2014432

Fletcher King Plc

Annual Report and Accounts 1995

DIRECTORS AND ADVISERS

Directors
D J R Fletcher, FRICS *Chairman and Chief Executive*
*P C Oswald, FRICS *Deputy Chairman*
A J White, FRICS *Managing Director*
G Howard, FRICS
R E G Goode, FRICS
*H E Richardson

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 EC2R 7AN

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

Boodle Hatfield
43 Brook Street, London W1Y 2BL

Auditors
Binder Hamlyn
20 Old Bailey, London EC4M 7BH

Principal Bankers
National Westminster Bank Plc
1 New Bond Street, London W1A 2JH

Registrars and Transfer Office
The Royal Bank of Scotland plc
Registrar's Department, PO Box No 82
Caxton House, Redcliffe Way, Bristol BS99 7NH

Calendar
Annual General Meeting
7th September 1995

Results
Half Year Results
Announced in January 1995

Year-end Results
Preliminary announcement on 19th June 1995

Dividends
Final Dividend
Payable 2nd October 1995

Interim Dividend
To be announced in January 1996
and payable in March 1996

Certificate No. FS27825

CONTENTS

Audit Committee
*H E Richardson *Chairman*
*P C Oswald, FRICS
D J R Fletcher, FRICS

Remuneration Committee
*P C Oswald, FRICS *Chairman*
*H E Richardson
D J R Fletcher, FRICS

Company Number
02014432

*Non Executive

	Year ended 30th April 1995 £000	Year ended 30th April 1994 £000
Turnover	4,087	4,932
(Loss)/Profit before taxation	(1,033)	301
(Loss)/Profit after taxation	(878)	181
Dividend	87	131
Dividend per share	1p	1.5p
(Loss)/Earnings per share	(10.1p)	2.1p
Cash Balances	1,253	1,462

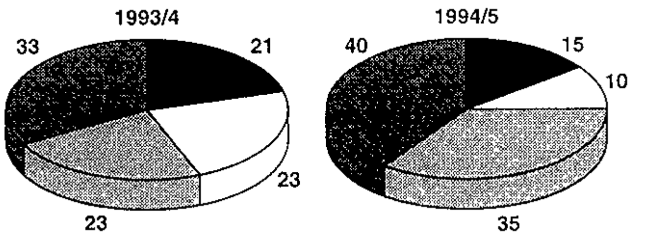
The year ended 30th April 1995 is one the Board, our staff and, I suspect, our shareholders would rather forget. It was the fifth year of recession in the property market and followed a year in which we thought we saw the first tentative signs of recovery. This proved not to be the case and almost as soon as we started the year the majority of the market sectors in which we operate all but stopped.

In previous years, we have successfully anticipated the downturns and have taken early action. Last year, the slowdown came suddenly and we were caught unawares. It is of no consolation to your Board that the majority of our competitors experienced the same thing. The relatively strong general economic growth did not run through into the property industry. The property investment market, which oils the wheels of so much of our activity, slowed considerably. Investors perceived better returns could be achieved in Gilts and Equities and the expected growth in rental values failed to materialise.

The loss I reported in my Interim Statement continued into the second half but, as anticipated, trading improved towards the year end and the rate of loss slowed materially. I regret, however, that I must report the first full year loss in the 26 year history of Fletcher King. Our results for the year to 30th April 1995 show a pre-tax loss of £1,033,000 (1994 £301,000 profit), on a turnover of £4,087,000 (1994 £4,932,000). The loss per share is 10.1p. (1994 earnings per share 2.1p).

I believe the current state of the property market is likely to continue into the future and we must reorganise and re-focus our business so that it can make profits under these conditions.

Business Mix %



Much has already been done and we have made significant moves to create a flexible overhead.

