

FLETCHER KING SERVICES LIMITED

DIRECTORS' REPORT AND ACCOUNTS  
for the year ended  
30 APRIL 1988

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FLETCHER KING SERVICES LIMITEDREPORT OF THE DIRECTORS  
for the year ended 30 APRIL 1988

The directors present their report and the audited accounts for the year ended 30 April 1988.

**PRINCIPAL ACTIVITIES**

During the year under review the company has acted as the main trading subsidiary of Fletcher King Plc to carry on the business of commercial estate agency and surveying, providing a comprehensive range of services and expert advice throughout the United Kingdom.

**DEVELOPMENT DURING THE YEAR**

On 5 May 1987 Fletcher King Plc acquired the whole of the issued share capital of Peter Hunter & Co. Limited, a company formed to carry on the business of the partnership of Peter Hunter & Co., a firm of commercial estate agents and surveyors based in London and specialising in the retail sector. Immediately upon acquisition the assets and undertaking of Peter Hunter & Co. Limited were transferred to Fletcher King Services Limited.

**RESULTS AND DIVIDEND**

The profit and loss account of the company is set out on page 5. The directors recommend the payment of a dividend of £20 (1987 - £6.80) per share totalling £1,000,000 (1987 - £340,000). If this is approved an amount of £332,626 (1987-£90,500) will be retained in the business and transferred to reserves.

**FIXED ASSETS**

Details of the movements in tangible fixed assets are set out in note 6 to the accounts.

**DIRECTORS**

The directors during the year were:

D.J.R. Fletcher  
M.C. Sabey  
A.J. White  
R.J. Ruddell  
J.E. Williams (resigned 31 October 1987)  
M.E.P. Parry  
S.R.E. Pilgrim  
J.E. Campbell  
P.M. Hunter (appointed 5 May 1987)  
N.T. Orme (appointed 5 May 1987)  
A.D. Harmer (resigned 5 May 1987)

FLETCHER KING SERVICES LIMITED

REPORT OF THE DIRECTORS  
for the year ended 30 APRIL 1988  
(continued)

## DIRECTORS (continued)

J.M.T. Slade  
H.P. Redgewell (resigned 31 October 1987)  
T.W. Flett  
R.E.G. Goode  
D.M. Keith  
A.W. Parrack  
E.B.D. Waldy  
J.V.M. Keenan (appointed 5 May 1987)  
J. Macleod (appointed 4 January 1988)  
A.S. Howes (appointed 5 May 1987; resigned 30 September 1987)  
A.I. Jackson (appointed 5 May 1987)

Messrs. Fletcher, Sabey, White, Ruddell, Parry, Pilgrim, Campbell, Hunter and Orme are directors of Fletcher King Plc and their interests in the shares of that company are disclosed in its accounts.

The other directors of the company had the following interests in the ordinary shares of 10p each of Fletcher King Plc at the beginning and end of the year under review:

	<u>At 30 April 1988</u>		<u>At 1 May 1987</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
J.M.T. Slade	-	34,285	-	34,285
T.W. Flett	-	60,000	-	34,285
R.E.G. Goode	-	17,142	7,000	17,142
D.M. Keith	1,000	22,142	2,000	17,142
A.W. Parrack	-	100,000	9,000	11,428
E.B.D. Waldy	-	17,142	-	17,142
J.V.M. Keenan	89,791	-	-	-

The share options, which were granted in three tranches on 1 December 1986, 31 July 1987 and 10 March 1988, are exercisable not less than three years and not more than ten years after the date of the grant. They are exercisable at prices of £1.75, £2.23 and £1.75 respectively.

Save for the above, no director had any beneficial interest in the shares of any group company.

The following changes to directors have occurred since the year end:

S.P. Moriarty (appointed 1 May 1988)  
J.M.T. Slade (resigned 10 June 1988)

FLETCHER KING SERVICES LIMITEDREPORT OF THE DIRECTORS  
for the year ended 30 APRIL 1988  
(continued)

## AUDITORS

A resolution for the re-appointment of Binder Hamlyn as auditors of the company will be proposed to the annual general meeting.

Stratton House,  
Stratton Street,  
London, W1X 5FE.

