Fletcher King Plc

Annual Report and Accounts 2009

DIRECTORS AND ADVISERS

Directors
DJR Fletcher FRICS *Chairman*
REG Goode FRICS *Managing Director*
RA Dickman *Executive Director*
HE Richardson *Non Executive* *
DH Stewart *Non Executive*

Secretary and Registered Office
PE Bailey ACA
61 Conduit Street, London W1S 2GB

Financial Advisers and Stockbrokers
Dowgate Capital Plc
46 Worship Street , London EC2A 2EA

Solicitors
Boodle Hatfield
89 New Bond Street, London W1S 1DA

Auditors
Nexia Smith & Williamson
25 Moorgate, London EC2R 6AY

Tax Advisers
Smith & Williamson
25 Moorgate, London EC2R 6AY

Principal Bankers
NatWest Bank Plc
63 Piccadilly, London W1A 2AG

Registrars and Transfer Office
Computershare Investor Services Plc
Registrar's Department, PO Box No 82
The Pavilions, Bridgwater Road, Bristol BS99 7NH
Dedicated shareholder telephone number: 0870 889 4095

Audit Committee
HE Richardson, *Chairman*
DH Stewart
DJR Fletcher

Remuneration Committee
DH Stewart, *Chairman*
HE Richardson
DJR Fletcher

AIM Committee
DH Stewart, *Chairman*
HE Richardson
DJR Fletcher
*Senior Independent Director

Company Number
02014432

Certificate No. FS27825

CONTENTS

Financial Highlights
two

Chairman's Statement
three – four

Divisional Review
five – six

Directors' Report
seven – eleven

Auditors' Report
twelve – thirteen

Accounts
forteen – thirty nine

Notice of Meeting
forty – forty two

Form of Proxy
forty three

HIGHLIGHTS

- Revenue from continuing operations was **£3.130m** (2008: £4.529m)
- Profit before tax, impairments and exceptional items of **£414,000** (2008: £613,000)
- Impairments, exceptional items and the loss on discontinued operations amounted to **£888,000**
- Loss for the year **£432,000** (2008: profit £550,000)
- The company transferred to the Alternative Investment Market ("AIM")
- Disposal of Fletcher King Howard to its management for a nominal sum
- Overheads reduced on an annualised basis by approximately 20%
- The continuing business is trading profitably
- Final dividend of **1p** per share (2008: 1.75p). No interim dividend was paid and therefore the total ordinary dividend for this year will be 1p per share (2008: 3.0p)

FINANCIAL CALENDAR

Half Year Results
Announced in December 2008

Full Year Results
Preliminary announcement 16 July 2009

Annual General Meeting
18 September 2009

Final Dividend
Payable 25 September 2009

Interim Dividend
To be announced in December 2009
Payable in January 2010

Results

During the year the company transferred to AIM, disposed of Fletcher King Howard to its management for a nominal sum, crystallising a loss, made provision for the impairment of its investment in SHIPS 04 and for the outstanding debt from Fletcher King Howard.

Revenue from continuing operations was £3.130m (2008: £4.529m) with profit before tax, impairments and exceptional items of £414,000 (2008: £613,000).

Impairments, exceptional items and the loss on discontinued operations amounted to £888,000. This resulted in a loss for the year attributable to equity shareholders of £432,000 (2008: profit £550,000).

During the year we continued to review our overheads and on an annualised basis reduced the costs of the ongoing business by approximately 20%.

Despite reporting an overall loss, the continuing business traded profitably and in view of this and the strong balance sheet, the Board is proposing a final dividend of 1p per share (2008: 1.75p). The final dividend is subject to shareholders' approval at the AGM and will be paid on 25 September 2009 to those shareholders on the register at the close of business on 28 August 2009. No interim dividend was paid and therefore the total ordinary dividend for this year will be 1p per share (2008: 3.0p).

The Commercial Property Market

The IPD Monthly All Property Index shows a fall in capital values of 42.7% from the peak in June 07 to the end of April 09 although this index has consistently lagged market sale prices which suggest a fall closer to 50%.

Against this background the market is in a stagnant state and few transactions are taking place.

Whilst we think it unlikely that yields will move very much higher it is evident that rents are falling across the board and this is likely to have a further depressing effect on values.

Debt is almost impossible to obtain and until more liquidity is injected into the banking system the market is unlikely to improve significantly in the short term.

The properties that are finding favour with investors are those buildings let for ten years or more to strong covenants in lots up to £5m and these properties are obtaining competitive bids. Otherwise double digit initial yields are required for there to be any interest.

Outlook

2009/2010 will not be an easy year for us and the level of transactions is unlikely to be significantly higher than in the past year. However, we have excellent and loyal clients from whom we receive a regular income flow. We also have a strong balance sheet with good cash reserves, have taken all necessary steps to adjust our overhead and firmly believe we are well positioned to meet the challenging conditions in which we find ourselves.

Finally, I would like to thank our hardworking staff who have done a great job in these difficult times.

DAVID FLETCHER
CHAIRMAN
16 July 2009

Fund Management and Investment

As advised in the Interim Statement and by the Chairman above, the volume of transactions has been at a very low level and shows little sign of picking up in the immediate future.

Well let investment property is now beginning to look fair value and inflation adjusted initial yields are as high as they have been in the last twenty years. However only those with cash and no need to resort to bank funding, are able to take advantage of the opportunities that will present themselves in the coming months.

Our fund management mandates continue to provide a strong income flow and portfolio management opportunities are likely to add to our fee income. The continuity of income flow is all important in the current market and economic climate and every effort is being made to sustain this in all of our clients portfolios.

Our SHIPS 06 fund has not yet purchased any investments but we expect to do so during the coming year. We are in the process of raising additional equity for the fund to add to the £8m held in cash.

Asset Management

New clients have been acquired during the year as reported in the Interim Statement.

Despite the poor economic situation we are still collecting 95% of all rents due within three days of the quarter day. Very few tenants in the various portfolios we manage have failed and similarly very few are on monthly rents.

As noted above the continuity of income flow is of paramount importance to our clients in these difficult times and we are using all our resources to ensure this occurs. Rent reviews and lease renewals are still producing increases in some areas and our use of local agents and consultants is proving successful in producing the best results.

Valuation and Rating

The volume of valuation instructions declined significantly in the last half of the year as bank lending reduced dramatically. However, we are seeing the first signs of loan restructuring coming through which will increase the demand for valuations.

Rating work is largely unaffected by the economy but we saw a reduction in the volume of settlements in the last half of the year. This resulted from the Valuation Office concentrating their resources in completing valuations for the 2010 Rating List which will be published in September this year.

