

KING STURGE MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008



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OFFICERS AND PROFESSIONAL ADVISERS

Directors

M Stupples
S C Young
S A F Bailey
L Tippetts

Secretary

A J Bruce

Registered Office

30 Warwick Street
LONDON
W1B 5NH

Bankers

Barclays Bank PLC
1 Churchill Place
LONDON
E14 5HP

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
LONDON
WC2N 6RH

DIRECTORS' REPORT

For the year ended 30 April 2008

The Directors' present their annual report and the audited financial statements of the Company for the year ended 30 April 2008. The Directors report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

Principal activity, business review and future developments

The principal activity of the company is the provision of facilities management and caretaking staff in the United Kingdom. The Directors consider that all turnover derives from a single class of business.

The Directors consider the results for the year which are set out in the profit and loss account to be in line with expectations and that the company will continue to trade profitably into the coming year. The Directors recommend the payment of a dividend of £100,000 per £1 ordinary share (2007: £325,000) totalling £200,000 (2007: £650,000).

Directors

The Directors who held office during the year are listed below:

M Stupples
S C Young
S A F Bailey (appointed 30 April 2008)
L Tippetts

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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.

DIRECTORS' REPORT

For the year ended 30 April 2008

Statement of disclosure of information to auditors

Having made enquiries of fellow Directors, each of the Directors who were members of the Board at the time of approving the Directors' Report confirms that, to the best of each Director's knowledge and belief, there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware and that each Director has taken all steps that they ought to have taken as a Director to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

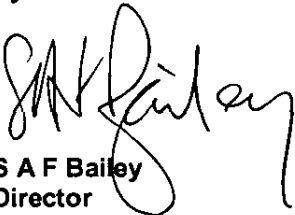
Directors' liability insurance

As permitted by the Companies Act 1985, the Company has purchased insurance cover in respect of Directors' and officers' liabilities.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

By order of the board



S A F Bailey
Director

8 September 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KING STURGE MANAGEMENT LIMITED

We have audited the financial statements of King Sturge Management Limited for the year ended 30 April 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 information specified by law regarding directors' remuneration and other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

9 September 2008

PROFIT AND LOSS ACCOUNT

For the year ended 30 April 2008

	Note	2008 £	2007 £
Turnover	1	7,826,137	6,330,351
Cost of sales		(6,762,752)	(5,585,904)
Gross profit		1,063,385	744,447
Administrative expenses		(782,886)	(644,350)
Operating profit	2	280,499	100,097
Bank interest receivable		15,657	51,243
Profit on ordinary activities before taxation		296,156	151,340
Taxation	4	(91,838)	(43,905)
Profit for the financial year	11	204,318	107,435

The results above arise solely from continuing operations.

The Company has no recognised gains and losses for the current or preceding financial year other than as stated in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

BALANCE SHEET

As at 30 April 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible fixed assets	6	44,033	26,361
Current assets			
Debtors	7	1,578,886	590,037
Cash at bank and in hand		96,874	1,079,818
		1,675,760	1,669,855
Creditors: amounts falling due within one year	8	(1,578,692)	(1,559,433)
Net current assets		97,068	110,422
Net assets		141,101	136,783
Capital and reserves			
Called up share capital	9	2	2
Profit and loss reserve	10	141,099	136,781
Total shareholders' funds	11	141,101	136,783

These financial statements on pages 5 to 11 were approved by the board and signed on its behalf by:



M Stupples
Director



S A F Bailey
Director

8 September 2008

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2008

1 Accounting policies**(a) Basis of preparation**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the UK. The principal accounting policies which have been applied consistently throughout the year are set out below.

(b) Turnover

Turnover represents commission receivable for facilities management and caretaking services rendered in the United Kingdom during the year exclusive of VAT. Turnover is recognised when the right to consideration arises. Income which is contingent on a critical event is not recognised until that event occurs.

(c) Pension costs

King Sturge LLP operates a defined contribution pension scheme for the benefit of the employees of King Sturge Management Limited. The assets of the scheme are administered by trustees in a fund independent from those of the Company. Contributions payable to the scheme are charged in the profit and loss account as the contributions fall due.

(d) Cash flow statement

The Company is a wholly owned subsidiary of King Sturge LLP and is included in the consolidated financial statements of King Sturge LLP, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 "Cash Flow Statements" (revised 1996).

