

RICS Business Services Limited

**Directors' report and consolidated
financial statements**

Registered number 1526902

For the year ended 31 July 2004



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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 to be sustained for the foreseeable future.

The directors do not recommend the payment of a dividend (2003: £Nil).

On 31 January 2005 the trade and assets of a wholly owned subsidiary Building Cost Information Service Limited were transferred into RICS Business Services Limited. The activities previously carried out by Building Cost Information Service Limited are now carried out by a division of RICS Business Services Limited, all activities of Business Cost Information Services Limited are discontinued.

Directors

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

JM Allan FRICS (resigned 17 February 2004)
JHAJ Armstrong MA Barrister F Inst Mgt
DG Callé BA ACA (resigned 28 May 2004)
TJ Sullivan CB, CBE, BSc
S Tompkins MIDM, ACH
AM Stewart
AS Hartland BA, PGCE (appointed 3 February 2004)
AD White BSc FRICS (appointed 17 February 2004)
DJ Bucknall (appointed 17 February 2004)
KW Morgan (appoint 21 May 2005)

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 £100,000 (2003: £200,000) 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.

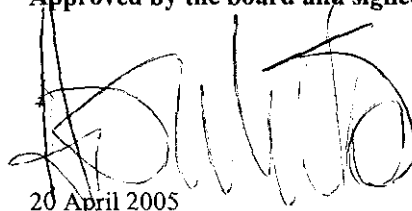
Annual general meeting

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 Alan White BSc FRICS:



20 April 2005

Surveyor Court
Westwood Way
Coventry
CV4 8JE

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 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.

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 2004 which comprise the consolidated profit and loss account, the balance sheets and the related notes 1 to 21, 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 group'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 and group'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 group, and the company and group'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

As described in the statement of directors' responsibilities, the company and group's 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 and group 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 and group 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.

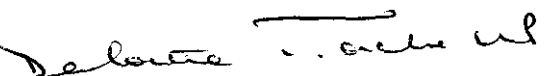
Basis of audit opinion

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 and group'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 and group's affairs as at 31 July 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

 31-7-05

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham

Consolidated profit and loss account
for the year ended 31 July 2004

	<i>Note</i>	2004 £'000	2003 £'000
Turnover	<i>1, 2</i>	7,888	7,671
Cost of sales		(1,377)	(1,393)
Gross profit		6,511	6,278
Other operating expenses	<i>3</i>	(5,387)	(5,899)
Other operating income		48	28
Operating profit		1,172	407
Other interest receivable and similar income		84	70
Profit on ordinary activities before taxation	<i>4</i>	1,256	477
Tax on profit on ordinary activities	<i>1, 7</i>	(372)	(123)
Profit on ordinary activities after taxation, being retained profit for the financial year	<i>8, 15</i>	884	354

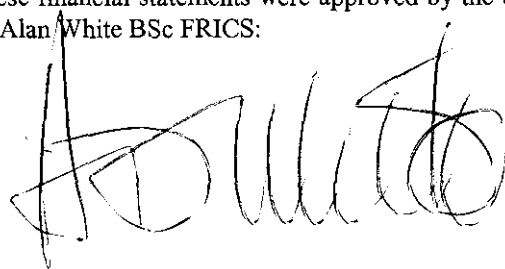
All turnover and profit on ordinary activities before taxation arises from continuing operations.

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.

Consolidated balance sheet
as at 31 July 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	1,9	224	187
Investments	1,10	1,498	1,601
		<u>1,722</u>	<u>1,788</u>
Current assets			
Stocks	1,11	190	179
Debtors	12	4,116	4,808
Cash at bank and in hand		3,452	3,132
		<u>7,758</u>	<u>8,119</u>
Creditors: Amounts falling due within one year	13	<u>(1,654)</u>	<u>(2,930)</u>
Net current assets		<u>6,104</u>	<u>5,189</u>
Total assets less current liabilities		<u>7,826</u>	<u>6,977</u>
Provisions for liabilities and charges	13	-	(35)
Net assets		<u>7,826</u>	<u>6,942</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	7,826	6,942
Equity shareholder's funds		<u>7,826</u>	<u>6,942</u>