4 July 1988.

By Order of the Board,

  
P. J. EVANS

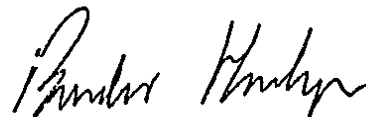
Secretary.

REPORT OF THE AUDITORS TO THE MEMBERS OF  
FLETCHER KING SERVICES LIMITED

We have audited the financial statements on pages 5 to 13 in accordance with approved Auditing Standards.

In our opinion, the financial statements, which have been prepared on the basis of the accounting policies set out on page 8, give a true and fair view of the state of affairs of the company at 30 April 1988 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

4 July 1988.



Chartered Accountants.

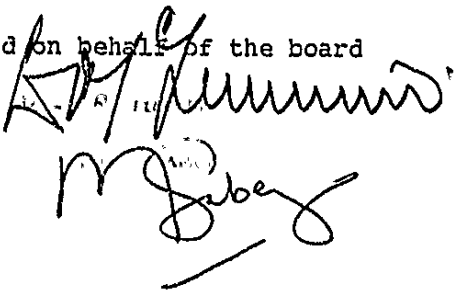
FLETCHER KING SERVICES LIMITEDPROFIT AND LOSS ACCOUNT  
for the year ended 30 APRIL 1988

	<u>Notes</u>	<u>1988</u> £	<u>1987</u> £
Turnover	1,2	5,770,955	2,590,826
Staff costs	4	(1,968,354)	(964,484)
Depreciation		(160,678)	(79,925)
Other operating charges		(1,601,064)	(860,538)
Interest receivable		65,808	7,370
Interest payable		(412)	(11,629)
Profit on ordinary activities before taxation	3	2,106,255	681,620
Tax on profit on ordinary activities	5	773,629	(251,120)
Profit on ordinary activities after taxation		1,332,626	430,500
Dividend proposed		1,000,000	(340,000)
Retained profit for the year	12	<u>£332,626</u>	<u>£90,500</u>

FLETCHER KING SERVICES LIMITEDBALANCE SHEET at 30 APRIL 1988

	<u>Notes</u>	<u>1988</u> £	<u>1987</u> £
<b>FIXED ASSETS</b>			
Tangible assets	6	<u>754,737</u>	<u>599,557</u>
<b>CURRENT ASSETS</b>			
Debtors	7	1,804,763	790,812
Cash at bank and in hand		<u>1,431,877</u>	<u>442,928</u>
		3,236,640	1,233,740
CREDITORS (amounts falling due within one year)	8	<u>(3,236,901)</u>	<u>(1,395,956)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(261)</u>	<u>(162,216)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>754,476</u>	<u>437,341</u>
CREDITORS (amounts falling due after more than one year)	9	(159,388)	(175,770)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	10	<u>(66,844)</u>	<u>(65,953)</u>
<b>NET ASSETS</b>		<u><u>£528,244</u></u>	<u><u>£195,618</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	50,000	50,000
Profit and loss account	12	<u>478,244</u>	<u>145,618</u>
		<u><u>£528,244</u></u>	<u><u>£195,618</u></u>

Signed on behalf of the board



) Directors

FLETCHER KING SERVICES LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the year ended 30 APRIL 1988

	<u>1988</u>	<u>1987</u>
	£	£
<b>SOURCE OF FUNDS</b>		
Generated within the business:		
Profit for the year before taxation	2,106,255	681,620
Depreciation	160,678	79,925
Loss/(profit) on sale of fixed assets	2,906	(6,412)
	<u>2,269,839</u>	<u>755,133</u>
Disposal of fixed assets	110,768	10,901
	<u>2,380,607</u>	<u>766,034</u>
<b>APPLICATION OF FUNDS</b>		
Utilised within the business:		
Purchase of fixed assets	429,532	319,942
Tax paid/(recovered)	7,600	1,150
Increase/(decrease) in working capital:		
Debtors	1,013,951	740,899
Creditors	(59,425)	(784,318)
	<u>1,391,658</u>	<u>277,673</u>
	<u>£988,949</u>	<u>£488,361</u>
<b>MOVEMENT IN NET LIQUID FUNDS</b>		
Increase in bank balances and cash	988,949	441,637
Decrease/(increase) in bank overdraft	-	46,724
	<u>£988,949</u>	<u>£488,361</u>



FLETCHER KING SERVICES LIMITEDNOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1988

## 1. ACCOUNTING POLICIES

## (i) Basis of accounting

The accounts are prepared under the historical cost convention.