The industry is still grossly over supplied with surveyors and there is little sign of this changing. Bankruptcies and redundancies do not reduce capacity, as the surveyors affected tend to start up their own businesses, with a low cost base, and thus potentially increase competition. Many of the new ventures will fail for lack of sufficient back-up and adequate professional indemnity insurance.

Whilst clients generally continue to seek a reduction in overhead, and there is an oversupply of surveyors in the industry, fees will continue to come under pressure. We have direct evidence, however, that more informed clients are realising that the most "expensive" advice they can buy is cheap, but bad advice. I am pleased to say that we continue to gain instructions, on sensible fee agreements, where a profit can be made. We are also refusing to pitch for business where we know that price, rather than quality of service, is the main criteria to be applied in awarding the job.

We continue to hone and redefine our areas of expertise and to concentrate resource where we believe the best financial results can be achieved. At the same time, we have addressed the cost base in loss making areas.

More than half the pre-tax loss reported this year was sustained in our industrial and warehouse agency sector.

A new team has been recruited and we are pleased to welcome Tim Bloomfield to head it. He previously worked at Clive Lewis & Partners and at Erdman Lewis and is a man of great energy and experience. Positive results are already coming through.

Retail agency and professional work failed to meet its targets but the department has been re-focused and we anticipate it will be profitable this year. It has started well and the pipeline of instructions is good.

Investment business was disappointing, particularly since we have a high reputation in this area and an excellent client base. The market was fickle and despite much hard work the department was unable to make its target. We intend to concentrate more resource this year and expand the team with young entrepreneurial surveyors. Performance from our Managed Funds outstripped the indices against which we are measured by a large margin and, in particular, our Discretionary Funds returned 25% more than the IPD monthly index.

Our office leasing team had a satisfactory year and came close to achieving their target. Their order book looks good for this year and the market is generally improving.

Professional services, which includes valuations, rating and facilities management, performed well in a difficult environment although failed to achieve target. They have a good future flow of work and have added significantly to their client list for the 1995 rating revaluation. They will handle double the number of properties for 1995 than in the previous list. The management of the Government estate in Norfolk and Suffolk for Property Holdings continues to go well and we have started to apply for new contracts to be awarded when PACE takes over the client role in 1996.

The bright spots in the year were the Property and Portfolio Management department, the new Manchester office and our construction services subsidiary, Howard Associates - all of which made a profit.

In property and portfolio management, our strategy to develop close relationships with tenants has resulted in a below average void record. Our approach differs to the majority of our competitors and our track record on speed of rent collection is, we believe, second to none. The collection rate on our largest fund averaged 97.5% after three days.

Funds under management have a value in excess of £½ billion. This equates, in value, to the seventh largest Pension Fund's property portfolio which gives some perspective to the size of our operation.

Our Manchester office - trading as Fletcher King Riddell Braithwaite, and in which we hold a 40% interest - has performed exceptionally well. In their first full year of operation, turnover was more than double that budgeted and our shareholding has returned a small profit against expectations of break even.

Howard Associates, our wholly-owned construction services subsidiary, bucked the trend in the construction industry and made a good profit in the year. Their order book is at the highest level ever and I anticipate a significant increase in their profitability in the current year. They are to be congratulated on this performance in what is probably the most difficult construction climate in the last few decades.

Conscious of the need to provide an ever increasing level of service and expertise in a competitive market, we are maintaining our staff levels and continuing investment in training and information technology. This is measured against a cut in the budgeted overhead for the coming year in Fletcher King Services Limited of 22% and in the Group as a whole of 8.25%. These savings have been achieved by reducing the basic salaries of the highest paid directors coupled to a performance related bonus system. We have re-negotiated our rent commitment on Stratton House and other savings have been achieved by re-organising our work practices and producing efficiencies. Some of the overhead costs for the year are non-recurring.

Our balance sheet remains strong and at the year end net cash balances amounted to £1.25M. In view of this, the Board is proposing a final dividend of 0.5p (1994 - 1p) which subject to shareholders approval at the Annual General Meeting will be paid on the 2nd October 1995 to shareholders on the register at the close of business on 18th July 1995. With the interim dividend already paid, the total dividend for the year will amount to 1p per share (1994 - 1.5p).

