

Liverpool and Chester Property Company Limited

Report and Accounts

31st December 2000

Company Number: 19009



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LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

YEAR ENDED 31ST DECEMBER 2000

I N D E X

	PAGE NO:
NOTICE OF MEETING	1
CHAIRMAN'S STATEMENT	2 - 3
REPORT OF THE DIRECTORS	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE ACCOUNTS	7 - 10
AUDITORS' REPORT	11

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One Hundred and seventeenth Annual General Meeting of LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED, will be held at The Liverpool Racquet Club Ltd, Hargreaves Building, 5 Chapel Street, Liverpool, L3 9AG, at 12 noon on Wednesday, 25th April 2001, for the following purposes :

1. To receive and consider the Balance Sheet and Statement of Accounts made up to 31st December 2000 and the Reports of the Directors and Auditors thereon.
2. To elect Directors.
3. To elect auditors and authorise the Directors to fix the auditors' remuneration.
4. To transact any other ordinary business of the Company.

Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. This will not prevent him/her from subsequently attending and voting at the meeting in person.

A proxy need not also be a member of the Company. Proxies must be lodged not later than forty-eight hours prior to the holding of the meeting and are available from the Company on request.

BY ORDER OF THE BOARD

**P ROBERTS
SECRETARY**

14th March 2001
Registered Office:
7 Union Court
Cook Street
Liverpool L2 4SJ

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

Directors:

GEOFFREY R LEECE, F.C.A. (Chairman)
 DAVID I RENISON, LL.B. (Vice-Chairman)
 C EWAN McCAIG, F.R.I.C.S.,
 JENNIFER M HORNSBY
 COLIN H RYAN, F.R.I.C.S.,
 DAVID C B WATKINS,
 PAUL ROBERTS, M.R.I.C.S.

Secretary and Registered Office:

PAUL ROBERTS, A.R.I.C.S.,
 CORE PROPERTY MANAGEMENT AND CONSULTANCY LIMITED
 7 UNION COURT, LIVERPOOL L2 4SJ

Auditors:

THE PRIORY PARTNERSHIP
 1 ABBOTS QUAY, MONKS FERRY, BIRKENHEAD, WIRRAL, MERSEYSIDE, CH41 5LH

CHAIRMAN'S STATEMENT

My Statement last year predicted that the prospects for the first year of the new millennium were unlikely to be materially different from those of the previous year. The attached Profit & Loss Account confirms this prediction with rents and revenue profits almost a mirror image of 1999. Gross rents were £929,227 (1999 £927,004) and revenue profits before tax were £735,491 (1999 £730,650). We sold three of our smaller properties producing a net surplus over book value of £68,536 (1999 £40,490) and after taxation has taken its toll we are left with net profits of £596,775 (1999 £562,779).

The Board propose to maintain the same rate of dividend as last year and a second interim dividend of 10%, making 18% for the year, will be paid on 1st April 2001. The total cost of dividends for the year is £347,283, representing approximately two thirds of our net revenue profits, leaving profits of £249,492 available for new investment.

We have plans to increase our retained profits in order to provide funds for new investment. In keeping with market conditions generally we have found that increases in rental on the review of our commercial leases have been more difficult to achieve and we do not envisage any material change in this situation. We must therefore seek to acquire new properties that will provide us with a good initial return and prospects for future growth. Recent experience indicates that properties with both of these characteristics are not easy to find and even harder to buy and the Board is constantly searching the market through its managing agents. Our new bankers have provided facilities for further acquisitions and these funds will be utilised as soon as possible. With interest rates expected to move downwards there will be opportunities to enhance our profit margins by the careful use of bank borrowings.

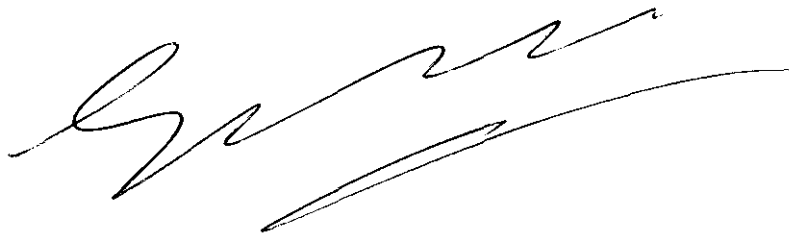
Out of twenty four prospective acquisitions that we examined in detail last year we made formal bids for ten and eventually managed to acquire two of them. At the start of the year we made our first residential purchase for many years and bought four new houses in Liverpool which were all subsequently let at full market rentals. This was followed by the purchase at the end of the year of two adjacent industrial units in a modern business park at Crewe. The units have been fully refurbished and adapted for single use by the occupiers, a substantial food processing company, and although now used as one unit it could readily revert to two single units if necessary. The total cost of these purchases amounted to £896,803, the most that the Company has ever spent in one year, and their acquisition has added over £90,000 to our rent roll. With a further acquisition at present in the pipeline the Board is optimistic that the momentum will be continued into the current year. We have now registered with H M Customs & Excise so that we may benefit from the VAT regulations that affects the rents of newer properties.

