Total £'000
Tangible fixed assets	-	-
Debtors	-	-
Cash	-	-
Creditors	-	-
	<u>-</u>	<u>-</u>
Fair value adjustment	-	-
Fair value	-	-
Goodwill	3,178	3,178
	<u>3,178</u>	<u>3,178</u>
Satisfied by		
Cash	3,178	3,178
	<u>3,178</u>	<u>3,178</u>

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

11. Tangible fixed assets

	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost			
At 1 January 2007	7,488	11,948	19,436
Additions	768	1,884	2,652
Disposals	-	(1,182)	(1,182)
At 31 December 2007	8,256	12,650	20,906
Accumulated depreciation			
At 1 January 2006	1,230	7,161	8,391
Charge for the year	420	2,138	2,558
Disposals	-	(880)	(880)
At 31 December 2007	1,650	8,419	10,069
Net book value			
At 31 December 2007	6,606	4,231	10,837
At 31 December 2006	6,258	4,787	11,045

The net book value of assets held under finance leases and hire purchase agreements in the company is £nil (2006: £nil).

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

12. Fixed asset investments

Investments

	Company 2007 £'000	2006 £'000
Shares in subsidiaries	21,308	20,185
	<u>21,308</u>	<u>20,185</u>

The company has investments in the following subsidiary undertakings and other investments. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Principal subsidiaries	Principal activity	Holding No. of shares	Proportion of ordinary share capital %
CB Richard Ellis Europe Limited	Investment holding	23,449,608	100
CBRE Limited	Property services	8,769,749	100
CB Richard Ellis Real Estate Finance Limited	Financial services	133,000	100
CB Richard Ellis Jersey Limited	Property Services	9	100
CB Richard Ellis Loan Servicing Limited	Property services	1	100
CB Richard Ellis Indirect Investment Services Limited	Financial services	50,000	100
CB Richard Ellis Management Services Limited	Management services	2	100
CB Richard Ellis Financial Services Limited	Financial services	10,000	100
CBRE European Treasury Limited	Treasury management services	2	100
CB Richard Ellis Investors UK Holdings Limited	Investment holding	50	100
CB Richard Ellis Corporate Capital Limited	Finance and investment	4,223,498	100
Fintan Limited	Investment holding	10	100
Mareagle	Investment holding	132,000	100
Austin Adams Limited	Property services	10,000	100
CB Richard Ellis Services (Jersey) Limited	Estate agent and property management Services	2	100

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

12. Fixed asset investments (continued)

Principal subsidiaries	Principal activity	Holding No. of shares	Proportion of ordinary share capital %
CB Richard Ellis Hamptons International Limited*	Property consultancy	500	50
Reech CBRE Alternative Real Estate LLP*	Fund Management	-	59

* these companies are held indirectly via subsidiary undertakings of CB Richard Ellis Limited

All of the principal subsidiary undertakings and joint venture undertakings are incorporated in Great Britain except for Mareagle which is incorporated in Ireland and CB Richard Ellis Services (Jersey) and CB Richard Ellis Jersey Limited are both incorporated in Jersey.

Subsidiary undertakings:

	Company £'000
Cost and net book value:	
At 1 January 2007	20,185
Net additions	3,250
Impairment	(1,772)
Write off	(355)
	<hr/>
At 31 December 2007	21,308
	<hr/>

CB Richard Ellis Limited

Notes to the accounts

Year ended 31 December 2007

13. Fixed asset investments (continued)

Company reorganisation and transfer of subsidiary undertakings

On 24 January 2007 CB Richard Ellis Limited acquired a 50% interest in Reech CBRE Alternative Real Estate LLP for £250,000. On 21 December 2007 Reech CBRE Alternative Real Estate LLP carried out a financial restructuring and CB Richard Ellis Limited invested a further £3m in exchange for which its interest increased to 58.7%. The investment has been impaired by £1,772,000 to reflect losses in the joint venture during the year and the consequent reduction in net asset value.

