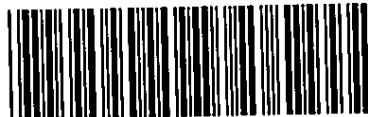


Company Registration No 2965708 (England and Wales)

KINLEIGH FOLKARD AND HAYWARD LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

TUESDAY



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COMPANIES HOUSE

KINLEIGH FOLKARD AND HAYWARD LIMITED

COMPANY INFORMATION

Directors	R M Cleminson P L Coling S L Robbins A Chambers
Secretary	K P Allerton
Company number	2965708
Registered office	KFH House 5 Compton Road Wimbledon London SW19 7QA
Auditors	Warrener Stewart Harwood House 43 Harwood Road London SW6 4QP
Business address	KFH House 5 Compton Road Wimbledon London SW19 7QA

KINLEIGH FOLKARD AND HAYWARD LIMITED

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KINLEIGH FOLKARD AND HAYWARD LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company during the year was that of Chartered Surveyors and Valuers

Directors

The following directors have held office since 1 January 2006

R M Cleminson

P L Coling

S L Robbins

A Chambers

Directors' interests

The directors had no beneficial interest in the share capital of the company at any time during the year

Throughout the year, the entire share capital of the company was owned by Kinleigh Limited

The interests of the directors who were in office at the year end in the share capital of Kinleigh Limited are disclosed in that company's report

Auditors

Warrener Stewart, Chartered Accountants, of Harwood House, 43 Harwood Road, London SW6 4QP will continue in office as auditors of the company

KINLEIGH FOLKARD AND HAYWARD LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



K P Allerton

Secretary

27/9/07

KINLEIGH FOLKARD AND HAYWARD LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF KINLEIGH FOLKARD AND HAYWARD LIMITED

We have audited the financial statements of Kinleigh Folkard and Hayward Limited on pages 5 to 9 for the year ended 31 December 2006. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards, (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

KINLEIGH FOLKARD AND HAYWARD LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF KINLEIGH FOLKARD AND HAYWARD LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Warrenner Stewart

28/09/2007

Chartered Accountants

Registered Auditor

Harwood House
43 Harwood Road
London
SW6 4QP

KINLEIGH FOLKARD AND HAYWARD LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Turnover		6,768,254	4,403,283
Staff costs		4,723,951	2,766,618
Depreciation and amortisation		28,434	20,452
Other operating charges		2,034,624	1,305,918
		6,787,009	4,092,988
(Loss)/profit on ordinary activities before taxation	2	(18,755)	310,295
Tax on (loss)/profit on ordinary activities	3	(4,574)	(103,644)
(Loss)/profit for the year	8	(23,329)	206,651

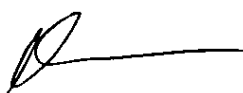
KINLEIGH FOLKARD AND HAYWARD LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	4		88,883		58,860
Current assets					
Debtors	5	1,401,387		1,288,153	
Cash at bank and in hand		450		400	
		<u>1,401,837</u>		<u>1,288,553</u>	
Creditors amounts falling due within one year	6	<u>(1,322,047)</u>		<u>(1,155,411)</u>	
Net current assets			79,790		133,142
Total assets less current liabilities			<u>£168,673</u>		<u>£192,002</u>
Capital and reserves					
Called up share capital	7		2		2
Profit and loss account	8		168,671		192,000
Shareholders' funds			<u>£168,673</u>		<u>£192,002</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board on 27/9/07



S L Robbins
Director

KINLEIGH FOLKARD AND HAYWARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

As the company is a wholly owned subsidiary of Kinleigh Limited and that company prepares consolidated financial statements, this company has taken advantage of the partial exemptions contained within Financial Reporting Standard 8 and has not therefore disclosed transactions with other group companies

1.2 Turnover

Turnover represents fees and commissions earned in the year, less any credits, exclusive of value added tax

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Computer equipment	33% on written down value
Office equipment	25% on written down value

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.5 Deferred taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date and is not recognised on permanent differences

It is the company's policy not to discount deferred tax to reflect the time value of money

2	Operating (loss)/profit	2006 £	2005 £
	Operating (loss)/profit is stated after charging		
	Depreciation of tangible assets	28,434	20,452
	Auditors' remuneration	4,850	4,850
	Directors' emoluments	427,878	345,769
		<u>461,162</u>	<u>371,061</u>
3	Taxation	2006 £	2005 £
	Domestic current year tax		
	U K corporation tax	5,000	104,000
	Adjustment for prior years	(426)	(356)
	Current tax charge	<u>£4,574</u>	<u>£103,644</u>

KINLEIGH FOLKARD AND HAYWARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

4 Tangible fixed assets

	Computer equipment £	Office equipment £	Total £
Cost			
At 1 January 2006	48,913	113,413	162,326
Additions	40,546	17,911	58,457
At 31 December 2006	89,459	131,324	220,783
Depreciation			
At 1 January 2006	21,734	81,732	103,466
Charge for the year	17,419	11,015	28,434
At 31 December 2006	39,153	92,747	131,900
Net book value			
At 31 December 2006	£50,306	£38,577	£88,883
At 31 December 2005	£27,179	£31,681	£58,860

5 Debtors

	2006 £	2005 £
Trade debtors	1,237,774	1,214,177
Amounts owed by group undertakings	165	-
Other debtors	163,448	73,976
	£1,401,387	£1,288,153

6 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	38,969	53,503
Trade creditors	43,724	43,447
Amounts owed to group undertakings	546,537	510,724
Taxation and social security	457,224	394,915
Other creditors	235,593	152,822
	£1,322,047	£1,155,411

KINLEIGH FOLKARD AND HAYWARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

7	Share capital	2006 £	2005 £
	Authorised		
	1,000 Ordinary shares of £1 each	£1,000	£1,000

	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	£2	£2

8 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2006	192,000
Retained loss for the year	(23,329)
Balance at 31 December 2006	£168,671

9 Financial commitments

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	2006 £	2005 £
Expiry date		
Within one year	155,750	93,024
Between two and five years	148,545	83,002
	£304,295	£176,026

10 Control

The ultimate parent undertaking is Kinleigh Limited, a company registered in England

The ultimate controlling party is L T Watts, who owns the majority of the shares in Kinleigh Limited