Fletcher King Plc

Annual Report and Accounts 2019

DIRECTORS AND ADVISERS

Directors
D J R Fletcher FRICS *Chairman*
R E G Goode FRICS *Managing Director*
R A Dickman FRICS *Executive Director*
P J Andrews MRICS *Executive Director*
D H Stewart *Non Executive*

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

Financial Advisers and Stockbrokers
Cairn Financial Advisers LLP
62 - 63 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
D H Stewart *Chairman*
D J R Fletcher

Remuneration Committee
D H Stewart, *Chairman*
D J R Fletcher

AIM Committee
D H Stewart, *Chairman*
D J R Fletcher

Company Number
02014432

Certificate Nº **FS27825**

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HIGHLIGHTS

- Revenue for the year of **£3,053,000** (2018: £3,080,000)
- Profit before tax of **£282,000** (2018: £274,000)
- Profit after tax for the year of **£230,000** (2018: £209,000)
- Basic earnings per share of **2.50p** (2018: 2.27p)
- Final dividend of **0.75p** per share proposed. 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 (2018: 1.75p)

FINANCIAL CALENDAR

Annual General Meeting
18 September 2019

Final Dividend
Payable 4 October 2019

Interim Dividend
To be announced in December 2019
Payable in January 2020

Results

Revenue for this year was £3,053,000 (2018: £3,080,000). Profit before tax was £282,000 (2018: £274,000).

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 4 October 2019 to shareholders on the register at close of business on 6 September 2019. With the interim dividend of 1.00p per share (2018: 1.00p) the dividend for this year will amount to 1.75p per share (2018: 1.75p per share).

The Commercial Property Market

The unprecedented political and Brexit uncertainties continue to severely impact lettings and sales in the UK commercial property market.

As the next Brexit deadline approaches, both investors and occupiers are likely to become increasingly cautious until this momentous issue is finally resolved.

However, there continues to be some reasonable traction in London and the major cities and it is clear that there are substantial funds available for investment once the future becomes more certain.

Generally, activity in the capital markets has slowed and prices have softened over the last 6 months.

The industrial market continues to be the best performing sector, followed by city centre offices. Retail continues to suffer with no end in sight to the rise in online sales, causing rental values to slide further and a corresponding fall in capital values.

Business Overview

Performance turned out very much in line with management expectations, and indeed in line with the previous year, and was achieved during challenging market conditions.

We transacted a good volume of investment property sales although towards the end of the period market prices were generally lower.

Property Management, Rating and Valuations all performed well although the Valuation Office continued to delay settlement of rating appeals which makes income forecasting difficult for that part of our business.

The Stratton House Investment Property Syndicates ("SHIPS"), in which we have an investment and are managers, have enjoyed some success in leasing up vacant space.

Two further floors in the Clerkenwell building were let earlier this calendar year and the last two vacant floors were let in July 2019.

The City building likewise achieved lettings of three floors during the financial year and a further floor was let in July 2019. Two floors remain to be let.

Outlook

Forecasting the future is more difficult than ever for the reasons outlined above. We have some good investment sales instructions but fewer than the same time last year.

Property management is hoping to secure further mandates and it will continue to provide a steady and secure income flow.

Rating income is entirely driven by the Valuation Office's willingness to engage in negotiations on the many challenges we have in the pipeline.

Currently the banks continue to lend and we anticipate a steady flow of valuation instructions.

As a result of the uncertainties I have outlined above, it is impossible to accurately predict the outcome for the coming year as it becomes increasingly difficult to maintain profitability.

We manage the business conservatively and in such times a strong balance sheet, with liquidity and no debt, is of immense importance to our relationship with our clients and also in the recruitment and retention of our valuable staff. It also secures our ability to continue our unbroken record of dividend payment.

As always thanks must go to our loyal clients and hardworking colleagues.

DAVID FLETCHER
CHAIRMAN
30 July 2019

All members of the Board believe strongly in the value and importance of good corporate governance and in our accountability to all stakeholders including shareholders, clients and employees. In order to meet the requirements of AIM Rule 26 we have chosen to follow the QCA Corporate Governance Code 2018.

As Chairman, I lead the Board and take ultimate responsibility for ensuring that there is absolute clarity in our strategy and our quantitative and qualitative objectives and the collective and individual responsibilities of the Directors.

Importantly my responsibilities include ensuring that the company maintains its strong values of delivery, integrity, trust, client service and good corporate governance and in so doing deliver value for shareholders over the medium to long term.

In the following statement we give a summary of how our Board and its committees operate and how we are applying the ten principles of the QCA Code.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

The Group provides a range of property services and expert advice throughout the United Kingdom, including property fund management, property asset management, rating, valuations and investment broking. We seek to always be a company that values clarity, consistency, delivery and integrity.

Although we face significant competition in all of our activities, we believe that by delivering outstanding services managed or overseen personally by experienced Directors and staff who are readily available to clients and by doing so in a flexible and non-hierarchical manner we will continue to maintain existing client relationships and attract new clients who like our personal and non-standardised approach.

The Group's Key Performance indicators and Principal Risks and Uncertainties are set out in the Strategic Report of the Annual Report and Accounts on pages 12 to 13.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board attaches great importance to providing shareholders with clear and transparent information on the Company's strategy, activities and financial position. Details of all shareholder communications are provided on the Company website. Our strategy and approach have remained consistent over many years. The Board seeks to present a fair and balanced assessment of the Company's financial position and prospects in its Annual and Interim Reports. Comments from shareholders on the quality and content of the reports and areas for improvement are always welcomed.