On 16 January 2007 Pathway Europe Limited, an indirect subsidiary of CB Richard Ellis Limited, was legally dissolved.

On 10 April 2007 Dagleish & Co Limited, a subsidiary of CB Richard Ellis Limited, was legally dissolved.

14. Debtors

	2007 £'000	2006 £'000
Amounts falling due within one year:		
Trade debtors	69,308	69,049
Amounts owed by ultimate parent undertaking	13,111	6,673
Amounts owed by subsidiary undertakings	3,774	8,387
Amounts owed by fellow group undertakings	62,311	10,243
Other debtors	9,079	3,387
Prepayments	5,963	3,894
	<u>163,546</u>	<u>101,633</u>
Amounts falling due after more than one year:		
Deferred tax asset	1,203	-
	<u>1,203</u>	<u>-</u>

Deferred taxation provided in the financial statements is as follows:

	2007 £'000	2006 £'000
Capital allowances in excess of depreciation	(762)	-
Short term timing differences	1,965	-
Deferred tax asset	<u>1,203</u>	<u>-</u>

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

15. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Bank overdraft	-	10,890
Trade creditors	4,431	4,594
Amounts owed to subsidiary undertakings	30,309	21,798
Amounts owed to fellow group undertakings	48,439	42,843
Corporation tax	1,597	2,403
Other taxation and social security:		
Social security	12,469	10,163
Other taxes	3,677	4,009
Other creditors	6,533	4,209
Accruals and deferred income	71,972	56,376
	<u>179,427</u>	<u>157,285</u>

16. Creditors: amounts falling due after more than one year

	2007 £'000	2006 £'000
Deferred tax	-	185
Amounts owed to fellow group undertakings	37,835	34,041
	<u>37,835</u>	<u>34,226</u>

A loan for £33,138,812 owed to CBRE Luxembourg Finance SARL is repayable on 19 December 2013 at an annual rate equal to LIBOR plus 5.079%.

A loan for £4,695,471 is owed to CBRE SA Spain. There is no intention to repay this amount in the near future.

Deferred taxation recorded in the financial statements is as follows:

	2007 £'000	2006 £'000
Capital allowances in excess of depreciation	-	693
Other	-	223
Unpaid interest	-	(731)
Deferred tax liability	<u>-</u>	<u>185</u>

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

17. Provisions for liabilities

	2007 £'000	2006 £'000
Provisions for annuities	2,020	2,120
Provisions for onerous leases	4,153	5,529
Other provisions	2,530	1,137
	<u>8,703</u>	<u>8,786</u>

	At 1 January 2007 £'000	Additions/ deletions £'000	Utilised £'000	Imputed interest £'000	At 31 December 2007 £'000
Provision for annuities	2,120	39	(354)	215	2,020
Provisions for onerous leases	5,529	(130)	(1,676)	430	4,153
Other provisions	1,137	1,393	-	-	2,530
	<u>8,786</u>	<u>1,302</u>	<u>(2,030)</u>	<u>645</u>	<u>8,703</u>

Annuities are amounts payable to certain former equity partners of Richard Ellis and St Quintin.

Provisions for annuities become payable between 1 and 14 years. Provisions for onerous leases become payable between 1 and 17 years.

Other provisions include a provision for potential professional indemnity claims that arise in the ordinary course of business.

18. Share capital

	2007 £	2006 £
Authorised:		
7,000,000 ordinary shares of £1 each	<u>7,000,000</u>	<u>7,000,000</u>
Allotted, called up and fully paid:		
6,000,104 ordinary shares of £1 each	<u>6,000,104</u>	<u>6,000,104</u>

19. Share premium

	£000
At 1 January 2007 and 31 December 2007	<u>33,954</u>

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

20. Profit and loss account

	£'000
At 1 January 2007	8,093
Retained profit for the year	34,700
At 31 December 2007	<u>42,793</u>