## (ii) Turnover

Turnover consists of commissions and fees receivable excluding value added tax. Commissions on property transactions for clients are recognised as earned on completion of the transaction, except in the case of long term developments where non-returnable fees are recognised when they become payable during the course of the development. Fees for other professional services are recognised when they become due and payable.

## (iii) Work in progress

Direct costs relating to agency work are not carried forward as work in progress because at any given balance sheet date the recovery of such costs is contingent upon the successful completion of the underlying transaction.

## (iv) Finance leases and hire purchase agreements

Assets held under finance leases and hire purchase agreements are included in tangible fixed assets and are amortised in accordance with the depreciation policies detailed below. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. Finance charges are debited to the profit and loss account so that the annual rate of charge is approximately constant.

## (v) Depreciation

Depreciation is calculated to write off the cost less residual value of assets over their useful lives at the following rates:

Computer equipment and word processors	- 15% per annum straight line
Kitchen and office equipment	- 15% per annum reducing balance
Motor cars	- 25% per annum reducing balance
Lease premiums	- Over life of the related lease

## (vi) Deferred taxation

Provision is made using the liability method for taxation deferred by timing differences to the extent that it is considered that a liability will crystallise in the foreseeable future.

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1988  
(continued)

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2.	TURNOVER	<u>1988</u>	<u>1987</u>
		£	£
	Commissions and fees	5,770,955	1,762,735
	Service charges	-	828,091
		<u>5,770,955</u>	<u>£2,590,826</u>

## 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

## After charging:

Interest on finance leases and hire purchase agreements	43,444	23,893
Depreciation	160,678	79,925
Hire of plant and machinery	78,703	72,758
Directors' emoluments (note 13)	834,125	294,044
Auditors' remuneration	10,000	10,000
Loss on sale of fixed assets	2,906	-

## After crediting:

Profit on sale of fixed assets	-	6,412
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## 4. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company (including directors) during the year was 82 (1987 - 51).

## Their total remuneration was:

Wages and salaries	1,780,489	878,158
Social security costs	187,865	86,326
	<u>£1,968,354</u>	<u>£964,484</u>

The number of employees who earned more than £30,000 during the year were:

	<u>Number</u>	<u>Number</u>
£35,001 - £40,000	-	1

## 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	£
Corporation tax at 35%	766,684	237,937
Transfer to deferred tax (note 10)	891	13,183
Group relief payable	6,054	-
	<u>£773,629</u>	<u>£251,120</u>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1988  
(continued)

6. FIXED ASSETS	Lease premiums	Computer equipment and word processors	Kitchen equipment	Office equipment	Motor cars	Total
	£	£	£	£	£	£
Cost -						
At 1 May 1987	-	146,376	7,370	528,052	188,018	869,816
Additions	84,803	29,964	812	128,946	185,007	429,532
Disposals	(9,803)	-	-	(93,380)	(21,207)	(124,390)
At 30 April 1988	75,000	176,340	8,182	563,618	351,818	1,174,958
Depreciation -						
At 1 May 1987	-	26,000	2,541	220,948	20,770	270,259
Charged to profit and loss account	1,490	25,745	793	55,783	76,868	160,679
Disposals	(405)	-	-	(5,933)	(4,379)	(10,717)
At 30 April 1988	1,085	51,745	3,334	270,798	93,259	420,221
Net book value						
At 30 April 1988	<u>£73,915</u>	<u>£124,595</u>	<u>£4,848</u>	<u>£292,820</u>	<u>£258,559</u>	<u>£754,737</u>
At 30 April 1987	<u>£-</u>	<u>£120,376</u>	<u>£4,829</u>	<u>£307,104</u>	<u>£167,248</u>	<u>£599,557</u>

Included in fixed assets are assets held under finance leases with total net book value of £240,928 (1987 - £261,171).