The Annual General Meeting ("AGM") provides a forum for discussion between the Board and Shareholders. Outside of AGMs, the Chairman is available by arrangement for discussions with Shareholders. The Company's Senior Independent director, David Stewart, is also available for meetings and discussions and the Company Secretary can also be contacted on shareholder and investor relations issues and matters of governance.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board's communication with shareholders and how it seeks their feedback is explained under Principle 2 above.

The majority of the Company's clients have been engaged for many years and some since inception. A close partnering relationship is developed with clients where we can fully understand their thoughts and the strategy they have for their business and property portfolios. Our business objective is to ensure that our client's assets perform to agreed criteria which are clear, unequivocal and understandable.

Our philosophy is to deliver a highly personal service with directors involved at all stages. Continuity of personnel is paramount.

The Company operates to Quality Assurance ("QA") standards and holds ISO9001:2015 certification. The QA process includes annual external audit of internal processes and includes feedback from clients. Feedback from clients has been consistently positive.

Our ability to fulfil client services and develop strong client relationships depends on having talented and motivated staff who enjoy working for the company. Over 60% of employees have been with the Company for 8 years or more. Annual reviews and regular two-way communication with staff provide opportunities for feedback leading to enhancement of management practices and staff incentives.

As a Company we are always cognisant of our social responsibilities and wish to be and be seen to be a good employer, a reputable company and a responsible member of Society.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Company's key risks and uncertainties are set out in the Strategic Report on pages 12 to 13 and the main risks arising from the Company's financial instruments and how these are managed by the Board are set out in Note 23 to the Financial Statements.

The Company reviews Principal Risks and Uncertainties on an ongoing basis and maintains a Risk Register which is reviewed at least annually by the Board.

The Board is very focussed on financial and operational risks, including the importance of protecting client money, data security and protecting the company against cyber fraud.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The members of the Board have a collective responsibility and legal obligation to promote the interests of the Group, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chair of the Board.

The Board consists of five Directors of which four are Executive Directors and one an Independent Non-Executive Director. As the company grows the Board will consider adding an additional independent Non-Executive Director. However, for now the Board considers its composition appropriate given the size of the Company, its revenues and profitability.

The Board is supported by two committees: audit and remuneration. The Board does not consider that it is of a size at present to require a separate nominations committee, and all members of the Board are involved in the appointment of new Directors.

Director biographies for the current Directors are shown in the Investor Relations section of the Company website.

The Board sets the Company's strategic aims and ensures that necessary resources are in place in order for the Company to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company.

Whilst the Board has delegated the normal operational management of the Company to the Executive Directors and other senior management, there are detailed specific matters subject to decision by the Board of Directors. These include acquisitions and disposals, and investments and projects of a capital nature. The Non-Executive Director has a particular responsibility to challenge constructively the strategy proposed by the Chairman and Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and that succession planning arrangements are in place in relation to Executive Directors and other senior members of the management team. The Chairman holds informal meetings with the Non-executive Director without other Executives present. The senior Executives enjoy open access to the Non-executive Director with or without the Chairman being present.

The Board of Directors meets at least four times a year to review the performance of the Group. There are clearly defined lines of responsibility and delegation of authority from the Board to the Executive Committee, which meets on a monthly basis to review and make decisions on business, financial and operational matters of the subsidiary companies.

The Chairman is responsible for ensuring that, to inform decision-making, Directors receive accurate, sufficient and timely information. The Company Secretary compiles the board and Committee papers which are circulated to Directors prior to meetings.

Controls and systems

The Board is responsible for ensuring that a sound system of internal control exists to safeguard shareholders' interests and the Group's assets. It is responsible for the regular review of the effectiveness of the systems of internal control. Internal controls are designed to manage rather than eliminate risk and therefore even the most effective system cannot provide assurance that each and every risk, present and future, has been addressed.

Independence of the Directors
The independent Non-Executive Director of the Company, David Stewart, was appointed to the Board on 1 July 2002. In the Board's opinion, he is considered to be independent, despite the length of time that he has been a member of the Board, taking into account his experience, skills, and personal qualities.

Directors' time commitments
Executive Directors are employed under full-time service agreements. Non-Executive Directors are required to attend 4 board meetings per year and to be available at other times as required for face-to-face and telephone meetings with the executive team and investors.

Audit and Remuneration Committees
Audit and Remuneration committees, each comprised of the Non-Executive Director, David Stewart, and the Chairman, David Fletcher. The Audit Committee meets at least twice a year and is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored and reported on, meeting the auditors and reviewing their reports relating to accounts and internal controls. The Remuneration Committee reviews the performance of Executive Directors and sets the scale and structure of their remuneration and the terms of their service agreements with due regards to the interests of shareholders. The Remuneration Committee also determines the payment of bonuses to Executive Directors and the allocation of share options to employees.

Board and Committees' attendance
The Board met on four occasions and the Audit and Remuneration Committees met on two occasions during the last year. There was full attendance by all representative members at each meeting.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board as a whole is confident that it has a strong team containing the necessary mix and balance of experience, skills, personal qualities and capabilities to deliver the Company's strategy for the benefit of shareholders over the medium to long-term. Directors attend seminars and other regulatory, trade and capital markets events to ensure that their knowledge remains current.

