

RICS Business Services Limited

**Directors' report and consolidated
financial statements**

Registered number 1526902

For the year ended 31 July 2001



Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report to the members of RICS Business Services Limited	3
Consolidated profit and loss account	4
Consolidated balance sheet	5
Company balance sheet	6
Reconciliation of movements in shareholder's funds	7
Notes	8

Directors' report

Principal activities

The principal activities of the group during the year were the production of journals and publications, the supply of information relating to building construction and maintenance, together with the provision of other services for the surveying profession.

Business review and result for the year

Details of the profit for the year are set out in the consolidated profit and loss account on page 4.

Both the level of business and the year end financial position were satisfactory and the directors expect the present level of activity will be at least sustained for the foreseeable future.

The directors do not recommend the payment of a dividend (2000: £Nil).

Directors

The directors of the company who served during the year were as follows:

CN Alcock FRICS	(resigned 22 March 2001)
JM Allan FRICS	
JHAJ Armstrong MA Barrister F Inst Mgt	
RJ Ashmead LLB MBA	(resigned 28 September 2001)
TJ Binnington FRICS	
MJG King FRICS	
WE Mackenzie	(resigned 31 March 2001)
K Yeomans	
DG Callé BA ACA	(appointed 2 July 2001)

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Charitable donations

The company made charitable donations totalling £135,000 (2000: £360,000) in the year.

Laying of financial statements

In accordance with Section 252 of the Companies Act 1985, the company has elected, by passing an elective resolution on 24 October 1991, to dispense with the laying of financial statements before the company in general meeting.

Annual general meeting

In accordance with Section 366 of the Companies Act 1985, the company has elected, by passing an elective resolution on 24 October 1991, to dispense with the holding of annual general meetings.

Approved by the board and signed on its behalf by:



MJ Potter
Secretary

Surveyor Court
Westwood Way
Coventry
CV4 8JE

28 November 2001

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of RICS Business Services Limited

We have audited the financial statements on pages 4 to 18.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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 affairs of the company and the group as at 31 July 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG

Chartered Accountants
Registered Auditors

28 November 2001

Consolidated profit and loss account
for the year ended 31 July 2001

	<i>Note</i>	2001 £000	2000 £000
Turnover - continuing activities	<i>1,2</i>	9,642	9,674
Cost of sales		(3,424)	(2,340)
Gross profit		6,218	7,334
Other operating expenses	<i>3</i>	(9,454)	(8,809)
Other operating income		1,500	730
Operating loss - continuing activities		(1,736)	(745)
Income from UK listed fixed asset investments		228	239
Other interest receivable and similar income		574	408
Amounts written off investments	<i>10(b)</i>	(117)	-
Profit on sale of tangible fixed assets and fixed asset investments		1,236	1,636
Profit on ordinary activities before taxation	<i>4</i>	185	1,538
Tax on profit on ordinary activities	<i>1,7</i>	147	(542)
Profit on ordinary activities after taxation, being retained profit for the financial year	<i>8, 18</i>	332	996


The group has no recognised gains or losses for the year other than those shown above and no material adjustments are required to show the historic cost profit for the year.

Consolidated balance sheet

as at 31 July 2001

	Note	2001 £000	2000 £000
Fixed assets			
Tangible assets	9	4,368	4,620
Other investments	10	13,825	14,185
		<u>18,193</u>	<u>18,805</u>
Current assets			
Stocks	11	270	225
Debtors	12	2,384	1,328
Investments	13	6,402	2,618
Cash at bank and in hand		1,221	116
		<u>10,277</u>	<u>4,287</u>
Creditors: Amounts falling due within one year	14	<u>(4,552)</u>	<u>(5,027)</u>
Net current assets/(liabilities)		<u>5,725</u>	<u>(740)</u>
Total assets less current liabilities		<u>23,918</u>	<u>18,065</u>
Creditors: Amounts falling due after more than one year	15	<u>(16,446)</u>	<u>(10,925)</u>
Net assets		<u>7,472</u>	<u>7,140</u>
Capital and reserves			
Called up share capital	17	-	-
Revaluation reserve	18	829	829
Profit and loss account	18	6,643	6,311
Equity shareholder's funds		<u>7,472</u>	<u>7,140</u>

