

FLETCHER KING SERVICES LIMITED
ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 2001

**HORWATH
CLARK WHITEHILL**
Chartered Accountants

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FLETCHER KING SERVICES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2001

ACCOUNTS

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 30 April 2001.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

PRINCIPAL ACTIVITIES

During the year under review the company has acted as a 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.

RESULTS AND DIVIDEND

The profit and loss account of the company is set out on page 4.

An interim dividend of £132,109 was paid in the year. The directors propose a final dividend of £220,182. An amount of £1,053 will be transferred to reserves.

**FLETCHER KING SERVICES LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2001**

DIRECTORS

The directors during the year were:

D J R Fletcher
R E G Goode
R A Dickman
C Freer-Smith
T Young
G Pepper
S Taylor
B Ridgwell
J Dunkerley - appointed as director on 1 July 2000.

Messrs Fletcher and Goode are directors of Fletcher King Plc and their interests in the shares of that company are disclosed in its financial statements.

The other directors of the company at 30 April 2001, together with their families, had the following interests in the ordinary shares of 10p each in Fletcher King Plc at the beginning and end of the year under review.

	30 April 2001		30 April 2000	
	Shares	Options	Shares	Options
R A Dickman	-	20,000	-	20,000
C Freer-Smith	-	20,000	-	20,000
T Young	-	10,000	-	10,000
B Ridgwell	-	-	-	-
S Taylor	2,000	-	-	-

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

AUDITORS

Horwath Clark Whitehill have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointments will be submitted at the Annual General Meeting.

By order of the Board

Secretary



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**REPORT OF THE AUDITORS
TO THE SHAREHOLDERS
OF FLETCHER KING SERVICES LIMITED**



We have audited the accounts on pages 4 to 11 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective Responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities are to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 the information in the accounts.

Unqualified Opinion

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 30 April 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill
Chartered Accountants
and Registered Auditors

6.7.01

FLETCHER KING SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2001

	Notes	2001 £	2000 £
TURNOVER	2	4,127,982	3,807,626
Staff costs	4	(2,561,565)	(2,168,128)
Depreciation	3	(71,465)	(81,408)
Other operating charges		<u>(972,169)</u>	<u>(964,132)</u>
OPERATING PROFIT		522,783	593,958
Interest receivable		13,594	44,956
Interest payable and similar charges	3	<u>(2,874)</u>	<u>(3,560)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	533,503	635,354
Tax on profit on ordinary activities	5	<u>(180,159)</u>	<u>(198,566)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		353,344	436,788
Dividends paid and proposed	6	<u>(352,291)</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR	13	<u>1,053</u>	<u>436,788</u>

All of the above results derive from continuing activities and there were no acquisitions in the year.

Statement Of Total Recognise Gains And Losses

There are no recognised gains and losses, other than those shown in the profit and loss account.

The notes on pages 6 to 11 form part of these accounts.


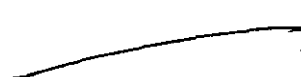
FLETCHER KING SERVICES LIMITED

BALANCE SHEET

30 APRIL 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	7	260,421	332,812
Investments	8	908,832	5,755
		<u>1,169,253</u>	<u>338,567</u>
CURRENT ASSETS			
Debtors	9	1,721,122	2,327,651
Cash at bank and in hand		457,379	187
		<u>2,178,501</u>	<u>2,327,838</u>
CREDITORS: amounts falling due within one year	10	<u>(2,783,140)</u>	<u>(2,097,630)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(604,639)</u>	<u>230,208</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>564,614</u>	<u>568,775</u>
Provisions for liabilities and charges	11	<u>(12,000)</u>	<u>(17,214)</u>
NET ASSETS		<u>552,614</u>	<u>551,561</u>
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Profit and loss account	13	502,614	501,561
EQUITY SHAREHOLDERS' FUNDS	14	<u>552,614</u>	<u>551,561</u>

Approved by the Board on
and signed on its behalf:


} Directors
 6.7.01

The notes on pages 6 to 11 form part of these financial statements.

