

# **RICS Business Services Limited**

Directors' report and financial  
statements

Registered number 1526902

For the year ended 31 July 2005



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COMPANIES HOUSE 25/05/2006

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## Directors' report

### Principal activities

The principal activities of the company 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 to be sustained for the foreseeable future.

The directors do not recommend the payment of a dividend (2004: £Nil).

### Directors

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

JHAJ Armstrong MA Barrister F Inst Mgt  
TJ Sullivan CB, CBE, BSc  
S Tompkins MIDM, ACII  
AM Stewart  
AS Hartland BA, PGCE  
AD White BSc FRICS  
DJ Bucknall  
KW Morgan (resigned 20/04/05)  
CG Boulton (appointed 20/04/05)

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 £105,000 (2004: £100,000) 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.

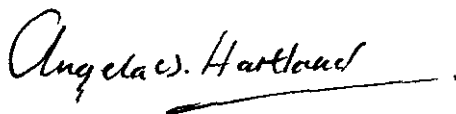
### Annual general meeting

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.

### Auditors

Deloitte & Touche LLP have expressed a willingness to continue in office as auditors and a resolution to represent them will be proposed at the forthcoming Annual General Meeting.

Approved by the board and signed on its behalf by Angela Hartland BA, PGCE



Surveyor Court  
Westwood Way  
Coventry  
CV4 8JE

14 December 2005

## Statement of directors' responsibilities

United Kingdom 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 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 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 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 company and to prevent and detect fraud and other irregularities.*

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RICS BUSINESS SERVICES LIMITED**

We have audited the financial statements of RICS Business Services Limited for the year ended 31 July 2005 which comprise the profit and loss account, the balance sheets and the related notes 1 to 20, together with the reconciliation of movements in shareholders' funds. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company and 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 July 2005 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Birmingham

15 May 2006

**Profit and loss account**  
*for the year ended 31 July 2005*

	<i>Note</i>	<b>2005</b> <b>£'000</b>	2004 £'000
<b>Turnover</b>	2	8,589	7,040
Cost of sales		(1,509)	(1,377)
<b>Gross profit</b>		7,080	5,663
Other operating expenses	3	(6,857)	(4,688)
Other operating income		24	48
<b>Operating profit</b>		247	1,023
Other interest receivable and similar income		-	50
<b>Profit on ordinary activities before taxation</b>	4	247	1,073
Tax on profit on ordinary activities	7	340	(336)
<b>Profit on ordinary activities after taxation, being retained profit for the financial year</b>		587	737

All turnover and profit on ordinary activities before taxation arises from continuing operations.

There are no recognised gains and losses other than the profit for the current and preceding financial year. Accordingly, no statement of total recognised gains and losses is given.

**Balance sheet**  
*as at 31 July 2005*

	Note	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Tangible fixed assets	8	195	224
Investments	1, 9	1,500	1,500
		<u>1,695</u>	<u>1,724</u>
<b>Current assets</b>			
Stocks	1, 10	232	166
Debtors	11	6,521	6,265
		<u>6,753</u>	<u>6,431</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,875)</u>	<u>(2,169)</u>
<b>Net current assets</b>		<u>4,878</u>	<u>4,262</u>
<b>Total assets less current liabilities</b>		<u>6,573</u>	<u>5,986</u>
<b>Net assets</b>		<u>6,573</u>	<u>5,986</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account	14	6,573	5,986
<b>Equity shareholder's funds</b>		<u>6,573</u>	<u>5,986</u>

These financial statements were approved by the board of directors on 14 December 2005 and were signed on its behalf by Angela Hartland BA, PGCE

*Angela W. Hartland*

**Reconciliation of movements in shareholder's funds**  
*for the year ended 31 July 2005*

	2005 £'000	2004 £'000
Profit / (Loss) for the financial year	587	737
Opening shareholder's funds	5,986	5,249
	<hr/>	<hr/>
Closing shareholder's funds	6,573	5,986
	<hr/>	<hr/>



## Notes to the Accounts

*(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 United Kingdom 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.

Consolidated accounts have not been prepared as the company has taken advantage of s228 of the companies act because it is a wholly owned subsidiary of a company registered in England and Wales.

#### ***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:

Computer equipment	- 2-3 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 provision for impairment.

