

Fletcher King Services Limited

Accounts 30 April 1996
together with directors' and auditors' reports

Registered number: 1140727



Directors' report

For the year ended 30 April 1996

Financial Statements

The directors present their report and financial statements for the year ended 30 April 1996

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the 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 and other irregularities

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.

Developments during the year

A review of developments of the company is set out in the financial statements of Fletcher King Plc.

Results and dividend

The profit and loss account of the company is set out on page 6.

The directors recommend the payment of a final dividend of £Nil (1995: £Nil). An amount of £119,952 will be transferred to reserves (1995: £954,881 transferred from reserves).

Fixed assets

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

Directors' report (continued)

Directors

The directors during the year were:

DJR Fletcher

AJ White (resigned 30 September 1995)

REG Goode

AJ Balcombe

RA Dickman

PW Stammers

A Howes (resigned 13 September 1995)

P Northam (resigned 5 January 1996)

C Freer-Smith

T Bloomfield

K Hawes (appointed 1 November 1995)

B Roberts (appointed 1 November 1995)

Messrs. Fletcher and Goode are directors of Fletcher King Plc, Mr White was a director 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 1996, together with their families, 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:

	30 April 1996		30 April 1995	
	Shares	Options	Shares	Options
AJ Balcombe	-	5,000	-	5,000
T Bloomfield	-	70,000	-	-
K Hawes	-	5,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The share options, which were granted on 20 March 1992 and 23 August 1995, are exercisable not less than three years and not more than ten years after the date of the grant.

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

Charitable donations

During the year the company donated £215 to charity (1995: £106).

Directors' report (continued)

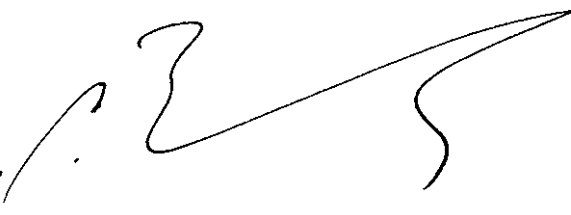
Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 18 December 1996.

Director

SECRETARY

A large, stylized handwritten signature in black ink, consisting of several sweeping strokes, positioned over the printed text 'Director' and 'SECRETARY'.

BINDER HAMLYN

Andersen Worldwide

20 Old Bailey
London EC4M 7BH

Auditors' report

To the Shareholders of Fletcher King Services Limited

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

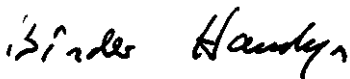
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the company's state of affairs at 30 April 1996 and of the its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Binder Hamlyn
Chartered Accountants and Registered Auditors

18 December 1996

Profit and loss account

For the year ended 30 April 1996

	Notes	1996 £	1995 £
Turnover	2	2,593,988	2,673,180
Staff costs	4	(1,053,439)	(1,335,599)
Depreciation	6	(93,111)	(154,855)
Other operating charges		<u>(1,393,750)</u>	<u>(2,382,602)</u>
Operating profit/(loss)		53,688	(1,199,876)
Interest receivable		57,814	48,784
Interest payable and similar charges	3	<u>(2,200)</u>	<u>(10,321)</u>
Profit/(loss) on ordinary activities before taxation	3	109,302	(1,161,413)
Tax on credit profit/(loss) on ordinary activities	5	<u>10,650</u>	<u>206,532</u>
Profit/(loss) on ordinary activities after taxation		119,952	(954,881)
Dividends		<u>-</u>	<u>-</u>
Retained profit/(loss) for the year	12	<u>119,952</u>	<u>(954,881)</u>

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

Statement of total recognised gains and losses

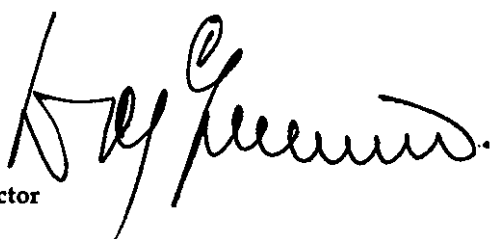
There were no recognised gains or losses other than those shown in the profit and loss account.

