Fletcher King Plc

Annual Report and Accounts 1993

DIRECTORS AND ADVISERS

Directors
D J R Fletcher, FRICS *Chairman and Chief Executive*
A J White, FRICS *Managing Director*
M E P Parry, FRICS
S R E Pilgrim
G Howard, FRICS
R E G Goode, FRICS

Secretary and Registered Office
D M Evans, FAAI
Stratton House, Stratton Street, London W1X 5FE

Financial Advisers
Lazard Brothers & Co Ltd
21 Moorfields, London EC2P 2HT

Stockbrokers
Cazenove & Co
12 Tokenhouse Yard, London EC4Y 1HS

Solicitors
Freshfields
Whitefriars, 65 Fleet Street, London EC4Y 1HS

Boodle Hatfield
43 Brook Street, London W1Y 2BL

Auditors
BDO Binder Hamlyn
20 Old Bailey, London EC4M 7BH

Principal Bankers
National Westminster Bank Plc
1 New Bond Street, London W1Y 0HU

Registrars and Transfer Office
National Westminster Bank Plc
Registrar's Department, PO Box No 82
Caxton House, Redcliffe Way, Bristol BS99 7NH

Calendar
Annual General Meeting
3rd September 1993

Results
Half Year Results
Announced in January 1993

Year-end Results
Preliminary announcement on 21st June 1993

Dividends
Final Dividend
Payable 1st October 1993

Interim Dividend
To be announced in January 1994
and payable in March 1994

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FINANCIAL HIGHLIGHTS

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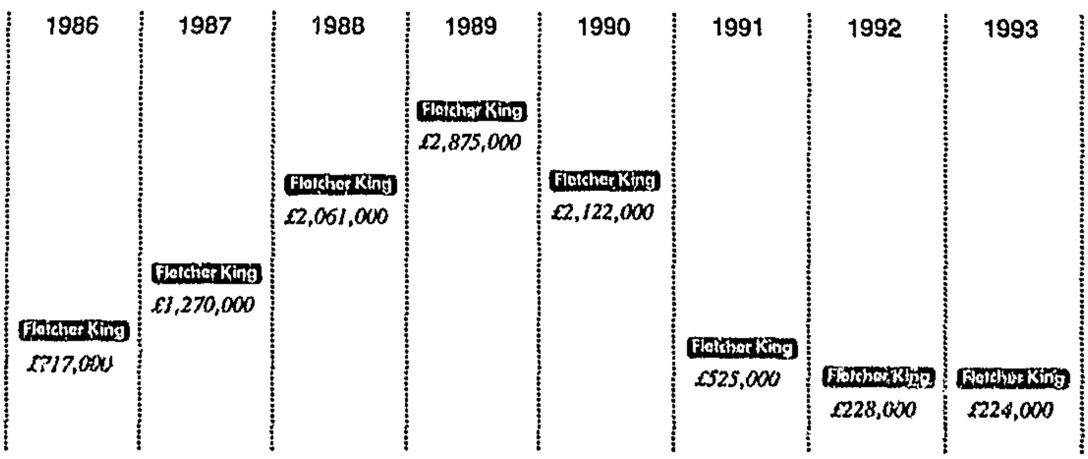
	Year ended 30th April 1993	Year ended 30th April 1992
	£000	£000
Turnover	**4,969**	5,419
Profit before taxation	**224**	228
Profit after taxation	**139**	146
Dividend	**87**	87
Dividend per share	**1p**	1p
Earnings per share	**1.6p**	1.7p

8 YEAR PROFIT RECORD



I am pleased to announce that the results for the year to 30th April 1993 show profits before tax of £224,000, almost exactly the same as last year, on a turnover marginally reduced to just below £5M.

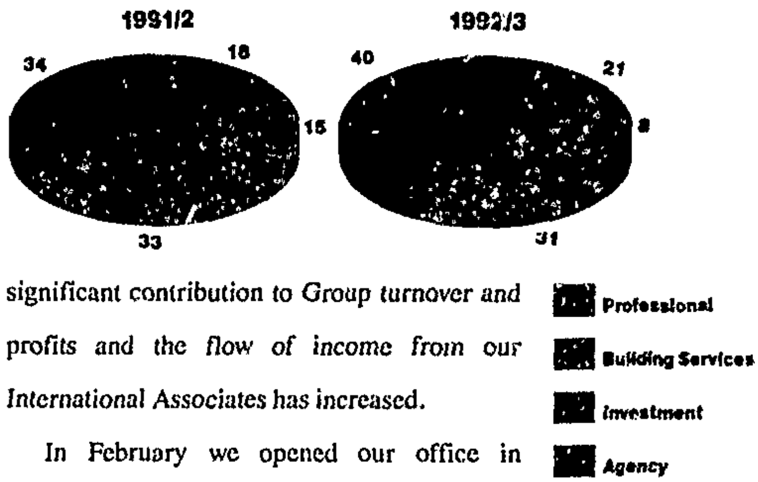
These results are particularly satisfying when measured against the background of a property market that experienced the worst year in living memory and during which, almost universally, capital and rental values fell significantly.

The increased level of activity I reported at the half year has continued. We finished the year having completed 20% more transactions than in the previous year; albeit, at lower values.

These encouraging results have been assisted by strict control of costs which are down, in line with our expectation, by 9% on last year. In order to maintain the high level of service for which we are renowned, we have achieved this saving largely through greater efficiency and the reductions in salaries that I reported at the half year.

Cross referral of business between the departments, Howard Associates, the Group's wholly owned building services subsidiary, and our International Associates is an important aspect of fee generation. This has again been fruitful. Howard Associates have made a significant contribution to Group turnover and profits and the flow of income from our International Associates has increased.

Business Mix %



In February we opened our office in Birmingham, partly to service existing instructions, but also because we felt that continuing opportunities for new business in the Midlands region were best served by having a base in the city. Although it is early days, the office has made a promising start and is ahead of expectations. We are budgeting at least to break-even in the first year.

We have continued our efforts to increase the percentage of non-transaction related business; the professional and building services divisions increased the value of their contribution to the Group and now account for just under 72% of Group turnover.

The agency and investment sides of the business continue to be volatile; agency marginally increased its contribution, but investment had a disappointing year.

As in previous years we continued to manage our debtors energetically and our bad debts for the period were negligible.

It is important, even in these recessionary times, to encourage, incentivise and promote staff from within, whilst also keeping track of significant talent outside the firm to recruit at the appropriate time. Towards this end I am pleased to announce that during the year we have made a number of internal promotions in Fletcher King Services Ltd. Paul Stammers, a Director in the Asset Management department has been promoted to head that department. Peter Northam, an Associate Director in the Central London Office department, has been appointed full Director. Benjamin Roberts, Christopher Freer-Smith and David Edwards have been made Associate Directors in their respective departments

The Board is proposing the payment of a final dividend of 0.5p per share which will be paid on 1st October 1993, subject to shareholders' approval at the Annual General Meeting, to shareholders on the register at the close of business on 15th July 1993. With the interim dividend already paid, the total dividend for the year will amount to 1p per share (1992 - 1p).

We added many new clients to the business during the past year, and I expect this to continue during the coming 12 months. Although it continues to be difficult to judge the time lapse between receiving an instruction and the conclusion of a successful transaction, I am pleased to be able to report that the continuing accuracy of our budgeting enables us to exercise a tight control over our operations.