21. Reconciliation of movements in shareholders' funds

	Share capital £'000	Capital contribution £'000	Share premium £'000	Profit and loss account £'000	Pension Reserve £'000	Total shareholders' funds £'000
At 31 December 2006	6,000	32,051	33,954	8,093	(40,135)	39,963
Profit for the year	-	-	-	34,700	-	34,700
Decrease in pension reserve	-	-	-	-	(3,444)	(3,444)
Additional capital contribution	-	476	-	-	-	476
At 31 December 2007	<u>6,000</u>	<u>32,527</u>	<u>33,954</u>	<u>42,793</u>	<u>(43,579)</u>	<u>71,695</u>

22. Pensions

Defined benefit schemes

The Company operates three defined benefit pension schemes, the CB Hillier Parker Pension Scheme, the Richard Ellis St Quintin Retirement Fund, and the CB Hillier Parker Management Services Pension and Life Assurance Plan. All three pension schemes are closed to new members and with effect from 30 June 2007 the CB Hillier Parker Management Services Pension and Life Assurance Plan and the Richard Ellis St Quintin Retirement Fund transferred all active members to deferred and ceased accrual for future benefits.

The assets of each Scheme are held in trustee administered funds, separated from the group's own resources. Contributions to the schemes are determined by independent qualified actuaries on the basis of periodic valuations using the projected unit method.

A summary of the actuarial gain, pension liability and pension reserve for the three schemes can be found below:

	Actuarial gain/(loss)		Pension liability		Pension reserve	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
CB Hillier Parker Pension Scheme	(2,481)	8,218	9,126	15,622	(29,900)	(27,419)
Richard Ellis St Quintin Retirement Fund	4,224	3,592	4,860	14,940	(9,958)	(14,182)
CB Hillier Parker Management Services	(36)	26	345	290	(179)	(143)
Less: deferred tax	-	-	(4,105)	(9,256)	(3,542)	1,609
	<u>1,707</u>	<u>11,836</u>	<u>10,226</u>	<u>21,596</u>	<u>(43,579)</u>	<u>(40,135)</u>

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

21. Pensions (continued)

CB Hillier Parker Pension Scheme

The scheme was closed to new entrants in April 2002. Existing active members continued to accrue future service benefits under the rules of the scheme until 30 June 2007 when the actives were transferred to deferred and the scheme ceased to accrue for future benefits.

The employer contribution for the year was £2,143,000. £679,000 of this was paid after the year end but a special contribution of £5m was paid in the year. Employee contributions were 6% to 8%, depending on the accrual rate selected by the individual members.

The pension credit to the group for the year from the Scheme was £1,833,000 (2006 credit: £127,000). This included a credit of £2,744,000 relating to the curtailment of future benefits.

The last funding valuation was at 31 December 2006 and this has been updated to 31 December 2007 by an independent qualified actuary. As required by FRS 17, the value of the defined benefit liabilities has been measured using the projected unit method. Assets have been valued at market value. The valuation shows that the market value of the Scheme's assets was £107,931,000 and represented 92% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The following tables set out the key FRS 17 assumptions used for the Scheme. The tables also set out as at 31 December 2006 the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS 17 liabilities and the deficit of assets below the FRS 17 liabilities.

Assumptions

	2007 % pa	2006 % pa	2005 % pa
Rate of inflation	3.5	3.2	3.0
Rate of increase in salaries	N/A	4.2	4.0
Rate of increase in pensions in payment	3.5	3.2	3.0
Discount rate	5.6	5.1	4.7

Scheme assets

The fair value of assets in the scheme, the present value of the liabilities in the scheme, and the expected rate of return at the balance sheet date were:

	2007 % pa	2007 £'000	2006 % pa	2006 £'000	2005 % pa	2005 £'000
Equities	7.4	81,508	7.3	78,143	7.0	71,426
Bonds	4.4	14,411	4.3	11,841	4.0	10,820
Property	6.4	6,806	6.3	7,617	6.0	4,197
Other	5.5	5,206	5.0	259	4.5	1,186
Total fair value of assets		107,931		97,860		87,629
Present value of scheme liabilities		(117,057)		(113,482)		(113,161)
Deficit in the scheme		(9,126)		(15,622)		(25,532)
Deferred tax asset		2,614		4,687		7,659
Net pension liability		(6,512)		(10,935)		(17,873)

