Fletcher King Plc

Annual Report and Accounts 2018

DIRECTORS AND ADVISERS

Directors
DJR Fletcher FRICS *Chairman*
REG Goode FRICS *Managing Director*
RA Dickman FRICS *Executive Director*
P J Andrews MRICS *Executive Director*
DH Stewart *Non Executive*

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

Financial Advisers and Stockbrokers
Cairn Financial Advisers LLP
61 Cheapside, London EC2V 6AX

Solicitors
Boodle Hatfield
240 Blackfriars Road, London SE1 8NW

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

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

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

Registrars and Transfer Office
Computershare Investor Services Plc
The Pavilions, Bridgwater Road, Bristol BS13 8AE
Dedicated shareholder telephone number: 0870 889 4095

Audit Committee
DH Stewart *Chairman*
DJR Fletcher

Remuneration Committee
DH Stewart, *Chairman*
DJR Fletcher

AIM Committee
DH Stewart, *Chairman*
DJR Fletcher

Company Number
02014432

Certificate Nº **FS27825**

CONTENTS

HIGHLIGHTS

- Revenue for the year of **£3,080,000** (2017: £4,094,000)
- Profit before tax of **£274,000** (2017: £738,000)
- Profit after tax for the year of **£209,000** (2017: £579,000)
- Basic earnings per share of **2.27p** (2017: 6.29p)
- Final dividend of **0.75p** per share. An interim dividend of 1.00p per share was paid and therefore the total ordinary dividend for the year will be **1.75p** per share (2017: 4.00p)

FINANCIAL CALENDAR

Half Year Results
Announced 18 December 2017

Full Year Results
Preliminary announcement 13 July 2018

Annual General Meeting
19 September 2018

Final Dividend
Payable 5 October 2018

Interim Dividend
To be announced in December 2018
Payable in January 2019

Results

Revenue for the year was £3,080,000 (2017: £4,094,000). Profit before tax was £274,000 (2017: £738,000).

The board is proposing a final dividend of 0.75p per share. The final dividend is subject to shareholder approval at the AGM and will be paid on 5 October 2018 to those shareholders on the register at the close of business on 7 September 2018. With the interim dividend of 1.00p per share (2017:1.00p) the dividend for the year will amount to 1.75p per share (2017: 4.00p per share).

The Commercial Property Market

Brexit uncertainty continues to impact the Central London office letting market but the capital markets remain strong.

Both overseas and domestic buyers remain active, particularly for industrials and city centre offices, and prices are generally stable.

Online retail sales are growing and they are adversely affecting the high street. This is likely to remain the case for some time to come.

Business Overview

Performance was disappointing and did not meet management expectations.

The uncertainties, mentioned above, impacted our ability to let the two SHIPS buildings in the City and Clerkenwell although both buildings do have some of the space occupied. As a result, earnings from the sale of these buildings did not materialise as anticipated. However our other investment property sales held up well.

It was a disappointing year for agreeing rating appeals, with the Valuation Office delaying settlements and our valuation work was also down on the previous years.

Property management continues to provide a steady income flow.

Outlook

Brexit uncertainties will continue to impact the markets but we start the year with a good volume of investment sales. We would hope to let and sell the two SHIPS properties during the coming year but not perhaps in the first half. Our capital markets team have some significant sales instructions of both industrials and London office buildings which we anticipate will be completed this coming year.

There is significant pressure on the Valuation Office to engage on Rating Appeals and we would hope to benefit from that. We have some substantial appeals in the pipeline which should come to fruition this coming year. During the year we have added new clients including advising on the Rating of The Scalpel, a recently completed 35 storey 380,000sq.ft. office tower in Lime Street EC3.

The banks continue to be active lenders to the commercial property market and that will benefit our valuation work. The new year has started well which is an encouraging sign.

Forecasting what might happen in the coming year remains as difficult as it was this time last year. However we manage the business conservatively and continue to have a strong balance sheet.

Our loyal client base and excellent and hardworking team give us confidence for the future.

DAVID FLETCHER

CHAIRMAN

21 August 2018

The Directors present the Group Strategic Report for Fletcher King Plc ("the Company") and its subsidiary companies for the year end 30 April 2018 (together "the Group").

Principal Activities

The Group provides a comprehensive range of property services and expert advice throughout the United Kingdom, including property fund management, property asset management, rating, valuations and investment broking.

Business Review

The Group continued its strategy of providing a range of property services to existing and new clients and key performance indicators for the Group for the year to 30 April were as follows:

	2018	**2017**
Revenue	£3,080,000	£4,094,000
Profit before taxation	£274,000	£738,000
Profit for the year	£209,000	£579,000
Basic earnings per share	2.27p	6.29p

The results for the year were disappointing and did not meet management expectations. Whilst the Company continued to receive good recurring revenue, it was not able to match the strong performance of the previous couple of years which benefited from increased transactional revenue on property sales and ratings appeals, and significant fees and profits earned on the sale of a SHIPS property.

Cash generated by operations in the year amounted to £275,000 (2017: £364,000) and after investing activities and dividend payments the cash balance decreased by £105,000 to £2,628,000. The Group continued to look for opportunities to participate in the Syndicated Property Investments ('SHIPS') and will make investments when suitable opportunities arise.

