Directors and Officers

Chairman and Director

P J Hales

Directors

S D Embley
P M J Latham
D A Fielding
P Griesbach

Secretary

D A Fielding

Auditor

Ernst & Young LLP
PO Box 61
Cloth Hall Court
14 King Street
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Bankers

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Contents

Directors' report

The directors present their report and the Group financial statements for the period from 1 July to 31 December 2004.

Results and dividends

The Group retained profit for the period, after taxation, amounted to £1.4m. The directors do not recommend the payment of a dividend.

Principal activities

The Group's principal activity during the period was the provision of estate agency and related activities, together with the provision of surveying and valuation services on residential property. The principal activity of the Company was that of a holding company. The directors consider that this will continue unchanged into the foreseeable future.

Review of the business

Details of the results are given in the profit and loss account on page 8.

Group operating profit during the period from 15 July to 31 December 2004 was £3.7m including redundancy costs of £0.7m.

Both parts of the business performed extremely well in a housing market which saw underlying transactions fall significantly in the second half of 2004. e.surv's full year operating profits were £15.5m against £12.8m in 2003. The improvement in profitability is based on continued service excellence which has contributed to significant ongoing growth in e.surv's market position.

Your Move's full year operating loss for 2004 is £1.8m against a loss of £12.3m in 2003. A number of estate agency branches were franchised in 2004 which, along with a reduction in central costs and a focus on cost control in general, has contributed to an 18% fall in the annualised cost base. This, together with a focus on driving unit pricing and related income streams, means that the directors are confident of the trading results of Your Move in 2005.

The results for the period are considered by the directors to be satisfactory.

Major events

The Company was incorporated on 27 April 2004.

On 27 April 2004, the Company issued 1 ordinary share of £1 to Dla Nominees Limited for £1 (nil paid). On 15 July 2004, this ordinary share was subdivided into 10 ordinary shares of £0.10 each and reclassified as 'A' ordinary shares. This was transferred to a director 15 July 2004 for the consideration of £1.

On 15 July 2004, the Company issued 1,000,000 'B' ordinary shares of £0.10 each to a number of companies for a consideration of £100,000.

On 15 July 2004, the Company issued 799,990 'A' ordinary shares of £0.10 each to the directors and other individuals for a consideration of £399,999.

On 15 July 2004, the Company acquired a shareholding of 100,000 'A' ordinary shares of £0.01 each and 10,000 'C' ordinary shares of £0.01 each in Lending Solutions Holdings Limited for a consideration of £1,100.

On 12 August 2004, the Company issued 195,800 'A' ordinary shares of £0.10 each to a number of individuals for a consideration of £97,900.

Directors' report

Major events (continued)

On 29 November 2004, the Company issued 4,200 'A' ordinary shares of £0.10 each to a number of individuals for a consideration of £2,100.

Change of name

On 21 July 2004, the Company changed its name from Broomco (3455) Limited to Lending Solutions Limited.

Change of registered office and company secretary

On 27 April 2004, Dla Secretarial Services Limited was appointed as Company Secretary.

On 15 July 2004, Dla Secretarial Services Limited resigned as Company Secretary and D A Fielding was appointed to that position.

On 1 February 2005, the registered office changed to Newcastle House, Albany Court, Newcastle Business Park, Newcastle upon Tyne, NE4 7YB.

Future developments

Looking forward, this is an exciting time for the Lending Solutions Group. Work will be undertaken during 2005 to knit the estate agency, conveyancing and surveying strands of the business together and form a coherent proposition for the changes in the house buying process. At the same time the Group will look to continue to be acquisitive.

Fixed asset market values

The freehold property was revalued in September 2002 and details of the revaluation are covered under note 10.

Post balance sheet event

On 1 February 2005, the Group acquired 77.5% of Homefast Property Lawyers Limited. This company's main activity is the provision of conveyancing services.

On 1 February 2005, P J Hales was appointed as a director of the Company and as chairman of the Group.

Employees

The Group continues to place emphasis on communication and dialogue with employees. News about the Group is provided through a variety of channels, including the 'Buzz' intranet site and half yearly briefings to staff by the management team on the Group's performance.