The Board will continue to review the collective resources of its Directors and whether further resource and skills may be required to deliver on the Company's strategic objectives. The Board has, between its members, a broad balance of skills, experience and personal qualities to operate the Company in areas including property, industry, financial and governance.

Principle 7: Evaluate board performance based on clear relevant objectives, seeking continuous improvement

An annual assessment of the effectiveness of the Board is carried out through an internal questionnaire process. The outcomes and principal findings are reported to the Board for consideration by the Company Secretary with recommendations as to any action that might be taken and changes that could be made.

The review considers effectiveness in a number of areas including general supervision and oversight, business risks and trends, succession and related matters, communications, ethics and compliance, corporate governance and individual contribution.

As a result of the evaluation, the Board considers the performance of each Director to be effective and concluded that both the Board and its Committees continue to provide effective leadership and exert the required levels of governance and control.

The most recent review has reconfirmed the Board's awareness of the need to ensure that effective succession plans are in place at Board and Executive Committee level. This will be a key area of focus for the Board.

The Board currently considers that the use of external consultants to facilitate the Board evaluation process is unlikely to be of significant benefit to the process, although the option of doing so is kept under review.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. The Company maintains and annually reviews a Staff Handbook and Quality Assurance manual that includes clear guidance on what is expected of every employee and officer of the company. Adherence of these standards is a key factor in the evaluation of performance within the company, including during annual performance reviews.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The Board provides strategic leadership for the Group and operates within the scope of a robust corporate governance framework. Its purpose is to ensure the delivery of long-term shareholder value, which involves setting the culture, values and practices that operate throughout the business, and defining the strategic goals that the Group implements in its business plans. The Board defines a series of matters reserved for its decision and has approved terms of reference for its Audit and Remuneration Committees to which certain responsibilities are delegated. The chair of each committee reports to the board on the activities of that committee.

The Audit Committee monitors the integrity of financial statements, oversees risk management and control, monitors the effectiveness of the internal audit function and reviews external auditor independence.

The Remuneration Committee sets and reviews the compensation of Executive Directors including the setting of targets and performance frameworks for cash and share-based awards.

The Executive Committee, consisting of the Executive Directors and Company Secretary, operates as a management committee which reviews operational matters and performance of the business, and is responsible for significant management decisions while delegating other operational matters to individual managers within the business.

The Chairman has overall responsibility for corporate governance and in promoting high standards throughout the Group. He leads and chairs the Board, ensuring that committees are properly structured and operate with appropriate terms of reference, ensures that performance of individual Directors, the Board and its committees are reviewed on a regular basis, leads in the development of strategy and setting objectives, and oversees communication between the Group and its shareholders.

The Executive Directors are responsible for implementing and delivering the strategy and operational decisions agreed by the Board, making operational and financial decisions required in the day-to-day operation of the Group, providing executive leadership to managers, championing the Group's core values and promoting talent management.

The Independent Non-Executive Director contributes independent thinking and judgement through the application of external experience and knowledge, scrutinises the performance of management, provides constructive challenge to the Executive Directors and ensures that the Group is operating within the governance and risk framework approved by the Board.

The Company Secretary is responsible for providing clear and timely information flow to the Board and its committees and supports the board on matters of corporate governance and risk.

The Board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the suitability of this Code on an annual basis and revise its governance framework as appropriate as the Group evolves.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining an open dialogue with shareholders. Communication with shareholders is co-ordinated by the Chairman and Company Secretary.

The Board believes that the Annual Report and Accounts, and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published on the Group's website.

The AGM is the principal opportunity for private shareholders to meet and discuss the Group's business with the Directors. There is an open question and answer session during which shareholders may ask questions both about the resolutions being proposed and the business in general. The Directors are also available after the meeting for an informal discussion with shareholders.

In addition to the investor relations activities described above, the following Audit and Remuneration committee reports are provided:

Audit Committee Report
During the year, the Audit Committee has continued to focus on the effectiveness of controls throughout the Group.

The Audit Committee consists of David Stewart, Chair, and David Fletcher. The committee met twice in the year, and the external auditor and Company Secretary attended these meetings. Consideration was given to the auditor's pre- and post-audit reports and these provided opportunities to review the accounting policies, internal control and the financial information contained in both the annual and interim reports.

Remuneration Committee Report
The remit of the Remuneration Committee is to determine the framework, policy and level of remuneration, and to make recommendations to the Board on the remuneration of Executive Directors. In addition, the Committee oversees the creation and implementation of all-employee share plans. The Remuneration Committee consists of David Stewart, chair, and David Fletcher. The committee met twice in the year.

During the year the Remuneration Committee has granted options over ordinary shares in the Company to Executive Directors and employees of the Group. In granting these options, the Remuneration Committee's objective was to motivate and retain key staff over the long term, designed to incentivise delivery of the Company's growth objectives.

David Fletcher
Chairman

The Directors present the Group Strategic Report for Fletcher King Plc ("the Company") and its subsidiary companies for the year end 30 April 2019 (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:

	2019	**2018**
Revenue	£3,053,000	£3,080,000
Profit before taxation	£282,000	£274,000
Profit for the year	£230,000	£209,000
Basic earnings per share	2.50p	2.27p

Results for the year were very similar to last year despite challenging market conditions.