The Chairman's Statement contains a review of the Group's performance, financial results, future development and prospects and is incorporated into this Strategic Report by reference.

Principal Risks and Uncertainties

The Directors have identified below a number of risks which they believe may affect the Group's ability to deliver its strategic goals. This list does not purport to be an exhaustive summary of the risks affecting the Group, is given in no particular order of priority and contains risks considered to be outside the control of the Directors.

(i) Economic Risk

The main economic risks that would affect the Group's performance are a major slowdown in the UK economy and a slump in UK commercial property values. The decision to leave the EU has had a destabilising effect on the market and increased economic risk for the Group. The Group has, where possible, implemented actions to mitigate some of the effects of these risks. This includes providing a comprehensive range of services, some being less influenced by economic factors than others.

(ii) Management of Growth

The ability of the Group to implement its strategy requires effective planning and management control systems. The speed at which the business develops may place significant strain on the Group's management, operational, financial and personnel resources. Failure to expand and improve operational, financial and management information and quality control systems in line with the Group's own growth could have a detrimental impact on the trading performance of the Group. In mitigation the Group has an experienced management team and a clear strategy for the integration and management of the expected business growth.

(iii) Attraction and Retention of Key Employees

The Group will depend on the continued service and performance of the Executive Directors and key employees and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed. The loss of the services of Executive Directors or other key employees could damage the Group's business. Equally the ability to attract new employees and senior executives with the appropriate expertise and skills cannot be guaranteed. The Group may experience difficulties in hiring appropriate employees and failure to do so may have a detrimental effect upon the trading performance of the Group.

(iv) Financial Risk Management

Details of the Group's approach to financial risk management are disclosed in detail in note 23 to the financial statements.

(v) Forward-Looking Statements

This annual report contains forward-looking statements on Fletcher King Plc's future financial performance, results from operations, and goals and strategy. By definition, forward-looking statements carry risk and uncertainty because they refer to events in the future and depend on circumstances that cannot be foreseen in advance. Numerous factors can contribute to material deviation from results and developments indicated in forward-looking statements. Such factors can include general economic circumstances, scarcity on the labour market and the ensuing demand for personnel, changes in labour legislation, personnel costs, future interest rates, changes in tax rates, and future corporate mergers, acquisitions and divestments. Undue reliance should not be placed on these forward-looking statements. They are made at the time of publication of the annual financial statements of the Group and in no way provide guarantees for future performance. All operating and business environments are subject to risk and uncertainty. For this reason, no assurances can be offered that the forward-looking statements published here will prove correct at a future date, and the Company assumes no duty to update any such forward-looking statements.

Approved by the board of Directors
and signed on behalf of the board

David Fletcher
21 August 2018

The Directors present their report and accounts for the year ended 30 April 2018.

General information

Fletcher King Plc is a public limited company which is listed on the AIM market of the London Stock Exchange and is incorporated and domiciled in the UK. The Company's registration number is 02014432.

Results and dividend

The consolidated statement of comprehensive income is set out on page 14. The profit for the year after taxation is £209,000 (2017: £579,000). The Directors recommend the payment of an ordinary final dividend of 0.75p per share (2017: 3.00p). An interim dividend of 1.00p per share (2017: 1.00p per share) has already been paid to shareholders.

Income from the Group's available-for-sale investments and net bank interest amounted to £2,000 (2017: £21,000).

The effective taxation charge was 23.7% (2017: 21.5%).

Future developments

The new financial year has started with a good pipeline of potential sales transactions and it is also hoped that at least one of the current SHIPS properties will be let and sold during the year. The uncertainties surrounding Brexit are adversly impacting our market and the Group's performance. This is likely to continue for some time to come.

Capital and equity interests

Basic earnings per share from continuing operations amounted to 2.27p (2017: 6.29p).

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 2018 was 9.2 million (2017: 9.2 million).

Cash flow and liquidity

Net cash inflow from operating activities amounted to £275,000 (2017: £364,000) which, after allowing for cash flows including dividends and capital expenditure, resulted in a net decrease in cash balances of £105,000 (2017: decrease of £113,000).

At 30 April 2018, the Group's cash at bank and on short term deposit amounted to £2.63 million (2017: £2.73 million). This was deposited with leading banks.

Risk identification and management

The identification, c ontrol a nd m onitoring o f r isks f acing t he b usiness r emain a management priority.

Financial risk management

The Group manages its treasury operations in accordance with policies and procedures approved by the Board. Information about the Group's policies on 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 23 to the accounts.

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
D H Stewart	Non Executive Director
PJ Andrews	Executive Director

R E G Goode and R A Dickman 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.

R E G Goode FRICS, is Managing Director and has been jointly responsible for running the Company since 2000. Previously he worked in the property investment department of DTZ and Hillier Parker. He is involved in fund and asset management for a number of major institutional and in-house clients.

R A Dickman BSc (Hons) Est Man FRICS, is a Chartered Surveyor, and has been a Director of Fletcher King since May 1992. He has been in charge of the Valuation and Rating department since that date.

