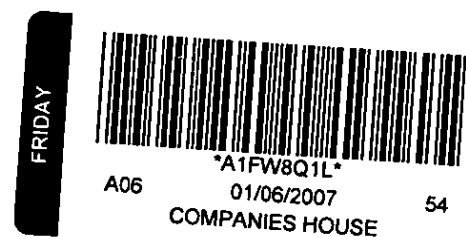


RICS Business Services Limited

Directors' report and financial statements

Registered number 1526902

For the year ended 31 July 2006



Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditors' report to the members of RICS Business Services Limited	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

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 profit and loss account on page 5.

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 (2005: £Nil).

For the year under review the key performance indicators for the business are:

Turnover	£9,624,000 (2005: £8,589,000)
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Operating Profit	£698,000 (2005: £247,000)
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The directors of the business keep the performance of the company under close review. The nature of the business means that an expectation of the final year end results is maintained and deviation from this expectation will be investigated.

The level of business and the year end financial position were satisfactory given the continued support of the holding company and the wider RICS Group of which the company forms a part. The activities which the company undertakes are designed to deliver positive turnover and profit performance which will benefit the entire RICS. The increase in both turnover and operating profit are as result of continued efforts by the company to deliver on its principal activities.

Future Prospects

As explained in note 1, the company transferred its trade, assets and liabilities to a fellow group company on 1 August 2006 and has ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. The transferred assets and liabilities were transferred to the fellow subsidiary company at their book value. There is no intention to place the company into liquidation or have it struck off.

Directors

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

JHA Armstrong MA Barrister F Inst Mgt
TJ Sullivan CB CBE BSc (resigned 30 September 2005)
S Tompkins MIDM ACII
AM Stewart
AS Hartland BA PGCE
AD White BSc FRICS
DJ Bucknall
CG Boulton

The company did not make any qualifying third party indemnity provisions for the benefit of its directors during the year.

Charitable donations

The company made charitable donations totalling £105,000 (2005: £105,000) in the year.

Directors' report *(continued)*

Financial risk management policies

The company regularly reviews its financial risk and the management of those risks

The company does not enter into speculative financial transactions

Appropriate terms are negotiated with suppliers and customers and our relationships with them are designed to manage exposure on normal trade terms

These are the group policies which are applied to this company

Directors' confirmation

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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

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 external 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



31 May 2007

Surveyor Court
Westwood Way
Coventry
CV4 8JE

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with the 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 the 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 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, 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 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 are also responsible 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 RICS BUSINESS SERVICES LIMITED

We have audited the financial statements of RICS Business Services Limited for the year ended 31 July 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 21. 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.

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 July 2006 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.

Emphasis of matter - Financial statements prepared on a basis other than that of a going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1, the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Deloitte Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham
United Kingdom

31 May 2007

Profit and loss account
for the year ended 31 July 2006

	<i>Note</i>	2006 £'000	2005 £'000
Turnover	2	9 624	8 589
Cost of sales		(1 983)	(1 509)
Gross profit		7 641	7 080
Other operating expenses	3	(7 014)	(6,857)
Other operating income		71	24
Operating profit being Profit on ordinary activities before taxation	4	698	247
Tax on profit on ordinary activities	7	(44)	340
Profit on ordinary activities after taxation, being retained profit for the financial year		654	587

All turnover and profit on ordinary activities before taxation arises from discontinued activities

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

Balance sheet
as at 31 July 2006

	<i>Note</i>	2006	2005
		£'000	£'000
Fixed assets			
Tangible fixed assets	8	151	195
Investments	9	1,500	1 500
		<u>1,651</u>	<u>1 695</u>
Current assets			
Stocks	10	218	232
Debtors	11	7,529	6,521
		<u>7,747</u>	<u>6,753</u>
Creditors Amounts falling due within one year	12	(2,171)	(1,875)
		<u></u>	<u></u>
Net current assets		5,576	4,878
		<u></u>	<u></u>
Net assets		7 227	6,573
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	7,227	6,573
		<u></u>	<u></u>
Shareholder's funds	15	7 227	6 573
		<u></u>	<u></u>

These financial statements were approved by the board of directors on 31 May 2007 and were signed on its behalf by Angela Hartland BA, PGCE



Angela Hartland BA, PGCE
 Director

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, 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

Going concern – Financial statements prepared on a basis other than that of a going concern

On 1 August 2006 the company transferred its trade, assets and liabilities to the Royal Institution of Chartered Surveyors a fellow group company and has ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the fellow subsidiary company at their book value. There is no intention to place the company into liquidation or to have it struck off.