Our costs are firmly under control and our balance sheet strong, with cash reserves at the year end of just under £1.5M.

For the first time in four years, I sense a thread of cautious optimism running through nearly all departments. There is no doubt that since the beginning of 1993 we have experienced more activity on every type of property. Many more viewings are taking place on vacant properties from prospective tenants who have a genuine desire to lease space, probably believing that opportunities to strike the best bargains are now as good as they are ever likely to be.

The number of buyers and volume of money in the investment market are at a higher level than for many years. Some domestic institutions are coming back into the market strongly, to join the foreign buyers who remain and have been there for well over a year. Some areas of the investment market are becoming almost overheated and in the very narrow band of what is defined as "prime", the market is now beginning to suffer from a lack of stock.

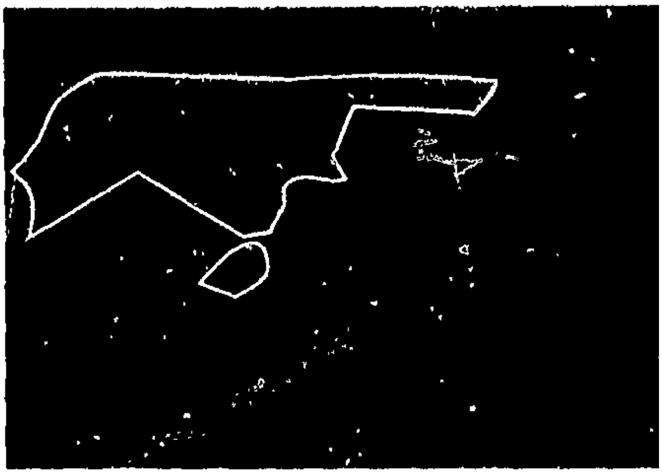
It still remains too early to say whether the recent flourish of activity will be maintained or turn out to be yet another false dawn. However, the fundamentals now appear to be rather stronger. There is a possibility that the U.K. economy will again falter towards the end of the year, reflecting a similar pattern experienced in America, but, for now, the signs point in the right direction.

I do not necessarily believe that the current year will produce significant increases in our profitability. I do believe we have the right people in the right places, with costs under control. This is a strong base from which to move forward profitably when the time comes.

My colleagues and staff have worked untiringly during the last twelve months, often for very long hours, on reduced remuneration packages. I am sure that all our shareholders will wish to join me in thanking them for their understanding and the contribution they have made to the success we have achieved this year.

DAVID FLETCHER

Right: Relay Park, Tamworth. Acquisition and marketing of 55 acre warehouse and distribution site for Aquis Estates Ltd.



Business Space

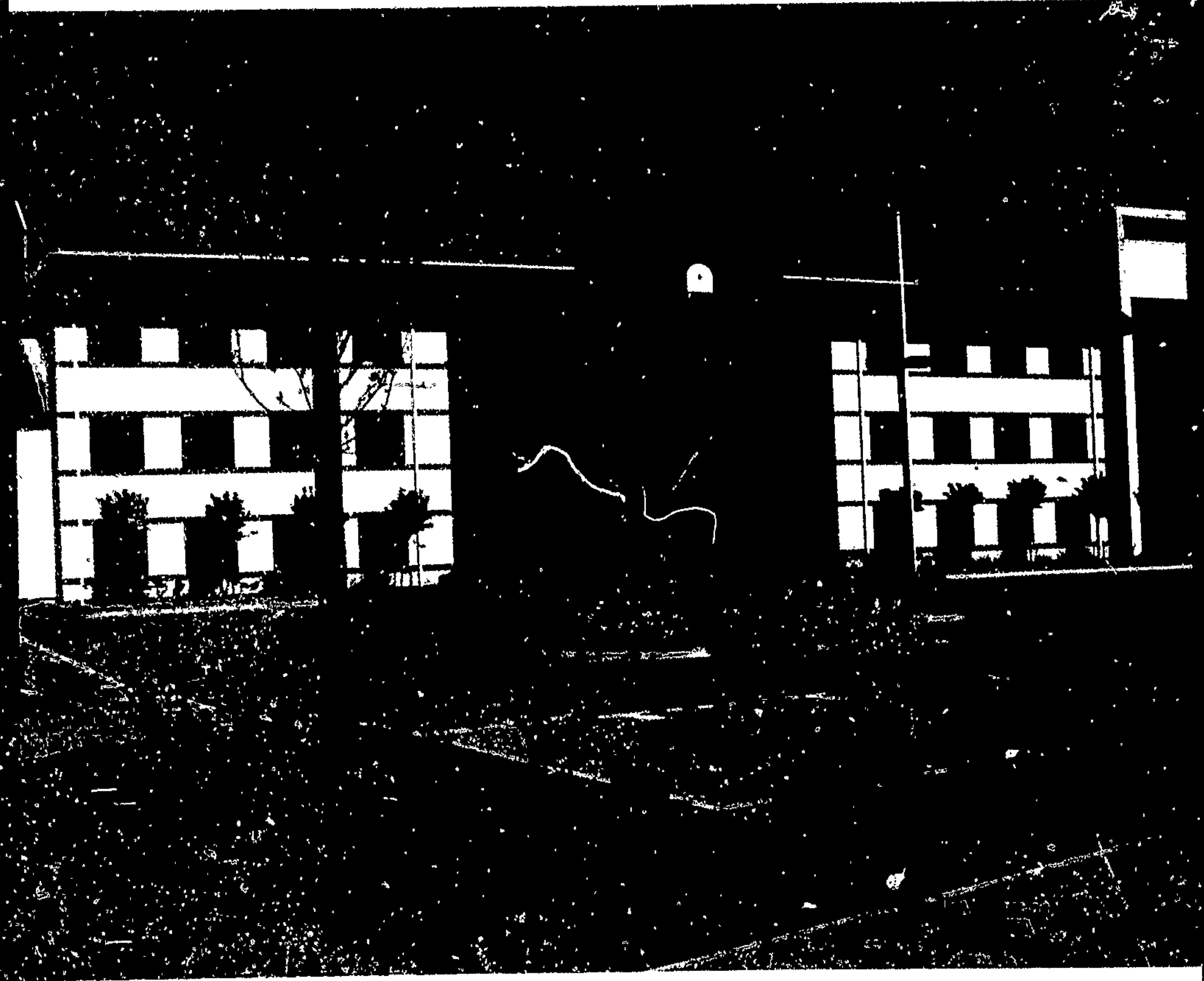
It was inevitable that in a year which probably saw the worst conditions in the commercial property market since the War, the Business Space department should be particularly vulnerable to downturns in both volumes and values of transactions.

However, with instructions covering agency, development and professional activities across the UK including industrial, warehouse, decentralised office, and business park property there were some bright spells in the prevailing market gloom.

On the professional side, rent review and lease renewal fee volume declined slightly, but maintained its proportion of department turnover at just over 30 %. Both the number of clients and instructions increased, and a marginal decline in turnover is a reflection of lower rent settlements coupled with competitive fee levels. We cannot be optimistic about the prospects of an increased fee income from rent review work in the short term, as landlords have become increasingly flexible in order to retain tenants and in many instances do not even serve review notices where passing rents exceed current values. We believe this to be a relatively short term trend which will end as the economy comes out of recession, and demand picks up to the point where rentals return to, or improve on, levels prevailing at their peak in 1989.