These financial statements were approved by the board of directors on 28 November 2001 and were signed on its behalf by:


JM Allan
Chairman

Company balance sheet

as at 31 July 2001

	Note	2001 £000	2000 £000	2000 £000
Fixed assets				
Tangible assets	1, 9		4,267	4,591
Investment in subsidiary and associated undertakings	1, 10		1,500	-
Other investments	1, 10		12,390	14,185
			<hr/>	<hr/>
			18,157	18,776
Current assets				
Stocks	1, 11	256		214
Debtors	12	2,278		401
Investments	13	6,402		2,618
Cash at bank and in hand		370		116
		<hr/>	<hr/>	<hr/>
		9,306		3,349
Creditors: Amounts falling due within one year	14	(2,819)		(4,773)
		<hr/>	<hr/>	<hr/>
Net current assets/(liabilities)			6,487	(1,424)
			<hr/>	<hr/>
Total assets less current liabilities			24,644	17,352
Creditors: Amounts falling due after more than one year	15		(17,932)	(10,892)
			<hr/>	<hr/>
Net assets			6,712	6,460
			<hr/>	<hr/>
Capital and reserves				
Called up share capital	17		-	-
Revaluation reserve	18		829	829
Profit and loss account	18		5,883	5,631
			<hr/>	<hr/>
Equity shareholder's funds			6,712	6,460
			<hr/>	<hr/>

These financial statements were approved by the board of directors on 28 November 2001 and were signed on its behalf by:


JM Allan
Chairman

Reconciliation of movements in shareholder's funds
for the year ended 31 July 2001

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
Profit for the financial year	332	996	252	815
Opening shareholder's funds	7,140	6,144	6,460	5,645
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholder's funds	7,472	7,140	6,712	6,460
	<hr/>	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Under Financial Reporting Standard 1 (revised 1996), the company is exempt from the requirement to prepare a cash flow statement as it is a wholly-owned subsidiary of a parent undertaking which has produced a group cash flow statement in accordance with the provisions of the standard.

Basis of consolidation

The group financial statements consolidate the financial statements of RICS Business Services Limited and its subsidiary undertakings made up to 31 July 2001. In the company's balance sheet, investment in subsidiary undertakings is stated at cost less amounts written off. No profit and loss account is presented for the company as provided by Section 230 of the Companies Act 1985.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets to their estimated residual values by equal annual instalments over their anticipated useful lives as follows:

Freehold buildings	- 50 years
Leasehold land and buildings	- 50 years
Motor vehicles	- 3-4 years
Fixtures and fittings	- 5 years
Computer equipment	- 2 years
Office equipment	- 4 years

No depreciation is provided on freehold land.

Fixed asset investments

Fixed asset investments and income from fixed asset investments are treated in the financial statements as follows:

(i) Listed investments and subsidiary undertakings

Listed investments and the company's investments in its subsidiary undertakings are shown at cost less amounts written off.

(ii) Associated undertakings

Investments in associated undertakings is stated at cost, plus long term loans, less amounts written off equivalent to the group's share of losses incurred since incorporation.

(iii) Income from listed investments

Income is included, with any related tax credit, in the accounts of the period in which it is receivable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

Pension costs

Contributions to the pension scheme are charged to the profit and loss account in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Taxation

Corporation tax is provided on taxable profit at the current rate.

Deferred taxation (which arises from differences in timing, principally of depreciation, between the accounts and the tax computations) is calculated using the liability method. Under this method, deferred taxation is only provided in cases where it is expected that an actual corporation tax liability will arise at some future date and is calculated at the rate of tax at which the liability is expected to crystallise.