Even though volumes are down, we still achieved some notable successes and renegotiated a reduction for Myhotels in Brighton from RV £535,000 to RV £355,000 and for Britannia Parking in Bangor and Barnet a 36% and 23% reduction in assessments respectively. We achieved a saving of 80% for Travelex in Dover and Ashford and 70% on charitable premises in Finchley.

Fletcher King Howard

As reported in the Interim Statement we disposed of this company to its management for a nominal sum. This gave rise to a loss as detailed in these accounts. The outstanding debt at the year end was £167,000 down from £180,000 at the time of sale. To be prudent the Board has taken the decision to impair this debt to zero in these accounts.

The Directors present their report and accounts for the year ended 30 April 2009.

Principal Activities and Business Review

The Group carries on the business of property fund management, property asset management, rating, valuations and commercial estates agency, providing a comprehensive range of services and expert advice throughout the United Kingdom.

A review of the Group's business and activities during the year and its future prospects is contained in the Chairman's Statement and Divisional Review.

Results and Dividend

The consolidated income statement is set out on page 14. The loss for the year after taxation is £432,000 (2008 profit of £550,000). The Directors recommend the payment of an ordinary final dividend of 1.0p (2008: 1.75p) per share. An interim dividend of £nil (2008: 1.25p) per share has already been paid to shareholders.

Capital and equity interests

Basic earnings per share from continuing operations amounted to 0.47p (2008: 6.21p). Fully diluted earnings per share from continuing operations amounted to 0.47p (2008: 6.20p). After accounting for discontinued operations, basic loss per share from total operations amounted to 4.69p (2008: earnings of 5.97p). Fully diluted loss per share from total operations amounted to 4.69p (2008: earnings of 5.96p)

The Board is recommending a final dividend of 1p per share, making a total of 1p for the full year.

During the year no shares were issued to directors or employees pursuant to the exercise of share options. The total number of ordinary shares in issue at 30 April 2009 was 9.2 million (2008: 9.2 million).

Cash flow and liquidity

Net cash outflow from operating activities amounted to £515,000 (2008: inflow of £242,000) which, after allowing for cash flows including dividends and capital expenditure, resulted in a net decrease in cash balances of £644,000 (2008 : £217,000).

At 30 April 2009, the Group's cash at bank and on short term deposit amounted to £2.1 million (2008: £2.8 million). This was deposited with banks with top credit ratings.

Key Performance Indicators

There are three main key performance indicators for the Group, all of which are financial:

- Group turnover
- Operating profit
- Earnings per share

These key performance indicators are reviewed in the Chairman's Statement and the Directors Report above.

Treasury policies and risk management

The Group manages its treasury operations in accordance with policies and procedures approved by the Board. Information about the Group's financial instruments is set out in note 3 of the accounts. The Group has no borrowings. As the Group operates almost exclusively in the United Kingdom, there are no significant direct foreign exchange risks. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group and these are outlined in note 25 to the accounts.

Finance income and taxation

Due to the weakening of commercial property prices, there was a diminution in the value of the Group's investment in the Stratton House Investment Property Syndicate 04 to £nil (2008: £178,000). Income from the Group's available-for-sale investments and net bank interest amounted to £87,000 (2007: £171,000) reflecting lower prevailing interest rates.

The effective taxation charge decreased from 30.0% to 28.0%.

Political and Charitable Donations

During the year the Group made no charitable donations or political contributions (2008: £ nil).

Directors

The current Directors of the Company are set out below.

D J R Fletcher	Chairman
R E G Goode	Managing Director
R A Dickman	Executive Director
H E Richardson	Non Executive Director
D H Stewart	Non Executive Director

D J R Fletcher and R E G Goode retire by rotation in accordance with the Company's Articles of Association, and being eligible offers themselves for re-election at the forthcoming Annual General Meeting.

DJR Fletcher, aged 66, is a founding partner and chairman of the Company. He has over 40 years' experience in property fund and asset management, advising clients such as the pension funds of IBM, Debenhams, BHS, Allied Domecq and the Industrial Training Board, as well as the Stratton House Investment Property Syndicates and other clients. He is a member of the management board of the Falcon Property Unit Trust.

REG Goode, aged 56, has been jointly responsible for running the London office of the company for the last 17 years. Previously he worked in the property investment departments of DTZ and Hillier Parker. He is involved in the fund and asset management for a number of major institutional and in-house clients.

Supplier Payment Policy

The Company's policy, which is also applied by the Group, is to settle the terms of payment with suppliers when agreeing the terms of each transaction. This ensures that suppliers are made aware of the terms of payment. Trade creditors of the Group at 30 April 2009 were equivalent to 27 days (2008: 24 days) purchases, based on the amount invoiced by suppliers during the year.

Corporate social responsibility

The Board recognises the importance of social and environmental matters in the conduct of the Group's business and remains committed to social and environmental awareness throughout its operations, notwithstanding the relatively low environmental impact of the Group's activities.

Energy efficiency, recycling and the use of "fair trade" products are encouraged.

The Board recognises that enthusiastic, well-trained and high-quality staff are essential to the achievement of the Group's commercial objectives. Participation in the success of the Group is encouraged via comprehensive incentive schemes.

The Group provides employment on an equal basis irrespective of race, sex, disability, sexual orientation and religious beliefs. Employee communication and feedback is encouraged across the Group.

Authority to Allot Unissued Shares

In accordance with normal practice the Directors propose to take the usual authorities under Sections 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 on 12 September 2008 for a further year in respect of ordinary 10p shares up to a maximum of 1,790,221 shares (£179,022). 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

The Directors, in line with boards of directors of other 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 share purchases 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 460,000 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 quotation as derived from The London Stock Exchange Daily Official List for the ordinary shares for the ten dealing days immediately prior to 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 will expire at the conclusion of the following Annual General Meeting which is expected to take place in September 2009. The intention of the Board is to seek to renew the authority at future Annual General Meetings.

Going Concern

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.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

In the case of each person who was a Director at the time this report was approved, so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

Auditors

A resolution to reappoint the auditors, Nexia Smith & Williamson, will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board on 10 August 2009.