The current year will be difficult but I anticipate a continuation of the improvement we saw in the second half of last year. We are gaining new business and there is renewed activity in our transaction related activities. Our balance sheet is strong and cash flow is positive. A small increase in turnover will flow through to profit but I do not underestimate the effort required to achieve this.

We will expand in the regions with local partners having a significant share, but can only do this by identifying the right people and do not therefore have a fixed timetable.

We intend to expand our fund and property management activities and to add to our development and investment business.

Our industrial and warehouse agency activities, under Tim Bloomfield, have been reorganised and I am expecting this division to perform significantly better than in previous years.

Howard Associates are making significant additions to their order book and will continue to add new business during the year.

Our directors and staff are all acknowledged experts in their fields and are supported by able assistants and secretariat. Their morale is high, they are enthusiastic, motivated and intend to win through this year. Their efforts during the last year have been tremendous and I thank them.

DAVID FLETCHER

The directors present their report and the audited financial statements for the year ended 30 April 1995.

Statement of Directors Responsibilities For The Financial Statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Activities

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.

Results and Dividend

The consolidated profit and loss account is set out on page 10. The directors recommend the payment of a final dividend of 0.5p per share (1994 1.00p) which, together with the interim dividend of 0.5p per share (1994 0.5p) already paid to shareholders, will absorb £87,000. This leaves a deficit of £965,000 which will be transferred from 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 year donations to charities by the group totalled £106 (1994 £241). 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.

During the year the following directors resigned S Pilgrim (1 November 1994), M Parry (9 December 1994).

Details of directors' interests in the shares of the company are set out in note 20 to the financial statements.

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

Messrs P Oswald and H Richardson 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 19th June 1995 other than the interests of certain directors detailed in note 20 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	*%*
Rathbone Bros & Co	1,066,000	12.20
Cazenove & Co	972,850	11.13
Mars Security Ltd	433,964	4.97
Mr T Brown	425,000	4.86
Mr J Marsh	370,000	4.23
Mr M Sabey	274,360	3.14

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 September 1994 for a further year in respect of ordinary 10p shares up to maximum of 2,262,721 shares (£226,272).

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 435,000 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 September 1996. The intention of the board is to seek to renew the authority at all future Annual General Meetings.

Corporate Governance

The directors have carefully considered the Code of Best Practice published in December

1992 by the Cadbury Committee on the Financial Aspects of Corporate Governance, and following a review of the Company's established procedures the board concluded that in most respects the company was already in compliance with the provisions of the Code. The guidance for directors on statements relating to internal financial control has standard application for accounting periods beginning on or after 1 January 1995. Accordingly, the directors do not yet report in relation to paragraph 4.5 of the Code.

The Code recommends the appointment of three non-executive directors to the board. The company has appointed two non-executive directors. In common with many public companies of similar size, the directors consider that for the smaller public company two non-executive directors are sufficient to give the appropriate degree of independence to the board.

The Remuneration Committee and Audit Committee are set out on the inside front cover. In accordance with the guidance for directors of listed companies 'Going Concern and Financial Reporting' and after making appropriate enquiries, the directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these accounts. This is based on the directors' opinion that the Group has adequate financial resources to continue in operational existence for the foreseeable future.

Auditors

On 1 October 1994 our auditors, BDO Binder Hamlyn, joined the Arthur Andersen world-wide organisation and now practise in the name, Binder Hamlyn. They have signed their audit report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 19 June 1995.

D M Evans

Secretary

To the members of Fletcher King Plc

We have audited the financial statements on pages 10 to 23 which have been prepared on the basis of the accounting policies set out on page 14.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and group as at 30 April 1995 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Corporate Governance Matters.

