

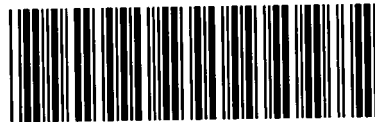
COMPANY NUMBER: 01140727

FLETCHER KING SERVICES LIMITED

ACCOUNTS

**FOR THE YEAR ENDED
30 APRIL 2019**

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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
P J Andrews

SECRETARY

P E Bailey

REGISTERED OFFICE

61 Conduit Street
London
W1S 2GB

BANKERS

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

ACCOUNTANTS AND FINANCIAL ADVISER

Smith & Williamson
25 Moorgate
London
EC2R 6AY

AUDITOR

Nexia Smith & Williamson
Chartered Accountants
25 Moorgate
London
EC2R 6AY

COMPANY'S REGISTERED NUMBER

01140727

FLETCHER KING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2019

REGISTERED NUMBER 01140727

The Directors present their annual report on the affairs of Fletcher King Services Limited ("the Company"), together with the accounts and auditor's report for the year ended 30 April 2019.

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. The Company is registered in England and Wales.

INTERNATIONAL ACCOUNTING STANDARDS

For the year ended 30 April 2019, the Company has prepared its accounts in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

REVIEW OF THE BUSINESS

Performance turned out very much in line with management expectations, and indeed in line with the previous year, and was achieved during challenging market conditions.

We transacted a good volume of investment property sales, although towards the end of the period market prices were generally lower.

Property Management, Rating and Valuations all performed well although the Valuation Office continued to delay settlement of rating appeals which makes income forecasting difficult for that part of our business.

Forecasting the future is more difficult than ever in current market conditions. We have some good investment sales instructions but fewer than the same time last year.

Property management is hoping to secure further mandates and it will continue to provide a steady and secure income flow.

Rating income is entirely driven by the Valuation Office's willingness to engage in negotiations on the many challenges we have in the pipeline.

Currently the banks continue to lend and we anticipate a steady flow of valuation instructions.

FLETCHER KING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2019 (continued)

RESULTS AND DIVIDEND

The statement of comprehensive income is set out on page 9. The balance to be transferred to reserves is £730,610 (2018: £351,440). The Directors recommend the payment of an ordinary final dividend of £1.38 (2018: £1.38) per share. An interim dividend of £5.84 (2018: £1.84) per share has already been paid to the shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment are set out in note 9 to the accounts.

POST BALANCE SHEET EVENTS

None

DIRECTORS

The directors during the year were:

D J R Fletcher
R E G Goode
R A Dickman
P J Andrews

DISCLOSURE OF INFORMATION TO THE AUDITOR

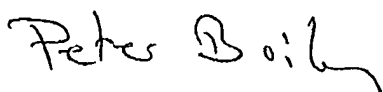
In the case of each person who was a director at the time this report was approved, so far as that director was aware there was no relevant available information of which the Company's auditor was unaware; and that director had taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

AUDITOR

A resolution to re-appoint Nexia Smith & Williamson will be proposed at the next Annual General Meeting.

The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime as set out within Part 15 of the Companies Act 2006.

By order of the Board



Peter Bailey
Secretary

Date: 30/7/19

FLETCHER KING SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLETCHER KING SERVICES LIMITED**Opinion**

We have audited the financial statements of Fletcher King Services Limited (the 'company') for the year ended 30 April 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Accounts, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Jacqueline Oakes

Senior Statutory Auditor, for and on behalf of

Nexia Smith & Williamson

Statutory Auditor

Chartered Accountants

25 Moorgate

London

EC2R 6AY

Date: 30 July 2019

FLETCHER KING SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 APRIL 2019

	Notes	2019 £	2018 £
REVENUE	2	3,052,801	3,079,799
Staff costs	5	(1,562,269)	(1,523,257)
Depreciation	9	(2,928)	(18,484)
Other operating charges		(1,147,160)	(1,182,906)
Other operating income		90,750	61,213
OPERATING PROFIT		431,194	416,365
Dividends received from subsidiary undertaking	6	350,000	-
Finance income	6	1,129	249
PROFIT BEFORE TAXATION	4	782,323	416,614
Taxation	7	(51,713)	(65,174)
PROFIT FOR THE PERIOD		730,610	351,440

All the company's activities are considered to be continuing.