Directors' Remuneration

	Salary	Benefits	Bonus	2018	2017
	£000	£000	£000	£000	£000
DJR Fletcher	100	27	75	202	365
REG Goode	100	23	75	198	361
DH Stewart	15	-	4	19	21
R A Dickman	100	16	15	131	189
P J Andrews	100	11	40	151	160
	415	77	209	701	1096

R A Dickman and P J Andrews received additional pension entitlements of £419 each in the year (2017: £279).

D J R Fletcher, R E G Goode, R A Dickman and P J Andrews were granted 100,000 share options each in October 2016 under an EMI share option scheme at an exercise price of 48.5p. The options can be exercised between October 2021 and October 2026. These Directors held 100,000 share options each as at 30 April 2018 and 30 April 2017.

Directors' Indemnity Insurance

As permitted by Section 233 of the Companies Act 2006, the Company has purchased insurance cover on behalf of the Directors indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

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 551 and 570 of the Companies Act 2006. Therefore it is proposed to extend the Section 551 authority given at the last Annual General Meeting on 27 September 2017 for a further year in respect of ordinary 10p shares up to a maximum of 2,762,934 shares (£276,293.40). Apart from possible issues under Employee Share Option Schemes 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 2019. The intention of the Board is to seek to renew the authority at future Annual General Meetings.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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; and
- 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for ensuring that they meet their responsibilities under the AIM rules.

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 auditor

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 Group and Company's auditor was 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 Group and Company's auditor was aware of that information.

Auditor

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

This report was approved by the Board on 21 August 2018.

P E Bailey
Company Secretary
Registered Number: 02014432

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLETCHER KING PLC

Opinion

We have audited the financial statements of Fletcher King plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2018 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of cash flows, the Company statement of cash flows, the Consolidated Statement of changes in equity, the Company statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

1) Valuation of available for sale investments - Group

Description of risk

The valuation of the Group's available-for-sale investments in the Stratton House Investment Property Syndicates ('SHIPS') is inherently subjective due to, among other factors, determining the value of the underlying property within the SHIPS accounts (due to the individual nature of each property, its location and the expected future rentals for that particular property), in order to estimate the fair value of the Group's available-for-sale investment in the SHIPS. As a result there is a risk that the carrying value of the available-for-sale investments may be materially different to their fair value.

Each of the SHIPS obtained a valuation for the property it held as at 30 April 2018. This was carried out by Fletcher King Services Limited ('FKS'), Chartered Surveyors, a subsidiary of the parent company.

In determining the fair value of each available-for-sale investment, the FKS valuation of each underlying property is reviewed and challenged by the Group's Executive Committee and Audit Committee. The Committees also consider property-specific information such as the property attributes and conditions, current lease agreements and rental income. They apply assumptions for tenure, letting, taxation and condition and repair of the property and sites, which are influenced by comparable market transactions, to arrive at the final valuation for the Group's share of the SHIPS available-for-sale investment.

The Group's accounting policy for available-for-sale investments is included within note 3.
Details of the Group's valuation methodology and resulting valuation can be found in note 13.

How the matter was addressed in the audit

As part of our procedures we read the valuation reports for all the properties to understand the valuation approach. We carried out procedures to verify the Group's share of the SHIPS. We carried out procedures to satisfy ourselves of the reasonableness of the inputs used by the group in their valuations via the corroboration to external market data and sensitivity analysis on certain key metrics and assumptions used by management.

2) Revenue recognition – Group

Description of risk

Revenue growth is a key performance indicator of the Group. Revenue and profit based targets and expectations may place pressure on management to distort revenue recognition. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations.

How the matter was addressed in the audit

In testing revenue recognition we documented and walked through the controls over revenue recognition for the different services provided by the Group. We have performed detailed substantive testing of a sample of revenue transactions, including agreement to sales invoice and subsequent client payment to ensure that revenue had been recognised in the correct financial year and in accordance with the Groups accounting policies and accounting standards.

Materiality

The materiality for the Group financial statements as a whole was set at £61,500. This has been determined with reference to the benchmark of the Group's total revenue, which we consider to be one of the principal considerations for members of the Parent Company in assessing the performance of the Group. Materiality represents 2% of the total revenue as presented on the face of the Consolidated Statement of Comprehensive Income.

The materiality for the Parent Company financial statements as a whole was set at £49,000. This has been determined with reference to the benchmark of the Parent Company's net assets, as the Parent Company exists only as a holding company for the Group, capped at the performance materiality of the Group financial statements. Parent Company materiality represents 80% of Group financial statement materiality.

An overview of the scope of our audit

Of the Group's three reporting components, we subjected all components to audits for Group reporting purposes.

The components within the scope of our work covered 100% of Group revenue, Group profit before tax and Group net assets. The Group audit team visited one location in the UK covering the three components that we subjected to audit.