Net cash outflow from operating activities in the year amounted to £458,000 (2018: cash generated £275,000) and after investing activities and dividend payments the cash balance decreased by £627,000 to £2,001,000. The Group continued to look for opportunities to participate in 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
30 July 2019

The Directors present their report and accounts for the year ended 30 April 2019.

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 22. The profit for the year after taxation is £230,000 (2018: £209,000). The Directors recommend the payment of an ordinary final dividend of 0.75p per share (2018: 0.75p). An interim dividend of 1.00p per share (2018: 1.00p per share) has already been paid to shareholders.

Income from the Group's net bank interest amounted to £7,000 (2018: £2,000).

The effective taxation charge was 18.4% (2018: 23.7%).

Future developments

Future developments for the business are covered in the Chairman's Statement on pages 3 to 4.

Capital and equity interests

Basic earnings per share from continuing operations amounted to 2.50p (2018: 2.27p).

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 2019 was 9.2 million (2018: 9.2 million).

Cash flow and liquidity

Net cash outflow from operating activities amounted to £458,000 (2018: inflow of £275,000) which, after allowing for cash flows including dividends and capital expenditure, resulted in a net decrease in cash balances of £627,000 (2018: decrease of £105,000).

At 30 April 2019, the Group's cash at bank and on short term deposit amounted to £2.00 million (2018: £2.63 million). This was deposited with leading banks.

Risk identification and management

The identification, control and monitoring of risks facing the business remain 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
P J Andrews	Executive Director
D H Stewart	Non-Executive Director

D H Stewart and P J Andrews 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.

D H Stewart, had a long career in banking. At Abbey National Group, he led business banking and the asset finance activities of First National Bank. Prior to that he held senior appointments with TSB Group, Hill Samuel Bank, Creditanstalt and Country NatWest Limited.

P J Andrews (MRICS) heads up the Asset Management department and he has worked at Fletcher King since 2007. He was appointed a Director in May 2016.

Directors' Remuneration

	Salary	Benefits	Bonus	2019	2018
	£000	£000	£000	£000	£000
D J R Fletcher	100	30	68	198	202
R E G Goode	100	25	68	193	198
R A Dickman	100	16	22	138	131
P J Andrews	100	13	68	181	151
D H Stewart	15	-	4	19	19
	415	84	230	729	701

R A Dickman and P J Andrews received additional pension entitlements of £849 each in the year (2018: £419).

On 1 March 2019, R E G Goode was granted 100,000 share options and R A Dickman and P J Andrews were each granted 150,000 share options under an EMI share option scheme at an exercise price of 46p. The options can be exercised between March 2024 and March 2029 subject to a minimum increase in share price of 20%.

In October 2016, D J R Fletcher, R E G Goode, R A Dickman and P J Andrews were each granted 100,000 share options under an EMI share option scheme at an exercise price of 48.5p. The options can be exercised between October 2021 and October 2026 subject to a minimum increase in share price of 20%.

As at 30 April 2019, D J R Fletcher held 100,000 share options (2018: 100,000), R E G Goode held 200,000 share options (2018: 100,000), and R A Dickman and P J Andrews each held 250,000 share options (2018: 100,000 each).

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 19 September 2018 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 2020. 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, the

Corporate Governance Statement, 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 whether applicable IFRSs as adopted by the European Union have been followed subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 30 July 2019.

P E Bailey
Company Secretary
Registered Number: 02014432

Nexia Smith & Williamson

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 2019 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 2019 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 SME 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 financial asset investments - Group

Description of risk
The valuation of the Group's financial asset 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 financial asset investment in the SHIPS. As a result there is a risk that the carrying value of the financial asset investments may be materially different to their fair value.

The Directors of the Group prepare a fair value paper each year setting out the methodology adopted in the fair value calculation and the underlying assumptions and inputs used in the valuation. For each of the SHIPS investments the Directors obtained a valuation for the underlying property held as at 30 April 2019. The property valuation was carried out by employees of Fletcher King Services Limited ('FKS'), Chartered Surveyors, a subsidiary of the Parent Company.

In determining the fair value of financial asset investment, the FKS valuation specialists apply assumptions for tenure, letting 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 financial asset investment.

The Group's accounting policy for financial asset 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 Directors fair value paper and the underlying valuation reports for the properties within SHIPS 15 and 16 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 Directors 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 contract and invoice and subsequent client payment to ensure that revenue is complete and had been recognised in the correct financial year and in accordance with the Groups accounting policies and accounting standards.
This year additional testing was performed considering specifically the cut-off of revenue and application of IFRS 15 to revenue transactions.

Materiality

The materiality for the Group financial statements as a whole was set at £61,000. 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 £48,800. 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 16, 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

30 July 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2019

Notes		2019	2018
		£000	£000
4	**Revenue**	**3,053**	3,080
6	Employee benefits expense	**(1,648)**	(1,609)
11	Depreciation expense	**(3)**	(18)
	Other operating expenses	**(1,218)**	(1,242)
	Other operating income	**91**	61
5	**Operating profit**	**275**	272
7	Finance income	**7**	2
	Profit before taxation	**282**	274
8	**Taxation**	**(52)**	(65)
	Profit and total comprehensive income for the year attributable to equity shareholders	**230**	209
10	**Basic earnings per share**	**2.50p**	2.27p
10	**Diluted earnings per share**	**2.50p**	2.25p

The notes on pages 28 to 46 form part of the financial statements.