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

21. Pensions (continued)

The post-retirement deficit under FRS 17 moved over the year as follows:

	2007 £'000	2006 £'000
Pension scheme deficit at 1 January	(15,622)	(25,532)
Current service cost (employee and employer)	(2,260)	(4,029)
Contributions (employee and employer)	7,524	2,496
Vested past service cost	-	2,847
Curtailment gain	2,744	-
Other net finance income	969	378
Actuarial gain/(loss)	(2,481)	8,218
Pension scheme deficit 31 December	(9,126)	(15,622)

Analysis of other pension costs charged in arriving at operating profit:

	2007 £'000	2006 £'000
Current service cost (employer's part only)	1,880	3,098
Past service cost	-	(2,847)
Curtailment (gain)	(2,744)	-
Total operating (credit)/charge	(864)	251

Analysis of amounts included in other finance costs:

	2007 £'000	2006 £'000
Expected return on pension scheme assets	(6,720)	(5,716)
Interest on post-retirement liabilities	5,751	5,338
Net return to credit to finance income	(969)	(378)

Analysis of amount recognised in statement of total recognised gains and losses:

	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Actual return/(loss) less expected return on scheme assets	(2,045)	5,190	9,552	1,633	5,215
Percentage of scheme's assets	(2%)	5%	11%	2%	8%
Experience gains/(losses) arising on scheme's liabilities	(674)	1,025	(1,392)	(599)	1,288
Percentage of the FRS 17 value of the scheme's liabilities	(1%)	1%	(1%)	(1%)	2%
Loss due to changes in assumptions underlying the FRS 17 value of scheme liabilities	238	2,003	(21,075)	(7,213)	(6,379)
Percentage of the FRS 17 value of the scheme's liabilities	0%	2%	(19%)	(9%)	(9%)
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses.	(2,481)	8,218	(12,915)	(6,179)	124

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

Richard Ellis St Quintin Retirement Fund

The scheme was closed to new entrants in April 1997 for the Richard Ellis scheme and March 1998 for the St Quintin scheme. Existing active members continued to accrue future service benefits under the rules of the scheme until 30 June 2007 when the actives were transferred to deferred and the scheme ceased accrual for future benefits. In addition a small number of former Richard Ellis directors who are currently in service were granted salary linkage on their accrued deferred pensions up to the 30 June 2007.

The total company contributions to the scheme amounted to £5,286,000 paid in the year (2006: £2,600,000 paid in the year, £376,000 paid after year end). Employee contributions were 6.5%.

The pension credit for the year was £570,000 (2006: £406,000 charge). This included a credit of £1,341,000 relating to the curtailment of future benefits. The valuation shows that the market value of the schemes assets was £53,029,000 and represented 92% of the benefits that had accrued to members.

The last funding valuation was at 30 June 2007 and this has been updated to 31 December 2007 by an independent qualified actuary. As required by FRS 17, the value of the defined benefit liabilities has been measured using the projected unit method.

The following tables set out the key FRS 17 assumptions used for the Scheme. The tables also set out as at 31 December 2007 the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS 17 liabilities and the deficit of assets below the FRS 17 liabilities.

Assumptions

The major assumptions used in this valuation were:

	2007 % pa	2006 % pa	2005 % pa
Rate of inflation	3.5	3.2	3.0
Rate of general increase in salaries	N/A	4.7	4.5
Rate of increase to pensions in payment and deferred pensions in line with RPI up to 5%	3.5	3.5	3.3
Discount rate for scheme liabilities	5.7	5.1	4.7

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

21. Pensions (continued)

Scheme assets

The following table shows the proportion that the assets are held by class of assets with the expected rate of return for that class of asset. The proportions are calculated by reference to the fair value of the assets.