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 6 & 7 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of the company's corporate governance procedures nor on the ability of the company and group to continue in operational existence for the foreseeable future.

Opinion

With respect to the directors' statement on going concern on page 7, in our opinion the directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the relevant guidance for directors) and such statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on pages 6 & 7, appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.

Binder Hamlyn

Binder Hamlyn *19 June 1995*
Chartered Accountants
Registered Auditors
20 Old Bailey, London EC4M 7BH

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 April 1995

Notes		1995	1994
		£000	£000
	Turnover	**4,087**	4,932
21	Staff costs	**(2,848)**	(2,615)
7	Depreciation	**(237)**	(237)
	Other operating charges	**(2,079)**	(1,836)
	Share of results of associated undertaking	**8**	–
	Operating (loss)/profit	**(1,069)**	244
	Other interest receivable and similar income	**55**	73
2	Finance charges	**(19)**	(16)
2	**(Loss)/Profit on ordinary activities before taxation**	**(1,033)**	301
4	Tax credit/(charge) on (loss)/profit on ordinary activities	**155**	(120)
	(Loss)/Profit for the year	**(878)**	181
5	Dividends	**(87)**	(131)
14	Amounts transferred (from)/to reserves	**(965)**	50
6	(Loss)/Earnings per share	**(10.1p)**	2.1p

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

at 30 April 1995

Notes		1995		1994	
		£000	£000	£000	£000
	Fixed assets				
7	Tangible assets		833		945
8	Investment in associated undertaking		5		5
			838		950
	Current assets				
9	Debtors	1,141		1,746	
18	Cash at bank and in hand	1,253		1,462	
		2,394		3,208	
10	**Creditors** (amounts falling due within one year)	(871)		(823)	
	Net current assets		1,523		2,385
	Total assets less current liabilities		2,361		3,335
11	**Creditors** (amounts falling due after more than one year)		(54)		(115)
12	**Provisions for liabilities and charges**		(83)		(33)
	Net assets		2,224		3,187
	Capital and reserves				
13	Called up share capital		874		872
14	Share premium account		67		62
14	Profit and loss account		1,283		2,253
	Equity shareholders' funds		2,224		3,187

BALANCE SHEET

at 30 April 1995

Notes		1995		1994	
		£000	£000	£000	£000
	Fixed assets				
8	Investments		**764**		764
	Current assets				
9	Debtors	**1,754**		1,778	
	Cash at bank and in hand	**3**		23	
		1,757		1,801	
10	**Creditors** (amounts falling due within one year)	**(80)**		(108)	
	Net current assets		**1,677**		1,693
	Total assets less current liabilities		**2,441**		2,457
11	**Creditors** (amounts falling due after more than one year)		**–**		–
	Net assets		**2,441**		2,457
	Capital and reserves				
13	Called up share capital		**874**		872
15	Share premium account		**67**		62
15	Profit and loss account		**1,500**		1,523
			2,441		2,457

The financial statements on pages 10 to 23 were approved by the Board on 19th June 1995.

D J R Fletcher
Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 April 1995

Notes		1995		1994	
		£000	**£000**	£000	£000
17	**Net cash inflow from operating activities**		**149**		206
	Returns on investment and servicing of finance				
	Interest received	**55**		73	
	Interest element of finance lease rental payments	**(19)**		(16)	
	Dividends paid	**(130)**		(87)	
			(94)		(30)
	Taxation				
	Corporation tax paid (including ACT)		**(32)**		(74)
	Investing activities				
	Payments to acquire tangible fixed assets	**(244)**		(65)	
	Receipts from sale of tangible fixed assets	**84**		70	
	Purchase of investment	**-**		(5)	
			(160)		-
	Net cash (outflow)/inflow before financing		**(137)**		102
	Financing				
19	Capital element of finance lease rental payments	**(79)**		(125)	
19	Issue of share capital	**7**		22	
			(72)		(103)
18	**(Decrease) in cash and cash equivalents**		**(209)**		(1)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 1995

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 crystallize 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.

