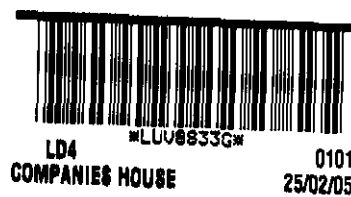


FLETCHER KING SERVICES LIMITED

ACCOUNTS

**FOR THE YEAR ENDED
30 APRIL 2004**

COMPANY NUMBER: 1140727



FLETCHER KING SERVICES LIMITED

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FLETCHER KING SERVICES LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

D J R Fletcher
R E G Goode
R A Dickman
J V Hardman
G J Pepper
D B Ridgewell

SECRETARY

D Evans

REGISTERED OFFICE

Stratton House
Stratton Street
London
W1J 8LA

BANKERS

National Westminster Bank plc
PO Box 2AG
63 Piccadilly
London
W1A 2AG

ACCOUNTANTS AND FINANCIAL ADVISER

Smith & Williamson Limited
No 1 Riding House Street
London
W1A 3AS

AUDITORS

Nexia Audit Limited
Chartered Accountants
No 1 Riding House Street
London W1A 3AS

COMPANY'S REGISTERED NUMBER

1140727

FLETCHER KING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2004

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 2004.

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.

REVIEW OF THE BUSINESS

The directors are satisfied with the results achieved and are optimistic for the future.

RESULTS AND DIVIDEND

The profit and loss account of the company is set out on page 7.

The directors propose a final dividend of £202,567 (2003: £nil). An amount of £37,333 will be deducted from reserves (2003: £130,196 transferred to reserves).

DIRECTORS

The directors during the year were:

D J R Fletcher
R E G Goode
R A Dickman
J V Hardman
G J Pepper
D B Ridgwell

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.

FLETCHER KING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2004 (continued)

The other directors of the company at 30 April 2004, 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 2004		30 April 2003 (Or date of appointment)	
	Shares	Options	Shares	Options
R A Dickman	-	20,000	-	20,000
G Pepper	-	-	-	-
DB Ridgewell	-	-	-	-
J V Hardman	-	-	-	-

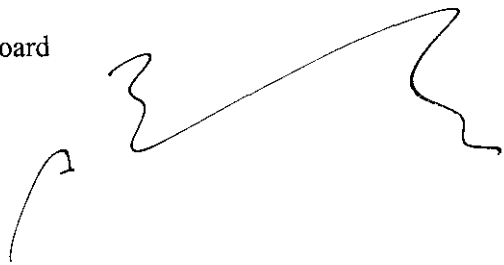
Save for the above, no director had any beneficial interest in the shares of any group company.

AUDITORS

A resolution to re-appoint Nexia Audit Limited will be proposed at the next Annual General Meeting.

By order of the Board

Secretary



FLETCHER KING SERVICES LIMITED

STATEMENT OF 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;
- 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.

Nexia Audit

— · Limited · —

Independent auditors' report to the shareholder of Fletcher King Services Limited

We have audited the accounts of Fletcher King Services Limited for the year ended 30 April 2004 on pages 7 to 17. These accounts have been prepared under the historical cost convention and 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 accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 the information specified by law regarding directors' remuneration and transactions with the company 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.

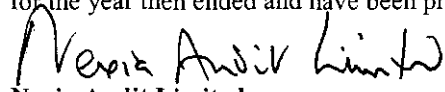
Basis of audit opinion

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 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 information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 April 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Nexia Audit Limited
Chartered Accountants
Registered Auditors

1 Riding House Street
London
W1A 3AS

24 February 2005

FLETCHER KING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2004

	Notes	2004 £	2003 £
TURNOVER	2	3,461,568	2,954,997
Staff costs	4	(2,113,635)	(1,698,466)
Depreciation		(52,642)	(56,324)
Other operating charges		(1,043,993)	(1,077,056)
OPERATING PROFIT		251,298	123,151
Interest receivable	5	30,292	37,622
Interest payable and similar charges	6	(16,546)	(17,448)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	265,044	143,325
Taxation	7	(99,810)	(13,129)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		165,234	130,196
Dividends paid and proposed	8	(202,567)	-
RETAINED (LOSS)/PROFIT FOR THE YEAR	16	(37,333)	130,196

All the company's activities are considered continuing.

There are no gains or losses in the year other than those included in the above profit and loss account.