Notes		2019	2018
		£000	£000
	Assets		
	Non-current assets		
11	Property, plant and equipment	**9**	12
13	Financial assets	**1,603**	1,588
17	Deferred tax assets	**16**	16
		1,628	1,616
	Current assets		
14	Trade and other receivables	**1,809**	917
15	Cash and cash equivalents	**2,001**	2,628
		3,810	3,545
	Total assets	**5,438**	5,161
	Liabilities		
	Current liabilities		
16	Trade and other payables	**1,204**	977
	Current taxation liabilities	**24**	43
	Total liabilities	**1,228**	1,020
	Shareholders' equity		
18	Share capital	**921**	921
	Share premium	**140**	140
	Retained earnings	**3,149**	3,080
	Total shareholders' equity	**4,210**	4,141
	Total equity and liabilties	**5,438**	5,161

Approved by the Board on 30 July 2019 and signed on its behalf by

David Fletcher
Chairman
Registered Number: 02014432 England and Wales

The notes on pages 28 to 46 form part of the financial statements.

as at 30 April 2019

Notes		2019	2018
		£000	£000
	Assets		
	Non-current assets		
12	Investments in group undertakings	**50**	50
	Current assets		
14	Trade and other receivables	**14**	310
15	Cash and cash equivalents	**1,218**	821
		1,232	1,131
	Total assets	**1,282**	1,181
	Liabilities		
	Current liabilities		
16	Trade and other payables	**70**	25
	Total liabilities	**70**	25
	Shareholders' equity		
18	Share capital	**921**	921
	Share premium	**140**	140
	Retained earnings	**151**	95
	Total shareholders' equity	**1,212**	1,156
	Total equity and liabilities	**1,282**	1,181

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 £217,000 (2018: £178,000).

Approved by the Board on 30 July 2019 and signed on its behalf by

David Fletcher
Chairman
Registered Number: 02014432 England and Wales

The notes on pages 28 to 46 form part of the financial statements.

for the year ended 30 April 2019

	2019	2018
	£000	£000
Cash flows from operating activities		
Profit before taxation from continuing operations	**282**	274
Adjustments for:		
Depreciation expense	**3**	18
Finance income	**(7)**	(2)
Cash flows from operating activities before movement in working capital	**278**	290
(Increase)/decrease in trade and other receivables	**(892)**	578
Increase/(decrease) in trade and other payables	**226**	(474)
Cash (absorbed)/generated from operations	**(388)**	394
Taxation paid	**(70)**	(119)
Net cash flows from operating activities	**(458)**	275
Cash flows from investing activities		
Purchase of investments	**(15)**	-
Purchase of fixed assets	**-**	(14)
Finance income	**7**	2
Net cash flows from investing activities	**(8)**	(12)
Cash flows from financing activities		
Dividends paid to shareholders	**(161)**	(368)
Net cash flows from financing activities	**(161)**	(368)
Net decrease in cash and cash equivalents	**(627)**	(105)
Cash and cash equivalents at start of year	**2,628**	2,733
Cash and cash equivalents at end of year (note 15)	**2,001**	2,628

The notes on pages 28 to 46 form part of the financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 April 2019

	2019	2018
	£000	£000
Cash flows from operating activities		
Profit before taxation	**217**	178
Adjustments for:		
Adjustment of investment	**-**	55
Finance income	**(6)**	(2)
Dividends received from subsidiary undertakings	**(361)**	(368)
Cash flows from operating activities before movement in working capital	**(150)**	(137)
Decrease in trade and other receivables	**296**	74
Increase/(decrease) in trade and other payables	**45**	(7)
Cash generated from/(absorbed by) operations	**191**	(70)
Cash flows from investing activities		
Dividends received from subsidiary undertakings	**361**	368
Finance income	**6**	2
Net cash flows from investing activities	**367**	370
Cash flows from financing activities		
Dividends paid to shareholders	**(161)**	(368)
Net cash flows from financing activities	**(161)**	(368)
Net increase/(decrease) in cash and cash equivalents	**397**	(68)
Cash and cash equivalents at start of year	**821**	889
Cash and cash equivalents at end of year (note 15)	**1,218**	821

The notes on pages 28 to 46 form part of the financial statements.

CONSOLIDATED	Share capital £000	Share premium £000	Retained earnings £000	TOTAL EQUITY £000
Balance at 1 May 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**
Total comprehensive income for the year	-	-	230	230
Equity dividends paid	-	-	(161)	(161)
Balance at 30 April 2019	**921**	**140**	**3,149**	**4,210**

COMPANY	Share capital £000	Share premium £000	Retained earnings £000	TOTAL EQUITY £000
Balance at 1 May 2017	**921**	**140**	**285**	**1,346**
Total comprehensive income for the year	-	-	178	178
Equity dividends paid	-	-	(368)	(368)
Balance at 30 April 2018	**921**	**140**	**95**	**1,156**
Total comprehensive income for the year	-	-	217	217
Equity dividends paid	-	-	(161)	(161)
Balance at 30 April 2019	**921**	**140**	**151**	**1,212**

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 30 July 2019. 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.