(g) Operating leases

Rentals paid under operating leases are charged against income on a straight line basis over the lease term. Provision is made for the present value of expected future payments in respect of deferred rent.

2 (Loss)/Profit on ordinary activities before taxation	**1995**	1994
	£000	£000
After charging		
Depreciation	**237**	237
Hire of plant and machinery	**12**	11
Operating lease payments relating to property	**443**	441
Auditors' remuneration for audit work	**23**	21
Auditors' remuneration for non audit work	**22**	13
Interest payable on finance leases and hire purchase agreements	**19**	16
Loss on sale of fixed assets	**35**	8
After crediting		
Profit on sale of fixed assets	**—**	(14)

3 Directors' Remuneration

	1995	1994
	£000	£000
Remuneration of executive directors	523	595
Non-executive director's fees	20	7
Compensation for loss of office	78	–
	621	602

Directors' fees and remuneration are as follows and include benefits in kind

	1995	1994
Chairman	119	134
Highest paid director	135	134
Directors' fees and remuneration are within the following bands:	Number	Number
£Nil – £5,000	1	1
£5,001 – £10,000	–	1
£15,001 – £20,000	1	–
£55,001 – £60,000	–	1
£65,001 – £70,000	1	–
£75,001 – £80,000	–	1
£80,001 – £85,000	1	–
£95,001 – £100,000	2	–
£105,001 – £110,000	–	2
£110,001 – £115,000	–	1
£115,001 – £120,000	1	–
£135,001 – £140,000	1	–

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

4 Tax Credit/(charge) on (loss)/profit on ordinary activities

	1995	1994
	£000	£000
UK corporation tax at 33% (1994 – 32.7%)	85	(123)
Over provision in prior years	42	11
Transfer from(to) deferred tax (note 12)	31	(8)
	158	(120)
Share of Taxation of Associated undertaking	(3)	–
	155	(120)

5 Dividends

	1995	1994
Interim of 0.5p (1994 – 0.5p) per share – paid	43.5	43.5
Final of 0.5p (1994 – 1p) per share – proposed	43.5	87.5
	87	131

6 (Loss)/Earnings per share

The (loss)/earnings per share are based on the loss after taxation for the year ended 30 April 1995 of £878,172 (1994: profit £180,715) and on 8,732,807 (1993: 8,683,963) 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 1994	1,575	940	75	2,590
Additions	158	86	–	244
Disposals	(176)	(255)	–	(431)
At 30 April 1995	1,557	771	75	2,403
Depreciation				
At 1 May 1994	1,127	492	26	1,645
Charge for the year	113	120	4	237
Disposals	(139)	(173)	–	(312)
At 30 April 1995	1,101	439	30	1,570
Net book value				
At 30 April 1995	**456**	**332**	**45**	**833**
At 30 April 1994	448	448	49	945

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

	1995 **£000**	1994 £000
Net book amount	**445**	542
Depreciation charge for the year	**127**	113

8 Investment - Group

	£000
Associated undertaking at 1 May 1994	5
Goodwill written off to reserves	(5)
Share of profits (net of tax)	5
At 30 April 1995	5

Investment in Associated undertaking
The group acquired on 18th March 1994 a 40% interest in an associated undertaking, Fletcher King (Manchester) Limited. The associated undertaking carries on the business of commercial estate agency, surveying etc in the Manchester area. The results of the associated undertaking from the date of formation to 30 April 1995 have been equity accounted. Goodwill of £5,000 has been written off to reserves.