There is no other comprehensive income for the current or prior year.

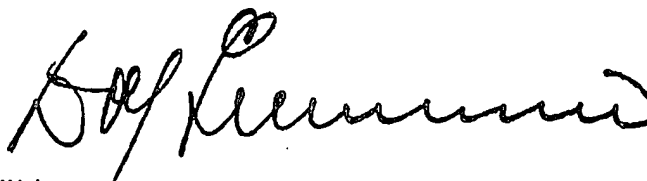
FLETCHER KING SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION as at 30 APRIL 2019

	Notes	2019 £	2018 £
NON-CURRENT ASSETS			
Property, plant and equipment	9	8,790	11,718
Investment in group undertakings	10	100,000	100,000
Financial assets	11	1,603,000	1,588,000
Deferred tax asset	17	15,814	15,814
		<u>1,727,604</u>	<u>1,715,532</u>
CURRENT ASSETS			
Trade and other receivables	13	1,845,185	917,144
Cash and cash equivalents	14	612,942	1,267,065
		<u>2,458,127</u>	<u>2,184,209</u>
TOTAL ASSETS		<u>4,185,731</u>	<u>3,899,741</u>
CURRENT LIABILITIES			
Trade and other payables	15	666,282	780,810
Current taxation liabilities		24,795	43,082
Accruals and deferred income	16	521,048	471,682
		<u>1,212,125</u>	<u>1,295,574</u>
TOTAL LIABILITIES		<u>1,212,125</u>	<u>1,295,574</u>
SHAREHOLDERS' EQUITY			
Share capital	18	50,000	50,000
Retained earnings		2,923,606	2,554,167
		<u>2,973,606</u>	<u>2,604,167</u>
TOTAL SHAREHOLDERS' EQUITY		<u>2,973,606</u>	<u>2,604,167</u>
TOTAL EQUITY AND LIABILITIES		<u>4,185,731</u>	<u>3,899,741</u>

Approved by the Board on 30/1/19 and signed on its behalf

DJR FLETCHER
Director



Registered number: 1140727 England and Wales

FLETCHER KING SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 30 APRIL 2019

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 May 2017		50,000	2,571,118	2,621,118
Total comprehensive income		-	351,440	351,440
Equity dividends paid	8	-	(368,391)	(368,391)
		<hr/>	<hr/>	<hr/>
Balance as at 30 April 2018		50,000	2,554,167	2,604,167
Total comprehensive income		-	730,610	730,610
Equity dividends paid	8	-	(361,171)	(361,171)
		<hr/>	<hr/>	<hr/>
Balance at 30 April 2019		50,000	2,923,606	2,973,606
		<hr/>	<hr/>	<hr/>

The profit and loss reserve comprises the undistributed profits of the Company.

FLETCHER KING SERVICES LIMITED

STATEMENT OF CASH FLOWS for the year ended 30 APRIL 2019

	2019 £	2018 £
Cash flow from operating activities		
Profit before taxation	782,323	416,614
Adjusted for:		
Depreciation expense	2,928	18,484
Finance income	(1,129)	(249)
Dividends received from subsidiary undertakings	(350,000)	-
	<u>434,122</u>	<u>434,849</u>
Cashflows from operating activities before movements in working capital		
(Increase)/decrease in trade and other receivables	(928,041)	578,777
Decrease in trade and other payables	(65,162)	(539,944)
	<u>(559,081)</u>	<u>473,682</u>
Cash (used in)/generated from operations		
Taxation paid	(70,000)	(119,669)
	<u>(629,081)</u>	<u>354,013</u>
Net cash flow from operating activities		
Investing activities		
Purchase of investments	(15,000)	-
Purchase of fixed assets	-	(14,646)
Finance income	1,129	249
Dividends received from subsidiary undertakings	350,000	-
	<u>336,129</u>	<u>(14,397)</u>
Net cash flows from investing activities		
Cash flows used in financing activities		
Dividends paid to shareholder	(361,171)	(368,391)
	<u>(361,171)</u>	<u>(368,391)</u>
Net cash flows used in financing activities		
Net decrease in cash and cash equivalents	(654,123)	(28,775)
Cash and cash equivalents at beginning of year	1,267,065	1,295,840
	<u>612,942</u>	<u>1,267,065</u>
Cash and cash equivalents at end of year (note 14)		