Turnover

Turnover represents the value of goods and services provided and is stated net of discounts and VAT.

Operating lease rentals

Operating lease rentals are charged to the profit and loss account in the period in which they are payable.

Asset leasing

The company owns certain fixed assets which are let on commercial operating leases to its ultimate holding body corporate, The Royal Institution of Chartered Surveyors. These assets comprise motor vehicles, computer equipment and other office equipment and furniture.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling using the rate of exchange ruling at the balance sheet date. Gains and losses arising on translation included in the profit and loss account.

2 Turnover

Excluding the group's share of the turnover of associated undertakings and joint ventures, the analysis of turnover by activity is as follows:

	2001 £000	2000 £000
RICS Books	2,996	2,583
Westminster Centre	440	426
NBS/RICS Recruitment	-	25
Conferences	1,078	616
Asset leasing	20	988
PI/RICS Insurance Services	2,054	1,736
Building Cost Information Service Limited	1,415	1,493
Administration and consultancy	701	946
Branches	886	861
CMP Limited	52	-
	<hr/> 9,642 <hr/>	<hr/> 9,674 <hr/>

Notes (continued)

3 Other operating expenses

	2001 £000	2000 £000
Other operating expenses comprise:		
Distribution costs	53	125
Administrative expenses	9,401	8,684
	<u>9,454</u>	<u>8,809</u>

4 Profit on ordinary activities before taxation

	2001 £000	2000 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets	1,203	810
Impairment on fixed asset investment	117	-
Auditors' remuneration:		
Audit - including parent company audit fee of £26,000 (2000: £25,300)	29	33
Non-audit services	57	14
Rents received	(21)	(40)
Operating lease rentals – land and buildings	30	30
	<u>1,406</u>	<u>837</u>

5 Staff

The average number of persons employed by the company and its subsidiary undertakings (including executive directors) during the year, analysed by category, was as follows:

	Number of employees 2001	2000
Sales	1	1
Administration	17	15
	<u>18</u>	<u>16</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	539	386
Social security costs	58	47
Other pension costs	38	32
	<u>635</u>	<u>465</u>

On 1 August 1996 all employees of RICS Business Services Limited were transferred into a service company, RICS Services Limited, a fellow subsidiary wholly owned by the Royal Institution of Chartered Surveyors and consolidated within its financial statements. On 6 April 2001, all employees from RICS Services Limited were transferred into the Royal Institution of Chartered Surveyors. Staff costs totalling £3,156,000 (2000: £2,175,000) have been recharged to RICS Business Services Limited for services performed during the year.

Notes (continued)

6 Directors' emoluments

	2001 £000	2000 £000
Aggregate directors' remuneration is shown below:		
Emoluments for services as directors	194	137
Contributions to money purchase pension schemes	7	13
	<u>201</u>	<u>150</u>
	Number	Number
The number of directors who are members of pension schemes are as follows:		
Members of defined benefit pension schemes	-	1
Members of money purchase pension schemes	1	1
	<u>1</u>	<u>1</u>

No emoluments have been paid to non-executive directors.

7 Tax on profit on ordinary activities

The tax (credit)/charge is based on the profit of the group for the year and comprises:

	2001 £000	2000 £000
UK corporation tax	141	542
Over provision in prior years	(288)	-
	<u>(147)</u>	<u>542</u>

8 Profit for the financial year

	2001 £000	2000 £000
Retained by the parent company	252	815
Retained by group undertakings	80	181
	<u>332</u>	<u>996</u>

Notes (continued)

9 Tangible fixed assets

Group

	Freehold land and buildings	Short leasehold land and buildings	Motor vehicles	Fixtures and fittings	Computer equipment	Office equipment	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At beginning of year	875	3,413	207	263	4,969	762	10,489
Additions	2	-	86	81	823	53	1,045
Disposals	-	-	(98)	(158)	-	-	(256)
At end of year	877	3,413	195	186	5,792	815	11,278
Depreciation							
At beginning of year	3	700	183	201	4,105	677	5,869
Charge for the year	2	70	26	57	997	51	1,203
Disposals	-	-	(83)	(79)	-	-	(162)
At end of year	5	770	126	179	5,102	728	6,910
Net book value							
At 31 July 2001	872	2,643	69	7	690	87	4,368
At 31 July 2000	872	2,713	24	62	864	85	4,620