There was a continuing decline in consultancy fee income as the number of planning and development instructions dwindled or were placed in abeyance. One consultancy job which did come to fruition was the major 200 acre site owned by Higgs & Hill on junction 15a of the M1 motorway at Northampton which received planning consent during the year and which is now translated into an agency instruction.

Mainstream agency was very much like the "curate's egg". The decentralised office market was particularly difficult although the willingness of landlords to accept radical reductions in quoting terms meant that the relatively few seekers of space usually were serious and prepared to commit at very reduced



Left: The Campus, Hemel Hempstead. Letting of 25,000 sq ft office building to Modern Alarms on behalf of Legal and General Property Ltd.

rental levels. Among our more notable office lettings achieved during the year were 33,000 sq ft at The Belfry, Watford and 25,000 sq ft at The Campus, Hemel Hempstead, both for Legal & General Property Development, and 63,000 sq ft let to Microsoft at Winnersh Triangle, Reading, for Slough Estates.

The business park sector has also been particularly quiet during the last 12 months with very little speculative building under way. Land sales have taken place at King Hill, West Malling, to Telecom Capita and Klippon Microsystems, and a total of 103,000 sq ft was let during the year at Winnersh Triangle. The Centre at Colchester Business Park for GRE Properties was successfully completed and substantially let with the restaurant, gymnasium and convenience store all now trading. Despite only modest amounts of stock being available there are no clear signs of sufficient confidence returning to the market to indicate that significant speculative development will resume until well into 1994.

The industrial and warehouse market proved a little stronger particularly in the Midlands and significant lettings completed during the year included 28,000 sq ft at the Corinium Centre, Cirencester, to Corin Medical, 26,000 sq ft in Redditch to Gunnebo and 27,000 sq ft in Welwyn Garden City to Parcelforce. Activity in the South East has been relatively modest, but with stocks of modern property considerably depleted we would anticipate some resurgence in development activity later this year. Activity levels for large warehouse units in the Midlands have been particularly buoyant and this is reflected by our acquisition of Relay Park, Tamworth, a 55 acre warehouse and distribution development site for Aquis Estates Limited. We have also been instructed on a 20 acre development site for Standard Life at Solihull and both these schemes are now being marketed jointly with our new Birmingham Office.

Acquisition work accounted for some 20% of departmental turnover, down only marginally on last year. It was particularly encouraging to note the number of new clients, particularly from the USA, for whom we acquired properties. This has largely been due to our association with Grubb & Ellis in the United States and amongst the acquisitions have been 16,500 sq ft of offices on Northampton Business Park for Warrentech Corporation, a site for a 50,000 sq ft warehouse in Milton Keynes for Royal Appliance Manufacturing Co and an industrial unit in Poyle for Otis Spunkmeyer Inc. Five new car rental properties were acquired for Avis Rent A Car in Manchester, Oxford, Stockton, Swindon and Exeter and a new 65,000 sq ft headquarters building for Eurotherm Drives Limited in Littlehampton was completed during the year. Further acquisition work was undertaken for MTS Ariston, XL Datacomp and Misco Limited.

The department starts the year on a very positive note with a number of significant deals in solicitor's hands. There is a greater sense of optimism than has prevailed for the last four years and if this confidence can be maintained we believe that there is every expectation that turnover in the current financial year can be increased.

Central London Offices

After the uncertainty leading up to the General Election, the year started well with the acquisition for Standard Bank London Ltd of 20,000 sq ft in Cannon Bridge House, EC4.

Victoria proved a focus of activity for us this year with the highlight being the letting of 64,000 sq ft at Ebury Bridge House to Agip (UK) Limited, on behalf of the Grosvenor Estate and Commercial Union Properties.

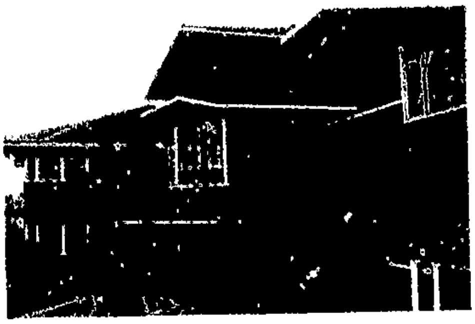
This headquarters building exemplifies efficient accommodation and quality of build which led to a letting immediately on completion of the construction. Further lettings were also achieved on the 13,450 sq ft 5 Lower Belgrave Street, again on behalf of the Grosvenor Estate.

Hammersmith is also an area in which we have a concentration of instructions, and lettings were achieved at Colet Court to M I Drilling Fluids and Inform Corporation; at Cambridge House to Barraclough Carey and Commonwealth House to Eisai Europe Limited.

The positive approach by both Planners and Landlords to alternative uses resulted in an attractive office building at 31 Fitzroy Square being assigned for use as a Doctor's Surgery after a personal change of use was obtained. Other successes in this area included the surrender of Wolff Olins's Lease in Tavistock House, Tavistock Square.

Left: Ebury Bridge House, SW1. Letting of 64,000 sq ft office building to Agip (UK) Ltd on behalf of The Grosvenor Estate and Commercial Union Properties.

Right: Templars House, Chandlers Ford, Investment purchase for the ITB Pension Fund.



Falling rentals have resulted in less rent review work for the Department but on the positive side this aspect has reflected minimal or indeed nil increase in rents when acting for tenants; 149 Tottenham Court Road for Herman Miller, and 30/34 Queensway and 1-6 Olympia Yard for Chapman Taylor are cases in point.

The London Office Market in 1992 might well be remembered for the dramatic fall in rents and increased incentives available to tenants. On the positive side, take up in 1992 was substantially higher than in 1991 and, at the start of 1993, there were a number of large requirements in the market together with tentative signs of increased activity in the lower size ranges. This gives us reason to believe that a slow recovery is beginning.

Investment and Finance

The year began amid the euphoria of a Conservative election win which it was hoped would lead to a rapid return of investor confidence. The mood however was short-lived as it became apparent that green shoots could die and the property fundamentals of oversupply, low demand and high bank debt would take some time to improve. Activity continued at a low level for much of the year, and only during the last quarter were there real signs of investors coming back to the market coupled with owners willing to sell at realistic prices. Nevertheless the number of transactions for the year was 10% up on the previous year, although as a result of the general caution of investors, the average size of transactions fell.

Sales during the year included retail properties in New Bond Street, and Brook Street in the West End and in Slough for Wyndham Investments and other sales for various clients included properties in Reading, Leatherhead and Newbury.

In addition to acquisitions for our fully retained investment clients, the increase in acquisition activity for out-house clients showed through in purchases of properties in Richmond, Bath, Bristol, Southampton, Nottingham and Banbury.

An additional side of the department's work in evidence last year was that of providing independent valuations and advice to prospective purchasers, an example of which was a shopping centre in Wisbech, Cambridgeshire.

Since the year end £50 million of transactions have been contracted or agreed. The increased level of activity has also given rise to a number of development projects, some pre-let and some speculative, where we have been instructed to arrange finance — a side to the market that has been inactive for some three years.

Retail

It has been a tough but rewarding year. The Newcastle, Monument Mall Shopping Centre is now open and trading, with only a few remaining shops to let. Tenants include Virgin, Body Shop, Benetton, Naf Naf, Burtons and Jeff Banks with his new fashion concept, Locker.

Left: Monument Mall, Newcastle. Retail lettings for St Martin's Property Corporation Ltd.

We have seen an active market in the letting of London shops, with units going well in Mount Street and 77/79 Jermyn Street to John Bray for the launch of his new menswear chain.