Investments - Company	Cost £000	Provision £000	Net book value £000
Shares in group undertakings			
At 1 May 1994 and 30 April 1995	919	(160)	759
Investment in associated undertaking			
At 1 May 1994 and 30 April 1995	5	–	5
	924	(160)	764

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 1995 £000**	**Company 1995 £000**	Group 1994 £000	Company 1994 £000
Trade debtors	**728**	-	1,348	–
Amounts owed by group undertakings	-	**1,742**	–	1,621
Other debtors	**14**	-	16	–
Amounts recoverable on contracts	**224**	-	172	–
Prepayments and accrued income	**106**	**1**	199	1
Dividends receivable	-	-	–	135
Taxation recoverable	**69**	**11**	11	21
	1,141	**1,754**	1,746	1,778

10 Creditors:
(amounts falling due within one year)

	Group 1995 £000	**Company 1995 £000**	Group 1994 £000	Company 1994 £000
Obligations under finance leases and hire purchase agreements	**98**	**-**	116	-
Payments received on account	**168**	**-**	18	-
Trade creditors	**37**	**-**	111	-
Corporation tax	**-**	**25**	99	-
Other taxes and social security	**256**	**-**	249	-
Accruals and deferred income	**257**	**-**	122	-
Proposed dividend	**44**	**44**	87	87
ACT payable	**11**	**11**	21	21
	871	**80**	823	108

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

	Group £000	**Company £000**	Group £000	Company £000
Obligations under finance leases and hire purchase agreements	**54**	**-**	115	-

12 Provision for liabilities and charges

	Deferred Tax £000	Rent Provision £000	Group £000
At 1 May 1994	54	–	54
Transfer (to)/from profit and loss account (note 4)	(31)	71	40
ACT recoverable set-off	(11)	–	(11)
At 30 April 1995	**12**	**71**	**83**

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

	Group 1995 £000	Group 1994 £000
Timing differences:		
Accelerated capital allowances	**7**	16
Other	**16**	38
	23	54
ACT recoverable set off	**(11)**	(21)
	12	33

There is no potential deferred taxation in the company (1994-nil)

Rent Provision

The provision represents the present value of the maximum deferred rent which is payable from 1997 onwards by reference to profits earned during the remainder of the lease.

13 **Called up share capital**	**1995**	1994
Authorised 11,000,000 shares of 10p each	**£1,100,000**	£1,100,000
Allotted and fully paid: 8,737,279 (1994: 8,724,279) ordinary shares of 10p each	**£873,728**	£872,428

Employee share option scheme
During the year 13,000 options were exercised at 50p. Options on 80,000 shares at an exercise price of 50p each and options on 13,250 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 873,728 representing 10% of the issued share capital.

Outstanding options at 30 April 1995	Number of shares	Exercise price	Exercise dates from	to
Date of grant				
22 March 1991	146,500	50p	March 1994	March 2001
20 March 1992	77,250	52p	March 1995	March 2002

14 **Reserves — Group**	Share Premium Account £000	Profit and Loss Account £000
At 1 May 1994	62	2,253
Retained loss for the year	–	(965)
Issue of shares during the year	5	–
Goodwill written off	–	(5)
At 30 April 1995	**67**	**1,283**

Cumulative goodwill written off at 30 April 1995 amounted to £3,816,000 (1994–£3,811,000).

15 **Reserves - Company**	Share Premium Account £000	Profit and Loss Account £000
At 1 May 1994	62	1,523
Retained (loss) for the year	–	(23)
Issue of shares during year	5	–
At 30 April 1995	67	1,500

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 £63,810 from which dividends paid and proposed of 1.0p per share for the year, totalling £87,115 will be deducted.