Company

Cost or valuation							
At beginning of year	875	3,413	207	263	4,828	748	10,334
Additions	2	-	86	81	623	53	845
Disposals	-	-	(98)	(158)	-	-	(256)
At end of year	877	3,413	195	186	5,451	801	10,923
Depreciation							
At beginning of year	3	700	183	201	3,993	663	5,743
Charge for the year	2	70	26	57	869	51	1,075
Disposals	-	-	(83)	(79)	-	-	(162)
At end of year	5	770	126	179	4,862	714	6,656
Net book value							
At 31 July 2001	872	2,643	69	7	589	87	4,267
At 31 July 2000	872	2,713	24	62	835	85	4,591

Notes (continued)

9 Tangible fixed assets (continued)

The property at 7-9 Manor Place, Edinburgh was revalued by Drivers Jonas, Chartered Surveyors, at 31 July 1999 at £875,000 on an existing use basis. The valuation was performed in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. Prior to the revaluation, the property was held at a cost of £Nil, the amount at which it was originally transferred into the company from the RICS.

The short leasehold land and buildings comprise the company's premises situated at Westwood Business Park, Coventry.

The gross amount of depreciable assets included in freehold land and buildings of both the company and the group was £77,000 (2000: £75,000).

10 Fixed asset investments

(a) Participating interests- group and company

The company owns 50% of the issued ordinary share capital of RICS Journals Limited. RICS Journals Limited is incorporated in Great Britain and the holding is stated at cost plus long term loans, less amounts written off to reflect the company's share of losses incurred since incorporation. RICS Journals Limited did not trade during this year or the preceding year.

The investment of the company and group in RICS Journals Limited comprises:

	Group and company	
	2001	2000
	£000	£000
Share capital	1	1
Long term loans	894	894
Less: Amounts written off	(895)	(895)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

(b) Other investments

	Group	Company
	£000	£000
Cost		
At beginning of year	14,185	14,185
Additions	5,245	3,810
Disposals	(5,488)	(5,488)
	<hr/>	<hr/>
At end of year	13,942	12,507
	<hr/>	<hr/>
Provisions		
Impairment during year	(117)	(117)
	<hr/>	<hr/>
At end of year	(117)	(117)
	<hr/>	<hr/>
Net book value		
At 31 July 2001	13,825	12,390
	<hr/>	<hr/>
At 31 July 2000	14,185	14,185
	<hr/>	<hr/>

Notes (continued)

10 Fixed asset investments (continued)

The listed investments are all listed on The London Stock Exchange. The aggregate cost of listed investments was as follows:

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
UK government securities	1,233	1,931	1,233	1,951
UK listed securities	8,160	8,169	7,166	12,067
Overseas listed securities	2,437	2,491	2,437	3,745
Overseas government securities	646	1,019	646	1,021
Cash for reinvestment	1,349	575	1,025	575
	<u>13,825</u>	<u>14,185</u>	<u>12,507</u>	<u>19,359</u>

Cash for reinvestment represents funds held by external fund managers available for investment in securities with predetermined investment parameters.

The aggregate market value of the investments was as follows:

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
UK government securities	1,228	1,951	1,228	1,951
UK listed securities	10,004	12,067	8,883	12,067
Overseas listed securities	2,697	3,745	2,647	3,745
Overseas government securities	641	1,021	641	1,021
Cash for reinvestment	1,349	575	1,025	575
	<u>15,919</u>	<u>19,359</u>	<u>14,424</u>	<u>19,359</u>

As at 28 October 2001, the market value of the group's fixed asset investments was £15,232,000.