In Windsor, Whittards Coffee Lounge have signed up on 19 Peascod Street and in Guildford, Woolworths bid aggressively to secure a new store of 30,000 sq ft in Friary Street from Pension Fund clients at a rent in excess of £400,000 pa.

On acquisitions we have assisted new retailers to the High Street and helped the Warehouse Club Ltd to achieve 25 openings with stores in Kings Lynn, Aldershot, Croydon, Hammersmith and Cathedral Lanes, Coventry, a store of 8,500 sq ft, their largest to date. Additional openings are planned for this year.

The Covent Garden General Store continues to expand with further openings in Bournemouth and Barnstaple and they have launched a new high quality gift store for men, trading as the "Sharper Image". Ten units of about 2,500 sq ft area will be acquired this year.

A prime store in Leicester Square has been acquired for baker "A Piece of Cake", who has also formed an exciting new joint venture company with American health food retailers

Right: Camelford House, Albert Embankment, SE1 Valuation of 220,000 sq ft office building.

"I Can't Believe It's Yogurt", with 12 new sites planned in London and the first of 200 shops in Hungary and Austria.

There is activity in prime High Street developments and we are advising on sites in Worcester of 8,000 sq ft, and Salisbury, where 8 shops, with waterside frontage, will be available to let.

Planning consent has been obtained in Market Harborough for approximately 110,000 sq ft of mixed industrial and retail use including a new food store of 14,000 sq ft and work will start this year.

In the Guys Hospital Complex, at London Bridge, we are instructed to market a new convenience store of approximately 3,000 sq ft and also have instructions on 10 shops to let in Shepherds Market.

After a long absence, confidence is returning to the retail market and we are well positioned to expand profitably this year.

Professional Services

The department's workload has continued to expand over the year, providing a consistent income stream, despite the adverse market conditions.

Valuation work has progressed steadily with instructions undertaken for all the UK Clearing Banks, as well as many overseas lending institutions. Regular portfolio valuations continue to be undertaken for in-house clients, including the Allied Lyons and Industrial Training Board Pension Funds.

Throughout the year we have valued a wide range of properties for a variety of purposes. In the early part of the reporting year, we valued the operational portfolio of Eurotherm Plc for accounting purposes. The portfolio included properties in the UK, USA and throughout Continental Europe; a job where our International network of associates comes into play.

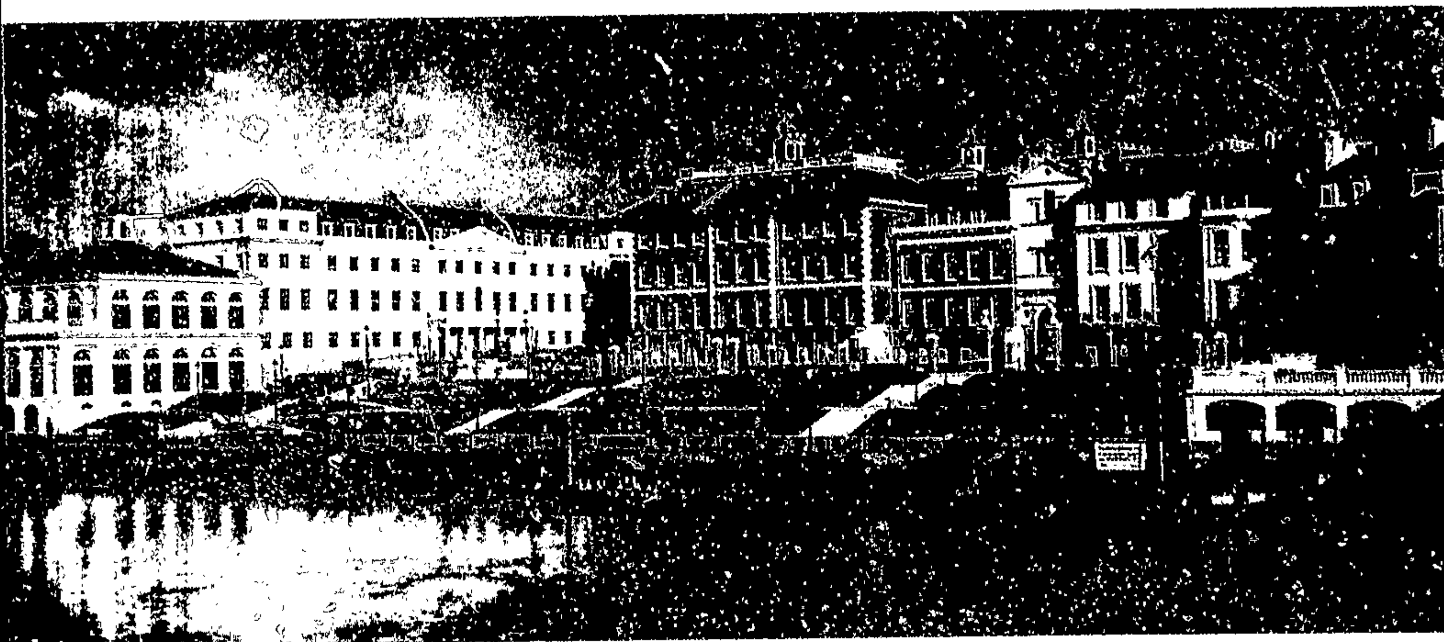
Valuations for taxation purposes have been undertaken for a range of clients including a 53 acre site in Malden, Essex for BET Plc.

In December Camelford House, a 220,000 sq ft office building occupied by British Telecom on the South Bank of the River Thames, was valued for Chelsfield Plc for acquisition purposes.

Other significant instructions have included the valuation of Shoreham Cement Works, extending to 167 acres on the South Downs for Blue Circle Industries and advice to the Ministry of Agriculture Fisheries and Food in respect of New Covent Garden Market.

Income from rating has increased significantly over the year with the Valuation Office seeking to progress appeals prior to preparing for the next rating revaluation which will take place in 1995. Substantial reductions have been achieved for a wide spectrum of clients including a number of Bond Street retailers, such as Hennell and Boucheron, Berry Bros & Rudd in St James's, and W H Smith where average reductions of 22.5% have been achieved on the Waterstones properties thoughout the UK.

Below: Richmond Riverside Property advice, management and letting on behalf of Compaq Computer Ltd.



Notable successes on rating saw reductions of 26% on the 60,000 sq ft Hercules office development on the Houghton Hall Business Park and a reduction of 60% on Card Protection Plan's offices in the Kings Road.

The 1990 appeals continue to be negotiated with the Revenue and we expect to procure further substantial savings for clients throughout 1993.

Asset Management

The Department has continued to increase the number of Portfolio instructions under its Management and new instructions have come from Stubber Securities, Electrocomponents plc and from LPA Receivership work. In particular, the Antler Property Corporation has expanded the number of Portfolio instructions to the Department. These now encompass the office, business park and retail sectors including a shopping centre in East Anglia.

We adopt an innovative approach to Asset Management working in partnership with our clients and tenants. This is achieved by regular tenant contact ensuring that queries are resolved quickly. By understanding our occupiers' requirements, we can identify early on any potential problems including financial and operational difficulties.

We pride ourselves on the prompt collection of rent; maximisation of occupational continuity; and the careful evaluation of all refurbishment and lease restructuring opportunities.