Employees are encouraged to have their say on how they view the Group and their employment through confidential staff opinion surveys which are undertaken every two to three years. Survey results are fed back to staff and, where appropriate, action plans are put in place to address key issues. Through their participation staff can help to shape future employment developments.

The Group is also supportive of employee development. This support includes the building of relevant competencies, gaining appropriate professional qualifications and assistance with wider personal development.

Directors' report

Employees (continued)

The Group is committed to providing equal opportunities to all employees irrespective of sex, sexual orientation, marital status, creed, colour, race, ethnic origin or disability. The commitment extends to recruitment and selection, training, career development, flexible working arrangements, promotion and performance appraisal. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and to provide specialised training where this is appropriate.

The health and safety of staff is a priority, with both internal reviews and external reports on the health and safety provision being received at regular intervals. Every head office has an appointed health and safety representative whose role is to bring to the attention of the facilities department any areas of concern that should be addressed within the health and safety programme. Information of health and safety matters is communicated to staff through the normal communication channels.

Political and charitable donations

There were no political donations made during the period by either the Group or the Company. Charitable donations by the Group to various charities totalled £104. There were no charitable donations made by the Company.

Directors

The names of the present directors of the Company appear on page 1.

Dla Nominees Limited was appointed as the Company's first director on 27 April 2004 and resigned on 15 July 2004.

S D Embley, P M J Latham, D A Fielding and P Griesbach were appointed as directors of the Company on 15 July 2004.

P J Hales was appointed as a director of the Company and as chairman of the Group on 1 February 2005.

Directors' interests

The table below shows the interests held by each person who was a director at the end of the financial period in 'A' ordinary shares of £ 0.10 each in the Company. All the disclosed interests are beneficial.

	At 15 July 2004	At 31 December 2004
	Number	Number
S D Embley	200,000	200,000
P M J Latham	180,000	180,000
D A Fielding	160,000	160,000
P Griesbach	-	-

Directors' report

Directors' interests (continued)

The table below shows the interests held by each person who was a director at the end of the financial period in 'B1' ordinary shares of £0.001 each in Lending Solutions Holdings Limited (a subsidiary). All the disclosed interests are beneficial.

	At 15 July 2004	At 31 December 2004
	Number	Number
S D Embley	1,000	1,000
P M J Latham	900	900
D A Fielding	800	800
P Griesbach	-	-

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Ernst & Young LLP were appointed as the Company's auditors during the period. A resolution to reappoint them as auditors will be put to the members at the Annual General Meeting.

By order of the Board:

D A Fielding *Secretary*

11 May 2005

Auditors' report

Independent auditors' report to the members of Lending Solutions Limited
We have audited the Company's financial statements for the period ended 31 December 2004 which comprise the Group Profit and Loss Account, Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows and the related notes 1 to 26. These financial statements have been prepared on the basis of 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
As described in the Statement of Directors' Responsibilities the Company'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 legal and regulatory requirements and United Kingdom 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 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 Group 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 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 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 affairs of the Company and of the Group as at 31 December 2004 and of the profit of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Leeds
11 May 2005

Group profit and loss account

for the period from 1 July to 31 December 2004

	Note	1 July to 31 Dec 2004 £'000
Turnover	2	61,861
Operating expenses		(58,819)
Other operating income	4	705
Operating profit		3,747
Other interest receivable and similar income		445
Interest payable and similar charges	3	(1,795)
Profit on ordinary activities before taxation	5	2,397
Tax on profit on ordinary activities	7	(1,045)
Retained profit for the financial period	19	1,352

The Company acquired the operations of your-move.co.uk limited and esurv limited during the current financial period.

A statement of the movement in reserves can be found in note 19.

Statement of total recognised gains and losses

for the period from 1 July to 31 December 2004

The Group has no recognised gains or losses other than those included in the results above. Accordingly, a statement of total recognised gains and losses is not given.

Reconciliation of movements in shareholders' funds

for the period from 1 July to 31 December 2004

	£'000
Profit for the financial period	1,352
New share capital issued	600
Net addition/(reduction) to shareholders' funds	1,952
Closing shareholders' funds	1,952

The notes on pages 12 to 25 are an integral part of these financial statements. The auditors' report is on page 7.