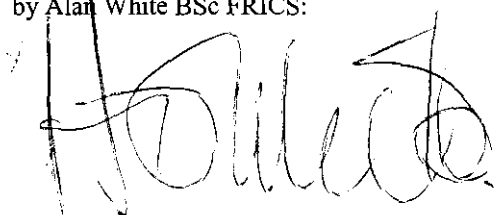
These financial statements were approved by the board of directors on 20 April 2005 and were signed on its behalf by Alan White BSc FRICS:



Company balance sheet
as at 31 July 2004

	<i>Note</i>	2004		2003	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	9		224		-
Investments	1, 10		1,500		1,500
			<hr/>		<hr/>
			1,724		1,500
Current assets					
Stocks	1, 11	166		155	
Debtors	12	6,265		4,611	
		<hr/>		<hr/>	
		6,431		4,766	
Creditors: Amounts falling due within one year	13	(2,169)		(1,017)	
		<hr/>		<hr/>	
Net current assets			4,262		3,749
			<hr/>		<hr/>
Total assets less current liabilities			5,986		5,249
			<hr/>		<hr/>
Net assets			5,986		5,249
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14	-		-	
Profit and loss account	15	5,986		5,249	
		<hr/>		<hr/>	
Equity shareholder's funds			5,986		5,249
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 20 April 2005 and were signed on its behalf by Alan White BSc FRICS:



Reconciliation of movements in shareholder's funds
for the year ended 31 July 2004

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Profit / (Loss) for the financial year	884	354	737	(132)
Opening shareholder's funds	6,942	6,588	5,249	5,381
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholder's funds	7,826	6,942	5,986	5,249
	<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 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.

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 2003. In the company's balance sheet, investment in subsidiary undertakings is stated at cost less provision for impairment. No profit and loss account is presented for the company as part of the audited accounts 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	- 2-3 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 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:

	2004 £'000	2003 £'000
RICS Books	3,373	3,096
PI/RICS Insurance Services	2,321	2,405
Building Cost Information Service Limited	1,951	1,909
Administration and consultancy	125	131
CMP Limited	118	130
	<hr/> 7,888 <hr/>	<hr/> 7,671 <hr/>

Notes (continued)

3 Other operating expenses

	2004 £'000	2003 £'000
Other operating expenses comprise:		
Distribution costs	2	3
Administrative expenses	5,385	5,896
	<u>5,387</u>	<u>5,899</u>

4 Profit on ordinary activities before taxation

	2004 £'000	2003 £'000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets	199	117
Auditors' remuneration:		
Audit – Group	15	16
Audit – Company	9	9
Operating lease rentals – land and buildings	30	30
	<u>253</u>	<u>272</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 2004	2003
Sales	3	1
Administration	94	19
	<u>97</u>	<u>20</u>

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	1,880	610
Social security costs	227	67
Other pension costs	31	44
	<u>2,138</u>	<u>721</u>

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 £2,217,744 (2003: £1,288,416) have been recharged to RICS Business Services Limited for services performed during the year.

Notes (continued)

6 Directors' emoluments

	2004 £'000	2003 £'000
Aggregate directors' remuneration is shown below:		
Emoluments for services as directors	76	63
Contributions to money purchase pension schemes	6	5
	<u>82</u>	<u>68</u>
	Number	Number
The number of directors who are members of pension schemes are as follows:		
Members of money purchase pension schemes	<u>1</u>	<u>1</u>

No emoluments have been paid to non-executive directors.

7 Tax on profit on ordinary activities

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

	2004 £'000	2003 £'000
Corporation tax	365	158
Under / (Over) provision in respect of previous years	42	(70)
	<u>407</u>	<u>88</u>
Deferred Tax – Prior year adjustment	(35)	35
	<u>372</u>	<u>123</u>

(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.

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	<u>1,256</u>	<u>477</u>
Tax charge on profit on ordinary activities at standard rate	377	143
Factors affecting charge for the year:		
Permanently disallowed items	10	10
Excess of qualifying depreciation over capital allowances	17	5
(Utilisation) / increase in losses carried forward	(40)	46
Other differences	1	(43)
Tax rate lower than 30% on tax profits	-	(3)
Adjustments in respect of prior periods	42	(70)
Total actual amount of current tax	<u>407</u>	<u>88</u>

(c) No losses are held in the group at year end (2003: £153,000). 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 for the company was £ 78,560 (2003: £49,570)

Notes (continued)

