

KING STURGE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2009

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OFFICERS AND PROFESSIONAL ADVISERS

Directors

C M Ireland
C G R Pratt
P B Marsden
D J G Reilly

Secretary

S A F Bailey

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 2009**

The Directors present their annual report and the audited financial statements of the Company for the year ended 30 April 2009. The Directors report has been prepared in accordance with the small companies regime of the Companies Act 2006.

Principal activity, business review and future developments

The Company provides consultancy services with respect to property and property transactions 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 on page 5, 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 £2.38 per £1 ordinary share (2008: £2.38), totalling £500,000 (2008: £500,000).

Directors

The Directors of the Company during the year and up to the date of signing the financial statements were as shown below.

C M Ireland
C G R Pratt
P B Marsden
D J G Reilly
B S Tattar (resigned 25 September 2008)

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;
- 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 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.

DIRECTORS REPORT

For the year ended 30 April 2009

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 2006, 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.

Financial Services Authority

In accordance with the rules of the Financial Services Authority, the Company has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available on application to the Company Secretary at 30 Warwick Street, London W1B 5NH.

By order of the board



S A F Bailey
Company Secretary

30 July 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KING STURGE FINANCIAL SERVICES LIMITED

We have audited the financial statements of King Sturge Financial Services Limited for the year ended 30 April 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2009 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.



Kate Wolstenholme (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 July 2009

PROFIT AND LOSS ACCOUNT

For the year ended 30 April 2009

	Note	2009 £	2008 £
Turnover	1	1,574,563	2,935,800
Cost of sales		(686,038)	(1,947,295)
Gross profit		888,525	988,505
Administrative expenses		(462,780)	(766,021)
Operating profit	2	425,745	222,484
Interest receivable and similar income	4	44,513	31,548
Group interest payable		(4,226)	(6,535)
Profit on ordinary activities before taxation		466,032	247,497
Taxation	5	(76,732)	(55,874)
Profit for the financial year	11	389,300	191,623

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 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible fixed assets	7	482	2,389
Current assets			
Debtors	8	458,242	742,396
Cash at bank and in hand		1,183,427	2,102,583
		1,641,669	2,844,979
Creditors: amounts falling due within one year	9	(805,307)	(1,899,824)
Net current assets		836,362	945,155
Net assets		836,844	947,544
Capital and reserves			
Called up share capital	10	210,000	210,000
Profit and loss reserve	11	626,844	737,544
Total shareholders' funds	12	836,844	947,544

These financial statements on pages 5 to 13 were approved by the board and signed on its behalf by:


C M Ireland
Director

30 July 2009

CASH FLOW STATEMENT

For the year ended 30 April 2009

	Note	2009 £	2008 £
Net cash (outflow) / inflow from operating activities	13	(404,224)	2,078,763
Returns on investments and servicing of finance			
Interest paid		(4,226)	(6,535)
Interest received		44,513	31,548
Net cash inflow from returns on investments and servicing of finance		40,287	25,013
Taxation			
UK Corporation tax paid		(55,219)	(24,712)
Equity dividends paid to shareholders		(500,000)	(500,000)
(Decrease) / increase in cash	14	(919,156)	1,579,064

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

1 Accounting Policies

The following accounting policies have been applied consistently throughout the year in dealing with items which are considered material in relation to the Company's financial statements.

a) Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the UK.

b) Turnover

Turnover represents fees and commissions receivable excluding value added tax. Where the substance of a contract is that the Company's contractual obligations are performed gradually over time, revenue is recognised as the contract activity progresses to reflect the Company's partial performance of its contractual obligations. The amount of revenue reflects the accrual of the right to consideration as contract activity progresses by reference to value of the work performed. Where the substance of the contract is that a right to consideration does not arise until the occurrence of a critical event, revenue is not recognised until that event occurs. Where the Company's role in a transaction is that of an agent, revenue is recognised on a net basis and represents the commission earned.

c) 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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d) Pensions

The Company participates in two group pension schemes, a defined benefit scheme and a defined contribution scheme. The defined benefit scheme forms part of a group scheme and the Company is unable to identify its share of the assets and liabilities of the scheme. Under the exemption available under FRS 17 the Company has accounted for the defined benefit scheme on a defined contribution basis. Accordingly contributions payable in respect of both schemes are charged in the profit and loss account in the year in which they are incurred.

e) Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

1 Accounting Policies (continued)

f) Dividends

Ordinary dividends payable to the shareholders of the Company are recognised in the period that they are approved by the shareholders.

2 Operating profit

Operating profit is stated after charging:

	2009 £	2008 £
Depreciation of tangible fixed assets - owned	1,907	3,756
Auditors' remuneration – audit	11,000	10,820
Auditors' remuneration – taxation services	3,000	5,000

3 Directors and other employees

	2009 £	2008 £
Wages and salaries	363,697	965,376
Social security costs	30,534	116,714
Other pension costs	11,127	35,186
	405,358	1,117,276

	2009 £	2008 £
Directors' emoluments		
Aggregate emoluments	32,904	124,269
Company contributions to money purchase pension schemes	3,125	7,393
	36,029	131,662

C M Ireland, C G R Pratt, D J G Reilly and P B Marsden are remunerated through King Sturge LLP, a limited liability partnership, in which these Directors are members.