P E Bailey

Independent auditors' report to the members of Fletcher King plc

We have audited the financial statements of Fletcher King plc for the year ended 30 April 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statement, the Consolidated and Parent Company Statement of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Bishop
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditors
Chartered Accountants

25 Moorgate
London
EC2R 6AY
13 August 2009

CONSOLIDATED INCOME STATEMENT

for the year ended 30 April 2009

Notes		2009 £000	2008 £000
	Revenue	**3,130**	4,529
6	Employee benefits expense	**(1,634)**	(2,512)
13	Depreciation expense	**(73)**	(56)
8	Exceptional impairment losses	**(167)**	—
8	Exceptional costs on transfers to AIM	**(68)**	—
	Other operating expenses	**(1,096)**	(1,519)
	Operating profit	**92**	442
	Profit on disposal of available-for-sale investments	**—**	236
	Impairment of available-for-sale investments	**(178)**	**(71)**
	Income from investments	**13**	37
7	Finance income	**74**	134
	Profit before taxation	**1**	778
	Analysed as:		
	Profit before taxation, exceptional items and impairments	**414**	613
	Exceptional impairments losses	**(167)**	—
	Exceptional costs on transfer to AIM	**(68)**	—
	Profit on disposal of available-for-sale investments	**—**	236
	Impairment of available-for-sale investments	**(178)**	**(71)**
	Profit before taxation	**1**	778
9	Taxation	**42**	(206)
10	Profit for the year from continuing operations	**43**	572
	Loss for the year from discontinued operations	**(475)**	**(22)**
	Loss/Profit for the year attibutable to equity shareholders	**(432)**	550
12	Basic (loss)/ earnings per share		
	Continuing operations	**0.47p**	6.21p
	Discontinued operations	**(5.16)p**	(0.24)p
	Total operations	**(4.69)p**	5.97p
12	Diluted (loss)/ earnings per share		
	Continuing operations	**0.47p**	6.20p
	Discontinued operations	**(5.16)p**	(0.24)p
	Total operations	**(4.69)p**	5.96p

Gains and/or losses in either year which are not reflected in the Income Statement are included in the Consolidated Statement of Changes in Equity on page 19.

as at 30 April 2009

Notes		2009 £000	2008 £000
	Assets		
	Non-current assets		
13	Property, plant and equipment	**358**	457
15	Available-for-sale investments	**250**	428
20	Deferred tax assets	**93**	58
		701	943
	Current assets		
16	Trade and other receivables	**899**	1,462
	Amounts recoverable on contracts	–	154
17	Cash and cash equivalents	**2,129**	2,773
		3,028	4,389
	Total assets	**3,729**	5,332
	Liabilities		
	Current liabilities		
18	Trade and other payables	**297**	508
	Current taxation liabilities	–	132
19	Other creditors	**658**	1,325
		955	1,965
	Non-current liabilities		
20	Deferred taxation liabilities	–	–
	Total liabilities	**955**	1,965
	Shareholders' equity		
21	Share capital	**921**	921
	Share premium	**140**	140
	Profit and Loss Reserve	**1,713**	2,306
	Total shareholders' equity	**2,774**	3,367
	Total equity and liabilities	**3,729**	5,332

Approved by the Board on 10 August 2009 and signed on its behalf by

David Fletcher
Chairman

COMPANY BALANCE SHEET

as at 30 April 2009

Notes		2009 £000	2008 £000
	Assets		
	Non-current assets		
14	Investments in group undertakings	**105**	633
	Current assets		
16	Trade and other receivables	**16**	223
17	Cash and cash equivalents	**844**	1,006
		860	1,229
	Total assets	**965**	1,862
	Liabilities		
	Current liabilities		
18	Trade and other payables	**17**	15
19	Other creditors	**14**	16
		31	31
	Total liabilities	**31**	31
	Shareholders' equity		
21	Share capital	**921**	921
	Share premium	**140**	140
	Profit and Loss reserve	**(127)**	770
	Total shareholders' equity	**934**	1,831
	Total equity and liabilities	**965**	1,862

Approved by the Board on 10 August 2009 and signed on its behalf by

David Fletcher
Chairman

for the year ended 30 April 2009

	2009 £000	2008 £000
Cash flows from operating activities		
Profit before taxation from continuing operations	**1**	778
Loss before taxation from discontinued operations	**(389)**	(19)
Adjustments for:		
Depreciation expense	**82**	79
Profit on disposal of non-current assets held for sale	**—**	(236)
Impairment of available-for-sale investments	**178**	71
Income from investments	**13**	(37)
Finance income	**75**	(137)
Cash flows from operating activities before movement in working capital	**(216)**	499
Decrease in trade and other receivables	**265**	138
(Decrease) in trade and other payables	**(491)**	(167)
Decrease in work in progress	**63**	68
Cash (used in) / generated from operations	**(379)**	538
Taxation paid	**(136)**	(296)
Net cash flows from operating activities	**(515)**	242
Cash flows from investing activities		
Purchases of equipment	**(17)**	(427)
Sale of equipment	**6**	16
Purchase of investments	**—**	—
Sale of investments	**—**	238
Finance income	**75**	137
Income from investments	**13**	37
Disposal of subsidiary undertaking net of cash disposed	**(45)**	—
Net cash flows from investing activities	**32**	1
Cash flows from financing activities		
Dividends paid to shareholders	**(161)**	(460)
Net cash flows from financing activities	**(161)**	(460)
Net decrease in cash and cash equivalents	**(644)**	(217)
Cash and cash equivalents at start of year	**2,773**	2,990
Cash and cash equivalents at end of year (note 17)	**2,129**	2,773

COMPANY CASH FLOW STATEMENT

for the year ended 30 April 2009

	2009 £000	2008 £000
Cash flows from operating activities		
Loss/Profit before taxation	**(738)**	377
Adjustments for:		
Loss on disposal of subsidiary	**528**	–
Finance income	**(29)**	(53)
Dividends received from subsidiary undertakings	**(161)**	(460)
Cash flows from operating activities before movement in working capital	**(400)**	(136)
Decrease/(Increase) in trade and other receivables	**207**	(173)
(Decrease) / increase in trade and other payables	**2**	(1)
Cash absorbed by operations	**(191)**	(310)
Cash flows from investing activities		
Dividends received from subsidiary undertakings	**161**	460
Finance income	**29**	53
Net cash flows from investing activities	**190**	513
Cash flows from financing activities		
Dividends paid to shareholders	**(161)**	(460)
Net cash flows from financing activities	**(161)**	(460)
Net decrease in cash and cash equivalents	**(162)**	(257)
Cash and cash equivalents at start of year	**1,006**	1,263
Cash and cash equivalents at end of year (note 17)	**844**	1,006

CONSOLIDATED

	Share capital £0000	Share premium £000	Profit and Loss Reserve £000	Fair value reserve £000	Total reserves £000	TOTAL EQUITY £000
Balance at 1 May 2007	921	140	2,216	276	2,492	3,553
Net profit for the year	—	—	550	—	550	550
Transfer of realised gains on disposal	—	—	—	(342)	(342)	(342)
Deferred taxation adjustment	—	—	—	118	118	118
Fair value loss on investments	—	—	—	(52)	(52)	(52)
Total recognised income and expense for the year	—	—	550	(276)	274	274
Equity dividends paid	—	—	(460)	—	(460)	(460)
Balance at 30 April 2008	**921**	**140**	**2,306**	**—**	**2,306**	**3,367**
Net loss for the year	**—**	**—**	**(432)**	**—**	**(432)**	**(432)**
Total recognised income and expense for the year	**—**	**—**	**(432)**	**—**	**(432)**	**(432)**
Equity dividends paid	**—**	**—**	**(161)**	**—**	**(161)**	**(161)**
Balance at 30 April 2009	**921**	**140**	**1,713**	**—**	**1,713**	**2,774**

The profit and loss reserve comprises the undistributed profits of the Group. The fair value reserve comprises the cumulative unrealised change in the fair value of available-for-sale investments, including those reclassified as non-current assets held for sale, as well as the deferred tax movements associated therewith.