Group balance sheet

as at 31 December 2004

	Note	£'000
Fixed assets		
Intangible assets	9	27,256
Tangible fixed assets	10	5,414
		32,670
Current assets		
Debtors	12	12,383
Cash at bank and in hand		23,103
		35,486
Creditors: amounts falling due within one year	13	25,441
Net current assets		10,045
Total assets less current liabilities		42,715
Creditors: amounts falling due after one year	14	36,745
Provisions for liabilities and charges	15	4,018
Net assets		1,952
Capital and reserves		
Called up share capital	18	200
Share premium account	19	400
Profit and loss account	19	1,352
Shareholders' funds		1,952

The financial statements on pages 8 to 25 were approved by the Board on 11 May 2005 and were signed on its behalf by:

DAFielding

D A Fielding *Director*

The notes on pages 12 to 25 are an integral part of these financial statements. The auditors' report is on page 7.

Company balance sheet
as at 31 December 2004

	Note	£'000
Fixed assets		
Investments	11	1
Current assets		
Debtors	12	44,761
Cash at bank and in hand		(2,666)
		42,095
Creditors: amounts falling due within one year	13	7,028
Net current assets		35,067
Total assets less current liabilities		35,068
Creditors: amounts falling due after one year	14	36,443
Net assets		(1,375)
Capital and reserves		
Called up share capital	18	200
Share premium account	19	400
Profit and loss account	19	(1,975)
Shareholders' funds		(1,375)

The financial statements on pages 8 to 25 were approved by the Board on 11 May 2005 and were signed on its behalf by:

DA Fielding

D A Fielding *Director*

The notes on pages 12 to 25 are an integral part of these financial statements. The auditors' report is on page 7.

Group cash flows

for the period from 1 July to 31 December 2004

	Note	£'000	£'000
Net cash inflow from operating activities	21a		12,161
Returns on investments and servicing of finance			
Interest paid		(1,249)	
Interest received		445	
			(804)
Taxation			
Corporation tax paid			(1,570)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	10	(768)	
Receipts from sales of tangible fixed assets	10	7,858	
Receipt from sale of investment		63	
			7,153
Acquisitions			
Purchase of subsidiary undertaking		(43,233)	
Net cash acquired with subsidiary undertakings		6,034	
			(37,199)
Net cash outflow before financing			(20,259)
Financing			
Issue of ordinary share capital	18	600	
New long term loans and issue of loan notes		46,062	
Repayment of long term loans		(3,300)	
			43,362
Increase in cash	21b		23,103

Notes to the financial statements

1. Accounting policies

Basis of financial statements

The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in accordance with applicable accounting standards.

The financial statements for the Group and Company have been prepared on the going concern basis.

Basis of consolidation

The Group financial statements consolidate the financial statements of Lending Solutions Limited and its subsidiaries for the period 1 July to 31 December 2004. The legal agreement in respect of the acquisition of the Group companies was signed on 15 July 2004, but refers to 1 July 2004 as the effective date of transfer. No profit and loss account is presented for Lending Solutions Limited as provided by section 230 of the Companies Act 1985.

your-move.co.uk limited, esurv limited, BroomCo (3455) Limited and Lending Solutions Holdings Limited have been included in the Group financial statements using the acquisition method of accounting. Accordingly, the Group profit and loss account and statement of cashflows include the results and cash flows of your-move.co.uk limited, esurv limited, BroomCo (3455) Limited and Lending Solutions Holdings Limited for the 6 months period from their effective date of acquisition on 1 July 2004. The purchase consideration has been allocated to assets and liabilities on the basis of fair values at the date of acquisition.

Goodwill

Goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full year after acquisition and subsequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

Fixed assets

Computer equipment, motor vehicles and other tangible assets are capitalised at cost and depreciation is charged to the profit and loss account, within expenses on a straight-line basis, over their estimated useful lives of between three and five years. All tangible assets are tested for impairment where events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are included within the cumulative depreciation amounts disclosed.

No depreciation is provided on freehold land. Leasehold buildings are depreciated over the shorter of lease term or 10 years. Freehold buildings are depreciated over 50 years.

The freehold property was revalued in September 2002 and details of the revaluation are covered under note 10.