8 Profit for the financial year

	2004 £'000	2003 £'000
Retained by the parent company	737	(132)
Retained by group undertakings	147	486
	<u>884</u>	<u>354</u>

9 Tangible fixed assets

Group

	Computer equipment £'000	Office equipment £'000	Total £'000
<i>Cost</i>			
At beginning of year	699	25	724
Additions	236	-	236
	<u>935</u>	<u>25</u>	<u>960</u>
At end of year	935	25	960
<i>Depreciation</i>			
At beginning of year	519	18	537
Charge for the year	196	3	199
	<u>715</u>	<u>21</u>	<u>736</u>
At end of year	715	21	736
<i>Net book value</i>			
At 31 July 2004	220	4	224
At 31 July 2003	180	7	187

Notes (continued)

9. Tangible fixed assets (continued)

Company	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At beginning of year	-	-	-
Transfer from another group company	935	25	960,
	<hr/>	<hr/>	<hr/>
At end of year	935	25	960
	<hr/>	<hr/>	<hr/>
Depreciation			
Transfer from another group company	599	20	619
Charge for the year	116	1	117
	<hr/>	<hr/>	<hr/>
At end of year	715	21	736
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 July 2004	220	4	224
	<hr/>	<hr/>	<hr/>
At 31 July 2003	-	-	-
	<hr/>	<hr/>	<hr/>

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 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 and group in RICS Journals Limited comprises:

	Group and Company	
	2004	2003
	£'000	£'000
Share capital	1	1
Long term loans	894	894
Less: Provision for impairment	(895)	(895)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

(b) Other investments

	Group
	£'000
Cost and net book value	
At beginning of year	1,601
Disposals	(103)
	<hr/>
At 31 July 2004	1,498
	<hr/>

The company has no other investments.

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	
	2004	2003
	£'000	£'000
Cash for reinvestment	1,498	1,601
	<u> </u>	<u> </u>

(c) Investment in subsidiary and associated undertakings - company

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

	Subsidiary	Total
	Undertakings	
	£'000	£'000
Cost and Net Book Value		
At beginning and end of year	1,500	1,500
	<u> </u>	<u> </u>

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 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 2005, 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.

11 Stocks

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

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Finished goods for resale	190	179	166	155

Notes (continued)

12 Debtors

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Trade debtors	354	274	63	-
Amounts owed by parent and fellow subsidiary undertakings	3,650	4,355	3,650	4,338
Amounts owed by group undertakings	-	-	2,549	188
Prepayments and accrued income	112	179	3	85
	<u>4,116</u>	<u>4,808</u>	<u>6,265</u>	<u>4,611</u>

13 Creditors: Amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Trade creditors	46	56	40	-
Amounts owed to parent and fellow subsidiary undertakings	-	1,389	1	1
Amounts owed to group undertakings	-	-	1,369	499
Other creditors	230	168	176	103
Accruals and deferred income	1,378	1,317	583	414
	<u>1,654</u>	<u>2,930</u>	<u>2,169</u>	<u>1,017</u>
Other creditors comprise:				
UK corporation tax payable	218	143	164	92
VAT	-	10	-	-
Other	12	15	12	11
	<u>230</u>	<u>168</u>	<u>176</u>	<u>103</u>

Provision for liabilities and charges

	2004
	£'000
Deferred tax	
At the beginning of period	35
Credit to the profit and loss account for the period	(35)
At the end of the period	-

Deferred tax provision in prior year relates to timing differences.

14 Share capital

The authorised, allotted, called and fully paid up share capital of the company consists of 100 ordinary shares of £1 each (2003: £100).

15 Reserves

	£'000
Group	
At beginning of year	6,942
Profit for the financial year	884
	<hr/>
At end of year	7,826
	<hr/>
Company	
At beginning of year	5,249
Profit for the financial year	737
	<hr/>
At end of year	5,986
	<hr/>

16 Capital commitments

The group and the company had outstanding capital commitments at 31 July 2004 of £Nil (2003: Nil).

17 Contingent liabilities

The group and the company had contingent liabilities at 31 July 2004 of £Nil (2003: Nil).

18 Operating lease commitments

The group and the company had no operating lease commitment at 31 July 2004, (2003: £30,000).

19 Pension obligations

As stated in the group accounts, RICS operates a defined benefit scheme for all 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 £8,053,000 as at 31 July 2004.