Cash and cash equivalents (which are presented as a single class of asset on the face of the Statement of financial position) comprise cash at bank and short term deposits.

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019

1. GENERAL INFORMATION

Fletcher King Services Limited ('the Company') carries on the business of property fund management, property asset management, rating valuations and surveying throughout the United Kingdom. The Company is a private company limited by shares and incorporated and domiciled in England and Wales. The Company is authorised by the Financial Conduct Authority ("FCA"). The registered office address is 61 Conduit Street, London, W1S 2GB. These financial statements are presented in Sterling which is the Company's functional currency. The Company has no overseas operations.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation

The Company is a wholly owned subsidiary of a listed group. In common with other European listed companies, the group is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400(1) of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group. The Company and its subsidiaries are included within the consolidated accounts of Fletcher King plc, a company incorporated in the England and Wales.

Changes in accounting policies and disclosures

(a) New and amended standards and interpretations adopted by the Company

Standards, amendments and interpretations endorsed by the EU and mandatorily effective for the first time for the financial year beginning 1 May 2018 include the following:

- IFRS 9 "Financial instruments", replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. In accordance with the transition provisions of IFRS 9, comparative figures have not been restated and continue to be accounted for in accordance with the Group's previous accounting policy.

The transition to IFRS 9 did not have an impact on the Company's opening retained earnings.

The only reclassification adjustment upon transition to IFRS 9 relates to the Company's available-for-sale investments which have been reclassified to financial assets through other comprehensive income (following the Company's decision to apply irrevocable election available in IFRS 9). This reclassification did not have an impact on the carrying value of these financial assets and only impacts the accounting treatment in future periods when these investments are disposed.

- IFRS 15 "Revenue from contracts with customers", establishes a principles based approach for revenue recognition and is based on recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred.

The transition to IFRS 15 did not impact on the Company's opening retained earnings.

The Standard introduces a five-step model for recognising revenue, which consists of identifying the contract with the customer, identifying the relevant performance obligations, determining the amount of consideration to be received under the contract, allocating the consideration to each performance obligation, and earning the revenue as the performance obligation is satisfied.

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019

2. PRINCIPAL ACCOUNTING POLICIES (continued)

The company has undertaken a comprehensive review of its contracts and concluded that there is no impact on the way in which the Company recognises its revenue.

Asset management and administration fees are recognised in the income statement as they are earned. Performance related fees are recognised when the performance period has ended, the performance calculation can be performed with reasonable certainty, and it is highly probable there will not be a significant reversal in revenue in a future period. Transaction fees are recognised once the relevant transaction has completed.

(b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 May 2018 but not currently relevant to the Company.

The following new and amended Standards and Interpretations are not currently relevant to the Company; however they may have an impact in future years:

- Amendments to IFRS 2: classification and measurement of share-based payment transactions
- Annual improvements to IFRSs 2014-2016 cycle
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts
- Amendments to IAS 40: Transfers of investment property

(c) New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 May 2018.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 16 "Leases", effective for accounting periods beginning on or after 1 January 2019. The standard addresses the classification, measurement and recognition of leases with the objective of ensuring the lessees and lessors provide relevant information that faithfully represents those transactions. The standard is expected to have a significant impact on the consolidated financial statements of the Company. On adoption, lease agreements will give rise to both a right of use asset and a lease liability for future lease payables. Depreciation of the right of use will be recognised in the statement of comprehensive income on a straight-line basis, with interest recognised on the lease liability. This will result in a change to the profile of the net charge taken to the statement of comprehensive income over the life of the lease. These charges will replace the lease costs currently charged to the statement of comprehensive income.
As at the reporting date, the Company has non-cancellable operating lease commitments of £943,440 (see note 20). These will be brought onto the statement of financial position at a discounted value with a related right to use asset. There will be no impact on cash flows, although the presentation of the cash flow statement will change significantly.
The Company does not expect a material change to underlying profit before tax as a result of adopting the new rules.