COMPANY

	Share capital £000	Share premium £000	Profit and loss reserve £000	TOTAL EQUITY £000
Balance at 1 May 2007	921	140	853	1,914
Net profit for the year	—	—	377	377
Total recognised income and expense for the year	—	—	377	377
Equity dividends paid	—	—	(460)	(460)
Balance at 1 May 2008	**921**	**140**	**770**	**1,831**
Net loss for the year	**—**	**—**	**(736)**	**(736)**
Equity dividends paid	**—**	**—**	**(460)**	**(460)**
Total recognised income and expense for the year	—	—	(736)	(736)
Equity dividends paid	—	—	(161)	(161)
Balance at 30 April 2009	**921**	**140**	**(127)**	**934**

The profit and loss reserve comprises the undistributed profits of the Company.

1. General information

Fletcher King Plc ('the Company') and its subsidiaries (together 'the Group') carry on the business of property fund management, property asset management, rating, valuations and construction services throughout the United Kingdom. The Company is a public limited company incorporated and domiciled in England and Wales and listed on The London Stock Exchange. The Company transferred from the Official List to AIM on 14 October 2008. The registered office address is 61 Conduit Street, London W1S 2GB. These consolidated financial statements were approved for issue by the Board of Directors on 10 August 2009. They are presented in sterling which is the Group's functional currency. The Group has no overseas operations.

2. Basis of preparation and presentation of financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006, and under the historical cost convention as modified by the revaluation of available-for-sale financial assets.

New standards and interpretations

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue and relevant to the group, but not yet mandatorily effective:

IFRS 8, 'Operating segments' (effective 1 January 2009). IFRS 8 replaces IAS 14 Segment Reporting, and requires an entity to adopt a "management approach" to reporting on the financial performance of its operating segments. The Group will apply IFRS 8 from 1 May 2009.

IAS 1 (revised version – effective 1 January 2009). The revised standard introduces the concept of a statement of comprehensive income, which enables users of the financial statements to analyse changes in a company's equity resulting from transactions with owners separately from non-owner changes. The revised standard provides the option of presenting items of income and expense and components of other comprehensive income either as a single statement of comprehensive income or in two separate statements.

The Directors anticipate that the adoption of these statements will only impact disclosure and presentation in the Group's financial statements in the period of initial application.

The directors anticipate that the adoption of other new Standards and Interpretations in future periods (that were in issue at the date of the authorisation of these financial statements but not yet effective) will have no material impact on the financial statements of the Group. The Group does not intend to apply any of these pronouncements early.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and also requires management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are highly significant to the financial statements, are set out in note 3 below.

3. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies, which are also applicable to the financial statements of the Company, have been consistently applied to all the years presented.

Basis of consolidation

The financial statements consolidate the accounts of the Company and all subsidiary undertakings drawn up to the same year end.

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiary entities are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

In respect of subsidiaries, inter-company transactions, balances and unrealised gains on intra-group transactions are eliminated on consolidation.

The accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Acquisitions and Goodwill

The purchase method of accounting is used to account for the acquisition of subsidiary entities by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Goodwill arising on acquisitions in periods prior to the application of IFRS was written off directly to profit and loss reserves. In accordance with IFRS, this goodwill remains written off and is not recognised in the Group's consolidated balance sheet. This goodwill will not be transferred to the income statement on any subsequent impairment in value or disposal of the business to which it relates.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost, net of depreciation, at rates calculated to write off the cost, less residual value, of each asset over its expected useful life. Depreciation rates on a straight line basis are as follows:-

Motor vehicles	25%
Office furniture and fittings	25%
Computer equipment	33%
Short leasehold premium and improvements	10%

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the income statement.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The Directors have identified the activities of Fletcher King Howard as forming a separate business segment to the activities of the rest of the Group. Fletcher King Howard was disposed during the year and the segmental analysis in note 6 includes only continuing operations, with prior year figures restated accordingly.

Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Measurement depends on their classification and is discussed below:

(i) Investments

Investments held by the Company in subsidiary entities, not held for sale, are shown at cost less any provision for impairment.

The Directors determine the classification of investments held by the Group at initial recognition and re-evaluate this designation at each reporting date. At the balance sheet date all these investments were classified as available-for-sale. Available-for-sale investments are initially recognised as cost, being the fair value of the consideration given and including associated acquisition costs. On subsequent measurement, available-for-sale investments are measured at either fair value, or at cost where fair value is not readily ascertainable. Changes in fair value are recognised in equity, together with the related deferred tax asset or liability. When such investments are disposed of, the accumulated gains or losses, previously recognised in equity, are transferred to the income statement.

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

(ii) Trade and other receivables

Trade and other receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

All financial assets are reviewed annually for impairment, and permanent impairment losses are reflected in the income statement. Investment income is recognised in the income statement.

(iii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, call deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(iv) Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(a) Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

(b) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(v) Amounts recoverable on contracts

Amounts recoverable on contracts represent costs incurred on specific project management contracts, net of amounts transferred to cost of sales, in respect of work recorded in revenue, less foreseeable losses and payments on account not matched with revenue. No profit is recognised until the contract has advanced to a stage where the total profit can be assessed with reasonable certainty. Provision is made for the full amount of foreseeable losses. Amounts recoverable on contracts are valued at cost plus attributable profits less any foreseeable losses.

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Taxation

Current income tax is provided on taxable profits at the current rate. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using rates enacted at the balance sheet date which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax and deferred tax are reflected in the income statement, unless they relate to items recognized in equity, in which case they are recognised in equity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that the Group will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Revenue recognition

Revenue comprises commissions and fees receivable excluding value added tax and is measured at fair value. 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.

Interest and investment income is recognised on a time-proportion basis using the effective interest method.

Operating profit

Operating profit is stated before income from investments, finance income and costs, profits on disposals, and losses on impairment of available-for-sale investments and taxation.

Employee benefits

No pension schemes are operated by the Group. Contributions to employees' money-purchase pension schemes are made on an arising basis where these form part of contractual remuneration obligations. The Group recognises a liability and an expense for cash-settled bonuses when contractually obliged or when there is a past practice creating a constructive obligation.