Aggregate emoluments with respect to the highest paid Director totalled £32,904 (2008: £124,269). In addition, contributions of £3,125 (2008: £7,393) were paid by the Company into money purchase pension schemes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

3 Directors and other employees (continued)

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

	2009 Number	2008 Number
Fee earners	6	10
Support staff	1	1
	7	11

4 Interest receivable and similar income

	2009 £	2008 £
Bank interest	-	31,548
Group interest	44,513	-
	44,513	31,548

5 Taxation

	2009 £	2008 £
Current tax:		
UK corporation tax on profits for the year	77,388	55,875
Over provision in respect of prior years	(656)	(1)
Taxation charge	76,732	55,874

The tax assessed for the year is lower (2008: lower) than the standard rate of corporation tax in the UK applied to the Company (28%). The differences are explained below.

	2009 £	2008 £
Profit on ordinary activities before taxation	466,032	247,497
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%)	130,489	74,249
Effects of:		
Impact on change in tax rate during the year	-	(412)
Expenses not deductible for tax purposes	2,901	9,508
Other timing differences	(212)	(177)
Over provision in respect of prior years	(656)	(1)
Utilisation of group losses	(55,790)	(27,293)
Current tax charge for the year	76,732	55,874

There are no material deferred tax assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

6 Dividends

The Directors have authorised a dividend for the year ended 30 April 2009 of £2.38 per £1 ordinary share (2008: £2.38) that is a total of £500,000 (2008: £500,000). This dividend was approved by the Directors and Shareholders prior to 30 April 2009 and so has been included in these financial statements.

7 Tangible fixed assets

	Computer equipment £
Cost	
At 1 May 2008	22,290
Additions	-
At 30 April 2009	22,290
Accumulated depreciation	
At 1 May 2008	19,901
Charge for the year	1,907
At 30 April 2009	21,808
Net book value	
At 30 April 2009	482
At 30 April 2008	2,389

8 Debtors

	2009 £	2008 £
Trade debtors	386,561	695,830
Amounts owed by related undertakings	-	29,375
Prepayments and accrued income	71,681	17,191
	458,242	742,396

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

9 Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	585,091	1,106,895
Corporation tax	77,388	55,875
Other taxation and social security	61,933	150,609
Other creditors	29,375	-
Accruals and deferred income	51,520	586,445
	805,307	1,899,824

Included within amounts owed to group undertakings is an unsecured short term subordinated loan with King Sturge LLP approved by the Financial Services Authority (FSA), in accordance with FSA's requirements for securities and futures firms. The current loan of £100,000 (2008: £100,000) was drawn down on 4 August 2000 and incurs interest at 1% above the Barclays Bank base rate, which is charged quarterly and calculated on a daily basis. Repayment is on 7 days written notice from King Sturge LLP at any time after August 2003.

10 Called up share capital

	2009 £	2008 £
Authorised: 500,000 ordinary shares of £1 each	500,000	500,000
Allotted, issued and fully paid: 210,000 ordinary shares of £1 each	210,000	210,000

11 Profit and loss reserve

	£
Profit and loss reserve brought forward	737,544
Profit for the financial year	389,300
Dividends (note 6)	(500,000)
Profit and loss reserve carried forward	626,844

12 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	389,300	191,623
Dividends (note 6)	(500,000)	(500,000)
Net reduction in shareholders' funds	(110,700)	(308,377)
Opening shareholders' funds	947,544	1,255,921
Closing shareholders' funds	836,844	947,544

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

13 Reconciliation of operating profit to net cash flow from operating activities

	2009 £	2008 £
Operating profit	425,745	222,484
Depreciation	1,907	3,756
Decrease in debtors	284,154	1,088,335
(Decrease) / increase in creditors	(1,116,030)	764,188
Net cash (outflow) / inflow from operating activities	(404,224)	2,078,763

14 Reconciliation of movements net cash flow to movement in net funds

	2009 £	2008 £
(Decrease) / increase in cash in the year	(919,156)	1,579,064
Net funds at start of the year	2,002,583	423,519
Net funds at end of the year	1,083,427	2,002,583
Net funds at the end of the year comprise:		
Cash at bank and in hand	1,183,427	2,102,583
Subordinated loan with King Sturge LLP (note 9)	(100,000)	(100,000)
	1,083,427	2,002,583

There have been no changes to net funds in the current year except for those resulting from cash flows.

15 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.

The King Sturge International LLP Group owns a 10% share in Seafort Ealing Limited which is a client of the Company contributing £50,000 (2008: £50,000) to turnover on an arms length basis. At the year end there was a balance due from Seafort Ealing Limited of £Nil (2008: £29,375).

16 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.