(c) Investment in subsidiary and associated undertakings - company

The movement in the year for the company was as follows:

	Subsidiary undertakings	Associated undertaking	Total
	£000	£000	£000
Cost			
At beginning of year	134	894	1,028
Additions	1,500	-	1,500
	<u>1,634</u>	<u>894</u>	<u>2,528</u>
Provision			
At beginning and end of year	(134)	(894)	(1,028)
	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Net book value			
31 July 2001	1,500	-	1,500
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 July 2000	-	-	-

Notes (continued)

10 Fixed assets investments (continued)

All subsidiary undertakings are included in the consolidation.

The company owns the entire issued ordinary share capital of Building Cost Information Service Limited ("BCIS"), a company incorporated in Great Britain. The principal activity of BCIS is to collate information connected with current building projects, building costs and tender prices and to distribute this to its subscribers. The company's interest in BCIS comprises £100 in respect of the issued share capital of BCIS.

During the year, the company acquired all but one of the 1.5 million issued £1 ordinary shares in CMP Insurance Limited ("CMP"), incorporated in Guernsey for cash consideration of £1.5 million. The principal activity of CMP is the underwriting of general insurance business.

The company owns the entire issued share capital of the following dormant undertakings:

Mountain Peak Limited
Building Maintenance Information Limited (BMI)
Westminster Centre Limited (WCL)
IQS Limited (IQS)
Domesday 2000 Limited
Software for Surveyors Limited
RICS Insurance Services Limited
Surveyors and Valuers Insurance Services Limited
Geomatics Ltd
RICS Geomatics Ltd

Full provision has been made against these investments.

These companies are all incorporated in Great Britain.

11 Stocks

The stocks held by the group and the company comprise books held for resale.

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
Finished goods for resale	270	225	256	214

12 Debtors

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
Trade debtors	582	115	518	24
Amounts owed by parent and fellow subsidiary undertakings	1,206	883	1,277	67
Prepayments and accrued income	510	330	409	310
Other debtors	86	-	74	-
	2,384	1,328	2,278	401

Notes (continued)

13 Current asset investments

Current asset investments of the group and the company comprise short term cash deposits and government securities.

14 Creditors: Amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
Trade creditors	443	10	281	10
Amounts owed to parent and fellow subsidiary undertakings	2,240	2,598	763	2,483
Amounts owed to group undertakings	-	-	500	500
Other creditors	404	1,032	361	940
Accruals and deferred income	1,465	1,387	914	840
	<u>4,552</u>	<u>5,027</u>	<u>2,819</u>	<u>4,773</u>
Other creditors comprise:				
UK corporation tax payable	291	828	248	743
VAT	-	87	-	87
Other	113	117	113	110
	<u>404</u>	<u>1,032</u>	<u>361</u>	<u>940</u>

15 Creditors: Amounts falling due after more than one year

Creditors falling due after more than one year comprise amounts due to The Royal Institution of Chartered Surveyors ("RICS"), which owns the entire share capital of the company. The amount is interest free and RICS has given an undertaking not to request substantial repayment of the debt for at least twelve months.

16 Deferred tax

The full potential (asset)/liability for deferred taxation and the amount provided for the group and the company at 30% (2000: 30%) are as follows:

	2001		2000	
	Full potential	Amount	Full potential	Amount
	(asset)/liability	provided	(asset)/liability	provided
	£000	£000	£000	£000
Group				
Short term differences	(1)	-	(1)	-
Accelerated capital allowances	(33)	-	(67)	-
	<u>(34)</u>	<u>-</u>	<u>(68)</u>	<u>-</u>
Company				
Short term differences	-	-	-	-
Accelerated capital allowances	-	-	(51)	-
	<u>-</u>	<u>-</u>	<u>(51)</u>	<u>-</u>

Notes (continued)

17 Share capital

The authorised, allotted, called and fully paid up share capital of the company consists of 100 ordinary shares of £1 each (2000: £100).