Changes in accounting policies and disclosures

(a) New and amended standards and interpretations adopted by the Group and Company

Standards, amendments and interpretations endorsed by the EU and mandatorily effective for the first time for the financial year beginning 1 May 2018 include the following:

- IFRS 9 "Financial instruments", replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. In accordance with the transitional provisions of IFRS 9, comparative figures have not been restated and continue to be accounted for in accordance with the Group's previous accounting policy. The transition to IFRS 9 did not have an impact on the Group's opening retained earning. The only reclassification adjustment upon transition to IFRS 9 relates to the Group's available-for-sale investments which have been reclassified to financial assets through other comprehensive income (following the Group's decision to apply irrevocable election available in IFRS 9). This reclassification did not have an impact on the carrying value of these financial assets and only impacts the accounting treatment in future periods when these investments are disposed.

- • IFRS 15 "Revenue from contracts with customers", 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 transition to IFRS 15 did not impact on the Group's opening retained earnings. The Standard introduces a five-step model for recognising revenue, which consists of identifying the contract with the customer, identifying the relevant performance obligations, determining the amount of consideration to be received under the contract, allocating the consideration to each performance obligation, and earning the revenue as the performance obligation is satisfied. The group has undertaken a comprehensive review of its contracts and concluded that there is no impact on the way in which the Group recognises its revenue. Asset management and administration fees are recognised in the income statement as they are earned. Performance related fees are recognised when the performance calculation can be performed with reasonable certainty, and it is highly probable there will not be a significant reversal of revenue in a future period, which is normally when the performance period has ended. Transaction fees are recognised once the relevant transaction has completed.

(b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 May 2018 but not currently relevant to the Group or Company.

The following new and amended Standards and Interpretations are not currently relevant to the Group or Company; however they may have an impact in future years:

- Amendments to IFRS 2: classification and measurement of share-based payment transactions
- Annual improvements to IFRSs 2014-2016 cycle
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts
- Amendments to IAS 40: Transfers of investment property

(c) New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 May 2018.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 16 "Leases", effective for accounting periods beginning on or after 1 January 2019. 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.
As at the reporting date, the Group has non-cancellable operating lease commitments of £944,000 (see note 21). These will be brought onto the statement of financial position at a discounted value with a related right to use asset. There will be no impact on cash flows, although the presentation of the cash flow statement will change significantly.
The Group does not expect a material change to underlying profit before tax as a result of adopting the new rules.

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.

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from publishing its individual Statement of Comprehensive Income and related notes.

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 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 designated as financial assets at fair value through other comprehensive income (FVOCI). Financial assets are initially recognised at the fair value of the consideration given, including associated acquisition costs, which may equate to cost. On subsequent measurement, financial assets 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.

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 transaction price and are subsequently measured at amortised cost using the effective interest method. The Group applies the simplified approach to measuring expected credit losses ("ECL"). Trade receivables have been grouped according to shared credit risk characteristics and days past due. The ECL rates are based on historic payment profiles and credit losses experienced, adjusted for forecasts of future economic conditions. The amount of any provision is recognised in the Statement of Comprehensive Income.

All financial assets (with the exception of financial assets measured at fair value through other comprehensive income) 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.

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.

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 is measured based on the consideration specified in a contract with a client and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a client.

Revenue comprises commissions and fees receivable excluding value added tax. Asset management and administration fees are recognised in the income statement as services are rendered. Performance related fees are recognised when the performance calculation can be performed with reasonable certainty, and it is highly probable there will not be a significant reversal of revenue in a future period, which is normally when the performance period has ended. Transaction fees are recognised once the relevant transaction has completed.

There has been no material change in the recognition of revenue year on year.

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 financial assets 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.

Share based payments
The Group issues options over the Company's equity to certain employees and these are measured for fair value at the date of grant using the Black-Scholes model. Where material, this fair value is fully expensed over the vesting period and is credited to the share-based payment reserve shown under shareholders' equity in the statement of financial position. Management's best estimates of leavers, price volatility and exercise restrictions have been used in the valuation method.

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) Fair value of financial assets
The fair value of financial assets is determined by reference to the underlying value of the assets of those investments at each reporting date. The Directors have made adjustments to fair value where there is objective evidence that fair value is higher or lower than cost. Details of carrying amounts are provided in note 13.

(ii) Provisions for expected credit loses relating to trade receivables
Trade and other receivables are initially measured at transaction price and are subsequently measured at amortised cost using the effective interest method. The Group applies the simplified approach to measuring expected credit losses ("ECL"). Trade receivables have been grouped according to shared credit risk characteristics and days past due. The ECL rates are based on historic payment profiles and credit losses experienced, adjusted for forecasts of future economic conditions. The amount of any provision is recognised in the Statement of Comprehensive Income.

There have not been any provisions for expected credit losses of financial assets 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 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	**2019**	2018
	£000	£000
Operating lease rentals relating to property	**302**	295
Depreciation	**3**	18
Rental income	**(91)**	(61)
Fees payable to the Company's auditor for the audit of the Company's consolidated annual financial statements	**10**	10
Fees payable to the Company's auditor and its associates for other services:		
• the audit of the Company's subsidiaries	**25**	23
• other assurance services	**4**	4
• tax compliance services	**9**	9

Fees payable to the Company's auditors for non-audit services to the Company itself are not disclosed in the individual financial statements of Fletcher King plc because the Company's consolidated financial statements are required to disclose such fees on a consolidated basis.