The Executive Share Option Scheme and the 1996 Employee Share Option Scheme were accounted for at intrinsic value.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Exceptional Items

Items of income and expense that are material by size and/or nature and are non-recurring are classified as exceptional items on the face of the income statement within their relevant category. The separate reporting of these items give an indication of the Group's underlying performance.

Dividend Distributions

Dividends to the Company's shareholders are recognised as a liability when paid (if interim dividends) or approved by shareholders (if final dividends).

Critical accounting estimates and assumptions

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions concerning the future. While the resulting accounting estimates will, by definition, seldom equal the related actual results, in the opinion of the Directors the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

(a) Impairment of available-for-sale investments

The fair value of available-for-sale investments is determined by reference to the underlying value of the assets of those investments, as detailed in note 15 on page 34. The Directors consider that the charge for impairment recognised in equity and in profit and loss fully reflects the diminution of value of these assets.

(b) Provisions for impairment of trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. The Directors have made provisions for impairment where there is objective evidence that the Group will not be able to collect all amounts due.

(c) Recognition of deferred tax assets

Deferred income tax is provided in full using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for the tax base. A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred income tax assets and liabilities are not discounted. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

(d) Revenue recognition

The Directors regularly review the basis for recognition of revenue, which comprises commissions and fees receivable excluding value added tax. The directors consider that the basis for recognition of revenue will only materially affect the carrying amounts of assets and liabilities where quantity surveying, construction management and project management are concerned, due to the estimates and assumptions which underlie the value of work yet to be completed.

4. Segmental analysis

Following the sale in December 2008 of Fletcher King Howard Limited (classified in prior years as Construction Services) all types of services as set out in the Chairman's Statement and the Divisional Review are General Services. The unallocatedd segment comprises holding company costs and other expenses and income and assets and liabilities not directoy attributable to the operating activities of the group's continuing business segments. As substantially all of the Group's activities take place in the United Kingdom, no geographical segmentation is presented in these financial statements. Segmental analysis of discontinued operations is shown in note 10.

Year ended 30 April 2009	General services £000	Unallocated £000	Total £000
External revenue	3,130	—	**3,130**
Operating profit/(loss)	323	(231)	**92**
Impairment of available-for-sale investments	(178)	—	**178)**
Income from investments	13	—	**13**
Finance income	45	29	**74**
Profit/(loss) before taxation	203	(202)	**1**
Total Assets	2,767	962	**3,729**
Total Liabilities	927	29	**955**
Net segmental equity	1,840	934	**2,774**
Capital expenditure	4	—	**4**
Depreciation	73	—	**73**

Year ended 30 April 2008	General services £000	Unallocated £000	Total £000
External revenue	4,578	(49)	**4,529**
Operating profit/(loss)	579	(137)	**442**
Profit on sale of available-for-sale investments	236	—	**236**
Impairment of available-for-sale investments	(71)	—	**(71)**
Income from investments	37	—	**37**
Finance income	91	43	**137**
Profit/(loss) before taxation	872	(94)	**778**
Assets	3,405	1,927	**5,332**
Liabilities	1,710	255	**1,965**
Net segmental equity	1,769	1,598	**3,367**
Capital expenditure	422	5	**427**
Depreciation	55	24	**79**

5. Operating profit – continuing operations

Operating profit is stated after charging/(crediting):

Year ended 30 April	2009 £000	2008 £000
Operating lease rentals relating to property	**287**	346
Other operating lease rentals	**22**	22
Rental income	**(6)**	(23)
Fees payable to the Company's auditor for the audit of the Company's consolidated annual financial statements	**6**	5
Fees payable to the Company's auditor and its associates for other services:		
- the audit of the accounts of associates of the Company pursuant to legislation	**24**	24
- other services supplied pursuant to such legislation	**2**	8
- tax services	**13**	18
- other services	**24**	4

As permitted by section 408(3) of the Companies Act 2006, the Company has taken advantage of the legal dispensation not to present its own income statement. The loss after taxation of the Company for the year was £736,000 (2008: profit of £377,000).

6. Employee benefits expense

Year ended 30 April Continuing operations	2009 £000	2008 £000
Basic wages and salaries	**1,145**	1,331
Performance-based payments	**334**	902
	1,479	2,233
Social security costs	**132**	256
Other costs	**23**	23
	1,634	2,512
Discontinued operations	**680**	1,284

The average number of persons (including directors) employed by the Group was as follows:

Year ended 30 April Continuing operations	2009 No.	2008 No.
Management	**4**	5
Professional	**7**	8
Administration	**9**	11
	20	24
Discontinued operations	**16**	25

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. In the opinion of the Board, the Group's key management comprises the Executive and Non-executive Directors of Fletcher King Plc. Information regarding their compensation, all of which are short-term benefits, is set out below.

The Group does not operate any pension schemes.

Directors' Emoluments	**2009 £000**	2008 £000
Fees	**40**	88
Salaries and benefits	**340**	329
Performance-related bonuses	**313**	723
	693	1,140

No executive Directors at 30 April 2009 received any pension entitlements.

Highest Paid Director	**2009 £000**	2008 £000
Basic Pay	**100**	100
Benefits	**33**	23
Performance-related bonus	**115**	315
	248	438

Key Management Compensation

Aggregate compensation for key management, being the Directors of the Company, were as follows:

	2009 £000	2008 £000
Short term employee benefits	**782**	1,286

7. Finance income

Year ended 30 April	2009 £000	2008 £000
Finance income		
Bank interest receivable	**75**	118
Other interest	**–**	19
	75	137

8. Exceptional items

Year ended 30 April	2009 £000	2008 £000
Impairment losses	**167**	–
Cost of transfer to AIM	**68**	–
	235	–

Impairment losses represent full provision against the outstanding loan payable by FK Howard Limited, a company divested from the group on 19 December 2008.

The Group transferrred from the UK Official List to AIM on 14 October 2008 and incurred exceptional costs of £68,000 on the transaction.

9. Income tax – continuing operations

Year ended 30 April	2009 £000	2008 £000
Current tax		
UK corporaton tax – current year	**–**	258
UK corporation tax – prior years	**4**	(15)
	4	243
Deferred tax		
UK deferred tax – current year	**(46)**	(37)
UK deferred tax – prior years	**–**	–
	(46)	(37)
Total tax (credited)/charged in the income statement	**(42)**	206

The effective rate of UK corporation tax is calculated as the standard rate of UK corporation tax of 28% less any effective marginal relief. The difference between the total current tax shown above and the amount calculated applying the effective rate of UK corporation tax, to the profit before taxation is a follows:

Year ended 30 April	2009 £000	2008 £000
Profit before taxation	**1**	778
Tax on Group profit at UK corporation tax rate of 28% (2008: 30%)	**–**	233
Difference between capital allowances and depreciation	**8**	(5)
Expenses not deductible for tax purposes	**29**	26
Impairment charge not deductible for tax purposes	**50**	21
Deferred tax – current year	**(46)**	(37)
Prior year adjustment	**4**	(15)
Other adjustments	**(87)**	(17)
Group total tax charge for the year	**(42)**	206

10. Discontinued operations

On 19 December 2008, the Group disposed of its 100% subsidiary Fletcher King Howard Limited to its Management Team for a nominal sum. An outstanding loan of £180.000 remained payable by Fletcher King Howard Limited to the Group at the time of disposal and full provision has been made against the remaining balance of £167,000 in the accounts for the year ended 30 April 2009. Fletcher King Howard Limited represented a separate business unit and results were disclosed as Construction Services in the segmental analysis disclosures of prior year accounts.