FLETCHER KING SERVICES LIMITED

BALANCE SHEET FOR THE YEAR ENDED 30 APRIL 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9	96,655	145,108
Investments	10	255,064	255,063
		<hr/>	<hr/>
		351,719	400,171
CURRENT ASSETS			
Debtors	11	1,359,489	1,318,769
Cash at bank and in hand		1,025,999	452,548
		<hr/>	<hr/>
		2,385,488	1,771,317
CREDITORS: amounts falling due within one year	12	(1,955,945)	(1,334,067)
		<hr/>	<hr/>
NET CURRENT ASSETS		429,543	437,250
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		781,262	837,421
CREDITORS: amounts falling due after one year	13	-	(17,165)
		<hr/>	<hr/>
TOTAL ASSETS LESS TOTAL LIABILITIES		781,262	820,256
Provisions for liabilities and charges	14	-	(1,661)
		<hr/>	<hr/>
NET ASSETS		781,262	818,595
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	15	50,000	50,000
Profit and loss account	16	731,262	768,595
		<hr/>	<hr/>
EQUITY SHAREHOLDER'S FUNDS	17	781,262	818,595
		<hr/>	<hr/>

Approved by the Board on 20 JANUARY 05 and signed on its behalf

D FLETCHER
Director



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FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2004

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:

Office equipment	15-25% per annum straight line
Motor vehicles	25% per annum reducing balance
Lease premiums and leasehold improvements	Over the life of the related lease

f) Investments

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

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2004 (continued)

g) Deferred Taxation

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

h) Cash flow statement

The company is exempt from the requirement of FRS1 (Revised) to include a cash flow statement as part of its accounts as it meets the small companies limits of the Companies Act.

2. TURNOVER	2004 £	2003 £
Commissions and fees	3,461,568	2,954,997
	<hr/>	<hr/>
3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£	£
<i>Is stated after charging:</i>		
Depreciation and amounts written off tangible fixed assets		
- owned	34,675	35,835
- held under finance leases & hire purchase contracts	17,967	20,489
	<hr/>	<hr/>
	52,642	56,324
Interest on finance leases & hire purchase agreements	2,096	3,781
Directors' emoluments	1,013,316	752,999
Auditors' remuneration for audit services	12,000	10,600
Auditors' remuneration for non-audit services	5,000	2,500
Operating lease rentals – property	283,300	286,800
- other	17,480	33,424
	<hr/>	<hr/>
4. STAFF COSTS	£	£
Wages and salaries	1,861,992	1,506,542
Social security costs	227,118	164,795
Other	24,525	27,129
	<hr/>	<hr/>
	2,113,635	1,698,466
	<hr/>	<hr/>
Number of employees	No.	No.
The average number of employees (including directors):		
Management	7	5
Professional	14	14
Administrative	12	15
	<hr/>	<hr/>
	33	34
	<hr/>	<hr/>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2004 (continued)

4. STAFF COSTS (continued)	2004	2003
	£	£
Particulars of directors emoluments are as follows:		
Highest paid director	260,431	156,521
	<hr/>	<hr/>
5. INTEREST RECEIVABLE & SIMILAR INCOME	£	£
Bank interest	16,167	4,270
Income from trade investments	13,271	6,852
Dividends Received	854	26,500
	<hr/>	<hr/>
	30,292	37,622
	<hr/>	<hr/>
6. INTEREST PAYABLE	£	£
Bank interest	-	45
Interest on finance leases & hire purchase agreements	2,096	3,781
Loans from group undertakings	14,450	13,622
	<hr/>	<hr/>
	16,546	17,448
	<hr/>	<hr/>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2004 (continued)

7. TAX ON PROFIT AND ORDINARY ACTIVITIES	2004	2003
	£	£
Corporation tax at 30% (2002: 30%)	101,452	25,677
Under/(over) provision in prior years	19	(12,749)
Increase/(decrease) in deferred tax provision	(1,661)	201
	<hr/>	<hr/>
	99,810	13,129
	<hr/>	<hr/>

The effective rate of UK corporation tax is calculated as the standard rate of UK corporation tax of 30%. The difference between the total current tax shown above and the amount calculated applying the effective rate of UK corporation tax, to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	265,044	143,325
	<hr/>	<hr/>
Tax on group profit at UK corporation tax rate at 30% (2002: 30%)	79,513	42,997
Capital allowances exceeding the depreciation	4,504	4,190
Expenses not deductible for tax purposes	18,363	8,282
Group losses surrendered	-	(19,353)
Marginal relief	(928)	(10,439)
	<hr/>	<hr/>
Current tax charge for the period	101,452	25,677
	<hr/>	<hr/>

8. DIVIDENDS PAID AND PROPOSED

	£	£
Equity shares:		
Final proposed of £4.05 (2003: £nil) per share	202,567	-
	<hr/>	<hr/>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2004 (continued)

9. TANGIBLE FIXED ASSETS

	Lease premiums and improvements	Computers equipment and word processors	Office and kitchen equipment	Motor vehicles	Total
Cost					
At 1 May 2003	130,672	85,615	526,361	50,233	792,881
Additions	-	1,779	2,410	-	4,189
Disposals	-	-	(216)	-	(216)
At 30 April 2004	130,672	87,394	528,555	50,233	796,854
Depreciation					
At 1 May 2003	101,670	43,174	471,705	31,224	647,773
Charge for year	10,449	17,297	20,143	4,753	52,642
Disposals	-	-	(216)	-	(216)
	112,119	60,471	491,632	35,977	700,199
Net book value					
At 30 April 2004	18,533	26,923	36,923	14,256	96,655
At 30 April 2003	29,002	42,441	54,656	19,009	145,108

Included in fixed assets are assets held under finance leases and hire purchase agreements with a total net book value of £36,609 (2003: £54,476).