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost, net of depreciation, at rates calculated to write off the cost, less residual value, of each asset over its expected useful life. Depreciation rates on a straight line basis are as follows:-

Furniture and fittings	25%
Computer equipment	33%
Short leasehold premium and improvements	10%

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the income statement.

Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Measurement depends on their classification and is discussed below:

i) Investments

Investments held by the Company in subsidiary entities are shown at cost less any provision for impairment.

The Directors determine the classification of investments held by the Company at initial recognition and re-evaluate this designation at each reporting date. At the balance sheet date all these investments were designated as financial assets at fair value through other comprehensive income (FVOCI). Financial assets are initially recognised at the fair value of the consideration given, including associated acquisition costs, which may equate to cost. On subsequent measurement, financial assets are measured at either fair value or at cost where fair value is not readily ascertainable. Changes in fair value are recognised in other comprehensive income, together with the related deferred tax asset or liability.

Financial assets are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

ii) Trade and other receivables

Trade and other receivables are initially measured at the transaction price, and are subsequently measured at amortised cost using the effective interest method. The Company applies the simplified approach to measuring expected credit losses. Trade receivables have been grouped according to shared credit risk characteristics and days past due. The expected credit losses rates are based on historic payment profiles and credit losses experienced, adjusted for forecasts of future economic conditions. The amount of any provision is recognised in the Statement of Comprehensive Income.

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)

2. PRINCIPAL ACCOUNTING POLICIES (continued)

All financial assets (with the exception of financial assets measured at fair value through other comprehensive income) are reviewed annually for impairment, and permanent impairment losses are reflected in the income statement. Investment income is recognised in the income statement.

iii) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, call deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

iv) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

v) Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

vi) Share capital

Ordinary shares are classified as equity.

Taxation

Current income tax is provided on taxable profits at the current rate. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using the tax rates expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax and deferred tax are reflected in the income statement, unless they relate to items recognised in equity, in which case they are recognised in equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that the Company will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a client and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a client.

Revenue comprises commissions and fees receivable excluding value added tax and is measured at fair value. Asset management and administration fees are recognised in the income statement as services are provided. Performance related fees are recognised when the performance calculation can be performed with reasonable certainty, and it is highly probable there will not be a significant reversal in revenue in a future period, which is normally when the performance period has ended. Transaction fees are recognised once the relevant transaction has completed. There has been no material change in recognition of revenue due to the adoption of IFRS 15.

Operating profit

Operating profit is stated before finance income, profit on disposals and taxation.

Employee benefits

Contributions to employees' money-purchase pension schemes are made on an arising basis where these form part of contractual remuneration obligations. The Company recognises a liability and an expense for cash-settled bonuses when contractually obliged or when there is a past practice creating a constructive obligation.

Group accounts

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400(1) of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group. The Company and its subsidiaries are included within the consolidated accounts of Fletcher King plc, a company incorporated in England and Wales.

Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases and hire purchase agreements are capitalised and included in non-current assets and are amortised in accordance with the depreciation policies detailed above. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. Finance charges are debited to the income statement so that the annual rate of charge on the outstanding obligation is approximately constant.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Dividend distributions

Dividends distributed to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are paid or approved by the Company's shareholders.