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jacqueline Oakes
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY
24 August 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 April 2018

Notes		2018	2017
		£000	£000
4	**Revenue**	**3,080**	4,094
6	Employee benefits expense	**(1,609)**	(2,129)
11	Depreciation expense	**(18)**	(34)
	Other operating expenses	**(1,181)**	(1,214)
5	**Operating profit**	**272**	717
	Income from investments	**-**	12
7	Finance income	**2**	9
	Profit before taxation	**274**	738
8	**Taxation**	**(65)**	(159)
	Profit and total comprehensive income for the year attributable to equity shareholders	**209**	579
10	**Basic earnings per share**	**2.27p**	6.29p
10	**Diluted earnings per share**	**2.25p**	6.29p

The notes on pages 20 to 39 form part of the financial statements.

as at 30 April 2018

Notes		2018	2017
		£000	£000
	Assets		
	Non-current assets		
11	Property, plant and equipment	**12**	16
13	Available-for-sale investments	**1,588**	1,588
18	Deferred tax assets	**16**	16
		1,616	1,620
	Current assets		
14	Trade and other receivables	**917**	1,495
15	Cash and cash equivalents	**2,628**	2,733
		3,545	4,228
	Total assets	**5,161**	5,848
	Liabilities		
	Current liabilities		
16	Trade and other payables	**485**	568
	Current taxation liabilities	**43**	97
17	Other payables	**492**	883
		1,020	1,548
	Total liabilities	**1,020**	1,548
	Shareholders' equity		
19	Share capital	**921**	921
	Share premium	**140**	140
	Retained earnings	**3,080**	3,239
	Total shareholders' equity	**4,141**	4,300
	Total equity and liabilities	**5,161**	5,848

Approved by the Board on 21 August 2018 and signed on its behalf by

David Fletcher
Chairman
Registered Number: 02014432 England and Wales

The notes on pages 20 to 39 form part of the financial statements.

as at 30 April 2018

Notes		2018	2017
		£000	£000
	Assets		
	Non-current assets		
12	Investments in group undertakings	**50**	105
	Current assets		
14	Trade and other receivables	**310**	384
15	Cash and cash equivalents	**821**	889
		1,131	1,273
	Total assets	**1,181**	1,378
	Liabilities		
	Current liabilities		
16	Trade and other payables	**10**	18
17	Other payables	**15**	14
		25	32
	Total liabilities	**25**	32
	Shareholders' equity		
19	Share capital	**921**	921
	Share premium	**140**	140
	Retained earnings	**95**	285
	Total shareholders' equity	**1,156**	1,346
	Total equity and liabilities	**1,181**	1,378

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 Statement of Comprehensive Income. The profit after taxation of the Company for the year was £178,000 (2017: £47,000).

Approved by the Board on 21 August 2018 and signed on its behalf by

David Fletcher
Chairman
Registered Number: 02014432 England and Wales

The notes on pages 20 to 39 form part of the financial statements.

for the year ended 30 April 2018

	2018	2017
	£000	£000
Cash flows from operating activities		
Profit before taxation from continuing operations	274	738
Adjustments for:		
Depreciation expense	18	34
Income from investments	-	(12)
Finance income	(2)	(9)
Cash flows from operating activities before movement in working capital	290	751
Decrease / (increase) in trade and other receivables	578	(624)
(Decrease) / increase in trade and other payables	(474)	579
Cash generated from operations	394	706
Taxation paid	(119)	(342)
Net cash flows from operating activities	275	364
Cash flows from investing activities		
Purchase of investments	-	(314)
Purchase of fixed assets	(14)	-
Finance income	2	9
Income from investments	-	12
Net cash flows from investing activities	(12)	(293)
Cash flows from financing activities		
Dividends paid to shareholders	(368)	(184)
Net cash flows from financing activities	(368)	(184)
Net decrease in cash and cash equivalents	(105)	(113)
Cash and cash equivalents at start of year	2,733	2,846
Cash and cash equivalents at end of year (note 15)	2,628	2,733

The notes on pages 20 to 39 form part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 April 2018

	2018	2017
	£000	£000
Cash flows from operating activities		
Profit before taxation	**178**	47
Adjustments for:		
Adjustment of investment	**55**	-
Finance income	**(2)**	(4)
Dividends received from subsidiary undertakings	**(368)**	(184)
Cash flows from operating activities before movement in working capital	**(137)**	(141)
Decrease in trade and other receivables	**74**	66
(Decrease) / increase in trade and other payables	**(7)**	18
Cash absorbed by operations	**(70)**	(57)
Cash flows from investing activities		
Dividends received from subsidiary undertakings	**368**	184
Finance income	**2**	4
Net cash flows from investing activities	**370**	188
Cash flows from financing activities		
Dividends paid to shareholders	**(368)**	(184)
Net cash flows from financing activities	**(368)**	(184)
Net decrease in cash and cash equivalents	**(68)**	(53)
Cash and cash equivalents at start of year	**889**	942
Cash and cash equivalents at end of year (note 15)	**821**	889

The notes on pages 20 to 39 form part of the financial statements.