FLETCHER KING SERVICES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 2001

1. ACCOUNTING POLICIES

a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) 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.

c) 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 transactions.

d) Leases

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 years. Finance charges are debited to the profit and loss account so that the annual rate of charge on the outstanding obligations is approximately constant.

Rentals under operating leases are charged on a straight line basis over the lease term.

e) Depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write off the cost, less estimated residual value, of asset over their estimated useful life, as follows:

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

f) 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.

g) Cash flow statement

The company is exempt from the requirement of FRS1 (Revised) to include a cash flow statement as part of its accounts because it is a wholly owned subsidiary and a consolidated cash flow is included in the group accounts of its parent company.

FLETCHER KING SERVICES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2001

1. ACCOUNTING POLICIES (Continued)

h) Investments

Fixed assets investments are shown a cost less any provision for impairment.

2. TURNOVER

	2001 £	2000 £
Commission and fees	<u>4,128,806</u>	<u>3,807,626</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Interest on finance leases and hire purchase agreements	2,874	3,560
Depreciation and amounts written off tangible fixed assets		
- owned	62,052	72,728
- held under finance leases and hire purchase contracts	9,414	8,680
Directors' emoluments	1,544,809	1,120,223
Auditors' remuneration for audit services	7,000	18,110
Auditors' remuneration for non-audit services	2,000	20,790
Operating lease rentals		
- property	119,839	100,700
- other	<u>55,384</u>	<u>42,688</u>

4. PARTICULARS OF EMPLOYEES

Staff costs

Wages and salaries	2,246,745	1,899,228
Social security costs	284,070	243,889
Other	<u>30,750</u>	<u>25,011</u>
	<u>2,561,565</u>	<u>2,168,128</u>

Number of employees

	No.	No.
The average number of employees (including directors)	<u>37</u>	<u>39</u>

5. TAX ON PROFIT AND ORDINARY ACTIVITIES

	£	£
Corporation tax at 30% (2000 – 30%)	181,454	188,478
Under provision in prior years	3,919	2,088
(Decrease)/increase in deferred tax provision	<u>(5,214)</u>	<u>8,000</u>
	<u>180,159</u>	<u>198,566</u>

FLETCHER KING SERVICES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2001

6 DIVIDENDS PAID AND PROPOSED	2001	2000
	£	£
Equity shares:		
Interim paid of 2.64p (2000 - £Nil) per share	132,109	-
Final proposed of 4.4p (2000 - £Nil) per share	220,182	-
	<u>352,291</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Lease premiums and improvements £	Computers equipment and word processors £	Office and kitchen equipment	Motor Cars £	Total £
Cost					
At 1 May 2000	130,672	102,333	951,340	165,622	1,349,967
Additions	-	9,427	1,838	-	11,265
Disposals	-	(12,490)	(2,351)	(62,562)	(77,403)
At 30 April 2001	<u>130,672</u>	<u>99,270</u>	<u>950,827</u>	<u>103,060</u>	<u>1,283,829</u>
Depreciation					
At 1 May 2000	70,320	64,599	782,974	99,262	1,017,155
Charge for year	10,450	20,998	25,346	14,671	71,465
Disposals	-	(12,490)	(1,150)	(51,572)	(65,212)
At 30 April 2001	<u>80,770</u>	<u>73,107</u>	<u>807,170</u>	<u>62,361</u>	<u>1,023,408</u>
Net book value					
At 30 April 2001	<u>49,902</u>	<u>26,163</u>	<u>143,657</u>	<u>40,699</u>	<u>260,421</u>
<i>At 30 April 2000</i>	<i><u>60,352</u></i>	<i><u>37,734</u></i>	<i><u>168,366</u></i>	<i><u>66,360</u></i>	<i><u>332,812</u></i>

Included in fixed assets are assets held under finance leases and hire purchase agreements with a total net book value of £29,442 (2000 - £33,744). Depreciation of £5,195 (2000 - £8,680) was charged on these assets during the year.