The Group disposed of the majority of the freehold property in November & December 2004 for a consideration of £ 7.8m. Fixed assets with a cost of £ 3.5m and nil net book value were written off in the period.

Notes to the financial statements

Taxation

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pensions costs

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are invested and managed independently of the finances of the Group. The pension cost charge represents contributions payable in the period.

A number of the employees participated in a defined benefit 'final salary' scheme in the Aviva group until the Group left the Aviva group on 15 July 2004. This scheme was funded separately and employer's contributions to defined benefit pension schemes were charged to the profit and loss account on a basis which spreads the costs over the service lives of the members.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise for in the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Notes to the financial statements

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax. The turnover and pre-tax profit is attributable to the continuing activity of estate agency and related activities and the provision of surveying and valuation services on residential property. The majority of the turnover arises in the United Kingdom.

3. Interest payable and similar charges

	£'000
Interest on bank loans repayable within five years	1,232
Interest on bank loans repayable after five years	563
	1,795

4. Other operating income

	£'000
Untaxed rents received	505
Other	200
	705

5. *Profit on ordinary activities before taxation*

Profit on ordinary activities before taxation is stated after charging/(crediting):

	£'000
Audit services – statutory audit	28
Operating lease rentals:	
Land and buildings	3,221
Plant and machinery	790
Depreciation of tangible fixed assets	1,537
Amortisation of goodwill	684
Amortisation of loan arrangement fees	115
Rents receivable	(505)
Profit on disposal of investment	(37)
Loss on disposal of fixed assets	100

6. *Directors and employees*

Directors' emoluments

P Griesbach does not receive any remuneration directly in respect of his directorship.

Total emoluments in respect of directors who are employed in a fulltime capacity by the Company amounted to nil excluding pension costs. Company contributions to pension schemes were also nil.

No directors are employed in a fulltime capacity by the Company.

Total emoluments in respect of directors who are employed in a fulltime capacity by the Group amounted to £399,648 excluding pension costs. Group contributions to money purchase pension schemes were £12,559.

The number of directors who were members of Group money purchase pension schemes during the period totalled 3.

The remuneration of the highest paid director amounted to £168,678 excluding pension costs. Group contributions to money purchase pension schemes for that director amounted to £5,578 in the period.

Directors' contributions are matched by the Company up to a maximum of 10% of pensionable earnings.

Employees

The Group employs staff in its branches and head offices. Employment costs of these employees were:

	£'000
Wages and salaries	32,945
Social security costs	3,361
Pension costs	754
	37,060

The monthly staff numbers during the period averaged 2,405. All staff are employed in the provision of estate agency and related activities and the provision of surveying and valuation services on residential property.

7. Taxation

(a) Tax on profit on ordinary activities

Tax charged in the profit and loss account comprises:

	£'000
Current tax	
UK corporation tax	1,322
Deferred tax:	
Origination and reversal of timing differences	(277)
Total current tax	1,045

Notes to the financial statements

7. Taxation (continued)

(b) Factors affecting current tax charge for the period

The tax assessed in the profit and loss account is higher than the standard UK corporation tax rate, because of the following factors:

	£'000
Profit on ordinary activities before tax	2,397
Current tax charge at standard UK corporation tax rate of 30%	719
Disallowable expenses	174
Capital allowances in excess of depreciation	25
Movement in short term timing differences	78
Amortisation of goodwill	205
Utilisation of tax losses	(795)
Tax on capital gain on disposal of fixed assets	878
Other	38
Current tax charge for the period (note 7(a))	1,322

(c) Factors that may affect future tax charges

The deferred tax assets, which have not been recognised due to the uncertainty of their recoverability in the foreseeable future, comprise:

	£'000
Fixed asset timing differences	1,247
Short term timing differences	788
Losses	1,887
	3,922

The deferred tax assets may be recoverable in the future and this is dependent on the one of the subsidiary companies generating taxable profits sufficient to allow the utilisation of the above amounts.

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	£'000
Included in debtors (note 12)	460
Acquisition of subsidiary (note 11)	183
Deferred tax credit in the profit and loss account (note 7a)	277
	460

8. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company is £1,974,694.