18 Reserves

	Revaluation reserve £000	Profit and loss account £000	Total £000
Group			
At beginning of year	829	6,311	7,140
Profit for the financial year	-	332	332
	<hr/>	<hr/>	<hr/>
At end of year	829	6,643	7,472
	<hr/>	<hr/>	<hr/>
Company			
At beginning of year	829	5,631	6,460
Profit for the financial year	-	252	252
	<hr/>	<hr/>	<hr/>
At end of year	829	5,883	6,712
	<hr/>	<hr/>	<hr/>

19 Capital commitments

The group and the company had outstanding capital commitments at 31 July 2001 of £Nil (2000: £117,000).

20 Contingent liabilities

There were no contingent liabilities for either the group or the company at 31 July 2001 (2000: Nil).

21 Operating lease commitments

Annual commitments on operating leases are as follows:

	Group		Company	
	2001 £000	2000 £000	2001 £000	2000 £000
Land and buildings:				
On leases which expire:				
After five years	30	30	30	30
	<hr/>	<hr/>	<hr/>	<hr/>

22 Pension obligations

The Institution operates a funded pension scheme providing benefits based on final pensionable pay. The scheme was closed to new entrants at 1 January 1999. The pension contributions are determined by a qualified actuary on the basis of triennial valuations, using the projected unit method. As the scheme is closed, under this method, the current service cost will increase as the members approach retirement.

The most recent triennial valuation at January 2000 showed the market value of the scheme's assets were £14.54 million, representing 94% of the benefits accrued by members after allowing for expected future increases in earnings. From March 2001, the Institution increased its contribution rate from 13.3% of pensionable pay to 16%. The Institution's contribution in the year was £603,811 (2000: £477,159). Employees' contribution rates were also raised from 4% to 5%. There were no prepaid contributions at the end of the financial year (2000: £482,892).

The group also operates two defined contribution (money purchase) pension schemes. Contributions to these schemes were £270,518 (2000: £119,000). There were no outstanding contributions at the end of the financial year (2000: £Nil).

Notes (continued)

22 Pension obligations (continued)

FRS 17

The company is a member of a pension scheme providing benefits based on final pensionable pay. Because the company 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 will be accounted for by the company when the accounting standard is fully adopted by the company, as if the scheme was a defined contribution scheme.

The latest full actuarial valuation of the group scheme was updated for FRS 17 purposes to 31 July 2001 by a qualified independent actuary. At this time, the scheme showed a deficit of £2.6 million.

23 Related parties

By virtue of being a wholly owned subsidiary included in the consolidated financial statements of a larger EU body corporate, the company is exempt from disclosing transactions or balances with entities of the group qualifying as related party.

24 Ultimate holding body corporate


The company's ultimate holding body corporate is The Royal Institution of Chartered Surveyors.

Copies of the financial statements of The Royal Institution of Chartered Surveyors can be obtained from its principal place of business at 12 Great George Street, Parliament Square, London, SW1P 3AD.

Company profit and loss account
for the year ended 31 July 2001

	2001 £000	2000 £000
Turnover - continuing activities	8,175	8,181
Cost of sales	(3,193)	(2,084)
Gross profit	4,982	6,097
Other operating expenses	(8,362)	(7,840)
Other operating income	1,571	730
Operating loss - continuing activities	(1,809)	(1,013)
Income from UK listed fixed asset investments	228	239
Amounts written off investments	(117)	-
Other interest receivable and similar income	532	408
Profit on sale of tangible fixed assets and fixed asset investments	1,246	1,636
Profit on ordinary activities before taxation	80	1,270
Tax on profit on ordinary activities	172	(455)
Profit on ordinary activities after taxation, being profit for the financial year	252	815
Retained profit brought forward	5,631	4,816
Retained profit carried forward	5,883	5,631

The profit and loss account of the company was approved by the board of directors on 28 November 2001 and signed on its behalf by:


JM Allan
 Chairman