6. Employee benefits expense

	Group	Group	**Company**	Company
Year ended 30 April	**2019**	2018	**2019**	2018
	£000	£000	**£000**	£000
Basic wages and salaries	**1,108**	1,053	**75**	75
Performance-based payments	**292**	315	**-**	-
	1,400	1,368	**75**	75
Social security costs	**178**	175	**10**	10
Pension costs	**10**	5	**-**	-
Other costs	**60**	61	**-**	-
	1,648	1,609	**85**	85

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

Year ended 30 April	**Group 2019 No**	Group 2018 No	**Company 2019 No**	Company 2018 No
Management	**4**	4	**4**	4
Professional	**6**	6	**-**	-
Administration	**6**	6	**-**	-
	16	16	**4**	4

Directors' emoluments

	2019 £000	2018 £000
Salaries and benefits	**499**	492
Performance-related bonuses	**230**	209
	729	701

Two Executive Directors received pension entitlement in the year of £849 each (2018: £419).

Highest paid director

	2019 £000	2018 £000
Basic pay	**100**	100
Benefits	**30**	27
Performance related bonus	**68**	75
	198	202

Key management compensation

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:

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

	2019	2018
	£000	£000
Short term employee benefits	830	798

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	2019	2018
	£000	£000
Finance income		
Bank interest receivable	7	2

8. Taxation

Year ended 30 April	2019	2018
	£000	£000
Current tax		
UK corporation tax – current year	60	66
UK corporation tax – prior years	(8)	(1)
	52	65
Deferred tax		
UK deferred tax – current year	-	-
	-	-
Total tax charged for the year	52	65

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	2019	2018
	£000	£000
Profit before taxation	282	274
Tax on Group profit at UK corporation tax rate of 19% (2018: 19%)	54	52
Expenses not deductible for tax purposes	7	9
Prior year adjustment	(8)	(1)
Other adjustments	(1)	5
Group total tax charge for the year	52	65

The main rate of UK corporation tax is 19% 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	2019	2018
	£000	£000
Equity dividends on ordinary shares:		
Declared and paid during year		
Ordinary final dividend for the year ended 30 April 2018: 0.75p per share (2017: 3.00p)	69	276
Interim dividend for the year ended 30 April 2019: 1.00p per share (2018: 1.00p)	92	92
	161	368
Proposed ordinary final dividend for the year ended 30 April 2019: 0.75p per share	69	

10. Earnings per share

	2019	2018
	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	9,209,779	9,268,686
	£'000	£'000
Earnings for basic and diluted earnings per share	230	209
Basic earnings per share	2.50p	2.27p
Diluted earnings per share	2.50p	2.25p

As disclosed in note 19, share options were granted in March 2019 and October 2016. As at 30 April 2018 the share options had a dilutive impact on earnings per share. As at 30 April 2019 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 2019.

11. Property, plant and equipment - Group

	Furniture, fittings and computers	Short leasehold premium and improvements	Total
	£000	£000	£000
Cost			
At 1 May 2018	181	290	471
Additions	-	-	-
As at 30 April 2019	181	290	471
Depreciation			
At 1 May 2018	181	278	459
Charge for the year	-	3	3
At 30 April 2019	181	281	462
Net book value at 30 April 2019	**-**	**9**	**9**
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**

12. Investments in Group undertakings - Company

Year ended 30 April	2019	2018
	£000	£000
Shares in Group undertakings		
At 1 May	50	105
Adjustment in respect of prior periods	-	(55)
at 30 April	50	50

The adjustment in respect of prior periods relates to the write down of an investment no longer held. The adjustment was 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 2019, 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 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. Financial assets – Group

Year ended 30 April	2019	2018
	£000	£000
At 1 May	1,588	1,588
Additions	15	-
At 30 April	1,603	1,588

The Group holds unlisted investments in property syndicates managed by it. All are held at fair value. All of the assets have been designated at fair value through other comprehensive income upon the adoption of IFRS 9. In the Directors' view the fair value has been estimated to be not materially different from their carrying value. Fair value has been arrived at by applying the Group's percentage holding in the investments to the fair value of their net assets. The investments are as follows:

An amount of £973,000 (2018: £973,000) represents a syndicate interest in the Stratton House Investment Property Syndicate (SHIPS 15).

An amount of £630,000 (2018: £615,000) represents a syndicate interest in the Stratton House Investment Property Syndicate (SHIPS 16).

Fair value of the net assets of the investment is determined by professional valuers at Fletcher King Services Limited based primarily on the expected rental value and yield of the underlying properties. 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. A movement of 0.19% in the yield assumptions would have a material effect on the financial statements. 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
Year ended 30 April	**2019**	2018	**2019**	2018
	£000	£000	**£000**	£000
Trade receivables	**1,671**	786	**-**	-
Amount owed by group undertakings	**-**	-	**-**	292
Other receivables	**1**	6	**3**	5
Prepayments	**137**	125	**11**	13
	1,809	917	**14**	310

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 is made against trade receivables based on irrecoverable amounts, determined by reference to past payment history, current financial status of the customer and future expectations.

As at 30 April 2019, there were expected credit losses of £nil (2018: £nil).