##### *(ii) 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pension costs*

The group company, the Royal Institution of Chartered Surveyors, operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with an insurance company. Employer's contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Institution. The scheme is closed to new members.

The company also operates defined contribution pension schemes, contributions to which are charged to the profit and loss account as incurred.

#### *Taxation*

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely that not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### *Turnover*

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

#### *Operating lease rentals*

Amounts payable under operating leases are charged to the profit and loss account on a straight line basis over the life of the contract.

#### *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 are included in the profit and loss account.

### 2 Turnover

All turnover is generated from sales in the United Kingdom. The analysis of turnover by activity is as follows:

	2005 £'000	2004 £'000
RICS Books	3,850	3,373
PI/RICS Insurance Services	2,367	2,321
Building Cost Information Service Limited	2,230	1,221
Administration and consultancy	142	125
CMP Limited	-	-
	<hr/> 8,589 <hr/>	<hr/> 7,040 <hr/>

**Notes (continued)**

**3 Other operating expenses**

	<b>2005</b>	2004
	<b>£'000</b>	£'000
Other operating expenses comprise:		
Distribution costs	125	2
Administrative expenses	6,732	4,686
	<hr/> 6,857	<hr/> 4,699
	<hr/> <hr/>	<hr/> <hr/>

**4 Profit on ordinary activities before taxation**

	<b>2005</b>	2004
	<b>£'000</b>	£'000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets	195	199
Auditors' remuneration:		
Audit Fee	18	15
Non-audit fees	5	-
Operating lease rentals – land and buildings	30	30
	<hr/> 198	<hr/> 244
	<hr/> <hr/>	<hr/> <hr/>

**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:

	<b>Number of employees</b>	
	<b>2005</b>	2004
Sales	3	3
Administration	98	94
	<hr/> 101	<hr/> 97
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	<b>£'000</b>	£'000
Wages and salaries	2,057	1,880
Social security costs	216	227
Other pension costs	160	31
	<hr/> 2,433	<hr/> 2,138
	<hr/> <hr/>	<hr/> <hr/>

Other than those employees referred to in the above note, all staff working for RICS Business Services Limited are employed by the Royal Institution of Chartered Surveyors. Staff costs totalling £2,432,319 (2004: £2,217,744) have been recharged to RICS Business Services Limited for services performed during the year.

## Notes (continued)

### 6 Directors' emoluments

	2005 £'000	2004 £'000
<b>Aggregate directors' remuneration is shown below:</b>		
Emoluments for services as directors	87	76
Contributions to money purchase pension schemes	7	6
	<hr/> 94	<hr/> 82
	<hr/>	<hr/>
	Number	Number
<b>The number of directors who are members of pension schemes are as follows:</b>		
Members of money purchase pension schemes	1	1
	<hr/>	<hr/>

No emoluments have been paid to non-executive directors.

### 7 Tax on profit on ordinary activities

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

	2005 £'000	2004 £'000
Corporation tax	-	329
Under / (Over) provision in respect of group relief in previous years	(340)	42
	<hr/> -	<hr/> 371
Deferred Tax – Current year adjustment	(4)	-
Deferred Tax – Prior year adjustment	4	(35)
	<hr/>	<hr/>
Tax on profit	(340)	336
	<hr/>	<hr/>

(b) The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and prior year differs to the standard rate for the reasons set out in the following reconciliation.

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	247	1,073
	<hr/>	<hr/>
Tax charge on profit on ordinary activities at standard rate	74	315
Factors affecting charge for the year:		
Permanently disallowed items	14	9
Excess of qualifying depreciation over capital allowances	11	10
(Utilisation) / increase in losses carried forward	-	(40)
Other differences	(99)	-
Tax rate lower than 30% on tax profits	-	-
Adjustments in respect of prior periods	(340)	42
	<hr/>	<hr/>
Total actual amount of current tax	(340)	336
	<hr/>	<hr/>

(c) £2,541,000 of losses are held in the company which will reduce the future tax liability arising on future profits. No deferred tax asset has been recognised in respect of accelerated capital allowances or tax losses as based on current forecasts there is insufficient evidence to show that they would be realised in the foreseeable future. Deferred tax on assets was £1,576,360 (2004: £1,173,221).