Income Statement and Segmental Analysis of discontinued operations

Year ended 30 April	**2009 £000**	2008 £000
Revenue	**682**	1,881
Employee benefits expense	**(680)**	(1,284)
Depreciating expense	**(9)**	(23)
Other operating expenses	**(383)**	(596)
	(390)	(22)
Finance income	**1**	3
Loss before taxation	**(389)**	(19)
Taxation	**–**	(3)
Loss after taxation	**(389)**	(22)
Loss on disposal	**(86)**	–
Loss for the year from discontinued operations	**(475)**	(22)

Cashflows from discontinued operations	**2009 £000**	2008 £000
Net cash flow from operating activities	**5**	(65)
Net cash flows from investing activities	**(56)**	(2)
Net cash flows from financing activities	**–**	–
Net decrease in cash and cash equivalents	**(51)**	(67)
Cash and cash equivalents at start of year	**51**	118
Cash and cash equivalents at end of year	**–**	51

Earnings per share from discontinued operations	**2009 £000**	2008 £000
Basic (loss)/ earnings per share	**(5.16)p**	(0.24)p
Diluted (loss)/ earnings per share	**(5.16)p**	(0.24)p

Assets and liabilities of discontinued operations	19 December 2008 £000	30 April 2008 £000
Property, plant and equipment	**28**	25
Cash and cash equivalents	**45**	51
Other current assets	**400**	858
Current liabilities	**(387)**	(459)
Net assets	**86**	475
Total consideration	–	
Net loss on disposal	**86**	
Net cash outflow arising on disposal:		
Cash consideration	–	
Cash and cash equivalents disposed	**(45)**	
	(45)	

11. Dividends

Year ended 30 April	2009 £000	2008 £000
Equity dividends on ordinary shares:		
Declared and paid during year		
Ordinary final dividend for the year ended 30 April 2008: 1.75p per share (2007: 3.75p)	**161**	345
Interim dividend for the six months ended 31 October 2008: £nil per share (2007: 1.25p)	**–**	115
	161	460
Proposed ordinary final dividend for the year ended 30 April 2009: 1p per share	**92**	

The ordinary final dividend for the year ended 30 April 2009 will be proposed at the forthcoming Annual General Meeting and is not reflected in these financial statements.

12. Earnings per share

	2009 No	2008 No
Weighted average number of shares for basic earnings per share	**9,209,779**	9,209,779
Effect of dilutive share options	**–**	11,696
	9,209,779	9,221,475
	£000	£000
Earnings for basic and diluted earnings per share		
Continuing operations	**43**	572
Discontinued operations	**(475)**	(22)
	(432)	550
Basic (loss)/ earnings per share		
Continuing operations	**0.47 p**	6.21 p
Discontinued operations	**(5.16)p**	(0.24)p
Total operations	**(4.69)p**	5.97 p
Diluted (loss)/ earnings per share		
Continuing operations	**0.47 p**	6.20 p
Discontinued operations	**(5.16)p**	(0.24)p
Total operations	**(4.69)p**	5.96 p

13. Property, plant and equipment - Group

	Furniture, fittings and computers £000	Motor vehicles £000	Short leasehold premium and improvements £000	Total £000
Cost				
At 1 May 2008	465	80	276	821
Additions	17	—	—	17
Disposals	—	(27)	—	(27)
Disposal of business	(328)	—	—	(328)
At 30 April 2009	154	53	276	483
Depreciation				
At 1 May 2008	313	33	18	364
Charge for the year	36	18	28	82
Disposals	—	(21)	—	(21)
Disposal of business	(300)	—	—	(300)
At 30 April 2009	49	30	46	125
Net book value at 30 April 2009	**105**	**23**	**230**	**358**
Cost				
At 1 May 2007	1,001	126	131	1,258
Additions	151	—	276	427
Disposals	(687)	(46)	(131)	(864)
At 30 April 2008	465	80	276	821
Depreciation				
At 1 May 2007	957	45	131	1,133
Charge for the year	42	19	18	79
Disposals	(686)	(31)	(131)	(848)
At 30 April 2008	313	33	18	364
Net book value at 30 April 2008	152	47	258	457

14. Investments in Group undertakings – Company

Year ended 30 April	**2009 £000**	2008 £000
Shares in Group undertakings at cost:		
At 1 May	**633**	633
Disposal	**(528)**	–
At 30 April	**105**	633

The Company disposed of Fletcher King Howard Limited on 19 December 2008.

As at 30 April 2009, the Company owns 100% of the ordinary share capital of the following companies registered in England and Wales, the accounts of which are consolidated into the Group accounts: Fletcher King Services Limited, which is the trading subsidiary through which the Fletcher King business is carried on; Fletcher King Investment Management Plc, the group's FSA-regulated investment services company; and FK Management Services Limited, a dormant company.

15. Available-for-sale investments – Group

Year ended 30 April	2009 £000	2008 £000
At 1 May	**428**	897
Disposals	**–**	(346)
Impairment loss reflected in profit and loss	**(178)**	(71)
Revaluation loss reflected in equity	**–**	(52)
At 30 April	**250**	428
Classified as:		
Available-for-sale investments	**250**	428
UK unlisted investments classified as available-for-sale	**250**	428

An impairment loss of £178,000 was incurred in the year on a 2.5% holding in Stratton House Investment Property Syndicate '04 to revalue the investment to £nil (£2008: £178,000). This represents the fair value of the investment and is based on the underlying value of the Syndicate's assets.

The balance at 30 April 2009 of £250,000 represents a partnership interest in the Stratton House Investment Properties Limited Partnership which was acquired during the year ended 30 April 2007. This investment is stated at cost as the Partnership is not yet fully invested.

16. Trade and other receivables

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Trade receivables	**724**	1,194	**—**	—
Less provision for impairment	**(7)**	(29)	**—**	—
	717	1,165	**—**	—
Amounts owed by group undertakings	**—**	—	**—**	219
Other receivables	**21**	102	**3**	—
Prepayments and accrued income	**161**	195	**13**	4
	899	1,462	**16**	223

Trade receivables are non-interest bearing and generally have a 30-90 day term. Due to their short maturities, the fair value of trade receivables approximates their book value.