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions concerning the future. While the resulting accounting estimates will, by definition, seldom equal the related actual results, in the opinion of the Directors the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

a) Fair value of financial assets

The fair value of financial assets is determined by reference to the underlying value of the assets of those investments. The Directors have made adjustments to fair value where there is objective evidence that fair value is higher or lower than cost. Details of carrying amounts are provided in note 11.

b) Provisions for expected credit losses relating to trade receivables

Trade and other receivables are initially measured at the transaction price, and are subsequently measured at amortised cost using the effective interest method. The Company applies the simplified approach to measuring expected credit losses. Trade receivables have been grouped according to shared credit risk characteristics and days past due. The expected credit losses rates are based on historic payment profiles and credit losses experienced, adjusted for forecasts of future economic conditions. The amount of any provision is recognised in the Statement of Comprehensive Income.

There have not been any provisions for expected credit losses of financial assets or trade receivables in the year.

4. PROFIT BEFORE TAXATION	2019	2018
	£	£
<i>Is stated after charging:</i>		
Depreciation	2,928	18,484
Fees payable to the Company's auditor for the audit of the Company's financial statements	20,000	17,000
Fees payable to the Company's auditor and its associates for other services		
- tax services	3,000	3,000
Operating lease rentals	298,760	295,388
Rental income	(90,750)	(61,213)

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)

5. STAFF COSTS

	2019	2018
	£	£
Basic wages and salaries	1,082,822	1,082,848
Performance based payments	242,148	209,342
	<u>1,324,970</u>	<u>1,292,190</u>
Social security costs	167,250	164,494
Pension costs	10,077	5,057
Other costs	59,972	61,516
	<u>1,562,269</u>	<u>1,523,257</u>

Average monthly number of employees were as follows:

	No.	No.
Management	4	4
Fee earners	6	6
Administration	6	6
	<u>16</u>	<u>16</u>

Directors' emoluments

	2019	2018
	£	£
Salaries and benefits	426,132	419,781
Performance related bonuses	225,076	205,518
Pension costs	1,698	838
	<u>652,906</u>	<u>626,137</u>

6. FINANCE INCOME

	2019	2018
	£	£
Dividends received from subsidiary undertakings	350,000	-
Bank interest	1,129	249
	<u>351,129</u>	<u>249</u>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)

7. TAXATION	2019	2018
	£	£
Current tax		
UK Corporation tax - Current year	60,000	66,000
Prior year	(8,287)	(826)
	<u>51,713</u>	<u>65,174</u>
Deferred tax		
UK deferred tax – current year	-	-
	<u>-</u>	<u>-</u>
Total tax charge for the year	<u>51,713</u>	<u>65,174</u>

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	782,323	416,614
	<u>782,323</u>	<u>416,614</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	148,641	79,157
Dividends received from subsidiary undertakings	(66,500)	-
Expenses not deductible for tax purposes	7,188	8,638
Group losses surrendered	(28,586)	(27,168)
Prior period adjustment	(8,287)	(826)
Other adjustments	(743)	5,373
	<u>51,713</u>	<u>65,174</u>
Total tax charge	<u>51,713</u>	<u>65,174</u>

The corporation tax rate was reduced to 19% with effect from 1 April 2017 and will be further reduced to 17% from 1 April 2020, which were substantially enacted by Finance (No. 2) Act 2015 and Finance Act 2016 respectively.

FLETCHER KING SERVICES LIMITED**NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)**

8. DIVIDEND	2019 £	2018 £
Equity dividends on ordinary shares:		
Declared and paid during the year		
Final dividend for year ended 30 April 2018: £1.38 per share (2017: £5.52)	69,073	276,294
Interim dividend for the year ended 30 April 2019: £5.84 per share (2018: £1.84)	292,098	92,097
	<hr/>	<hr/>
	361,171	368,391
	<hr/>	<hr/>
Proposed final dividend for the year ended 30 April 2019	69,073	
	<hr/>	

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)

