

Fletcher King Services Limited

Accounts 30 April 1997
together with directors' and auditors' reports

Registered number: 1140727



Directors' report

For the year ended 30 April 1997

Financial Statements

The directors present their report and financial statements for the year ended 30 April 1997.

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 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.

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 4.

The directors recommend the payment of a final dividend of £Nil (1996: £Nil). An amount of £90,590 will be transferred to reserves (1996: £119,952).

Directors' report (continued)

Directors

The directors during the year were:

DJR Fletcher

REG Goode

AJ Balcombe

RA Dickman

PW Stammers

C Freer-Smith

T Bloomfield

K Hawes

B Roberts

TCL Pissarro (appointed 1 May 1996)

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 1997, 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 1997		30 April 1996	
	Shares	Options	Shares	Options
AJ Balcombe	-	5,000	-	5,000
T Bloomfield	-	70,000	-	70,000
K Hawes	-	5,000	-	5,000

Further details regarding the share options as disclosed in note (14).

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

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 22 December 1997

Secretary

Stratton House

Stratton Street

London

W1X 5FE

2 Fletcher King Services Limited

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 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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.

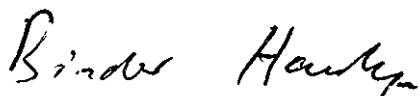
Basis of opinion

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 1997 and of 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
20 Old Bailey
London
EC4M 7BH

22 December 1997

Profit and loss account

For the year ended 30 April 1997

	Notes	1997 £	1996 £
Turnover	2	2,534,649	2,593,988
Staff costs	4	(1,067,113)	(1,053,439)
Depreciation	6	(78,750)	(93,111)
Other operating charges		<u>(1,322,684)</u>	<u>(1,393,750)</u>
Operating profit		66,102	53,688
Interest receivable		33,243	57,814
Interest payable and similar charges	3	<u>(852)</u>	<u>(2,200)</u>
Profit on ordinary activities before taxation	3	98,493	109,302
Tax on profit on ordinary activities	5	<u>(7,903)</u>	<u>10,650</u>
Profit on ordinary activities after taxation		<u>90,590</u>	<u>119,952</u>
Retained profit for the year	12	<u>90,590</u>	<u>119,952</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.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 April 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	6	<u>408,599</u>	<u>397,523</u>
Current assets			
Debtors	7	1,276,120	693,743
Cash at bank and in hand		<u>431,639</u>	<u>969,952</u>
		1,707,759	1,663,695
Creditors: Amounts falling due within one year	8	<u>(1,994,956)</u>	<u>(2,103,691)</u>
Net current (liabilities)		<u>(287,197)</u>	<u>(439,996)</u>
Total assets less current liabilities		<u>121,402</u>	<u>(42,473)</u>
Creditors: Amounts falling due after more than one year		(73,285)	-
Provisions for liabilities and charges	10	<u>(22,914)</u>	<u>(22,914)</u>
Net assets/(liabilities)		<u>25,203</u>	<u>(65,387)</u>
Capital and reserves			
Called up share capital	11	50,000	50,000
Profit and loss account	12	<u>(24,797)</u>	<u>(115,387)</u>
Equity shareholders' funds	13	<u>25,203</u>	<u>(65,387)</u>

The financial statements on pages 4 to 12 were approved by the Board on 21 December 1997



Director

The accompanying notes are an integral part of this balance sheet.

Notes to the financial statements

for the year ended 30 April 1997

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) 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 gross 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.

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

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 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 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 1997

2 Turnover

	1997 £	1996 £
Commissions and fees	<u>2,534,649</u>	<u>2,593,988</u>

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

Interest on finance leases and hire purchase agreements	852	2,200
Depreciation	78,740	93,111
Directors' emoluments (note 4)	426,548	624,572
Auditors' remuneration	14,250	12,750
Remuneration for non audit work	-	14,870
(Profit)/loss on sale of fixed assets	<u>(475)</u>	<u>1,984</u>

4 Particulars of employees

Number of employees

The average number of persons employed by the company (including directors) during the year was 40 (1996 - 44).

Employment costs

Wages and salaries	937,119	947,229
Social security costs	112,373	100,998
Other	<u>17,621</u>	<u>5,212</u>
	<u>1,067,113</u>	<u>1,053,439</u>

5 Taxation

Corporation tax at 23% (1996: 24%)	7,951	14,454
Over provision in prior years	<u>(48)</u>	<u>(25,104)</u>
Tax on profit/(loss) on ordinary activities	<u>7,903</u>	<u>(10,650)</u>