CONSOLIDATED	Share capital £000	Share premium £000	Retained earnings £000	TOTAL EQUITY £000
Balance at 1 May 2016	921	140	2,844	3,905
Total comprehensive income for the year	-	-	579	579
Equity dividends paid	-	-	(184)	(184)
Balance at 30 April 2017	921	140	3,239	4,300
Total comprehensive income for the year	-	-	209	209
Equity dividends paid	-	-	(368)	(368)
Balance at 30 April 2018	921	140	3,080	4,141

COMPANY	Share capital £000	Share premium £000	Retained earnings £000	TOTAL EQUITY £000
Balance at 1 May 2016	921	140	422	1,483
Total comprehensive income for the year	-	-	47	47
Equity dividends paid	-	-	(184)	(184)
Balance at 30 April 2016	921	140	285	1,346
Total comprehensive income for the year	-	-	178	178
Equity dividends paid	-	-	(368)	(368)
Balance at 30 April 2017	921	140	95	1,156

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 investment broking throughout the United Kingdom. The Company is a public limited company incorporated and domiciled in England and Wales and listed on the AIM Market of The London Stock Exchange. 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 21 August 2018. 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 and under the historical cost convention.

New and amended standards and interpretations

At the date of authorisation of these financial statements, the following new and amended standards and interpretations are relevant to the Group. They are mandatory for accounting periods beginning on or after 1 January 2018 and have not been early adopted:

IFRS 15 "Revenue from contracts with customers" – the standard establishes a principles based approach for revenue recognition and is based on recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred. The implementation of IFRS 15 may result in some refinement in the timing of recognition of certain fee income, however the impact of any refinement is not likely to be material.

IFRS 9 "Financial instruments" – this standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The application of IFRS 9 will not have a material impact on the amounts reported in the Group's consolidated financial statements.

IFRS 16 "Leases" – the standard addresses the classification, measurement and recognition of leases with the objective of ensuring the lessees and lessors provide relevant information that faithfully represents those transactions. The standard is expected to have a significant impact on the consolidated financial statements of the Group. On adoption, lease agreements will give rise to both a right of use asset and a lease liability for future lease payables. Depreciation of the right of use will be recognised in the statement of comprehensive income on a straight-line basis, with interest recognised on the lease liability. This will result in a change to the profile of the net charge taken to the statement of comprehensive income over the life of the lease. These charges will replace the lease costs currently charged to the statement of comprehensive income. The Group continues to assess the full impact of IFRS 16 and the impact will greatly depend on the facts and circumstances at the time of adoption and upon transition choices adopted. It is therefore not yet practicable to provide a reliable estimate of the financial impact on the Group's consolidated results.

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 Company 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 Company controls another entity. Subsidiary entities are consolidated from the date on which control is transferred to the Company 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.

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:-

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 statement of comprehensive income during the financial period in which they are incurred.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 Statement of Comprehensive Income.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 “Operating Segments”. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee.

Financial instruments

Financial assets and liabilities are recognised on the Group’s statement of financial position 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 reporting date all these investments were classified as available-for-sale. Available-for-sale investments are initially recognised at the fair value of the consideration given, including associated acquisition costs, which may equate to cost. On subsequent measurement, available-for-sale investments are measured at either fair value or at cost where fair value is not reliably measurable. Changes in fair value are recognised in Other Comprehensive Income, 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 reclassified to Profit or Loss.

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting 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 Statement of Comprehensive Income.

All financial assets are reviewed annually for impairment, with any losses reflected in the statement of comprehensive income. Investment income is recognised in the Statement of Comprehensive Income.

(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 six 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.

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 reporting 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 Statement of Comprehensive Income, unless they relate to items recognised 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 reporting date.

Revenue recognition

Revenue comprises commissions and fees receivable excluding value added tax and is measured at fair value. Fees on property transactions and other contingent fee arrangements are recognised as earned on the unconditional completion of a contract or when a fee is contractually due. Fees for other professional services are recognised on completion of the assignment.

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, costs and losses on impairment of available-for-sale investments and taxation.

Employee benefits

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.

Operating Leases
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. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis over the lease term.

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.

(i) 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 at each reporting date. The Directors have made provisions for impairment where there is objective evidence that fair value is less than cost.

(ii) 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.

There have not been any provisions for impairment of available-for-sale investments or trade receivables in the year.

4. Segment Information – Group
All revenue was generated in the UK.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance. In accordance with IFRS 8 the chief operating decision maker has been identified as the Executive Committee. They review the Group's internal reporting in order to assess performance and allocate resources. The Executive Committee considers that the business comprises a single activity being General Services as resources are not allocated between the individual General Services and therefore these do not meet the definition of an operating segment in IFRS 8. Therefore, the Group is organised into one operating segment and there is one reporting segment. The segment information is the same as that set out in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

5. Operating profit

Operating profit is stated after charging / (crediting):

Year ended 30 April	**2018**	2017
	£000	£000
Operating lease rentals relating to property	**295**	287
Depreciation	**18**	34
Rental income	**(61)**	(28)
Fees payable to the Company's auditor for the audit of the Company's consolidated annual financial statements	**10**	6
Fees payable to the Company's auditor and its associates for other services:		
- the audit of the Company's subsidiaries	**23**	19
- other assurance services	**4**	4
- tax compliance services	**9**	9