9. PROPERTY, PLANT AND EQUIPMENT

2019	Furniture, fittings and computers £	Short leasehold premium and improvements £	Total £
Cost			
At 1 May 2018	176,910	290,898	467,808
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
As at 30 April 2019	176,910	290,898	467,808
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 May 2018	176,910	279,180	456,090
Charge for year	-	2,928	2,928
	<hr/>	<hr/>	<hr/>
At 30 April 2019	176,910	282,108	459,018
	<hr/>	<hr/>	<hr/>
Net book value at 30 April 2019	-	8,790	8,790
	<hr/>	<hr/>	<hr/>
2018			
Cost			
At 1 May 2017	176,910	276,252	453,162
Additions	-	14,646	14,646
	<hr/>	<hr/>	<hr/>
As at 30 April 2018	176,910	290,898	467,808
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 May 2017	170,573	267,033	437,606
Charge for year	6,337	12,147	18,484
	<hr/>	<hr/>	<hr/>
At 30 April 2018	176,910	279,180	456,090
	<hr/>	<hr/>	<hr/>
Net book value at 30 April 2018	-	11,718	11,718
	<hr/>	<hr/>	<hr/>

FLETCHER KING SERVICES LIMITED**NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)**

10. INVESTMENT IN GROUP UNDERTAKINGS	2019	2018
	£	£
Shares in Group undertakings at cost		
At 1 May	100,000	100,000
	<hr/>	<hr/>
At 30 April	100,000	100,000
	<hr/>	<hr/>

The investment in group undertakings relates to full ownership of Fletcher King Investment Management plc, a company incorporated in England and Wales (see note 12).

11. FINANCIAL ASSETS	2019	2018
	£	£
Investment in UK Property Syndicates at fair value		
At 1 May	1,588,000	1,588,000
Additions	15,000	-
	<hr/>	<hr/>
At 30 April	1,603,000	1,588,000
	<hr/>	<hr/>

The Group holds unlisted investments in property syndicates managed by it. All are held at fair value. All of the assets have been designated at fair value through other comprehensive income upon the adoption of IFRS 9. In the Directors' view the fair value has been estimated to be not materially different from their carrying value. Fair value has been arrived at by applying the Group's percentage holding in the investments to the fair value of their net assets. The investments are as follows:

An amount of £973,000 (2018: £973,000) represents a syndicate interest in the Stratton House Investment Property Syndicate (SHIPS 15).

An amount of £630,000 (2018: £615,000) represents a syndicate interest in the Stratton House Investment Property Syndicate (SHIPS 16).

Fair value of the net assets of the investment is determined by professional valuers at Fletcher King Services Limited based primarily on the expected rental value and yield of the underlying properties. Valuations are reviewed and challenged by the Group's Executive Committee and Audit Committee to verify that the fair value represents the amount at which the assets could be exchanged by a knowledgeable willing buyer and a knowledgeable willing seller in an arms-length transaction. Valuations are inherently subjective with uncertainty with regard to future yields and the amounts which may ultimately be realised in respect of any given property may differ from the valuations shown in the Statement of Financial Position. A movement of 0.19% in the yield assumptions would have a material effect on the financial statements. Under IFRS7 Financial instruments: Disclosures and IFRS13 Fair value measurements, UK unlisted equity investments are classified under the fair value hierarchy as Level 3.

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)

12. INVESTMENT IN SUBSIDIARIES

The Company owns 100% of the ordinary share capital of Fletcher King Investment Management PLC.

	County of Incorporation	Ownership	Reserves	Loss for the year	Year end
Fletcher King Investment Management plc	England & Wales	100%	165,365	(6,851)	30/04/19

The Company also owns 100% of the ordinary share capital of the following nominee companies in which the Company has no beneficial interest: Stratton One Limited, Stratton Two Limited, Stratton 9 Limited, Stratton 10 Limited, Stratton 11 Limited, Stratton 12 Limited.

The registered office of all the above named companies is 61 Conduit Street, London, W1S 2GB.