(e) Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is calculated to write off the cost of the assets, less their residual values, over their expected useful economic lives on a straight line basis at the following rate:

Computer equipment	33.33%
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(f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and that result in an obligation to pay more tax in the future or right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

(g) Dividends

Final ordinary dividends payable to the shareholders of the Company are recognised in the period that they are approved by the shareholders. Interim ordinary dividends payable are recognised in the period that they are paid.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2008

2 Operating profit

Operating profit is stated after charging:

	2008 £	2007 £
Administration charge	300,000	300,000
Depreciation of tangible fixed assets - owned	25,257	5,523
Loss on disposal of fixed assets	1,330	-
Auditors' remuneration – audit	8,820	8,400
Auditors' remuneration – taxation services	3,000	5,500

The administration charge relates to services provided by King Sturge LLP for management, HR, finance, legal and IT services charged on an arms length basis.

3 Directors and other employees

	2008 £	2007 £
Wages and salaries	5,600,637	4,643,787
Social security costs	592,780	477,039
Other pension costs	154,028	104,543
	6,347,445	5,225,369

	2008 £	2007 £
Directors' emoluments		
Aggregate emoluments	30,827	29,946
Company contributions to money purchase pension schemes	2,462	2,377
	33,289	32,323

The above amounts represent an element of emoluments of one Director recharged to the company from other Group companies. All other Directors are remunerated through King Sturge LLP, a limited liability partnership, in which these Directors are members.

Pension contributions recharged for one Director (2007: one) under money purchase schemes, within King Sturge LLP, amounted to £2,462 (2007: £2,377).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2008

3 Directors and other employees (continued)

The monthly average number of persons employed by the Company (including Directors) during the year is as follows:

	2008 Number	2007 Number
Facilities management and caretaking staff	194	175
Administrative staff	5	5
	199	180

4 Taxation

	2008 £	2007 £
Current tax:		
UK corporation tax on profits for the year	91,510	43,905
Under provision in respect of prior years	328	-
Taxation charge	91,838	43,905

The tax assessed for the year is higher (2007: lower) than the standard rate of corporation tax in the UK applied to the company (30%). The differences are explained below.

	2008 £	2007 £
Profit on ordinary activities before tax	296,156	151,340
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007: 30%)	88,847	45,402
Effects of:		
Impact on change of tax rate during the year	(494)	-
Utilisation of Group losses	-	(738)
Expenses disallowable for tax purposes	773	65
Other timing differences	2,384	(824)
Under provision in respect of prior years	328	-
Current tax charge for year	91,838	43,905

There are no material deferred tax assets or liabilities.

5 Dividends

The Directors have authorised a dividend for the year ended 30 April 2008 of £100,000 per share (2007: £325,000), that is a total of £200,000 (2007: £650,000). This dividend was approved by the Directors and Shareholders on 30 April 2008 and so has been included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2008

6 Tangible fixed assets

	Computer equipment £
Cost	
At 1 May 2007	36,793
Additions	44,260
Disposals	(4,307)
At 30 April 2008	76,746
Accumulated depreciation	
At 1 May 2007	10,432
Charge for the year	25,257
Eliminated on disposal	(2,977)
At 30 April 2008	32,713
Net Book Value	
At 30 April 2008	44,033
At 30 April 2007	26,361

7 Debtors

	2008 £	2007 £
Trade debtors	802,455	171,052
Other debtors	8,361	4,320
Prepayments and accrued income	768,070	414,665
	1,578,886	590,037

8 Creditors – amounts falling due within one year

	2008 £	2007 £
Amounts owed to group undertakings	638,625	535,008
Dividends payable	200,000	650,000
Corporation tax	91,510	43,905
Other taxation and social security	575,516	167,816
Other creditors	29,111	92,191
Accruals and deferred income	43,930	70,513
	1,578,692	1,559,433

The amounts owed to group undertakings relate to short term trading balances which are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2008

9 Share capital

	2008 £	2007 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, issued and fully paid:		
2 ordinary shares of £1 each	2	2

10 Profit and loss reserve

	2008 £	2007 £
Profit and loss reserve brought forward	136,781	679,346
Profit for the financial year	204,318	107,435
Dividends	(200,000)	(650,000)
Profit and loss reserve carried forward	141,099	136,781

11 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	204,318	107,435
Dividends	(200,000)	(650,000)
Net increase / (reduction) in shareholders' funds	4,318	(542,565)
Opening shareholders' funds	136,783	679,348
Closing shareholders' funds	141,101	136,783

12 Related parties

The Company has taken the exemption available under paragraph 3(c) from the provisions of FRS 8, Related Party Disclosures, on the grounds that it is a wholly owned subsidiary of a group headed by King Sturge International LLP whose accounts are publicly available.

13 Ultimate parent undertaking

King Sturge Holdings Limited, a Company registered in England and Wales, is the immediate parent Company and King Sturge International LLP, a Limited Liability Partnership, is the ultimate parent undertaking. King Sturge International LLP is the smallest and largest group to consolidate the financial statements of the Company. Copies of the Group financial statements of King Sturge International LLP are publicly available from Companies House, Crown Way, Cardiff.