Notes to the financial statements

9. Intangible fixed assets

Group

	Goodwill £'000
Cost	
Acquisition of subsidiary undertakings	27,940
At 31 December 2004	27,940
Amortisation	
Provided in the period	684
At 31 December 2004	684
Net book value at 31 December 2004	27,256

Goodwill arising on the acquisition of Lending Solutions Holdings Limited, your-move.co.uk limited, esurv limited and BroomCo (3455) Limited is being amortised evenly over its presumed useful economic life of 20 years.

10. Tangible assets

Group

	Land and buildings £'000	Motor vehicles £'000	Fixtures, fittings and computer equipment £'000	Total £'000
Cost/Valuation				
Acquisition of subsidiary undertakings	8,979	381	12,422	21,782
Additions	-	82	686	768
Disposals	(4,961)	(14)	(3,604)	(8,579)
At 31 December 2004	4,018	449	9,504	13,971
Depreciation				
Acquisition of subsidiary undertakings	2,426	110	8,367	10,903
Charge for the period	273	82	1,182	1,537
Disposals	(343)	(10)	(3,530)	(3,883)
At 31 December 2004	2,356	182	6,019	8,557
Net book value				
At 31 December 2004	1,662	267	3,485	5,414

10. Tangible assets (continued)

The net book value of land and buildings can be analysed as follows:

	£'000
Freehold	639
Short leasehold	1,023
	1,662

On 30 September 2002, the freehold land and buildings were revalued by Sanderson, Townend & Gilbert, an independent external firm of chartered surveyors. In the directors' opinion the net book value as at 31 December 2004 of £638,750 is in line with the revaluation performed in 2002 (the historic cost is £298,596 and accumulated depreciation on a historic cost basis £73,863).

The Group disposed of the majority of the freehold property in November & December 2004 for a consideration of £ 7.8m. Fixed assets with a cost of £ 3.5m and nil net book value were written off in the period.

Included within freehold land and buildings is freehold land with a carrying value of £11,039 which is not subject to depreciation.

11. Investments

Company

	Subsidiary undertaking £'000
Cost	-
Additions	1
Investment held by a group company	25
Disposal	(25)
At 31 December 2004	1

On 15 July 2004, the Company acquired 100,000 'A' ordinary shares of £0.01 each and 10,000 'C' ordinary shares of £ 0.01 each in Lending Solutions Holdings Limited for a consideration of £1,100.

Group

On 15 July 2004, a group company, your-move.co.uk limited exercised its option to sell 9,224,764 ordinary 'C' Shares of £0.01 each in Asserta Holdings Limited to Hamptons Group Limited and Arts Alliance Digital Ventures III Limited for a consideration of £62,998.

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	*Holding*	*Proportion of voting rights held*	*Nature of business*
Lending Solutions Holdings Limited*	Ordinary shares	91.67%	Holding company
your-move.co.uk limited	Ordinary shares, redeemable ordinary shares and non-cumulative redeemable preference shares	91.67%	Estate agency and related activities
esurv limited	Ordinary shares	91.67%	Surveying and valuation services
BroomCo (3455) Limited	Ordinary shares	91.67%	Non-trading company

* held directly by the Company

Notes to the financial statements

11. Investments (continued)

The investment in Lending Solutions Holdings Limited has been included in the Company's balance sheet at its fair value at the date of acquisition.

Lending Solutions Holdings Limited earned a loss after tax of £3 in the period from 5 April to 31 December 2004 of which £ nil arose in the period from 5 April to 30 June 2004.

Analysis of the acquisitions in the period:

	Book value £'000	*Fair value adjustments* £'000	*Fair value* £'000
Tangible fixed assets	10,880	3,261	14,141
Investments	26	-	26
Debtors	17,701	-	17,701
Deferred tax liability	-	(184)	(184)
Cash	6,034	-	6,034
Other creditors and accruals	(21,243)	-	(21,243)
Inter-company loans	2,632	-	2,632
Provisions for liabilities and charges	(4,162)	350	(3,812)
Net assets	11,868	3,427	15,295
Goodwill arising on acquisition			27,940
			43,235

Discharged by:

Cash	41,425
Costs associated with the acquisition	1,810
	43,235

*The adjustments relate to the fair value exercise done at acquisition resulting in changes as follows:

	£'000
Freehold property revaluation	3,261
Tax impact of freehold property	(979)
Tax losses brought forward	795
Professional indemnity provision	350
	3,427

12. Debtors

	Group £'000	Company £'000
Trade debtors	9,491	-
Corporation tax debtor	-	74
Deferred tax debtor	460	-
Other debtors	305	-
Prepayments and accrued income	2,127	88
Amounts owed by Group undertakings	-	44,599
	12,383	44,761

13. Creditors: amounts falling due within one year

	Group £'000	Company £'000
Loans (note 16)	6,434	6,434
Trade creditors	2,461	-
Corporation tax	103	-
Other taxes and social security	3,437	-
Accruals and deferred income	13,006	594
	25,441	7,028

14. Creditors: amounts falling due after one year

	Group £'000	Company £'000
Loans (note 16)	36,443	36,443
Accruals and deferred income	302	-
	36,745	36,443

15. Provisions for liabilities and charges

Group

	Professional indemnity claim provision £'000	Lease obligations £'000
Acquisition of subsidiary undertakings	3,684	478
Amounts utilised	(504)	(90)
Amounts released	(308)	(126)
Provided in financial period	251	633
Balance at 31 December 2004	3,123	895

Notes to the financial statements

15. Provisions for liabilities and charges (continued)

Group

The professional indemnity claim provision relates to ongoing legal claims against one of the subsidiaries, esurv limited and is the directors' best estimate of the likely outcome of such claims.

The provision for lease obligations relates to obligations under leases on vacant properties held by one of the subsidiaries, your-move.co.uk limited. The provision is expected to be fully utilised by April 2015.

Company

There are no provisions for liabilities and charges in respect of the Company.

16. Loans

Group and Company

	£'000
Amounts falling due	
In one year or less	**6,600**
In more than one year but not more than two years	**6,600**
In more than two years but not more than five years	**18,500**
In more than five years	**12,400**
	44,100
Less: unamortised issue costs	**(1,223)**
	42,877

Details of loans not wholly repayable within five years are as follows:

	£'000
LIBOR + 6.0108% secured mezzanine loan repayable in 2 equal instalments on 30 June 2009 and 30 June 2010	**3,890**
10% fixed rate subordinated secured loan notes repayable in 3 equal annual instalments commencing 30 June 2011	**10,034**
	13,924

The lenders have granted the Company the right to exercise a call option to require them to subscribe for an additional £5m in loan notes due for repayment between 2011 and 2013. The call option expires on 15 July 2009.

Arrangement fees have been netted off the loans and these fees are being amortised over the life of the loans.

The loans are secured by a fixed and floating charge on the Group's assets excluding two of the subsidiaries, your-move.co.uk limited and BroomCo (3455) Limited.

Notes to the financial statements

17. Obligations under leases

Operating leases

The Group had annual commitments in respect of non-cancellable operating leases for which no provision has been made in these financial statements in accordance with normal accounting practice. The amount payable under these leases in the next financial year is analysed as follows:

	Land and buildings £'000	Plant and machinery £'000
Leases which expire		
- within 1 year	434	368
- between 2 and 5 years	2,205	835
- more than 5 years	2,520	-
Balance at 31 December 2004	5,159	1,203

The Company had no annual commitments under non-cancellable operating leases.

18. Share capital

	£'000
Authorised:	
1,083,332 'A' ordinary shares of £0.10 each	108
1,000,000 'B' ordinary shares of £0.10 each	100
	208
Allotted, called up and fully paid:	
1,000,000 'A' ordinary shares of £0.10 each	100
1,000,000 'B' ordinary shares of £0.10 each	100
	200

The Company was incorporated on 27 April 2004 with an authorised share capital of 1 ordinary share of £1 each which was issued at par and 9,990 ordinary shares of £0.10 each.

On 15 July 2004, the 1 ordinary shares of £1 each was subdivided into 10 ordinary shares of £0.10 each and reclassified as 'A' ordinary shares by special resolution. The 9,990 ordinary shares of £0.10 each were also reclassified as 'A' ordinary shares and were issued at a premium of £0.40 each.

On 15 July 2004 the authorised share capital was increased by the creation of 1,073,332 'A' ordinary shares of £0.10 each and 790,000 of these were issued at a premium of £0.40 each.