As at 30 April 2019, trade receivables of £408,000 (2018: £361,000) 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
Year ended 30 April	**2019**	2018	**2019**	2018
	£000	£000	**£000**	£000
Up to 3 months past due	**363**	348	**-**	-
3 to 6 months past due	**45**	13	**-**	-
Over 6 months past due	**-**	-	**-**	-
	408	361	**-**	-

15. Cash and cash equivalents

	Group 2019 £000	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Cash at bank and in hand	**2,001**	2,628	**1,218**	821
	2,001	2,628	**1,218**	821

Cash and cash equivalents are all denominated in Sterling. The effective interest rate on Group cash balances for the year ended 30 April 2019 was 0.35% (2018: 0.08%). There is no material difference between the fair value and book value of cash and cash equivalents.

16. Trade and other payables

Year ended 30 April	**Group 2019 £000**	Group 2018 £000	**Company 2019 £000**	Company 2018 £000
Trade payables	**330**	139	**8**	10
Amount owed by group undertakings	**-**	-	**47**	-
Other taxation and social security	**332**	346	**-**	-
Accurals and deferred income	**542**	492	**15**	15
	1,204	977	**70**	25

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

17. Deferred taxation (non-current) - Group

Year ended 30 April	**2019 £000**	2018 £000
Deferred taxation asset:		
Temporary differences on provisions		
At 1 May	**16**	16
Movement during year	**-**	-
At 30 April	**16**	16

18. Share capital and other reserves

	Group 2019 Number	Group 2018 Number	**Company 2019 £000**	Company 2018 £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.

19. Share Options

A total of 640,000 share options were granted under the HMRC Enterprise Management Incentive Scheme in March 2019. These share options have an exercise price of 46p and are exercisable between March 2024 and March 2029, being conditional on a 20% increase in the share price of the Company.

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 1,240,000 share options outstanding at 30 April 2019 (2018: 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. At 30 April 2019 no share options were exercisable (2018: none).

October 2016 options:
The fair value of the 600,000 share options as at the grant date was £29,000 (2018: £29,000). The fair value was calculated using the Black-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 exercise price). The Company has not recognised a charge for the year (2018: £nil) due to it being immaterial.

March 2019 options:
The fair value of the 640,000 share options as at the grant date was £34,000. The fair value was calculated using the Black-Scholes model with the following key assumptions: (i) volatility of 30% based on monthly historical volatility rates; (ii) risk free rate of 1.14%; (iii) dividend yield of 3.8%; (iv) life of 5 years; (v) bid discount of 10%; and (vi) share price at date of grant of 46p (the exercise price). The Company has not recognised a charge for the year due to it being immaterial.

20. Capital Commitments

As at 30 April 2019 and 30 April 2018 neither the Group nor the Company had any capital commitments.

21. Operating lease commitments and contingent liabilities

As at 30 April 2019 and 30 April 2018, neither the Group nor the Company had any contingent liabilities.
As at 30 April 2019 and at 30 April 2018, the Group had outstanding commitments under non-cancellable leases which fall due as follows:

Property Leases	**2019**	2018
	£000	£000
Within one year	**314**	314
In two to five years	**630**	944
	944	1,258

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.

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	
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
SHIPS 04 Fund	**19**	86	**-**	13
SHIPS 15 Fund	**37**	40	**7**	17
SHIPS 16 Fund	**60**	68	**9**	68

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
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Trade receivables	**1,671**	786	**-**	-
Amount owed by group undertakings	**-**	-	**-**	292
Other receivables	**1**	6	**3**	5
Cash and cash equivalents	**2,001**	2,628	**1,218**	821
	3,673	3,420	**1,221**	1,118

Financial liabilities at amortised cost	**Group**	Group	**Company**	Company
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Trade payables	**330**	139	**8**	10
Bonus accruals	**204**	177	**-**	-
Other accruals	**289**	315	**15**	15
	823	631	**23**	25

Financial assets at fair value through other comprehensive income	**Group**	Group	**Company**	Company
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Unlisted investments	**1,603**	1,588	**-**	-

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
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Trade receivables	**1,671**	786	**-**	-
Cash and cash equivalents	**2,001**	2,628	**1,218**	821
Other receivables	**1**	6	**3**	5
	3,673	3,420	**1,221**	826

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 2019, if LIBOR had increased by 0.5% with all other variables held constant, post tax profit and equity for the Group would have been £10,000 (2018: £13,000) higher, and for the Company £6,000 (2018: £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 £10,000 (2018: £14,000) lower, and for the Company £6,000 (2018: £5,000) lower.

The Group's cash and cash equivalents earned interest during the year at an average of 0.35% (2018: 0.08%), and the Company's cash and cash equivalents earned interest during the year at an average of 0.49% (2018: 0.08%).

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
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Financial liabilities falling due:				
Within 1 month	**526**	304	**23**	25
From 2 to 3 months	**354**	327	**-**	-
	880	631	**23**	25

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 18 September 2019 at 9.00am for the following purposes:

1 To receive and adopt the Directors' Reports and Accounts for the financial year ended 30 April 2019.

2. To declare a final dividend for the financial year ended 30 April 2019.

3 To re-elect DH Stewart as a Director, who retires by rotation in accordance with the Company's Articles of Association and who offers himself for re-election.

4.To re-elect PJ Andrews 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 2020 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
30 July 2019

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, 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 16 September 2019 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 2019, 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 2019 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.

(iii) 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 18 September 2019

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 2019 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

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First fold

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

Second fold