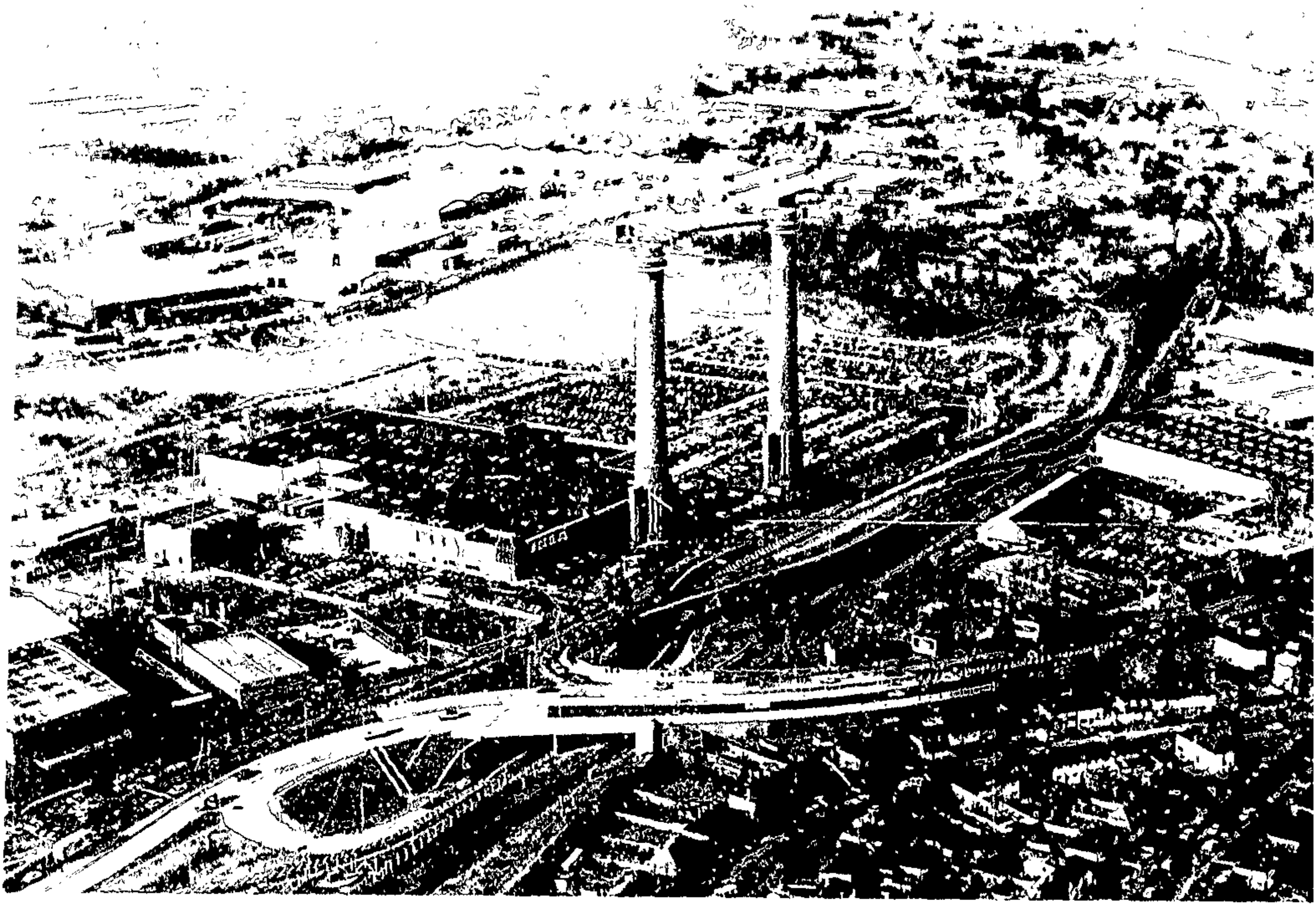
Our Building Surveyors provide a comprehensive range of services to our Portfolio clients, as well as other clients including Dollond & Aitchison, Short Brothers plc, Merchant Navy Pension Trust, Scottish Amicable Investment Managers Ltd and GRE Properties. These include insurance valuations, surveys, project management and dilapidation claims.

Project Management, Construction Management and Quantity Surveying

Howard Associates

The construction industry is still in a very depressed state and the decline continued throughout 1992. We have, however, experienced a modest increase in enquiries and commissions in the first quarter of 1993 and it is hoped that this will be the beginning of a general upturn in construction activity. Inevitably it will be some time before these enquiries and commissions work through to the contractors on site.

Our Quantity Surveying division has recently been appointed by Higgs and Hill Developments in connection with a 1.6M sq ft



development at Swan Valley in Northampton. A hospital refurbishment by Oxford Regional Health Authority has been obtained, a cold store for NFT is under construction in Derbyshire and a new £1M UK headquarters for Krohne Measurement and Controls Ltd in Wellingborough has recently started on site.

Our Construction Management department has been commissioned on a new 90,000 sq ft depot for B&Q in Croydon. This is next to our third IKEA Superstore (of 237,000 sq ft) which we successfully completed ahead of programme during the year.

Our Project Management division is instructed on a 100,000 sq ft unit at the M40 Distribution Park, a new office for the Institution of Chemical Engineers in Rugby, a 32,000 sq ft European headquarters in Milton Keynes for Royal Appliance Manufacturing Company, the makers of 'Dirt Devil' and a food factory for Barnett & Foster International in Wellingborough. Currently work is nearing completion on a £5M training centre to be occupied by the Prudential in Newport Pagnell.

Further project management activities include a new £3M Theatre and Arts Centre for Wellingborough Borough Council and the appointment for a £16M redevelopment in Hackney in connection with City Challenge.

Our Facilities Management Division has recently received commissions in connection with a 90,000 sq ft distribution building in Livingstone and a 120,000 sq ft building in Trafford Park both occupied by Hays

Distribution Services Ltd under an exclusive distribution contract with Scottish & Newcastle Breweries Ltd.

Tender prices for construction work are still extremely low but it is now widely believed that this situation will not continue for much longer and some of the improvement in enquiries is undoubtedly due to clients wishing to take advantage of this situation.

Research

1992 saw an increasing emphasis on fund strategy as existing investment clients re-evaluated their holdings in the light of the prolonged property downturn and sought proposals to take advantage of the improvement expected in the medium term. The more competitive environment for investment advisors, and the increased level of contracted out Government work also involved the department in a series of new business pitches.

Commissioned work on development proposals and performance measurement continued to be an important source of fee income to the department. The increased requirement for objective research, reported last year, shows no sign of abating, with a growing demand for econometric and demographic analysis and forecasts being required to support investment decisions.

International

Mention is made elsewhere in this report of transactions successfully completed through our International network and it is pleasing to note that our fee income from this source has increased significantly from a very low base.

Our work has been throughout Continental Europe and the USA. We have also been appointed Development Advisors to a substantial 350 hectare multi-use project in Lisbon and it is possible that this assignment will lead to other work in Portugal.

We believe the importance of our network will grow and there is certainly scope to export some of our skills to other countries.

The directors present their report and the audited financial statements for the year ended 30 April 1993.

Principal Activities

The group carries on the business of commercial estate agency, surveying and construction management, providing a comprehensive range of services and expert advice throughout the United Kingdom.

A review of the group's business and activities during the period and future prospects is contained in the Chairman's statement and Review of Operations.