**Notes (continued)**

**8 Tangible fixed assets**

	<b>Computer equipment £'000</b>	<b>Office equipment £'000</b>	<b>Total £'000</b>
<b><i>Cost</i></b>			
At beginning of year	935	25	960
Additions	166	-	166
	<hr/>	<hr/>	<hr/>
At end of year	1,101	25	1,126
	<hr/>	<hr/>	<hr/>
<b><i>Depreciation</i></b>			
At beginning of year	715	21	736
Charge for the year	191	4	195
	<hr/>	<hr/>	<hr/>
At end of year	906	25	931
	<hr/>	<hr/>	<hr/>
<b><i>Net book value</i></b>			
At 31 July 2005	195	-	195
	<hr/>	<hr/>	<hr/>
At 31 July 2004	220	4	224
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 9 Fixed asset investments

#### (a) Participating interests

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 provision for impairment 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 in RICS Journals Limited comprises:

	2005 £'000	2004 £'000
Share capital	1	1
Long term loans	894	894
Less: Provision for impairment	(895)	(895)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

## Notes (continued)

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 was to collate information connected with current building projects, building costs and tender prices and to distribute this to its subscribers. BCIS ceased to trade on 31 January 2004, when its trade and assets were transferred to RICS Business services. The company's interest in BCIS comprises £100 in respect of the issued share capital of BCIS.

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

The company owns the entire issued share capital (unless otherwise stated) of the following dormant undertakings:

The Assembly of Chartered Surveyors Ltd  
 The Assembly of Quantity Surveyors Ltd  
 The Association of Chartered Surveyors Ltd  
 The Association of Quantity Surveyors Ltd  
 Building Maintenance Information Limited (BMI)  
 The Consortium of Chartered Surveyors Ltd  
 The Consortium of Quantity Surveyors Ltd  
 The Faculty of Chartered Surveyors Ltd  
 Geomatics Ltd  
 IQS Limited (IQS)  
 JO RICS Ltd  
 The London Auction Mart Ltd  
 RICS Geomatics Ltd  
 RICS Insurance Services Limited  
 RICS JO Ltd  
 RICS Journals Ltd (50%)  
 RICS Services Ltd  
 The Society of Chartered Surveyors Ltd  
 Software for Surveyors Limited  
 Surveyors and Valuers Insurance Services Limited  
 Westminster Centre Limited  
 Mountain Peak Limited  
 EMIS Ltd (10%) – held by Mountain Peak Ltd

Full provision for impairment has been made against these investments.

These companies are all incorporated in Great Britain.

## 10 Stocks

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

	2005 £'000	2004 £'000
Finished goods for resale	232	166

**Notes (continued)**

**11 Debtors**

	2005 £'000	2004 £'000
Trade debtors	-	63
Amounts due from group undertakings	6,429	6,199
Prepayments and accrued income	92	3
	<u>6,521</u>	<u>6,265</u>

**12 Creditors: Amounts falling due within one year**

	2005 £'000	2004 £'000
Trade creditors	31	40
Amounts owed to parent and fellow subsidiary undertakings	176	1,370
Other creditors	180	176
Accruals and deferred income	1,488	583
	<u>1,875</u>	<u>2,169</u>
Other creditors comprise:		
UK corporation tax payable	164	164
VAT	-	-
Other	16	12
	<u>180</u>	<u>176</u>

**Provision for liabilities and charges**

A deferred tax asset has not been recognised in respect of timing differences relating to accelerated capital allowances, tax losses and other timing differences as there is insufficient evidence that the asset will be recovered. The amount of assets not recognised is £93,262 (2004: £78,560).

**13 Share capital**

The authorised, allotted, called and fully paid up share capital of the company consists of 100 ordinary shares of £1 each (2004: £100).

**14 Reserves**

	£'000
At beginning of year	5,986
Profit for the financial year	587
	<u>6,573</u>
At end of year	<u>6,573</u>



## Notes (continued)

### 15 Capital commitments

The company had outstanding capital commitments at 31 July 2005 of £Nil (2004: Nil).

### 16 Contingent liabilities

The company had contingent liabilities at 31 July 2005 of £Nil (2004: Nil).