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2004 (continued)

10. FIXED ASSETS INVESTMENTS	2004 £	2003 £
Cost and net book value		
At 1 May 2003	255,063	5,063
Addition	1	250,000
	<hr/>	<hr/>
At 30 April 2003	255,064	255,063
	<hr/>	<hr/>
Represented by:	£	£
Shares in group undertakings	1	-
Listed investments	3,077	3,077
Unlisted interests	250,008	250,008
Participating interests	1,978	1,978
	<hr/>	<hr/>
	255,064	255,063
	<hr/>	<hr/>

During the year ended 30 April 2004 the company made an investment, representing a 100% holding in the ordinary share capital of F K Management Services Limited. The company carries on the business of providing property management personnel and is registered in England and Wales.

At 30 April 2004, the market value of listed investments was £328,711 (2003: £57,631).

During the year ended 30 April 2003 the company made an investment, equivalent to a 4% holding, in Stratton House Investment Property Syndicate, amounting to £250,000.

The investment in Fletcher King Limited Partnership consists of a fixed investment of £8.

Participating interests comprise a 30% interest in the ordinary share capital of Fletcher King (Manchester) Limited. The company carries on the business of commercial estate agency and is registered in England and Wales.

At 30 April 2004 the aggregate share capital and reserves and profit for the year to that date was as follows:

	Capital and reserves £	Profit for year £
Fletcher King (Manchester) Limited	103,362	30,740
F K Manangement Services Limited	131	130
	<hr/>	<hr/>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2004 (continued)

11. DEBTORS	2004 £	2003 £
Trade debtors	756,800	697,926
Amounts owed by group undertakings	462,498	473,426
Other debtors	5,312	6,564
Prepayments and accrued income	134,879	140,853
	<hr/>	<hr/>
	1,359,489	1,318,769
	<hr/>	<hr/>

12. CREDITORS: Amounts falling due within one year	£	£
Trade creditors	57,593	85,168
Amounts due to group undertakings	694,088	650,587
Obligations under finance leases and hire purchase agreements	17,165	20,553
Other taxes and social security	71,478	129,179
Accruals	811,602	434,545
Corporation tax	101,452	14,035
Dividends proposed	202,567	-
	<hr/>	<hr/>
	1,955,945	1,334,067
	<hr/>	<hr/>

Obligations under finance lease and hire purchase agreements are secured by the assets to which they relate. Amounts due to group undertakings are unsecured and have no fixed terms of repayment, interest is payable at 2% above base rates.

13. CREDITORS: Amounts falling due after one year	£	£
Obligations under finance leases and hire purchase agreements	-	17,165
	<hr/>	<hr/>
Finance leases are payable as follows:	£	£
Due within one year	17,165	20,553
Due between one and two years	-	17,165
Due between two and five years	-	-
	<hr/>	<hr/>
	17,165	37,718
	<hr/>	<hr/>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2004 (continued)

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
1 May 2003	1,661
Credited to profit and loss account	(1,661)
	<hr/>
Balance at 30 April 2004	-
	<hr/>

The balance of deferred taxation at 30 April 2004 is made up as follows:

	2004 £	2003 £
Timing differences on finance leases	-	1,661
	<hr/>	<hr/>

15. SHARE CAPITAL

	£	£
Authorised		
50,000 ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>
Allotted and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>

16. RESERVES

	Profit and loss £
1 May 2003	768,595
Retained loss for the year	(37,333)
	<hr/>
At 30 April 2004	731,262
	<hr/>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2004 (continued)

17. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S FUNDS	2004 £	2003 £
Retained (loss)/profit for the year	(37,333)	130,196
Equity shareholder's funds at 1 May 2003	818,595	688,399
	<hr/>	<hr/>
Equity shareholder's funds at 30 April 2004	781,262	818,595
	<hr/>	<hr/>

18. FINANCIAL COMMITMENTS

There were no capital commitments as at 30 April 2004

19. OPERATING LEASE COMMITMENTS

The following annual commitments were payable under operating leases:

	Other		Property	
	2004 £	2003 £	2004 £	2003 £
Expiry of Lease				
- within one year	-	11,144	-	-
- two to five years	4,752	20,592	283,300	283,300
	<hr/>	<hr/>	<hr/>	<hr/>
	4,752	31,736	283,300	283,300
	<hr/>	<hr/>	<hr/>	<hr/>

20. 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 W1J 8LA.

21. 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.