Balance sheet

30 April 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	6	<u>397,523</u>	<u>518,912</u>
Current assets			
Debtors	7	693,743	612,401
Cash at bank and in hand		<u>969,952</u>	<u>1,109,530</u>
		1,663,695	1,721,931
Creditors: amounts falling due within one year	8	<u>(2,103,691)</u>	<u>(2,320,483)</u>
Net current (liabilities)		<u>(439,996)</u>	<u>(598,552)</u>
Total assets less current liabilities		(42,473)	(79,640)
Creditors: amounts falling due after more than one year	9	<u>-</u>	<u>(12,115)</u>
Provisions for liabilities and charges	10	<u>(22,914)</u>	<u>(93,584)</u>
Net (liabilities)		<u>(65,387)</u>	<u>(185,339)</u>
Capital and reserves			
Called up share capital	11	50,000	50,000
Profit and loss account	12	<u>(115,387)</u>	<u>(235,339)</u>
Shareholders' funds	13	<u>(65,387)</u>	<u>(185,339)</u>

The financial statements on pages 5 to 13 were approved by the Board on 18 December 1996.


Director

Notes to the financial statements

for the year ended 30 April 1996

1 Accounting policies

a) Basis of accounting

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

b) Turnover

Turnover derives from continuing activities and 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 transaction.

d) 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.

e) 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

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 to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary and a consolidated cash flow statement is included in the group accounts of its parent company.

Notes to the financial statements (continued)
for the year ended 30 April 1996

2 Turnover

	1996 £	1995 £
Commissions and fees	<u>2,593,988</u>	<u>2,673,180</u>

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

Interest on finance leases and hire purchase agreements	2,200	10,321
Depreciation	93,111	154,855
Directors' emoluments (note 14)	624,572	442,229
Auditors' remuneration	12,750	18,500
Remuneration for non-audit work	14,870	21,000
Loss on sale of fixed assets	<u>1,984</u>	<u>32,745</u>

4 Particulars of employees

Number of employees

The average number of persons employed by the company
(including directors) during the year was 44 (1995 - 50).

	1996 £	1995 £
Employment costs		
Wages and salaries	947,229	1,202,593
Social security costs	100,998	125,374
Other	<u>5,212</u>	<u>7,632</u>
	<u>1,053,439</u>	<u>1,335,599</u>

5 Taxation

Corporation tax at 33% (1995: 33%)	14,454	(140,371)
Transfer (from)/to deferred tax (note 10)	-	(26,393)
Over provision in prior years	<u>(25,104)</u>	<u>(39,768)</u>
Tax on profit/(loss) on ordinary activities	<u>(10,650)</u>	<u>(206,532)</u>

Notes to the financial statements (continued)

for the year ended 30 April 1996

6 Tangible fixed assets

	Lease premiums £	Computer equipment and word processors £	Kitchen equipment £	Office equipment £	Motor cars £	Total £
Cost						
1 May 1995	75,000	323,411	14,338	843,594	436,467	1,692,810
Additions	-	170	-	2,415	-	2,585
Disposals	-	(188,175)	-	-	(86,647)	(274,822)
30 April 1996	<u>75,000</u>	<u>135,406</u>	<u>14,338</u>	<u>846,009</u>	<u>349,820</u>	<u>1,420,573</u>
Depreciation						
1 May 1995	30,431	228,226	9,983	630,964	274,294	1,173,898
Charge for year	4,218	20,270	653	32,147	35,823	93,111
Disposals	-	(188,196)	-	-	(55,763)	(243,959)
30 April 1996	<u>34,649</u>	<u>60,300</u>	<u>10,636</u>	<u>663,111</u>	<u>254,354</u>	<u>1,023,050</u>
Net book value						
30 April 1996	<u>40,351</u>	<u>75,106</u>	<u>3,702</u>	<u>182,898</u>	<u>95,466</u>	<u>397,523</u>
30 April 1995	<u>44,569</u>	<u>95,185</u>	<u>4,355</u>	<u>212,630</u>	<u>162,173</u>	<u>518,912</u>

Included in fixed assets are assets held under finance leases and hire purchase agreements with a total net book value of £240,239 (1995: £240,239). Depreciation of £84,490 (1995: £84,492) was charged on these assets during the year.