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

Fixed asset investments

Investments in its subsidiary undertakings are shown at cost less provision for impairment

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

The Company's employees contribute to the Royal Institution of Chartered Surveyors Pension & Assurance Scheme (the "Group Scheme") together with employees of other group companies. The Group Scheme is a defined benefit scheme. During the year The Royal Institution of Chartered Surveyors accounted for pensions in accordance with the requirements of FRS 17 "Retirement Benefits". However, although the company may be required to make contributions set at a level to make good any deficit, because the Company's share of the net assets and liabilities of the Group Scheme cannot be separately identified, the company accounts for its pension contributions to the Group Scheme on a defined contribution basis as allowed by FRS17.

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

Notes to the accounts

1 Accounting policies (continued)

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 than 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:

	2006 £'000	2005 £'000
RICS Books	4 322	3 850
PI/RICS Insurance Services	2 501	2 367
Building Cost Information Service Limited	2 441	2 230
Administration and consultancy	360	142
	<hr/>	<hr/>
	9 624	8 589
	<hr/>	<hr/>

3 Other operating expenses

	2006 £'000	2005 £'000
Other operating expenses comprise		
Distribution costs	188	125
Administrative expenses	6,826	6 732
	<hr/>	<hr/>
	7 014	6 857
	<hr/>	<hr/>

Notes to the accounts

4 Profit on ordinary activities before taxation

	2006 £'000	2005 £'000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets	163	195
Auditors' remuneration		
Audit Fee	20	18
Non-audit fees – tax compliance and advisory services	30	5
	<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

	Number of employees	
	2006	2005
Sales	2	3
Administration	99	98
	<hr/>	<hr/>
	101	101
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	£'000	£'000
Wages and salaries	2 173	2 057
Social security costs	227	216
Other pension costs	258	160
	<hr/>	<hr/>
	2 658	2,433
	<hr/>	<hr/>

All staff working for RICS Business Services Limited are employed by the Royal Institution of Chartered Surveyors and costs recharged accordingly

6 Directors' emoluments

	2006 £'000	2005 £'000
Aggregate directors' remuneration is shown below		
Emoluments for services as directors	87	87
Contributions to money purchase pension schemes	7	7
	<hr/>	<hr/>
	94	94
	<hr/>	<hr/>
	Number	Number
The number of directors who are members of pension schemes are as follows		
Members of money purchase pension schemes	1	1
	<hr/>	<hr/>

No emoluments have been paid to non-executive directors

Notes to the accounts

7 Tax on profit on ordinary activities

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

	2006 £'000	2005 £'000
Corporation tax	384	-
Adjustment in respect of prior years	(340)	(340)
		-
Deferred Tax – Current year credit	-	(4)
Deferred Tax – Prior year adjustment	-	4
Tax on profit	44	(340)

(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

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	698	247
Tax charge on profit on ordinary activities at standard rate	209	74
Factors affecting charge for the year		
Chargeable gains	466	-
Group relief not paid for	(856)	-
Transfer pricing adjustments	141	-
Permanently disallowed items	-	14
Excess of qualifying depreciation over capital allowances	5	11
Expenses not deductible for tax purposes	395	-
Other differences	-	(99)
Non taxable in the UK income	24	-
Adjustments in respect of prior periods	(340)	(340)
Total actual amount of current tax	44	(340)

(c) A deferred tax asset has not been recognised in respect of timing differences relating to depreciation in advance of capital allowances and other timing differences as there is insufficient evidence that the asset will be recovered. The make up of this unprovided deferred tax asset is as follows

	2006 £'000	2005 £'000
Depreciation in advance of capital allowances	91	86
Other timing differences	7	7
	98	93

Notes to the accounts

8 Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Total £'000
<i>Cost</i>			
At beginning of year	1,101	25	1,126
Additions	119	-	119
	<hr/>	<hr/>	<hr/>
At end of year	1,220	25	1,245
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	906	25	931
Charge for the year	163	-	163
	<hr/>	<hr/>	<hr/>
At end of year	1,069	25	1,094
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 July 2006	151	-	151
	<hr/>	<hr/>	<hr/>
At 31 July 2005	195	-	195
	<hr/>	<hr/>	<hr/>

Notes to the accounts

9 Fixed asset investments

(a) Subsidiaries

The company owns all but one of the 15 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 cost and net book value of this investment is £1,499,999 (2005: £1,499,999).