The pension scheme liability calculated in accordance with SSAP 24 and recognised in the balance sheet of the group at 31 July 2004 was £1,075,000 (2003: £325,000).

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 Institution is in discussions with the Pensions 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 48%. The Institution's contribution to the scheme in the year was £808,154 (2003: £619,181). Employees' contribution rates are 5%. There were no prepaid contributions at the end of the financial year (2003: £Nil).

No benefit changes were made in the year ended 31 July 2004.

Notes (continued)

19 Pension obligations (continued)

In preparing the actuarial valuation at 31 July 2004, the assets have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

Main Assumptions	2004 %	2003 %	2002 %
Rate of increase of salaries	4.00	4.00	4.00
Rate of increase of pensions in payment	3.10	2.75	2.50
Rate of discount for liabilities	5.70	5.50	6.00
Rate of inflation	3.10	2.75	2.50

The assets in the scheme at 31 July 2004, 2003 and 2002 and the expected rate of return were:

	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	Long Term expected rate of return 31 July 2002 %	Fair Value 31 July 2002 £'000
Bonds	5.50	1,627	6.50	1,313	4.90	1,340
Equities	8.00	9,875	4.00	8,670	8.00	7,544
Annuities	5.50	5,868	6.00	5,952	6.00	5,466
Total fair value of assets		17,370		15,935		14,350
Present Value of Liabilities		(25,142)		(23,988)		(19,881)
		(7,772)		(8,053)		(5,531)

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

	£'000
Deficit in scheme at 31 July 2003	(8,053)
Current Service Cost	(585)
Contributions received (net of charges)	808
Net return on scheme assets	1,104
Interest cost	(1,312)
Actuarial loss	266
Deficit in scheme at 31 July 2004	(7,772)

There is no impact of deferred tax on the deficit.

The net return on scheme assets is analysed as follows:

	2004 £'000	2003 £'000
Expected return on scheme assets	1,104	1,007
Interest on pension scheme liabilities	(1,325)	(1,203)
Net return	(221)	(196)

The actuarial loss is analysed as follows:

	2004 % of value of (liabilities)/assets at 31 July	£'000	2003 % of value of (liabilities)/assets at 31 July	£'000
Difference between expected and actual return on assets	0.1%	23	1.4%	222
Experienced gains and losses arising on the scheme's liabilities	(0.3%)	(71)	(1.3%)	(321)
Changes in assumption	1.2%	314	(9.7%)	(2,334)
Actuarial Loss	1.0%	266	(10.1%)	(2,433)

Notes (continued)

19 Pension obligations (continued)

If the above amounts were recognised in the financial statements, the company's net assets and revenue reserve would be as follows:

	31 July 2004		31 July 2003		31 July 2002	
	Revenue Reserve	Net Assets	Revenue Reserve	Net Assets	Revenue Reserve	Net Assets
Prior to adjustment for SSAP 24 provision	4,189	23,140	3,439	22,680	5,347	24,047
Adjustment: SSAP 24 provision made in year	1,075	1,075	325	325	-	-
Excluding Pension Deficit	5,264	24,215	3,764	23,005	5,347	24,047
Present Value of Liabilities	(7,772)	(7,772)	(8,053)	(8,053)	(5,531)	(5,531)
Net deficit	(2,508)	16,443	(4,289)	14,952	(184)	18,516

The group also operates two defined contribution (money purchase) pension schemes. Contributions to these schemes recharged to RICS Business Services Limited were £30,584 (2003: £44,442). There were no outstanding contributions at the end of the financial year (2003: £Nil).

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 3AD.

Additional Information
Company profit and loss account

for the year ended 31 July 2004

	2004 £'000	2003 £'000
Turnover - continuing activities	7,040	5,686
Cost of sales	(1,337)	(1,231)
Gross profit	5,703	4,455
Other operating expenses	(4,688)	(4,681)
Other operating income	48	28
Operating profit/(loss) - continuing activities	1,063	(198)
Income from UK listed fixed asset investments	10	-
Profit/(Loss) on ordinary activities before taxation	1,073	(198)
Tax on profit/(loss) on ordinary activities	(336)	66
Profit/(Loss) on ordinary activities after taxation, being profit for the financial year	737	(132)

The profit and loss account of the company was approved by the board of directors on 20 April 2005 and signed on its behalf by Alan White BSc FRICS:



This information does not form part of the statutory accounts.