8. FIXED ASSETS INVESTMENTS	2001	2000
	£	£
Cost and net book value		
At 1 May 2000	5,755	-
Transfer from parent company	-	5,755
Addition	903,077	-
At 30 April 2001	<u>908,832</u>	<u>5,755</u>

FLETCHER KING SERVICES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2001

8. FIXED ASSETS INVESTMENTS (Continued)

The addition during the year is comprised of the following:

	£
Investment in Fletcher King Limited Partnership	900,000
Trade Investment	<u>3,077</u>
	<u>903,077</u>

The investment in Fletcher King Limited Partnership consisting of a fixed investment of £8 and a loan of £899,992.

Participating interests, all of which are registered in England and Wales, comprise a 25% interest in the ordinary share capital of Fletcher King Cosnett Price Limited and a 40% interest in the ordinary share capital of Fletcher King (Manchester) Limited. Both carry on the business of commercial estate agency and surveying.

At 30 April 2001 the aggregate share capital and reserves and profit/(loss) for the year to that date was as follows:

	Capital and Reserves £	Profit/ (loss) £
Fletcher King Cosnett Price Limited	22,104	727
Fletcher King (Manchester) Limited	<u>85,510</u>	<u>13,585</u>

9. DEBTORS

	2001 £	2000 £
Trade debtors	972,243	704,026
Amounts owed by group undertakings	473,426	1,391,202
Other debtors	25,537	9,602
Prepayments and accrued income	<u>249,916</u>	<u>222,821</u>
	<u>1,721,122</u>	<u>2,327,651</u>

10. CREDITORS: Amounts falling due within one year

Bank overdrafts	-	263,512
Trade creditors	80,395	86,533
Amounts due to group undertakings	1,059,342	640,998
Obligations under finance leases and hire purchase agreements	6,344	14,497
Other taxes and social security	184,012	114,291
Accruals	1,051,411	789,321
Corporation tax	181,454	188,478
Dividends proposed	<u>220,182</u>	<u>-</u>
	<u>2,783,140</u>	<u>2,097,630</u>

Obligations under finance lease and hire purchase agreements are secured by the assets to which they relate.

FLETCHER KING SERVICES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2001

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred
Taxation
£

1 May 2000	17,214
Charged to profit and loss account	(5,214)
Balance at 30 April 2001	12,000

The balance of deferred taxation at 30 April 2001 is made up as follows:

	2001 £	2000 £
Timing differences on finance leases	<u>12,000</u>	<u>17,214</u>

12. SHARE CAPITAL

	2001 £	2000 £
Authorised Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted and fully paid Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

13. RESERVES

Profit and
Loss
account
£

1 May 2000	501,561
Retained profit for the year	1,053
At 30 April 2001	502,614

**14. RECONCILIATION OF MOVEMENT IN EQUITY
SHAREHOLDERS' FUNDS**

	2001 £	2000 £
Retained profit for the year	1,053	436,788
Equity shareholders' funds at 1 May 2000	<u>551,561</u>	<u>114,773</u>
Equity shareholders' funds at 30 April 2001	552,614	551,561

15. DIRECTORS EMOLUMENTS, INTEREST AND TRANSACTIONS

Particulars of directors emoluments are as follows:

Highest paid director	<u>395,568</u>	<u>338,655</u>
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FLETCHER KING SERVICES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2001

16. FINANCIAL COMMITMENTS

There were no capital commitments as at 30 April 2001.

	Property leases		Other	
	2001	2000	2001	2000
	£	£	£	£
Expiry of lease				
- two to five years	289,512	-	58,300	42,688
- over five years	-	100,700	-	-
	<u>289,512</u>	<u>100,700</u>	<u>58,300</u>	<u>42,688</u>

17. ULTIMATE PARENT UNDERTAKING

The directors regard Fletcher King Plc, registered in England and Wales, as the ultimate parent company. Copies of the accounts are available by application to the Company Secretary at Stratton House, Stratton Street, London W1X 5FE.

18. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary undertaking of Fletcher King Plc, the company has taken advantage of the exemption in FRS8 'Related Party Disclosures' transactions with Fletcher King Plc and Ernest Howard Limited.

During the year R Goode, director, purchased a car from the company for £3,000 which was the market value.