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
Building Cost Information Services

Full provision for impairment has been made against these investments.

These companies are all incorporated in Great Britain.

(b) 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:

	2006 £'000	2005 £'000
Share capital	1	1
Long term loans	894	894
Less: Provision for impairment	(895)	(895)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Notes to the accounts

10 Stocks

The stocks held by the company comprise books held for resale

	2006 £'000	2005 £'000
Finished goods for resale	218	232

11 Debtors

	2006 £'000	2005 £'000
Amounts due from group undertakings	7,509	6,429
Prepayments and accrued income	20	92
	<u>7,529</u>	<u>6,521</u>

12 Creditors Amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	47	31
Amounts owed to parent and fellow subsidiary undertakings	-	176
Other creditors	426	180
Accruals and deferred income	1,698	1,488
	<u>2,171</u>	<u>1,875</u>
Other creditors comprise		
UK corporation tax payable	384	164
Other	42	16
	<u>426</u>	<u>180</u>

13 Share capital

The authorised, allotted, called and fully paid up share capital of the company consists of 100 ordinary shares of £1 each (2005: £100)

14 Reserves

	Profit and loss account £'000
At beginning of year	6,573
Profit for the financial year	654
	<u>7,227</u>
At end of year	

Notes to the accounts

15 Reconciliation of movements in shareholder's funds

	2006	2005
	£'000	£'000
Profit for the financial year	654	587
Opening shareholder's funds	6,573	5,986
Closing shareholder's funds	7,227	6,573

16 Capital commitments

The company had outstanding capital commitments at 31 July 2006 of £NIL (2005 Nil)

17 Contingent liabilities

The company had contingent liabilities at 31 July 2006 of £NIL (2005 Nil)

18 Operating lease commitments

The company had no operating lease commitment at 31 July 2006, (2005 £Nil)

19 Pension obligations

The Company's employees contribute to the Royal Institution of Chartered Surveyors Pension & Assurance Scheme (the "Group Scheme") together with employees of other group companies. The Group Scheme is a defined benefit scheme. During the year The Royal Institution of Chartered Surveyors accounted for pensions in accordance with the requirements of FRS 17 "Retirement Benefits". However, although the company may be required to make contributions set at a level to make good any deficit because the Company's share of the net assets and liabilities of the Group Scheme cannot be separately identified, the company accounts for its pension contributions to the Group Scheme on a defined contribution basis as allowed by FRS17.

Contributions are paid to the trustees of the Group Scheme on the basis of advice from an independent professionally qualified actuary who carries out a valuation of the Group Scheme every three years. A full actuarial valuation of the Group Scheme was carried out at by a qualified actuary on 1 January 2003 and was updated on an approximate basis to 31 July 2006.

The following information relates to the Group Scheme

	2006	2005	2004
Inflation	3.0% per annum	2.8% per annum	3.1% per annum
Salary increases	4.0% per annum	3.8% per annum	4.0% per annum
Rate of discount	5.1% per annum	5.0% per annum	5.7% per annum
Rate of increase in inflation linked pensions in payment inc	3.0% per annum	2.8% per annum	3.1% per annum

On this basis the illustrative balance sheet figures for the Group Scheme are as follows

	2006	2005	2004
	£000	£000	£000
Assets	25,976	22,793	17,370
Liabilities	(32,275)	(30,389)	(25,142)
Deficit	(6,299)	(7,596)	(7,772)

Notes to the accounts

19 Pension obligations (continued)

The market value of the assets of the Group Scheme are split as follows

	2006	2005	2004
	£000	£000	£000
Bonds	3 550	2 233	1,627
Equities	16 100	14 126	9 875
Annuities	6,251	6 434	5 868
Other – Cash	75	-	-
	<u>25,976</u>	<u>22,793</u>	<u>17,370</u>

The expected long term rate of return over the following years is 4.6% (2005 – 4.4%) for bonds 8.0% (2005 – 8.0%) for equities 5.1% (2005 – 0.0%) for annuities and 4.0% (2005 – n/a) on cash

The contribution rate from The Royal Institution of Chartered Surveyors is 15.7% of pensionable pay

The group also operates money purchase schemes

During the year contributions of £258,000 (2005 £160,000) made to the group pension schemes are included in the recharge of staff costs

	2006	2005
	£'000	£'000
Defined benefit	219	128
Defined contribution	39	32
	<u>258</u>	<u>160</u>

20 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

21 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 3A