13. TRADE AND OTHER RECEIVABLES

	2019 £	2018 £
Trade receivables	1,670,886	786,447
Amounts owed by group undertakings	47,571	12,086
Other receivables	1,236	6,456
Prepayments and accrued income	125,492	112,155
	<hr/>	<hr/>
	1,845,185	917,144
	<hr/>	<hr/>

Trade receivables are non-interest bearing and generally have a 30-90 day term. Due to their short maturities, the fair value of trade receivables approximates their book value. The fair value of amounts owed by group undertakings approximate their book value.

A provision is made against trade receivables based on irrecoverable amounts, determined by reference to past payment history and current financial status of the customer and future expectations. As at 30 April 2019, there were expected credit losses of £nil (2018: £nil).

The ageing of trade receivables is as follows:

	£	£
Neither impaired nor past due	1,262,311	424,612
Not impaired but overdue by less than 30 days	237,193	235,925
Not impaired but overdue by between 30 and 60 days	124,740	91,453
Not impaired but overdue by more than 60 days	46,642	34,457
Impaired	-	-
	<hr/>	<hr/>
	1,670,886	786,447
	<hr/>	<hr/>

The maximum exposure to credit risk in relation to trade receivables at the reporting date is the fair value of trade receivables. The Company does not hold any collateral as security.

FLETCHER KING SERVICES LIMITED**NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)**

14. CASH AND CASH EQUIVALENTS	2019	2018
	£	£
Cash at bank and in hand	<u>612,942</u>	<u>1,267,065</u>

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating.

15. TRADE AND OTHER PAYABLES	2019	2018
	£	£
Trade payables	330,539	129,060
Taxation and social security	334,626	359,807
Amounts due to Group undertakings	1,117	291,943
	<u>666,282</u>	<u>780,810</u>

The Directors consider that the carrying amount of trade payable approximates to their fair value.

16. ACCRUALS AND DEFERRED INCOME	2019	2018
	£	£
Bonus accruals	204,127	177,280
Other accruals and deferred income	316,921	294,402
	<u>521,048</u>	<u>471,682</u>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)

17. DEFERRED TAXATION

The following are the major deferred tax assets/(liabilities) recognised by the Company and movements thereon during the current and prior reporting period:

	Holiday pay accrual	Revaluation of investments	Total
	£	£	£
Timing differences on provisions			
At 1 May 2017	2,208	13,606	15,814
Movement in year	-	-	-
At 30 April 2018	2,208	13,606	15,814
Movement in year	-	-	-
At 30 April 2019	2,208	13,606	15,814

18. SHARE CAPITAL AND OTHER RESERVES

	2019	2018
	£	£
Authorised		
50,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000

The Company has one class of ordinary shares which carry no rights to fixed income.

Retained earnings are the accumulated, undistributed profits of the Group or Company that have been recognised through the Statement of Comprehensive Income.

19. FINANCIAL COMMITMENTS

As at 30 April 2019 and 30 April 2018 the Company had no capital commitments.

FLETCHER KING SERVICES LIMITED**NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)****20. OPERATING LEASE COMMITMENTS**

As at 30 April 2019 and 2018, the Company had outstanding commitments under non-cancellable leases which fall due as follows:

	Property leases	
	2019	2018
	£	£
Within 1 year	314,480	314,480
In one to five years	628,960	943,440
	<hr/>	<hr/>
	943,440	1,257,920
	<hr/>	<hr/>

Property leases relate to office premises occupied by the Company.

21. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2019	2018
	£	£
Short term employee benefits	742,772	712,428
	<hr/>	<hr/>
	£	£
Highest paid director	183,514	187,985
	<hr/>	<hr/>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 APRIL 2019 (continued)

22. RELATED PARTY TRANSACTIONS

There were no sales of goods or services to other group companies in the year (2018: Nil). There were no purchases of goods or services from other group companies in the year (2018: Nil). Transactions in the year related to the settlement by the Company of certain services and taxation liabilities on behalf of other group companies.