A provision for impairment of trade receivables is established when there is no objective evidence that the Group will be able to collect all amounts due according to the original terms. The group considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired.

Provisions for impairment of trade receivables	**Group 2009 £000**	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
At 1 May	**29**	6	**—**	—
Charge for the year	**—**	23	**—**	—
Uncollected amounts written off, net of recoveries	**(22)**	—	**—**	—
At 30 April	**7**	29	**—**	—

As at 30 April 2009, trade receivables of £7,000 were impaired (2008: £29,000).

As at 30 April 2009, trade receivables of £391,000 (2008: £180,000) were past due, but not impaired. The ageing analysis of these trades is as follows.

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Up to 3 months past due	**384**	110	—	—
3 to 6 months past due	—	70	—	—
Over 6 months past due	**7**	—	—	—
At 30 April	**391**	180	—	—

17. Cash and cash equivalents

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Cash at bank and in hand	**1,324**	463	**39**	146
Short term bank deposits	**805**	2,310	**805**	860
	2,129	2,773	**844**	1,006

Cash and cash equivalents are all denominated in sterling. The effective interest rate on Group cash balances for the year ended 30 April 2009 was 3.45% (2008: 5.1%). There is no material difference between the fair value and book value of cash and cash equivalents.

18. Trade and other payables

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Trade payables	**183**	164	**12**	—
Amounts owed to group undertakings	—	—	**5**	15
Other taxation and social security	**57**	287	—	—
Other payables	**57**	57	—	—
	297	508	**17**	15

The carrying amounts of trade and other payables approximate their fair value.

19. Other creditors

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Payments on account received	—	37	—	—
Bonus accruals	**376**	991	—	—
Other accruals and deferred income	**282**	297	**14**	16
	658	1,325	**14**	16

20. Deferred taxation (non-current) – Group

Year ended 30 April	2009 £000	2008 £000
Deferred taxation asset:		
Timing differences on provisions		
At 1 May	**58**	24
Relating to discontinued operations	**(11)**	–
Movement during year	**46**	34
At 30 April	**93**	58
Deferred taxation liabilities:		
Tax charged to equity on fair value adjustments:		
Balance at at 1 May	–	118
Charged to/(released from) equity in the year:		
On revaluation of available-for-sale investments	–	15
On realisation of available-for-sale investments	–	(103)
Balance as at 30 April	–	–

21. Share capital

	30 April 2009 Number	30 April 2008 Number	30 April 2009 £000	30 April 2008 £000
Ordinary shares of 10p each:				
Authorised	**11,000,000**	11,000,000	**1,100**	1,100
Issued and fully paid	**9,209,779**	9,209,779	**921**	921

The Company has one class of ordinary shares which carry no rights to fixed income. No shares were issued during the year.

22. Share based payments

Executive Share Option Scheme:
As at 1 May 2008, no options were outstanding under this scheme. No new options were issued during the year.

1996 Employee Share Option Scheme:
As at 1 May 2008 25,000 options were outstanding under this scheme. These options were granted on 19 February 1999 and were exercisable for cash between February 2002 and February 2009 at an exercise price of 35p per share. These options lapsed during the year. No new options were issued during the year.

On transition to IFRS, the Group elected not to apply IFRS 2 to the granting of share options prior to 7 November 2002.

There is no charge to the accounts in the year as all schemes had vested prior to the start of the year.

23. Capital and operating lease commitments and contingent liabilities

As at 30 April 2009 and 30 April 2008, neither the Group nor the Company had any capital commitments or contingent liabilities.

As at 30 April 2009 and at 30 April 2008, the Group had outstanding commitments under non-cancellable leases which fall due as follows:

	Property leases		Other leases		Total	Total
	2009	2008	**2009**	2008	**2009**	2008
	£000	£000	**£000**	£000	**£000**	£000
Within one year	**287**	347	**22**	51	**309**	398
In one to five years	**1,147**	1,387	**36**	237	**1,183**	1,624
After five years	**572**	979	**–**	–	**572**	979
	2.006	2,713	**58**	288	**2,064**	3,001

Property leases relate to office premises occupied by the Group. Other leases relate to motor vehicles and office equipment.

24. Related party transactions

Transactions between the Company and its subsidiaries are in the normal course of business and are priced using arm's length prices. Such transactions are eliminated on consolidation and are disclosed in note 4.

Total inter-company balances between the Company and its subsidiaries, which are unsecured and which relate to the provision of working capital, are disclosed in the accounts.

Compensation paid to the Company's Board of Directors and key management is disclosed in note 6.

25. Financial instruments

The Group's and the Company's financial instruments comprise listed equity securities, UK unlisted investments, cash and cash equivalents, and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's and the Company's operations.

The Group's and the Company's operations expose them to a variety of financial risks including credit risk, interest rate risk, liquidity risk and equity price risk. Commensurate with the size of the Group, the directors set the policies regarding financial risk management, and these are implemented accordingly by Group companies.

Loans and receivables

	Group	Group	**Company**	Company
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Trade receivables	**717**	1,165	**–**	–
Amounts owed by group undertakings	**–**	–	**–**	219
Other debtors	**18**	74	**–**	–
Cash and cash equivalents	**2,129**	2,773	**844**	1,006
	2,864	4,012	**844**	1,225

Financial liabilities and amortised costs

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Trade creditors	**183**	164	**12**	–
Other payables	**57**	57	–	–
Amounts owed to group undertakings	–	–	**5**	15
Payments on account received	–	37	–	–
Bonus accruals	**376**	991	–	–
Other accruals and deferred income	**282**	297	**14**	16
	898	1,546	**31**	31

Credit risk

The Group's credit risk is attributable both to trade receivables and to cash balances held. The Company's credit risk is attributable primarily to cash balances held. The Group has implemented policies to ensure that credit checks are made on potential clients before work is carried out on their behalf. The amount of exposure to any individual counterparty is subject to limits set by the directors. Cash balances held are deposited with banks with AA rating.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Trade receivables	**717**	1,165	–	–
Cash and other equivalents	**2,129**	2,773	**844**	1,006
Other receivables	**18**	80	–	–
Amounts recoverable on contracts	–	154	–	–
	2,864	4,172	**844**	1,006

Interest rate risk

The Group and the Company have interest bearing assets, but no interest bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The interest earned on the Group's and the Company's cash and cash equivalents, denominated in sterling, derived principally from Money Market deposits of differing fixed time periods, and from call deposits held with banks which provide short-term liquidity to meet liabilities when they fall due.