6. Employee benefits expense

	Group	Group	**Company**	Company
Year ended 30 April	**2018**	2017	**2018**	2017
	£000	£000	**£000**	£000
Basic wages and salaries	**1,053**	1,179	**75**	75
Performance-based payments	**315**	656	**-**	-
	1,368	1,835	**75**	75
Social security costs	**175**	237	**10**	10
Pension Costs	**5**	4	**-**	-
Other costs	**61**	53	**-**	-
	1,609	2,129	**85**	85

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

Year ended 30 April	**Group 2018 No**	Group 2017 No	**Company 2018 No**	Company 2017 No
Management	**4**	4	**4**	4
Professional	**6**	7	**-**	-
Administration	**6**	7	**-**	-
	16	18	**4**	4

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:

Directors' emoluments

	2018 £000	2017 £000
Salaries and benefits	**492**	479
Performance-related bonuses	**209**	617
	701	1,096

Two executive directors received pension entitlement in the year of £419 each (2017: £279).

Highest paid director

	2018 £000	2017 £000
Basic pay	**100**	100
Benefits	**27**	26
Performance related bonus	**75**	239
	202	365

Key management compensation

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

	2018	2017
	£000	£000
Short term employee benefits	798	1,247

In accordance with AIM Rule 19, information of individual director's remuneration has been disclosed in the Directors' Report.

7. Finance income

Year ended 30 April	2018	2017
	£000	£000
Finance income		
Bank interest receivable	2	9

8. Taxation

Year ended 30 April	2018	2017
	£000	£000
Current tax		
UK corporation tax – current year	66	161
UK corporation tax – prior years	(1)	(4)
	65	157
Deferred tax		
UK deferred tax – current year	-	2
	-	2
Total tax charged for the year	65	159

The effective rate of UK corporation tax is calculated as the standard rate of UK corporation tax of 19%. 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 as follows:

Year ended 30 April	**2018**	2017
	£000	£000
Profit before taxation	**274**	738
Tax on Group profit at UK corporation tax rate of 19% (2017: 19.9%)	**52**	147
Deferred tax assets not recognised	**-**	2
Expenses not deductible for tax purposes	**9**	8
Prior year adjustment	**(1)**	(4)
Other adjustments	**5**	6
Group total tax charge for the year	**65**	159

The main rate of UK corporation tax is 19% with effect from April 2017 and will be reduced to 17% from 1 April 2020, which was substantively enacted by the Finance Act 2016.

9. Dividends

Year ended 30 April	**2018**	2017
	£000	£000
Equity dividends on ordinary shares:		
Declared and paid during year		
Ordinary final dividend for the year ended 30 April 2017: 3.00p per share (2016: 1.00p)	**276**	92
Interim dividend for the year ended 30 April 2018: 1.00p per share (2017: 1.00p)	**92**	92
	368	184
Proposed ordinary final dividend for the year ended 30 April 2018: 0.75p per share	**69**	

10. Earnings per share

	2018	2017
	No	No
Weighted average number of shares for basic earnings per share	**9,209,779**	9,209,779
Share options	**58,907**	-
Weighted average number of shares for diluted earnings per share	**9,268,686**	9,209,779
	£000	£000
Earnings for basic and diluted earnings per share	**209**	579
Basic earnings per share	**2.27p**	6.29p
Diluted earnings per share	**2.25p**	6.29p

As disclosed in note 19 the share options were granted in October 2016. No share options have been granted in 2018. As at 30 April 2018 the share options have a dilutive impact on earnings per share. As at 30 April 2017 the share options were antidilutive and as a result were not included within the weighted average number of shares for the diluted earnings per share calculations for 2017.

11. Property, plant and equipment - Group

	Furniture, fittings and computers	Short leasehold premium and improvements	Total
	£000	£000	£000
Cost			
At 1 May 2017	181	276	457
Additions	-	14	14
As at 30 April 2018	181	290	471
Depreciation			
At 1 May 2017	175	266	441
Charge for the year	6	12	18
At 30 April 2018	181	278	459
Net book value at 30 April 2018	**-**	**12**	**12**
Cost			
At 1 May 2016 and at 30 April 2017	181	276	457
Depreciation			
At 1 May 2016	168	239	407
Charge for the year	7	27	34
At 30 April 2017	175	266	441
Net book value at 30 April 2017	**6**	**10**	**16**

12. Investments in Group undertakings - Company

Year ended 30 April	**2018**	2017
	£000	£000
Shares in Group undertakings at cost:		
At 1 May	**105**	105
Adjustment in respect of prior periods	**(55)**	-
At 30 April	**50**	105

The adjustment in respect of prior periods relates to the write down of an investment no longer held. The adjustment has been made in 2018 rather than as a prior year restatement as it was immaterial to the financial statements in the prior year.

As at 30 April 2018, 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 out and Fletcher King Investment Management Plc, the Group's FCA-regulated investment services company.

Fletcher King Services Ltd also own 100% of the ordinary share capital of the following dormant nominee companies in which the Company has no beneficial interest: Stratton One Limited, Stratton Two Limited, Stratton 9 Limited, Stratton 10 Limited, Stratton 11 Limited and Stratton 12 Limited.