On 15 July 2004 the authorised share capital was increased by the creation of 1,000,000 'B' ordinary shares of £0.10 each and these were issued at par.

The 'A' and 'B' ordinary shares rank pari passu, but they each constitute a separate class of shares as follows:

Voting rights:

'B' ordinary shares are entitled to vote at any meeting in any default period to exercise a poll of 95% of the voting rights attached to all ordinary shares if the holders have served such notice on the Company to activate these enhanced voting rights.

18. Share capital (continued)

Dividends:

'A' ordinary shares are not entitled to a dividend without prior written consent of the majority investors.

B' ordinary shares are entitled to a cumulative cash dividend in respect of the accounting period ended 31 December 2006 equal to 5% of the adjusted profits.

B' ordinary shares are entitled to a cumulative cash dividend in respect of the accounting periods ended 31 December 2007 onwards equal to 10% of the adjusted profits.

19. Reserves

Group

	Share premium account £'000	Profit and loss account £'000
Premium on share issue	400	-
Retained profit for the financial period	-	1,352
Balance at 31 December 2004	400	1,352

Company

	Share premium account £'000	Profit and loss account £'000
Premium on share issue	400	-
Retained profit for the financial period	-	(1,975)
Balance at 31 December 2004	400	(1,975)

20. Pensions costs and commitments

The Group operates defined contribution pension schemes for all its directors and certain employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

The Group was one of a number of UK companies being charged for its employees participating in the Aviva plc Scheme, and its contributions were affected by the financial position of the Scheme until the Group left the Aviva group on 15 July 2004. As it is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, the Group accounted for its pension expense on a defined contribution basis in accordance with paragraph 9 of FRS17.

Following the Group's exit from the Aviva group of companies, the Group ceased to make any contributions to the defined benefit scheme. The Group has no further liabilities to this scheme as from 15 July 2004.

The members affected were invited to join the Group's defined contribution stakeholder scheme. The Group's contributions to this scheme were 10% of pensionable salaries as from 15 July 2004.

The Group's contributions for 'old' members of the existing defined contribution section during 2004, were 5% of pensionable salaries where members contribute and the cost of the death-in-service benefits. Total contributions to the defined contribution scheme in the period were £0.8m.

There was an outstanding amount of £201,900 in respect of pensions as at 31 December 2004.

Notes to the financial statements

21. Notes to the statements of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	£'000
Operating profit	3,747
Depreciation	1,537
Amortisation of goodwill	684
Amortisation of loan arrangement fees	115
Loss on sale of fixed assets	100
Profit on sale of investment	(37)
Decrease in debtors	8,502
Decrease in creditors	(2,487)
Net cash inflow from operating activities	12,161

(b) Analysis of net debt

	At 27 April 2004 £'000	Cash flow £'000	Acquisition £'000	At 31 December 2004 £'000
Cash at bank and in hand	-	17,069	6,034	23,103
Bank loans and loan notes issued	-	(44,100)	-	(44,100)
	-	(27,031)	6,034	(20,997)

22. Reconciliation of net cash flow to movement in net debt

	£'000
Increase in cash	23,103
New long term loans and issue of loan notes	(47,400)
Repayment of loans	3,300
Movement in net debt	(20,997)
Net debt at 27 April 2004	-
Net debt at 31 December 2004	(20,997)

23. Related party transactions

Advantage has been taken of the exemption available not to disclose intra-group related party transactions in respect of 90% owned subsidiaries.

On 7 November 2004, one of the directors, D J Newnes, purchased a company car from the Group for a consideration of £7,056. There were no other related party transactions with directors.

24. Capital commitments

Group

	£'000
Capital expenditure contracted for but not provided	161

The Company had no capital commitments as at 31 December 2004.

25. Contingent liabilities

The Group has a banking facility of £3m and loan borrowings totalling £33.7m which are secured by a fixed and floating charge over the Group's assets excluding two of the subsidiaries, your-move.co.uk limited and BroomCo (3455) Limited.

26. Post balance sheet events

On 1 February 2005, the Group acquired 77.5% of Homefast Property Lawyers Limited. This company's main activity is the provision of conveyancing services.