16 Reconciliation of movement in shareholders' funds

	1995 £000	1994 £000
(Loss)/profit for the financial year	**(878)**	181
Dividends	**(87)**	(131)
	(965)	50
Issue of share capital	**7**	22
Goodwill written off in year	**(5)**	–
Net (reduction in)/addition to shareholders' funds	**(963)**	72
Opening shareholders' funds	**3,187**	3,115
Closing shareholders' funds	**2,224**	3,187

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

	1995 £000	1994 £000
Operating (loss)/profit	**(1,069)**	244
Depreciation charges	**237**	237
Share of result of associated undertaking	**(8)**	–
Loss on sale of tangible fixed assets	**35**	8
Profit on sale of tangible fixed assets	**-**	(14)
Decrease/(Increase) in debtors	**663**	(336)
Increase in creditors	**220**	67
Increase in provision	**71**	–
Net cash inflow from operating activities	**149**	206

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

	1995 £000	1994 £000
Balance at 1 May 1994	**1,462**	1,463
Net cash outflow	**(209)**	(1)
Balance at 30 April 1995	**1,253**	1,462

The balance at 30 April 1995 represents cash at bank and in hand as disclosed in the balance sheet.

19 Analysis of changes in financing during the year

	Share Capital (including premium)	Finance Lease obligations
Balance at 1 May 1994	934	231
Cash inflow from share issue	7	–
Capital repaid on finance lease contracts	–	(79)
Balance at 30 April 1995	941	152

20 Directors

The directors of the company at 30 April 1995 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 1995	1 May 1994	**30 April 1995**	1 May 1994	**30 April 1995**	1 May 1994
D J R Fletcher	**1,124,360**	1,124,360	–	–	–	–
A J White	**255,440**	255,440	**15,000**	15,000	–	–
G Howard	**148,926**	153,926	–	–	**5,000**	5,000
R E G Goode	–	–	**30,000**	30,000	**7,500**	7,500
P C Oswald	–	–	–	–	–	–
H E Richardson	–	–	–	–	–	–

There have been no changes in the shareholdings of any of the directors between 1 May 1995 and 19 June 1995. All the directors have service contracts subject to 6 months notice. The share price during the year was within range 19p—72p at the year end the price was 21p.

21 Employees

The average number of persons (including directors) employed by the group was 92 (1994-81)

	1995	1994
	£000	£000
Wages and salaries	**2,585**	2,374
Social security costs	**263**	241
	2,848	2,615

22 Financial commitments

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

	1995		1994	
	Property	**Other**	Property	Other
	£000	**£000**	£000	£000
Operating leases which expire:				
Within one year	**-**	-	-	-
In the second to fifth years inclusive	**49**	-	15	-
After five years	**230**	-	428	-
	279	-	443	-

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

	1995	1994
	£000	£000
Within one year	**98**	116
In the second year	**48**	90
Between three and five years	**6**	25
	152	231

The company has no lease obligations.

FIVE YEAR SUMMARY OF RESULTS

for the year ended 30 April 1995

	1991	1992	1993	1994	**1995**
	£000	£000	£000	£000	**£000**
Turnover	7,053	5,419	4,969	4,932	**4,087**
Profit/(loss) before tax	525	228	224	301	**(1,033)**
Profit/(loss) after tax	347	146	139	181	**(878)**
Earnings/(loss) per share	4.0p	1.7p	1.6p	2.1p	**(10.1p)**

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

Notice is hereby given that the Ninth Annual General Meeting of Fletcher King Plc will be held at Stratton House, Stratton Street, London W1X 5FE on 7th September 1995 at 4pm 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 1995.

2 To declare a dividend.

3 To re-elect the following directors who retire in accordance with the company's articles of association:
(i) P C Oswald
(ii) H E Richardson

4 To re-appoint Binder Hamlyn as auditors and authorise the directors to agree 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 2,262,721 of the unissued ordinary shares of 10p each of the company with a nominal value of £226,272, 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 £43,686 (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 make 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 435,000;

(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 1996 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

19 June 1995

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 4pm on 7th September 1995.

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 7th September 1995 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 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 office or duly authorised attorney. In the case of the 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.

Third fold and tuck in

BUSINESS REPLY SERVICE
Licence No. BS 2282

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The Royal Bank of Scotland plc
Registrar's Department
Registrar's of Fletcher King Plc
PO Box No 82
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Bristol
BS99 7NH

First fold

Second fold