The registered office of all the above named companies is 61 Conduit Street, London, W1S 2GB.

13. Available-for-sale investments – Group

Year ended 30 April	**2018**	2017
	£000	£000
At 1 May	**1,588**	1,274
Additions	**-**	314
Disposals	**-**	-
At 30 April	**1,588**	1,588
Classified as:		
Available-for-sale investments	**1,588**	1,588
UK unlisted investments classified as available-for-sale	**1,588**	1,588

An amount of £973,000 (2017: £973,000) represents a syndicate interest in the Stratton House Investment Property Syndicate (SHIPS 15). This investment is stated at fair value, which is equal to the cost of the investment based on the underlying value of the Syndicate's assets.

An amount of £615,000 (2017: £615,000) represents a syndicate interest in the Stratton House Investment Property Syndicate (SHIPS 16). This investment is stated at fair value, which is equal to the cost of the investment based on the underlying value of the Syndicate's assets.

Available-for-sale investments are property assets that are undergoing refurbishment and are stated at fair value as determined by professional valuers at Fletcher King Services Limited. Valuations are reviewed and challenged by the Group's Executive Committee and Audit Committee to verify that the fair value represents the amount at which the assets could be exchanged by a knowledgeable willing buyer and a knowledgeable willing seller in an arms-length transaction. Valuations are inherently subjective with uncertainty with regard to future yields and the amounts which may ultimately be realised in respect of any given property may differ from the valuations shown in the Statement of Financial Position. Under IFRS7 Financial instruments: Disclosures and IFRS13 Fair value measurements, UK unlisted equity investments are classified under the fair value hierarchy as Level 3.

14. Trade and other receivables

	Group	Group	**Company**	Company
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade receivables	**786**	1,425	**-**	-
Amount owed by group undertakings	**-**	-	**292**	368
Other receivables	**6**	8	**5**	4
Prepayments and accrued income	**125**	62	**13**	12
	917	1,495	**310**	384

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. The fair value of amounts owed by group undertakings approximate their book value.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not 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.

As at 30 April 2018, trade receivables of £nil were impaired (2017: £nil).

As at 30 April 2018, trade receivables of £361,000 (2017: £764,000) were past due, but not impaired. In the opinion of the Directors the Group is not exposed to any one material credit risk and all trade receivables are assessed by the Group to be good quality. The ageing analysis of these trade receivables is as follows:

	Group	Group	**Company**	Company
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Up to 3 months past due	**348**	751	**-**	-
3 to 6 months past due	**13**	13	**-**	-
Over 6 months past due	**-**	-	**-**	-
	361	764	**-**	-

15. Cash and cash equivalents

	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Cash at bank and in hand	**2,628**	2,733	**821**	889
	2,628	2,733	**821**	889

Cash and cash equivalents are all denominated in Sterling. The effective interest rate on Group cash balances for the year ended 30 April 2018 was 0.08% (2017: 0.3%). There is no material difference between the fair value and book value of cash and cash equivalents.

16. Trade and other payables

	Group	Group	**Company**	Company
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade payables	**139**	166	**10**	18
Other taxation and social security	**346**	402	**-**	-
	485	568	**10**	18

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

17. Other creditors

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Bonus accruals	177	627	-	-
Other accruals and deferred income	315	256	15	14
	492	883	15	14

18. Deferred taxation (non-current) - Group

Year ended 30 April	2018	2017
	£000	£000
Deferred taxation asset:		
Temporary differences on provisions		
At 1 May	16	18
Movement during year	-	(2)
At 30 April	16	16

19. Share capital and other reserves

	30 April 2018 Number	30 April 2017 Number	30 April 2018 £000	30 April 2017 £000
Ordinary shares of 10p each:				
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.

Details of movements in other reserves are set out in the Statement of Changes in Equity. A description of each reserve is set out below.

The Share Premium reserve records the amount above the nominal value received for shares sold, less transaction costs.

Retained earnings are the accumulated, undistributed profits of the Group or Company that have been recognised through the Statement of Comprehensive Income.A total of 600,000 share options were granted under the HMRC Enterprise Management Incentive Scheme in October 2016. These share options have an exercise price of 48.5p and are exercisable between October 2021 and October 2026, being conditional on a 20% increase in the share price of the Company. The Company had 600,000 share options outstanding at 30 April 2018 (2017: £600,000), including those noted in Directors' Remuneration in the Directors' Report. Upon exercise of these share options, the ordinary shares will rank pari possu with the existing Ordinary Shares.

The fair value of the 600,000 share options as at the grant date was £29,000 (2017: £29,000). The fair value was calculated using the Block-Scholes model with the following key assumptions: (i) volatility of 25% based on monthly historical volatility rates; (ii) risk free rate of 1%; (iii) dividend yield of 5%; (iv) life of 5 years; and (v) share price at date of grant of 48.5p. The Company has not recognised a charge for the year (2017: £nil) due to it being immaterial.

20. Capital Commitments

As at 30 April 2018 and 30 April 2017 neither the Group nor the Company had any capital commitments.

21. Operating lease commitments and contingent liabilities

As at 30 April 2018 and 30 April 2017, neither the Group nor the Company had any contingent liabilities.