	2007		2006		2005	
	Proportion of assets %	Long-term rate of return expected % pa	Proportion of assets %	Long-term rate of return expected % pa	Proportion of assets %	Long-term rate of return expected % pa
Equities	51.60	7.40	52.70	7.30	51.80	7.00
Bonds	48.10	10.20	46.50	9.40	47.90	4.35
Cash	0.30	5.50	0.80	5.00	0.30	4.50
Property	-	-	-	6.10	-	6.00
Total	100.00	6.30	100.00	6.10	100.00	5.70

	2007 £'000	2006 £'000	2005 £'000
Fair value of scheme assets	53,029	47,205	42,126
Present value of scheme liabilities	(57,889)	(62,145)	(62,310)
Deficit in the scheme	(4,860)	(14,940)	(20,184)
Deferred tax asset	1,392	4,482	6,055
Net pension liability	(3,468)	(10,458)	(14,129)

	2007 £'000	2006 £'000
Movement in deficit during the year		
Deficit in scheme at beginning of year	(14,940)	(20,184)
Movement in year:		
Current service cost	(578)	(889)
Contributions	5,286	3,024
Past service cost	-	-
Curtailment	1,341	-
Other finance cost	(193)	(483)
Actuarial gain/(loss)	4,224	3,592
Deficit in scheme at end of year	(4,860)	(14,940)

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

21. Pensions (continued)

Analysis of other pension costs charged in arriving at operating profit:

	2007 £'000	2006 £'000
Current service cost	578	889
Past service cost	-	-
Curtailment	(1,341)	-
Total operating (credit)/charge	(763)	889

Analysis of amounts included in other finance costs:

	2007 £'000	2006 £'000
Expected return on pension scheme assets	(2,787)	(2,303)
Interest on pension scheme liabilities	2,980	2,786
Net cost	193	483

Analysis of amount recognised in statement of total recognised gains and losses:

	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Actual return/(loss) less expected return on scheme assets	(494)	841	3,393	1,007	2,095
Percentage of scheme's assets	1%	2%	8%	3%	7%
Experience (losses)/gains arising on scheme's liabilities	896	(654)	(406)	1,326	(377)
Percentage of the FRS 17 value of the scheme's liabilities	2%	(1%)	(1%)	3%	(1%)
Gain/(loss) due to changes in assumptions underlying the FRS 17 value of scheme liabilities	3,822	3,405	(10,653)	(6,066)	297
Percentage of the FRS 17 value of the scheme's liabilities	7%	5%	(17%)	(12%)	1%
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses.	4,224	3,592	(7,666)	(3,733)	2,015

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

21. Pensions (continued)

CB Hillier Parker Management Services Pension and Life Assurance Plan

There are no active members of the scheme and the company gave notice to the trustees in 2002 that it would cease making contributions to the scheme with effect from August 2002, causing the scheme to enter winding-up.

The total employer contributions to the scheme in the year were £nil (2006:£nil).

The total pension charge for the year was £nil (2006: £nil).

The latest actuarial valuation for the scheme trustees was 30 April 1999 and this has been updated to 31 December 2007 by an independent qualified actuary. Assets have been valued at market value and the liabilities have been calculated on a Minimum Funding Requirement basis. The valuation shows that the market value of the schemes assets was £1,801,000 and represented 86% of the benefits that had accrued to members.

The major assumptions used for the actuarial valuation were:

	2007 % pa	2006 % pa	2005 % pa
Rate of increase in pensions in payment	3.40	3.10	2.55
Discount rate	5.90	5.20	4.80
Inflation assumption	3.40	3.10	2.80

The fair value of assets in the scheme and the present value of the liabilities are shown below. The assets are held in an insured agreement with Norwich Union and the expected bonus rate is 4.95% (2006: 4.55%, 2004: 5%).