Notes to the financial statements (continued)

for the year ended 30 April 1997

6 Tangible fixed assets

	Lease premiums and improvements £	Computer equipment and word processors £	Office and kitchen equipment £	Motor cars £	Total £
Cost					
1 May 1996	75,000	135,406	860,347	349,820	1,420,573
Additions	46,800	35,736	1,816	27,709	112,061
Disposals	-	(26,460)	(7,522)	(95,480)	(129,462)
30 April 1997	<u>121,800</u>	<u>144,682</u>	<u>854,641</u>	<u>282,049</u>	<u>1,403,172</u>
Depreciation					
1 May 1996	34,649	60,300	673,747	254,354	1,023,050
Charge for year	4,651	17,372	27,993	28,734	78,750
Disposals	-	(25,700)	(4,316)	(77,211)	(107,227)
30 April 1997	<u>39,300</u>	<u>51,972</u>	<u>697,424</u>	<u>205,877</u>	<u>994,573</u>
Net book value					
30 April 1997	<u>82,500</u>	<u>92,710</u>	<u>157,217</u>	<u>76,172</u>	<u>408,599</u>
30 April 1996	<u>40,351</u>	<u>75,106</u>	<u>186,600</u>	<u>95,466</u>	<u>397,523</u>

Included in fixed assets are assets held under finance leases and hire purchase agreements with a total net book value of £92,576 (1996: £240,239). Depreciation of £15,836 (1996: £84,490) was charged on these assets during the year.

7 Debtors

	1997 £	1996 £
Trade debtors	987,132	513,002
Amounts owed to group companies	16,678	-
Other debtors	24,551	6,456
Prepayments and accrued income	<u>247,759</u>	<u>174,285</u>
	<u>1,276,120</u>	<u>693,743</u>

Notes to the financial statements (continued)

for the year ended 30 April 1997

8 Creditors: Amounts falling due within one year

	1997 £	1996 £
Trade creditors	94,751	50,793
Amounts owed to group companies	1,476,535	1,750,348
Obligations under finance leases and hire purchase agreements (note 15)	35,826	5,938
Other creditors including taxes and social security	187,540	112,704
Accruals	192,353	169,454
Corporation tax	7,951	14,454
	<u>1,994,956</u>	<u>2,103,691</u>

9 Creditors: Amount falling due after more than one year

	1997 £	1996 £
Obligations under finance leases and hire purchase agreements	<u>73,285</u>	<u>-</u>

10 Provisions for liabilities and charges

	Deferred Taxation £
1 May 1996	22,914
Transfer from profit and loss account	<u>-</u>
Balance at 30 April 1997	<u>22,914</u>

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

	Provided and potential 1997 £	1996 £
Timing differences on finance leases	6,858	12,811
Accelerated capital allowances	-	7,450
Gain on sale of lease rolled over	22,914	22,914
Losses	<u>(6,858)</u>	<u>(20,261)</u>
	<u>23,914</u>	<u>22,914</u>

Notes to the financial statements (continued)
for the year ended 30 April 1997

11 Called up share capital

	1997 Number	1996 Number
Authorised		
Shares of £1 each	50,000	50,000
Allotted and fully paid	£	£
Shares of £1 each	50,000	50,000

12 Reserves

	Profit and loss account £
1 May 1996	(115,387)
Retained profit for the year	90,590
30 April 1997	(24,797)

13 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Retained profit for the year	90,590	119,952
Shareholders' funds at 1 May 1996	(65,387)	(185,339)
Shareholders' funds at 30 April 1997	25,203	(65,387)

14 Directors emoluments, interests and transactions

Particulars of directors emoluments are as follows:

Highest paid director	86,344	153,603
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Details of share options held by the directors are as follows:

Name of director	Number of options at 30/4/96 and 30/4/97	Exercise price	Exercise date from - to	Date of grant
AJ Barcombe	5,000	52p	March 1995 - March 2002	20 March 1992
T Bloomfield	70,000	22p	August 1998 - August 2008	23 August 1995
K Hawes	5,000	52p	March 1995 - March 2002	20 March 1992

Notes to the financial statements (continued)

for the year ended 30 April 1997

14 Directors emoluments, interests and transactions (continued)

Quasi-Loan to director

The company made an unsecured non-interest quasi-loan to Mr DJR Fletcher amounting to £9,371 in respect of personal items incurred by him and initially paid by the company. This was repaid by Mr DJR Fletcher within 1 month of the year end.

15 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:

	1997 £	1996 £
Total finance lease creditor	109,111	5,938
Less: finance charges accruals	(12,816)	-
	<u>96,295</u>	<u>5,938</u>
Payable:		
within one year	35,826	5,938
within two to five years	60,469	-
	<u>96,295</u>	<u>5,938</u>
Capital commitments are as follows:		
Authorised and contracted for	<u>26,154</u>	<u>-</u>

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

	Property leases	
	1997 £	1996 £
Year of Expiry of lease		
- within one year	12,250	920
- two to five years	-	11,500
- over five years	100,700	196,880
	<u>112,950</u>	<u>209,300</u>

16 Contingent liabilities

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

Notes to the financial statements (continued)

for the year ended 30 April 1997

17 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.

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' not to disclose transactions with Fletcher King Plc and Fletcher King Services Limited.

During the year, the company sold services in the ordinary course of business to Fletcher King Riddell Braithwaite Limited, an associated undertaking of Fletcher King plc, at a value of £24,441. The amounts owed to the company at the year end is £3,950.

During the year, the company sold services in the ordinary course of business to Fletcher King Cornett Price Limited, an associated undertaking of Fletcher King plc, at a value of £7,217. The amounts owed to the company at the year end is £7,217.