Results and Dividend

The consolidated profit and loss account is set out on page nineteen. The directors recommend the payment of a final dividend of 0.5p per share (1992 0.5p) which, together with the interim dividend of 0.5p per share (1992 0.5p) already paid to shareholders, will absorb £86,793. This leaves an amount of £51,465 to be retained in the business and transferred to reserves.

Fixed Assets

Details of the movement in tangible fixed assets are set out in note 7 to the financial statements.

Political and Charitable Contributions

During the period donations to charities by the group totalled £1,756 (1992 £1,105). There were no political contributions.

Share Capital

A summary of the movements in share capital and options during the year is given in note 13 to the financial statements.

Directors

The current directors of the company are listed on the inside front cover. Details of directors' interests in the shares of the company are set out in note 19 to the financial statements.

No director had any material interest in contracts during the year with the company, apart from service contracts.

Messrs D J R Fletcher, M E P Parry and S R E Pilgrim retire by rotation in accordance with the company's articles of association and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Close Company Status

In the opinion of the directors the company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Substantial Shareholdings

Up to 21 June 1993, other than the interests of certain directors detailed in note 19 to the financial statements and the persons noted below, the directors are aware of no interests of 3% or more in the share capital of the company.

	Number of ordinary shares held	*%*
Mr M C Sabey	774,360	8.92
Brown Shipley Holdings Plc	720,000	8.29
Mr R J Ruddell	460,760	5.31
NFU Mutual & Avon Group	309,000	3.56

Authority to allot unissued shares

In accordance with normal practice the directors propose to take the usual authorities under Section 80 and 95 of the Companies Act 1985. Therefore it is proposed to extend the Section 80 authority given at the last Annual General Meeting in August 1992 for a further year in respect of ordinary 10p shares up to maximum of 2,320,721 shares (£232,072).

Apart from possible issues under the Employee Share Option Scheme there is at present no intention of issuing any further ordinary shares. In any event, no issue will be made which would effectively alter the control of the company without the prior approval of the company in general meeting.

Purchase of shares

Your directors, in line with other boards of directors of listed companies, consider that it would be appropriate for the company to have the authority to purchase its own shares as one of a range of investment options available to them, more especially if the purchase of its own shares produced an improvement in earnings per share. Shareholders should be assured that the board will commence purchasing shares only after careful consideration and after taking account of the overall financial position of the Group.

An ordinary resolution will be proposed to authorise the company to make market purchases of up to a maximum of 430,000 of its own shares, representing less than 5% of the existing issued ordinary shares. The maximum price to be paid on any exercise of the authority will be restricted to 5% above the average of the middle market quotations as derived from The Stock Exchange Daily Official List for the ordinary shares for the ten dealing days immediately prior to the purchase. The minimum price that may be paid for the ordinary shares is the nominal value of 10p per share. The authority for the purchase sought at the Annual General Meeting expires at the conclusion of the following Annual General Meeting which is expected to take place in August 1994. The intention of the board is to seek to renew the authority at all future Annual General Meetings.

Auditors

A resolution for the re-appointment of BDO Binder Hamlyn as auditors of the company will be proposed to the Annual General Meeting.

D H Evans

Secretary

This report was approved by the Board on 21 June 1993.

To the members of Fletcher King Plc

We have audited the financial statements on pages 19 to 32 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group at 30 April 1993 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn

BDO Binder Hamlyn

Chartered Accountants

Registered Auditor

20 Old Bailey, London EC4M 7BH

21 June 1993

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 April 1993

Notes		1993	1992
		£000	£000
	Turnover	4,969	5,419
20	Staff costs	(2,936)	(3,358)
7	Depreciation	(257)	(314)
	Other operating charges	(1,671)	(1,657)
	Operating profit	103	90
	Other interest receivable and similar income	139	171
	Finance charges	(18)	(33)
2	**Profit on ordinary activities before taxation**	224	228
4	Tax on profit on ordinary activities	(85)	(82)
	Profit on ordinary activities after taxation	139	146
5	Dividends	(87)	(87)
14	Amounts transferred to reserves	52	59
6	Earnings per share	1.6p	1.7p

There are no recognised gains or losses other than those included in the above Profit and Loss Account.

CONSOLIDATED BALANCE SHEET

at 30 April 1993

Notes		1993		1992	
		£000	£000	£000	£000
7	**Fixed assets**				
	Tangible assets		986		1,180
	Current assets				
9	Debtors	1,425		980	
	Cash at bank and in hand	1,463		1,901	
		2,888		2,881	
10	**Creditors**				
	(amounts falling due within one year)	(637)		(920)	
	Net current assets		2,251		1,961
	Total assets less current liabilities		3,237		3,141
11	**Creditors**				
	(amount falling due after more than one year)		(76)		(68)
12	**Provisions for liabilities and charges**		(46)		(10)
	Net assets		3,115		3,063
	Capital and reserves				
13	Called up share capital		868		868
14	*Share premium account*		44		44
14	Profit and loss account		2,203		2,151
			3,115		3,063

BALANCE SHEET

at 30 April 1993

Notes		1993 £000	1993 £000	1992 £000	1992 £000
8	**Fixed assets**				
	Investments		759		759
	Current assets				
9	Debtors	1,719		1,719	
	Cash at bank and in hand	1		1	
		1,720		1,720	
10	**Creditors**				
	(amounts falling due within one year)	(44)		(44)	
	Net current assets		1,676		1,676
	Total assets less current liabilities		2,435		2,435
11	**Creditors**				
	(amount falling due after more than one year)		-		
	Net assets		2,435		2,435
	Capital and reserves				
13	Called up share capital		868		868
15	Share premium account		44		44
15	Profit and loss account		1,523		1,523
			2,435		2,435

The financial statements on pages 19 to 32 were approved by the Board on 21 June 1993

D J R Fletcher
Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 April 1993

Notes		1993		1992	
		£000	£000	£000	£000
17	Net cash (outflow)/inflow from operating activities		(286)		977
	Returns on investment and servicing of finance				
	Interest received	139		171	
	Interest element of finance lease rental payments	(18)		(33)	
	Dividends paid	(87)		(87)	
			34		51
	Taxation				
	Corporation tax paid (including ACT)		(97)		(99)
	Investing activities				
	Payments to acquire tangible fixed assets	(163)		(166)	
	Receipts from sale of tangible fixed assets	105		90	
			(58)		(76)
	Net cash (outflow)/inflow before financing		(407)		853
	Financing				
	Capital element of finance lease rental payments		(31)		(134)
18	**(Decrease)/increase in cash and cash equivalents**		(438)		719

1 Accounting policies

(a) Accounting convention and basis of consolidation

The group financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. They include the financial statements of the company and all subsidiaries made up to 30 April.

(b) Turnover

Turnover consists of commissions and fees receivable excluding value added tax. Fees 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, except that fees for quantity surveying, construction management and project management are included in turnover in proportion to the value of work completed.

(c) Depreciation

Depreciation is calculated to write off the cost less residual value of assets over their useful lives at the following rates:

Fixtures and fittings	15% per annum reducing balance
Motor cars	25% per annum reducing balance
Computers and Word processors	15% per annum straight line
Lease premiums	Over the life of the related lease

(d) 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 crystalise in the foreseeable future.

(e) Long term contracts

Long term contracts relating to quantity surveying, construction management and project management are valued at cost plus attributable profit less any foreseeable losses. Amounts recoverable on contracts are included in debtors.

(f) Finance lease 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 above. 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 on the outstanding obligation is approximately constant.