	2007 £'000	2006 £'000	2005 £'000
Equities	177	141	148
Bonds/fixed interest	1,623	1,526	1,602
Other	41	134	38
Total fair value of assets	1,841	1,801	1,788
Present value of scheme liabilities	(2,186)	(2,091)	(2,083)
Deficit in the scheme	(345)	(290)	(295)
Deferred tax asset	99	87	88
Net pension liability	(246)	(203)	(207)
Movement in deficit during the year		2007 £'000	2006 £'000
Deficit in scheme at beginning of year		(290)	(295)
Movement in year:			
Net Finance cost		(19)	(21)
Actuarial gain		(36)	26
Deficit in scheme at end of year		(345)	(290)

The company has not made any contributions since July 2002.

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

21. Pensions (continued)

There were no other pension costs charged in arriving at operating profit during the current or preceding year.

Analysis of amounts included in other finance costs:

	2007 £'000	2006 £'000
Expected return on pension scheme assets	89	79
Interest on pension scheme liabilities	(108)	(100)
Net finance cost	(19)	(21)

Analysis of amount recognised in statement of total recognised gains and losses:

	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Actual (loss)/return less expected return on scheme assets	(10)	(57)	2	(41)	(26)
Percentage of scheme's assets	(1%)	(3%)	1%	(3%)	(2%)
Experience gains/(losses) arising on scheme's liabilities	(10)	8	(171)	50	(4)
Percentage of the FRS 17 value of the scheme's liabilities	(0%)	0%	(8%)	3%	(0%)
Gain/(loss) due to changes in assumptions underlying the FRS 17 value of scheme liabilities	(16)	75	232	(152)	17
Percentage of the FRS 17 value of the scheme's liabilities	(1%)	4%	(11%)	(10%)	1%
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses.	(36)	26	63	(143)	(13)

All three final salary schemes are closed to new entrants and, under the method used to calculate pension costs in accordance with FRS 17, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

Defined Contribution Schemes

The group operates three defined contribution schemes. It also makes contributions to group personal pension plans and holds an insurance policy to provide death-in-service benefits to pension scheme members. The assets of all schemes are held separately from those of the company and are administered by trustees.

The group operates a defined contribution scheme for employees of CB Richard Ellis Limited. The scheme was closed in June 2001 and the liability for these members has been substantially extinguished from the scheme by payment of transfer values either to an arrangement of the member's choice or to a Section 32 policy with Friends Provident established by the Trustees.

The group operates two defined contribution schemes for employees of CB Richard Ellis Management Services Limited. The total pension charge for the year was £295,000 (2006: £329,000).

The total pension charge for the year for group personal plans was £4,178,000 (2006: £1,708,000).

CB Richard Ellis Limited

Notes to the accounts Year ended 31 December 2007

23. Financial commitments

At 31 December the group had annual commitments under non-cancellable operating leases as set out below:

	2007		2006	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	2	208	138	26
Between two and five years	3,933	880	3,620	772
After five years	5,968	253	5,957	322
	<u>9,903</u>	<u>1,341</u>	<u>9,715</u>	<u>1,120</u>

24. Immediate and ultimate parent company

The directors regard CB Richard Ellis Inc, a company incorporated in the United States, as the immediate parent company.

The directors regard CB Richard Ellis Group Inc., a company incorporated in the United States, as the ultimate parent company and ultimate controlling party.

CB Richard Ellis Group Inc., is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up.

Copies of the consolidated group financial statements for CB Richard Ellis Group Inc. are available from CB Richard Ellis Limited, St Martin's Court, 10 Paternoster Row, London EC4M 7HP.

25. Related parties

As a subsidiary undertaking of CB Richard Ellis Group Inc., the company has taken advantage of the exemption in Financial Reporting standard No.8 "Related party disclosures" from disclosing transactions with other members of the group headed by that company. There were no other transactions with related parties in the year ended 31 December 2007 or 31 December 2006 that require disclosure.

26. Subsequent events

On 12 February 2008 Austin Adams Limited was legally dissolved.

On 6 May 2008 CB Richard Ellis Fund Management Limited, was legally dissolved.

On 6 May 2008 CB Richard Ellis Europe Limited, a subsidiary of CB Richard Ellis Limited was legally dissolved.

Application to wind up CB Richard Ellis Hamptons International Limited was made on 30 October 2008.