7. DEBTORS	1988 £	1987 £
Trade debtors	1,682,161	680,543
Taxation recoverable	3,130	3,130
Other debtors	4,979	1,215
Prepayments and accrued income	114,493	105,924
	<u>£1,804,763</u>	<u>£790,812</u>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1988  
(continued)

8.	CREDITORS (amounts falling due within one year)	<u>1988</u> £	<u>1987</u> £
	Finance lease creditor (note 15)	125,149	88,810
	Trade creditors	18,939	32,987
	Amounts owed to group companies	725,690	292,000
	Other creditors including taxes and social security	275,218	257,008
	Accruals	244,122	148,364
	Corporation tax	847,783	236,787
	Dividends proposed	1,000,000	340,000
		<u>£3,236,901</u>	<u>£1,395,956</u>
9.	CREDITORS (amounts falling due after more than one year)		
	Finance lease creditor (note 15)	<u>£159,388</u>	<u>£175,770</u>
10.	PROVISION FOR LIABILITIES AND CHARGES		Deferred taxation £
	At 1 May 1987		65,953
	Transfer to profit and loss account		891
	At 30 April 1988		<u>£66,844</u>
The balance of deferred taxation at 30 April 1988 is made up as follows:			
		<u>1988</u> £	<u>Provided and potential</u> <u>1987</u> £
	Timing differences on finance leases	16,255	20,059
	Accelerated capital allowances	24,000	45,894
	Gain on sale of lease rolled over	26,589	-
		<u>£66,844</u>	<u>£65,953</u>
11.	CALLED UP SHARE CAPITAL		
	Authorised Shares of £1 each	<u>£50,000</u>	<u>£50,000</u>
	Allotted and fully paid Shares of £1 each	<u>£50,000</u>	<u>£50,000</u>

FLETCHER KING SERVICES LIMITED  
NOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1988  
(continued)

## 12. RESERVES

	<u>1988</u> £	<u>1987</u> £
Profit and loss account	145,618	104,918
At 1 May 1987	-	(49,800)
Capitalised 17 November 1987	<u>332,626</u>	<u>90,500</u>
Profit for the year	<u>£478,244</u>	<u>£145,618</u>
At 30 April 1988		

## 13. MATERIAL INTERESTS OF DIRECTORS AND DIRECTORS' EMOLUMENTS

Particulars of directors emoluments are as follows:

Chairman	55,946	20,872
Highest paid director	<u>81,538</u>	<u>22,218</u>

Other directors were within the following bands:

	<u>Number</u>	<u>Number</u>
£ 5,001 - £10,000	-	1
£10,001 - £15,000	3	3
£15,001 - £20,000	-	2
£20,001 - £25,000	1	8
£25,001 - £30,000	3	-
£30,001 - £35,000	3	-
£35,001 - £40,000	1	-
£40,001 - £45,000	4	-
£45,001 - £50,000	4	-
£50,001 - £55,000		

## 14. CAPITAL COMMITMENTS

At the balance sheet date, the company had no capital expenditure commitments (1987 - Nil).

## 15. FINANCIAL COMMITMENTS

At 30 April 1988 the company is committed to the following payments under finance leasing agreements.

	£
Payable in:	149,876
Within one year	123,808
One to two years	<u>47,777</u>
Two to five years	321,461
	(36,924)
Less: Future finance charges	<u>£284,537</u>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 30 APRIL 1988  
(continued)

15. **FINANCIAL COMMITMENTS (continued)**

The company is committed to make the following annual payments under operating lease agreements as at 30 April 1988:

Year of expiry of lease	<u>1988</u>		<u>1987</u>	
	Property	Other	Property	Other
	<u>leases</u>	<u>£</u>	<u>leases</u>	<u>£</u>
Within one year	2,214	3,016	-	68,813
Two to five years	-	84,937	-	107,860
Over five years	260,018	-	187,850	-
	<u>£262,232</u>	<u>£87,953</u>	<u>£187,850</u>	<u>£176,673</u>

16. **APPROVAL OF ACCOUNTS**

These accounts were approved by the board on 4 July 1988.

17. **ULTIMATE HOLDING COMPANY**

The directors regard Fletcher King Plc, incorporated in Great Britain, as the ultimate holding company.