2 Profit on ordinary activities before taxation	**1993**	1992
	£000	£000
After charging		
Directors' emoluments (see note 3)	**676**	696
Depreciation	**257**	314
Hire of plant and machinery	**12**	15
Operating lease payments relating to property	**440**	417
Auditors' remuneration	**20**	22
Auditors' remuneration for non audit work	**15**	13
Interest payable on finance leases and hire purchase agreements	**18**	33
Loss on sale of fixed assets	**7**	6
After crediting		
Profit on sale of fixed assets	**(12)**	(3)

3 Directors' Remuneration

	1993	1992
	£000	£000
Remuneration to executives	653	696

Directors' fees and remuneration are as follows:

	1993	1992
Chairman and highest paid director	150	173
Other directors' fees and remuneration are within the following bands:	Number	Number
£15,001 – £20,000	1	–
£30,001 – £35,000	–	1
£55,001 – £60,000	1	–
£75,001 – £80,000	1	–
£80,001 – £85,000	–	1
£110,001 – £115,000	1	–
£115,001 – £120,000	1	–
£120,001 – £125,000	1	–
£125,001 – £130,000	–	1
£130,001 – £135,000	–	1
£140,001 – £145,000	–	1

The company makes no pension contributions on behalf of directors or staff

4 Tax on profit on ordinary activities

	1993	1992
	£000	£000
UK corporation tax at 33% (1992–33%)	79	109
Over provision in prior years	–	(6)
Transfer to/(from) deferred tax (note 12)	6	(21)
	85	82

5 Dividends

	1993	1992
Interim of 0.5p (1992–0.5p) per share – paid	43.5	43.5
Final of 0.5p (1992–0.5p) per share – proposed	43.5	43.5
	87	87

6 Earnings per share

The earnings per share are based on the profit after taxation for the year ended 30 April 1993 of £138,258 (1992–£145,581) and on 8,679,279 (1992–8,679,279) ordinary shares being the weighted average number of shares in issue during the period.

7 Tangible fixed assets – Group

	Plant and Machinery £000	Vehicles £000	Short term lease Premium £000	Total £000
Cost				
At 1 May 1992	1,505	1,083	75	2,663
Additions	26	137	–	163
Disposals	(3)	(290)	–	(293)
At 30 April 1993	1,528	930	75	2,533
Depreciation				
At 1 May 1992	908	557	18	1,483
Charge for the year	116	137	4	257
Disposals	(2)	(191)	–	(193)
At 30 April 1993	1,022	503	22	1,547
Net book value				
At 30 April 1993	**506**	**427**	**53**	**986**
At 30 April 1992	597	526	57	1,180

Tangible fixed assets include assets acquired under finance leases and hire purchase agreements as follows:

	1993 £000	1992 £000
Net book value	**538**	666
Depreciation charge for the year	**163**	211

8 Investments — Company

	Cost £000	Provision £000	Net book value £000
Shares in group undertakings			
At 1 May 1992 and at 30 April 1993	919	(160)	759

The company's principal subsidiaries, all of which are wholly owned and registered in England and Wales are:

(i) Fletcher King Services Limited which acts as the trading subsidiary through which the Fletcher King business is carried on:

(ii) Ernest Howard Limited which acts as quantity surveyors, construction managers and project managers, and,

(iii) Fletcher King Financial Services Limited which provides property investment advice and is a member of The Securities and Futures Authority Ltd.

9 Debtors

	Group 1993 £000	**Company 1993 £000**	Group 1992 £000	Company 1992 £000
Trade debtors	**985**	-	551	–
Amounts owed by group undertakings	-	**1,618**	–	1,639
Other debtors	**14**	-	50	-
Amounts recoverable on contracts	**228**	-	224	-
Prepayments and accrued income	**172**	-	134	-
Dividends receivable	-	**87**	–	70
Taxation recoverable	**26**	**14**	21	10
	1,425	**1,719**	980	1,719

10 Creditors:
(amounts falling due within one year)

	Group 1993 £000	**Company 1993 £000**	Group 1992 £000	Company 1992 £000
Obligations under finance leases and hire purchase agreements	**85**	**-**	124	-
Payments received on account	**83**	**-**	99	-
Trade creditors	**64**	**-**	59	-
Corporation tax	**64**	**-**	119	-
Other taxes and social security	**160**	**-**	209	-
Accruals and deferred income	**125**	**-**	266	-
Proposed dividend	**44**	**44**	44	44
ACT payable	**12**	**-**	-	-
	637	**44**	920	44

11 Creditors:
(amounts falling due after more than one year)

	Group 1993 £000	**Company 1993 £000**	Group 1992 £000	Company 1992 £000
Obligations under finance leases and hire purchase agreements	**76**	**-**	68	-

12 Provision for liabilities and charges

	Group £000
Deferred taxation	
At 1 May 1992	40
Transfer from profit and loss account (note 4)	6
At 30 April 1993	46

The potential deferred taxation at 30 April, which has been provided in full, is made up as follows:

	Group 1993 £000	Group 1992 £000
Timing differences.		
Accelerated capital allowances	**20**	9
Other	**26**	31
	46	40
ACT recoverable set off	**-**	(30)
	46	10

There is no potential deferred taxation in the company (1992-nil)

13 Called up share capital

	At 1 May 1992 and 30 April 1993
Authorised 11,000,000 shares of 10p each	£1,100,000
Allotted and fully paid: 8,679,279 ordinary shares of 10p each	£867,928

Employee share option scheme
During the year, options on 11,000 shares at an exercise price of 50p each and options on 5,750 shares at an exercise price of 52p each lapsed due to employees leaving the company. The total number of options that could be issued is 867,928 representing 10% of the issued share capital.

Date of grant	Number of shares	Exercise price	Exercise dates from	to
22 March 1991	299,500	50p	March 1994	March 2001
20 March 1992	106,250	52p	March 1995	March 2002

14 Reserves — Group

	Share Premium Account £000	Profit and Loss Account £000
At 1 May 1992	44	2,151
Retained profit for the year	–	52
At 30 April 1993	**44**	**2,203**

Cumulative goodwill written off at 30 April 1993 amounted to £3,811,000 (1992 – £3,811,000).

15 Reserves — Company

	Share Premium Account £000	Profit and Loss Account £000
At 1 May 1992 and 30 April 1993	44	1,523

In accordance with Section 230 of the Companies Act 1985 a separate profit and loss account for the company is not presented. The amount of profit attributable to the company, which has been dealt with in its own accounts, is £86,793 from which dividends paid and proposed of 1p per share for the year, totalling £86,793 will be deducted.

16 Reconciliation of movement in shareholders' funds

	1993	1992
	£000	£000
Profit for the financial year	139	146
Dividends	(87)	(87)
	52	59
Other recognised gains and losses relating to the year	-	-
Net additions to shareholders' funds	52	59
Opening shareholders' funds	3,063	3,004
Closing shareholders' funds	3,115	3,063

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

	1993	1992
	£000	£000
Operating profit	103	90
Depreciation charges	257	314
Loss on sale of tangible fixed assets	7	6
Profit on sale of tangible fixed assets	(12)	(3)
(Increase)/Decrease in debtors	(440)	744
Decrease in creditors	(201)	(174)
Net cash (outflow)/inflow from operating activities	(286)	977

18 Analysis of changes in cash and cash equivalents during the year

	1993	1992
	£000	£000
Balance at 1 May 1992	**1,901**	1,182
Net cash (outflow)/inflow	**(438)**	719
Balance at 30 April 1993	**1,463**	1,901

The balance at 30 April 1993 represents cash at bank and in hand as disclosed in the balance sheet.