### 17 Operating lease commitments

The company had no operating lease commitment at 31 July 2005, (2004: £Nil).

### 18 Pension obligations - Group

#### SSAP24 Disclosures

RICS operates a defined benefit scheme for all qualifying employees based on final pensionable pay. The scheme was closed to new entrants at 1 January 1999. The scheme is subject to triennial valuation by independent actuaries, the last full valuation being carried out at 1 January 2003, using the projected unit method.

As required by SSAP 24, the figures included in the accounts in respect of the group pension scheme are based on an actuarial valuation carried out at 1 January 2003. This valuation does not take into account the impact of movements in general stock market values since that date. An actuarial investigation calculated an increase in the scheme deficit from £6,435,000 at 1 January 2003 to £7,596,000 as at 31 July 2005.

The pension scheme liability calculated in accordance with SSAP 24 and recognised in the balance sheet of the RICS group at 31 July 2004 was £331,000 (2004: £1,075,000). It is not possible to separately identify this entity's underlying share of the assets and liabilities of the scheme.

The Institution is in discussions with the Pension Scheme Trustees regarding the on-going nature of the Scheme and has yet to formally agree an increase in its contribution rate. However, in the light of the valuation, provision has been made for an increase in the Institution's contribution from 22.9% of pensionable salary to 38%. The Institution's contribution to the scheme in the year was £1,825,000 (2004: £808,154). Employees' contribution rates are 5%. There were no prepaid contributions at the end of the financial year (2004: £Nil).

No benefit changes were made in the year ended 31 July 2005.

#### FRS17 Disclosures

The following disclosures are made in line with the transitional requirements of FRS17.

In preparing the actuarial valuation at 31 July 2005, the assets have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

Main Assumptions	2005 %	2004 %	2003 %
Rate of increase of salaries	3.80	4.00	4.00
Rate of increase of pensions in payment	2.80	3.10	2.75
Rate of discount for liabilities	5.00	5.70	5.50
Rate of inflation	2.80	3.10	2.75

The assets in the scheme at 31 July 2005, 2004 and 2003 and the expected rate of return were:

**Notes (continued)**

	Long Term expected rate of return 31 July 2005 %	Fair Value 31 July 2005 £'000	Long Term expected rate of return 31 July 2004 %	Fair Value 31 July 2004 £'000	Long Term expected rate of return 31 July 2003 %	Fair Value 31 July 2003 £'000
Bonds	4.40	2,233	5.50	1,627	6.50	1,313
Equities	8.00	14,126	8.00	9,875	4.00	8,670
Annuities	0.00	6,434	5.50	5,868	6.00	5,952
Total fair value of assets		22,793		17,370		15,935
Present Value of Liabilities		(30,389)		(25,142)		(23,988)
		(7,596)		(7,772)		(8,053)

The movement in the deficit during the year arose in the following way:

	£'000
Deficit in scheme at 31 July 2004	(7,772)
Current Service Cost	(654)
Contributions received (net of charges)	2,106
Net return on scheme assets	1,295
Interest cost	(1,437)
Actuarial loss	(1,134)
Deficit in scheme at 31 July 2005	(7,596)

There is no impact of deferred tax on the deficit.

The net return on scheme assets is analysed as follows:

	2005 £'000	2004 £'000
Expected return on scheme assets	1,295	1,104
Interest on pension scheme liabilities	(1,437)	(1,325)
Net return	(142)	(221)

## Notes (continued)

The actuarial loss is analysed as follows:

	2005 % of value of (liabilities)/assets at 31 July	£'000	2004 % of value of (liabilities)/assets at 31 July	£'000
Difference between expected and actual return on assets	10.3%	2,348	0.1%	23
Experienced gains and losses arising on the scheme's liabilities	(11.0%)	(127)	(0.3%)	(71)
Changes in assumption	(0.04%)	(3,355)	1.2%	314
Actuarial Loss	(1.1%)	(1,134)	1.0%	266

The group also operates two defined contribution (money purchase) pension schemes. Contributions to these schemes recharged to RICS Holdings Limited were £Nil (2004: £nil). There were no outstanding contributions at the end of the financial year (2004: £Nil).

### 19 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.

### 20 Ultimate holding body corporate

The company's ultimate holding body corporate and controlling party 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.