The Group and the Company are exposed to interest rate risk as a result of these positive cash balances. For the year ended 30 April 2009, if LIBOR had increased by 0.5% with all other variables held constant, post tax profit and equity for the Group would have been £8,500 (2008: £9,400) higher, and for the Company £4,000 (2008: £3,500) higher. Conversely, if LIBOR had decreased by 0.5% with all other variables held constant, post tax profit and equity for the Group would have been £8,500 (2008: £9,400) lower, and for the Company £4,000 (2008: 3,500) lower.

The Group's cash and cash equivalents earned interest during the year at an average of 3.45% (2008: 5.1%), and the Company's cash and cash equivalents earned interest during the year at an average of 3.11% (2008: 5.2%).

Liquidity risk

The Group and the company actively maintain cash and cash equivalents to ensure that there are sufficient funds available for a period of at least six months to meet liabilities when they fall due.

The following table shows the contractual maturities of the Group's and the Company's financial liabilities, all of which are measured at amortised cost:

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Financial liabilities falling due:				
Within 1 month	**409**	376	**26**	16
From 2 to 3 months	**432**	1,042	**5**	15
From 4 to 6 months	**57**	128	**–**	–
	898	1,546	**31**	31

Market risk and sensitivity analysis

Equity price risk
The Group is exposed to equity price risk because of investments held by the Group and classified as available for sale.

The Group's continuing investments are sensitive to movements in property prices. The investment is the Stratton House Investment Property Syndicate '04 has been written down to zero based on recent property price movements and the underlying assets of the Syndicate.

26. Capital risk management

The Group and the Company seek, when managing capital, to safeguard the Group's and the Company's ability to continue as going concerns, in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and the Company define capital as being share capital plus reserves. The Board of Directors monitors the level of capital employed in order to achieve these objectives.

Notice is hereby given that the Annual General Meeting of Fletcher King Plc will be held at 61 Conduit Street, London W1S 2GB on 18 September 2009 at 9.00am for the following purposes:

1 To receive and adopt the Directors' Reports and Accounts for the financial year ended 30 April 2009.

2. To declare a final dividend for the financial year ended 30 April 2009.

3 To re-elect D J R Fletcher, who retires by rotation in accordance with the Company's Articles of Association and who offers himself for re-election.

4 To re-elect R E G Goode as a Director who retires by rotation in accordance with the Company's Articles of Association and who offers himself for re-election.

Biographical details regarding these Directors are included in the accompanying Report and Accounts.

5 To re-appoint Nexia Smith & Williamson as auditors to hold office from the completion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company, at a remuneration to be determined by the Directors.

6 To consider and, if thought fit, to pass the following resolutions of which resolution number 7 will be proposed as an ordinary resolution and resolutions number 8 and number 9 will be proposed as special resolutions.

7 ORDINARY RESOLUTION

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 1,790,221of the unissued ordinary shares of 10p each of the Company with a nominal value of £179,022.10, 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.

8 SPECIAL RESOLUTION

That, subject to the passing of resolution 7, 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 for legal or practical problems under the laws of any territory or the 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 £46,049 (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 shall make an offer or agreement which would or might require 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.

9 SPECIAL RESOLUTION

That the Company is hereby generally and unconditionally authorised to make one or more 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 460,000;

(b) the maximum price which may be paid for an ordinary share is 5% above the average of the middle market quotations for shares of the same class as 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 an ordinary share 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 2009 or eighteen months from the passing of this resolution, if earlier, unless such authority is renewed prior to such time; and

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

By order of the Board

P E Bailey
Secretary
10 August 2009

Registered Office:
61 Conduit Street
London W1S 2GB

Notes

(a) A member of the Company entitled to attend and vote at the meeting covered by this notice is entitled to appoint a proxy or proxies to exercise all or any of his or her rights to attend, speak and on a poll to vote at the meeting 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. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes. If a proxy has been appointed and the member subsequently attends the meeting in person, the proxy appointment will automatically be terminated.

(b) To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (as above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you require another hard-copy proxy form in order to change the instructions, please contact the Company Secretary at 61 Conduit Street, London, W1S 2GB. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

(c) In order to revoke a proxy instruction, you will need to inform the Company by sending a hard copy notice clearly stating your intention to revoke your proxy appointment to the office of the Company's registrars, Computershare Investor Services Plc, at PO Box No 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

(d) The following information, which is available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays 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 8.30 am on the date of the meeting until the conclusion of the meeting.

(i) Register of interests of directors and their families in the share capital of the Company; and

(ii) Copies of contracts of service under which Directors of the Company are employed by the Company or any of its subsidiary undertakings.

(iii) Copies of letters of appointment for non executive directors acting on behalf of the Company or any of its subsidiary undertakings.

(e) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members at 6.00pm on 16 September 2009 or, if the meeting is adjourned, shareholders entered on the Company's register of members at 6.00pm on the day which is two days before the day of the adjourned meeting, shall be entitled to attend and vote at the meeting.

(f) As at 30 April 2009, the Company's issued share capital comprised 9,209,779 ordinary shares of 10p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 30 April 2009 is 9,209,779.

(g) If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these notes. Please read note (h) below.

(h) If you are a person who has been nominated under section 146 if the Companies Act 2006 to enjoy information rights ("Nominated Person"):

You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Meeting.

If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member as to the exercise of voting rights.

Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

(i) In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:

if a corporate member has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

if more than one corporate representative for the same corporate member attends the Meeting but the corporate member has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.
Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icas.org – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

For use at the Annual General Meeting of the Company to be held at 9.00 am on 18 September 2009.

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 18 September 2009.

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

	For	Vote Withheld	Against
To Adopt Ordinary Resolution 1			
To Adopt Ordinary Resolution 2			
To Adopt Ordinary Resolution 3			
To Adopt Ordinary Resolution 4			
To Adopt Ordinary Resolution 5			
To Adopt Ordinary Resolution 6			
To Adopt Ordinary Resolution 7			
To Adopt Special Resolution 8			
To Adopt Special Resolution 9			

Signature _____ Date _____

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. The "Vote Withheld" option is provided to enable you to instruct your proxy not to vote on any particular resolution. Please note that a "Vote Withheld" has no legal effect and will not be counted in the calculation of the votes "For" or "Against" a resolution.

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 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, Computershare Investor Services Plc, at PO Box No. 1075, The Pavilions, Bridgewater Road, Bristol BS99 3FA, 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. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the chairman and give them the relevant instructions directly.

6 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company registrars for more information at the address provided in note 3 sufficiently in advance of the meeting so that the requirements of note 3 may be complied with.

Third fold and tuck in

BUSINESS REPLY SERVICE
License No. SWB 1002

1

First fold

Computershare Investor Services Plc
Registrar's Department
Registrars of Fletcher King Plc
PO Box No 1075
The Pavilions
Bridgwater Road
Bristol
BS99 3FA

Second fold