19 Directors

The directors of the company at 30 April 1993 are shown below, together with their and their families' beneficial interests in the company's ordinary shares of 10p each:

	Number of shares		Options at 50p to acquire shares		Options at 52p to acquire shares	
	30 April 1993	1 May 1992	**30 April 1993**	1 May 1992	**30 April 1993**	1 May 1992
D J R Fletcher	**1,324,360**	1,324,360	–	–	–	–
A J White	**255,440**	255,440	**15,000**	15,000	–	–
M E P Parry	**200,440**	200,440	**15,000**	15,000	–	–
S R E Pilgrim	**193,400**	193,400	**45,000**	45,000	–	–
G Howard	**168,597**	168,597	–	–	**5,000**	–
R E G Goode	–	–	**30,000**	30,000	**7,500**	–

There have been no changes in the shareholdings of any of the directors between 1 May 1993 and 21 June 1993. All the directors have service contracts subject to 6 months notice.

20 Employees

The average number of persons (including directors) employed by the group was 87 (1992–100)

	1993	1992
	£000	£000
Wages and salaries	**2,640**	3,058
Social security costs	**298**	300
	2,938	3,358

21 Contingent liabilities and financial commitments

Financial commitments

At 30 April the group had annual commitments under non cancellable operating leases as follows:

	1993 Property £000	1993 Other £000	1992 Property £000	1992 Other £000
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	9	-	16	-
After five years	440	-	395	-
	449	-	411	-

The future payments, net of future finance charges, to which the group is committed at 30 April under finance leases and hire purchase agreements are due as follows:

	1993 £000	1992 £000
Within one year	85	124
In the second year	57	49
Between three and five years	19	19
	161	192

The company has no lease obligations.

FIVE YEAR SUMMARY OF RESULTS

for the year ended 30 April 1993

	1989 £000	1990 £000	1991 £000	1992 £000	1993 £000
Turnover	8,395	9,166	7,053	5,419	4,969
Profit before tax	2,875	2,122	525	228	224
Profit after tax	1,815	1,321	347	146	139
Earnings per share	21.5p	15.6p	4.0p	1.7p	1.6p

The five year summary does not form part of the Financial Statements

Notice is hereby given that the Seventh Annual General Meeting of Fletcher King Plc will be held at Stratton House, Stratton Street, London W1X 5FE on 3 September 1993 at 12 noon for the following purposes:

Ordinary Business

1 To receive and consider the report of the directors and financial statements for the year to 30 April 1993.

2 To declare a dividend.

3 To re-elect the following directors who retire in accordance with the company's articles of association:
(i) D J R Fletcher
(ii) M E P Parry
(iii) S R E Pilgrim

4 To re-appoint BDO Binder Hamlyn as auditors and authorise the directors to fix their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolutions under number (5) and number (7) will be proposed as ordinary resolutions and resolution number (6) will be proposed as a special resolution.

5 That the directors of the company be and are hereby authorised generally and unconditionally for the purpose of Section 80 of the Companies Act 1985 (such authority to be in substitution for all previous authorities granted to the directors for the purpose of the said Section 80) to allot relevant securities (as defined in that Act) up to a maximum number of 2,320,721 of the unissued ordinary shares of 10p each of the company with a nominal value of £232,072, such authority to expire at the conclusion of the next Annual General Meeting of the company and at any time thereafter pursuant to any offer or agreement made by the company before the expiry of this authority.

6 That the directors of the company be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94 of that Act) pursuant to the authority conferred by the immediately preceding resolution as if subsection (1) of Section 89 of the said Act did not apply to any such allotment, provided that this power shall be limited:

(a) To the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such other exclusions or arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or any stock exchange in any country; and,

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £43,396 (being 5% of the said issued capital of the company),

and shall expire at the conclusion of the next Annual General Meeting of the company unless it is renewed by special resolution of the company in general meeting, provided that if the company before such expiry makes an offer or agreement which would or might require equity securities to be allotted after such expiry, the directors of the company may allot equity securities in pursuance of such offer or agreements as if the power conferred hereby had not expired.

7 That, the company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 10p each in the capital of the company ('ordinary shares') provided that:

(a) The maximum number of ordinary shares hereby authorised to be purchased is 430,000:

(b) The maximum price which may be paid for each ordinary share is 5% above the average of the middle market quotations for shares of the same class derived from The London Stock Exchange Daily Official List for the ten dealing days immediately prior to the date of the purchase of such shares and the minimum price that may be paid for the ordinary shares is the nominal value of 10p per share;

(c) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the company to be held in 1994 unless such authority is renewed prior to such time; and

(d) the company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of the authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract.

By order of the Board

D M Evans
Secretary

21 June 1993

Notes

(a) A member of the company entitled to attend and vote is entitled to appoint a proxy or proxies to attend and on a poll to vote instead of him or her. A proxy need not be a member of the company. To be valid the form of proxy must be completed, signed and deposited at the office of the company's registrars not less than 48 hours before the time appointed for the meeting.

(b) The following information, which is available for inspection during normal business hours at the registered office of the company on any weekday (Saturday and public holidays excepted) from the date of this notice until the date of the Annual General Meeting, will also be available at the place of the Annual General Meeting from 11.45am on the date of the meeting until the conclusion of the meeting;

(i) register of interests of directors in the share capital of the company; and,

(ii) copies of contracts of service under which directors of the company are employed.

For use at the Annual General Meeting of the Company to be held at 12 noon on 3 September 1993.

I/We *(Block capitals please)*____

of ____

____

being (a) member(s) of the Company, hereby appoint the Chairman of the Meeting or (see Note 5)

____

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 3 September 1993 and at any adjournment thereof.

I/We direct my/our proxy to vote on the Resolutions set out in the notice convening the Annual General Meeting as follows:

	For	Against
To adopt Ordinary Resolution 1		
To adopt Ordinary Resolution 2		
To adopt Ordinary Resolution 3(i)		
To adopt Ordinary Resolution 3(ii)		
To adopt Ordinary Resolution 3(iii)		
To adopt Ordinary Resolution 4		
To adopt Ordinary Resolution 5		
To adopt Special Resolution 6		
To adopt Ordinary Resolution 7		

Signature ____ Dated ________________

Notes

1 Please indicate with an 'X' in the spaces provided how you wish your votes to be cast. If you do not indicate how your votes are to be cast the proxy will vote as he thinks fit or abstain.

2 In the case of a corporation, this form of proxy must be under the common seal or under the hand of an officer or duly authorised attorney. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other registered holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

3 To be effective this form of proxy, and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited at the office of the company's registrars, not less than 48 hours before the time of the meeting.

4 Any alterations made to this form of proxy should be initialled.

5 If you wish to appoint a proxy other than as above please delete the reference to the Chairman and insert the name of your proxy or proxies, who need not be members of the Company, in the space provided. A proxy must attend the meeting in person to represent you. Your appointment of a proxy will not preclude you from attending and voting at the meeting.

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BUSINESS REPLY SERVICE
Licence No. BS 2282

First fold

National Westminster Bank PLC
Registrar's Department
Registrars of Fletcher King Plc
PO Box No. 82
Caxton House
Redcliffe Way
Bristol
BS99 7NH

Second fold