7 Debtors

	1996 £	1995 £
Trade debtors	513,002	443,131
Other debtors	6,456	13,919
Prepayments and accrued income	174,285	73,535
Corporation tax recoverable	-	81,806
	<u>693,743</u>	<u>612,401</u>

Within prepayments and accrued income is an amount of £84,058 recoverable in more than one year.

Notes to the financial statements (continued)
for the year ended 30 April 1996

8 Creditors: amounts falling due within one year

	1996 £	1995 £
Trade creditors	50,793	37,952
Amounts owed to group companies	1,750,348	1,856,007
Obligations under finance leases and hire purchase agreements (note 16)	5,938	42,686
Other creditors including taxes and social security	112,704	185,710
Accruals	169,454	198,128
Corporation tax	14,454	-
	<u>2,103,691</u>	<u>2,320,483</u>

9 Creditors: amounts falling due after more than one year

Obligations under finance leases and hire purchase agreements (note 16)	<u>-</u>	<u>12,115</u>
---	----------	---------------

10 Provisions for liabilities and charges

	Other £	Deferred Taxation £	Total £
1 May 1995	70,670	22,914	93,584
Transfer from profit and loss account	<u>(70,670)</u>	<u>-</u>	<u>(70,670)</u>
Balance at 30 April 1996	<u>-</u>	<u>22,914</u>	<u>22,914</u>

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

	Provided and potential	
	1996 £	1995 £
Timing differences on finance leases	12,811	12,811
Accelerated capital allowances	7,450	7,450
Gain on sale of lease rolled over	22,914	22,914
Losses	<u>(20,261)</u>	<u>(20,261)</u>
	<u>22,914</u>	<u>22,914</u>

Notes to the financial statements (continued)
for the year ended 30 April 1996

11 Called up share capital

	1996 Number	1995 Number
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>

12 Reserves

	Profit and loss account £
1 May 1995	(235,339)
Retained profit for the year	<u>119,952</u>
30 April 1996	<u>115,387</u>

13 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Retained profit/(loss) for the year	119,952	(954,881)
Shareholders' funds at 1 May 1995	<u>(185,339)</u>	<u>769,542</u>
Shareholders' funds at 30 April 1996	<u>(65,387)</u>	<u>(185,339)</u>

14 Directors

Particulars of directors emoluments are as follows:

Chairman	-	-
Highest paid director	<u>153,603</u>	<u>84,855</u>

Notes to the financial statements (continued)

for the year ended 30 April 1996

14 Directors (continued)

Other directors were within the following bands:

	1996 Number	1995 Number
£Nil - £5,000	1	4
£5,001 - £10,000	-	1
£15,001 - £20,000	1	1
£25,001 - £30,000	2	1
£30,001 - £35,000	1	-
£35,001 - £40,000	-	1
£40,001 - £45,000	-	1
£45,001 - £50,000	-	2
£50,001 - £55,000	2	1
£55,001 - £60,000	-	-
£60,001 - £65,000	2	-
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-
£135,001 - £140,000	1	-
£150,001 - £155,000	1	-

Directors emoluments include payments for compensation for loss of office of [£Nil] (1995: £Nil)..

15 Capital commitments

At the balance sheet date, the company had contracted for £Nil (1995: £Nil) of capital expenditure commitments.

16 Financial commitments

At 30 April 1996 the company is committed to the following payments, net of future finance charges, under finance lease and hire purchase agreements:

	1996 £	1995 £
Payable:		
Within one year	5,938	42,686
One to two years	-	12,115
Two to five years	-	-
	<u>5,938</u>	<u>54,801</u>

Notes to the financial statements (continued)
for the year ended 30 April 1996

16 Financial commitments (continued)

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

	1996		1995	
	Property leases £	Other £	Property leases £	Other £
Year of Expiry of lease				
- within one year	920	-	-	-
- two to five years	11,500	-	13,100	-
- over five years	196,880	-	196,880	-
	<u>209,300</u>	<u>-</u>	<u>209,980</u>	<u>-</u>

17 Contingent liabilities

At the balance sheet date the company had no contingent liabilities.

18 Ultimate parent company

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