Amounts in the balance sheet at the year end in respect of group companies are as follows:

	Amounts owed by related parties		Amounts owed to related parties	
	2019	2018	2019	2018
	£	£	£	£
Fletcher King plc	47,571	-	-	291,943
Fletcher King Investment Management plc	-	12,086	1,117	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The Company holds investments in a number of property syndicates (see note 11) in which the Company also acts as adviser. During the year, the Company received fees and was owed amounts as follows:

	Fees		Amount Due	
	2019	2018	2019	2018
	£	£	£	£
SHIPS 04 Syndicate	19,287	86,330	100	13,423
SHIPS 15 Syndicate	36,546	39,603	7,348	17,385
SHIPS 16 Syndicate	60,380	68,701	9,000	68,116

All transactions were made in the ordinary course of business.

23. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise UK unlisted investments, cash and cash equivalents, and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations.

The Company's operations expose them to a variety of financial risks including credit risk, interest rate risk, liquidity risk and equity price risk. Commensurate with the size of the Company, the Directors set the policies regarding financial risk management, and these are implemented accordingly.

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the period ended 30 APRIL 2019 (continued)

23. FINANCIAL INSTRUMENTS (continued)

Financial assets at amortised cost

	2019 £	2018 £
Trade receivables	1,670,886	786,447
Amounts owed by group undertakings	47,571	12,086
Other receivables	1,236	6,456
Cash and cash equivalents	<u>612,942</u>	<u>1,267,065</u>
	<u>2,332,635</u>	<u>2,072,054</u>

Financial assets at fair value through other comprehensive income

	2019 £	2018 £
Unlisted investments	<u>1,603,000</u>	<u>1,588,000</u>

Financial liabilities at amortised cost

	2019 £	2018 £
Trade payables	330,539	129,060
Amounts owed to group undertakings	1,117	291,943
Bonus accruals	204,127	177,280
Other accruals	<u>267,482</u>	<u>294,402</u>
	<u>803,265</u>	<u>892,685</u>

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the period ended 30 APRIL 2019 (continued)

23. FINANCIAL INSTRUMENTS (continued)

Credit risk

The Company's credit risk is attributable both to trade receivables and to cash balances held. The Company has implemented policies to ensure that credit checks are made on potential clients before work is carried out on their behalf. The amount of exposure to any individual counterparty is subject to limits set by the directors. Cash balances held are deposited with leading banks.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

	2019 £	2018 £
Trade receivables	1,670,886	786,447
Cash and cash equivalents	612,942	1,267,065
Other receivables	<u>1,236</u>	<u>6,456</u>
	<u>2,285,064</u>	<u>2,059,968</u>

Interest rate risk

The Company has interest bearing assets, but no interest bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The interest earned on the Company's cash and cash equivalents, denominated in sterling, derived principally from call deposits held with banks which provide short-term liquidity to meet liabilities when they fall due.

The Company is exposed to interest rate risk as a result of these positive cash balances. As at 30 April 2019, if interest rates had increased by 0.5% with all other variables held constant, post tax profit and equity for the Company would have been £3,065 (2018: £6,500) higher. Conversely, if interest rates had decreased by 0.5% with all other variables held constant, post tax profit and equity for the Company would have been £3,065 (2018: £6,500) lower.

The Company's cash and cash equivalents earned interest during the year at an average of 0.18% (2018: 0.02%).

FLETCHER KING SERVICES LIMITED

NOTES TO THE ACCOUNTS for the period ended 30 APRIL 2019 (continued)

23. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The Company actively maintains cash and cash equivalents to ensure that there are sufficient funds available for a period of at least six months to meet liabilities when they fall due.

The following table shows the contractual maturities of the Company's financial liabilities, all of which are measured at amortised cost:

	2019 £	2018 £
Financial liabilities falling due:		
Within 1 month	497,460	273,462
From 2 to 3 months	<u>354,127</u>	<u>327,280</u>
	<u>851,587</u>	<u>600,742</u>

24. CAPITAL RISK MANAGEMENT

The Company seeks, when managing capital, to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital employed in order to achieve these objectives.

25. 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 61 Conduit Street, London W1S 2GB.

The largest and smallest group in which the results of the Company are consolidated is that headed by Fletcher King Plc, incorporated in England and Wales.