As at 30 April 2018 and at 30 April 2017, the Group had outstanding commitments under non-cancellable leases which fall due as follows:

Property leases	**2018**	2017
	£000	£000
Within one year	**314**	236
In two to five years	**944**	1,258
	1,258	1,494

Property leases relate to office premises occupied by the Group.

22. Related party transactions

Transactions between the Company and its subsidiaries are in the normal course of business. Such transactions are eliminated on consolidation. 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 notes to the accounts. During the year, the Company had funding transactions with subsidiaries amounting to £76,000 (2017: £76,000)

Group companies hold investments in a number of property funds (see note 13) in which Group companies also act as fund manager. During the year, Group companies received fees and were owed amounts as follows:-

	Fees		Amount Due	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
SHIPS 04 Fund	**86**	82	**13**	48
SHIPS 15 Fund	**40**	36	**17**	10
SHIPS 16 Fund	**68**	58	**68**	14

All transactions were made in the ordinary course of business.

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

23. Financial instruments

The Group's and the Company's financial instruments comprise 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 capital gains and 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, and liquidity 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
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade receivables	**786**	1,425	**-**	-
Amount owed by group undertakings	**-**	-	**292**	368
Other receivables	**6**	8	**5**	4
Cash and cash equivalents	**2,628**	2,733	**821**	889
	3,420	4,166	**1,118**	1,261

Financial liabilities at amortised cost	**Group**	Group	**Company**	Company
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade payables	**139**	166	**10**	18
Bonus accruals	**177**	627	**-**	-
Other accruals	**315**	256	**15**	14
	631	1,049	**25**	32

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 leading banks.

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

	Group	Group	**Company**	Company
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade receivables	**786**	1,425	**-**	-
Cash and cash equivalents	**2,628**	2,733	**821**	889
Other receivables	**6**	8	**5**	4
	3,420	4,166	**826**	893

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 2018, if LIBOR had increased by 0.5% with all other variables held constant, post tax profit and equity for the Group would have been £13,000 (2017: £14,000) higher, and for the Company £5,000 (2017: £5,000) 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 £14,000 (2017: £14,000) lower, and for the Company £5,000 (2017: £5,000) lower.

The Group's cash and cash equivalents earned interest during the year at an average of 0.08% (2017: 0.3%), and the Company's cash and cash equivalents earned interest during the year at an average of 0.08% (2017: 0.3%).

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	Group	**Company**	Company
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Financial liabilities falling due:				
Within 1 month	**304**	229	**25**	32
From 2 to 3 months	**305**	820	**-**	-
	609	1,049	**25**	32

24. 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 19 September 2018 at 9.00am for the following purposes:

1. To receive and adopt the Directors' Reports and Accounts for the financial year ended 30 April 2018.

2. To declare a final dividend for the financial year ended 30 April 2018.

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

4. To re-elect R A Dickman 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.

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

6 ORDINARY RESOLUTION

That the Directors of the Company be and are hereby authorised generally and unconditionally for the purpose of Section 551 of the Companies Act 2006 (such authority to be in substitution for all previous authorities granted to the Directors for the purpose of the said Section 551 or Section 80 of the Companies Act 1985) to allot shares in the Company up to a maximum number of 2,762,934 of the unissued ordinary shares of 10p each of the Company with a nominal value of £276,293.40, 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.

7 SPECIAL RESOLUTION

That, subject to the passing of resolution 6, the Directors of the Company be and are hereby empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities (as defined in Section 560 of that Act) pursuant to the authority conferred by the immediately preceding resolution as if subsection (1) of Section 561 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 £184,195.58 (being 20% 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.

8 SPECIAL RESOLUTION

That the Company is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 693(4) of the Companies Act 2006) 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 2019 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
Fletcher King Plc
21 August 2018

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 to vote at the meeting instead of him or her. A member of the Company can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. 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 The Pavilions, Bridgwater Road, Bristol BS99 6ZY. The revocation notice must be received by the Company no less than 48 hours before the time appointed for the meeting. 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) In accordance with Regulation 41 of the Uncertificated Securities Reg 2001, only those members entered on the Company's register of members at 6.00pm on 17 September 2018 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.

(e) As at 30 April 2018, 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 2018 is 9,209,779.

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

(i) 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

(ii) 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.

(g) Except as provided above, members who have general queries about the meeting should contact the Company Secretary A member may not use any electronic address provided in this notice or in any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

For use at the Annual General Meeting of the Fletcher King Plc to be held at 9.00 am on 19 September 2018

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 19 September 2018 at 9.00 am and at any adjournment of the meeting.

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	Vote Withheld
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 Special Resolution 7			
To Adopt Special Resolution 8			

If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

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. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
2. In the case of a corporation, this form of proxy must be executed under the common seal or under the hand of an officer or duly authorised attorney. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other registered holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
3. To be effective this form of proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, must be deposited at the office of the Company's registrars at

   Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, 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. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.
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

Computershare Investor Services Plc
The Pavilions
Bridgewater Road
Bristol
BS99 6ZY

First fold

Second fold