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**CHAIRMAN'S STATEMENT (Continued)**

Core Property Management, our managing agents, continue to provide all the backup services that we require including regular rent reviews, lease renewal, rent collection and property maintenance. They have been particularly active in expanding our contacts to search for new properties and I very much appreciate the professional dedication that they provide for the benefit of our Company. May I thank them and also my fellow directors for their support over the past year and I look forward to working with them in the year to come.

The Annual General Meeting will once more be held at The Liverpool Racquet Club and I look forward to meeting all shareholders who wish to attend. The meeting will be preceded by an Extraordinary General Meeting which has been convened to amend the Memorandum of Association. The purpose of the amendment is to clarify the borrowing powers of the Company and its subsidiaries on the advice of our solicitors and to meet the requirements of The Royal Bank of Scotland. A separate notice convening this meeting is enclosed with these accounts.

Geoffrey Leece
Chairman

A large, stylized handwritten signature in black ink, consisting of several sweeping, connected strokes.

14th March 2001

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Report and Statement of Accounts for the year ended 31st December 2000. The principal business of the Company continues to be investment in and management of tenanted freehold and leasehold properties.

The revenue profit for the year after taxation was £533,080 (1999 - £528,627) and after net property surpluses have been added, the profit on ordinary activities after taxation was £596,775 (1999 - £562,779). The property surplus for 2000, representing profits on sales of properties, was £63,695 (1999 - £34,152) after allowing for Corporation Tax.

The Directors are proposing a second interim dividend of 10%, making a total distribution of 18%, compared with 18% in 1999. This dividend will be paid on 1st April 2001 and no further dividend payments are recommended for the year to 31st December 2000.

In the opinion of the Directors, the open market value of the freehold and leasehold investment properties at 31st December 2000 was £8,677,600 (1999 - £7,733,100). The book value of these properties as shown in the accounts is £5,350,278 (1999 - £4,461,966).

The Directors retiring by rotation are Colin H. Ryan and Geoffrey R. Leece, both of whom have offered themselves for re-election. Particulars of the interests of the Directors and their families in the shares of the company are set out in note 7 to the Accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 :

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. 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.

AUDITORS

The Priory Partnership have agreed to offer themselves for re-appointment as auditors of the company.

BY ORDER OF THE BOARD



PAUL ROBERTS
SECRETARY

14th March 2001

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
		£	£
Rents received		929,227	927,004
Less Repairs, rates and insurance		24,826	21,014
Collecting commission		58,725	59,478
Chief and ground rents		2,127	1,809
Sundry		<u>20,960</u>	<u>16,166</u>
		822,589	828,537
Interest received			
Mortgage and loan interest		158	258
Sundry interest		<u>35,807</u>	<u>20,631</u>
		858,554	849,426
Deduct Administrative Expenses:			
General & mortgage collection expenses		14,888	14,726
Secretarial fee and expenses		21,150	21,150
Directors' fees provision		83,500	79,500
Audit fees		<u>3,525</u>	<u>3,400</u>
		123,063	118,776
Revenue profit before taxation		735,491	730,650
Deduct Taxation:			
Corporation tax	4	<u>202,411</u>	<u>202,023</u>
Revenue profit after taxation		533,080	528,627
Property surpluses during the year		68,536	40,490
Corporation tax	4	<u>(4,841)</u>	<u>(6,338)</u>
Profit on ordinary activities after taxation		596,775	562,779
Dividends:			
Ordinary dividends:			
8% Interim dividend paid			
(1999 – 8%)		154,348	154,348
10% Second interim dividend proposed			
(1999 – 10%)		<u>192,935</u>	<u>192,935</u>
Retained profit for year	9	<u>249,492</u>	<u>215,496</u>

THERE WERE NO ACQUISITIONS OR DISCONTINUED OPERATIONS DURING THE CURRENT OR PRECEDING YEAR
THERE WERE NO RECOGNISED GAINS OR LOSSES OTHER THAN THOSE DEALT WITH IN THE ABOVE STATEMENT

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

BALANCE SHEET AT 31ST DECEMBER 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
		£	£
Tangible fixed assets			
Freehold properties	2	4,698,723	3,810,411
Long leasehold properties	2	<u>651,555</u>	<u>651,555</u>
		5,350,278	4,461,966
Investments			
Mortgages		<u>6</u>	<u>937</u>
		5,350,284	4,462,903
Subsidiary companies			
Shares	3	82,474	82,474
Less amounts owing to subsidiaries		<u>(82,474)</u>	<u>(82,474)</u>
Total fixed assets		5,350,284	4,462,903
Current assets			
Sundry debtors and prepayments		38,675	50,339
Cash at bank and on deposit		<u>223,912</u>	<u>791,351</u>
		<u>262,587</u>	<u>841,690</u>
Deduct creditors – Amounts falling due within one year			
Directors' fees		83,500	79,500
Corporation tax		203,726	159,892
Ordinary dividend proposed		192,935	192,935
Other		<u>29,517</u>	<u>18,565</u>
		<u>509,678</u>	<u>450,892</u>
Net current (liabilities)/assets		(247,091)	390,798
Total assets less current liabilities		5,103,193	4,853,701
Deduct provision for deferred taxation	8	<u>(26,228)</u>	<u>(26,228)</u>
Net Assets		<u>5,076,965</u>	<u>4,827,473</u>
Capital and reserves:			
Share capital	5	1,929,354	1,929,354
Other reserves	9	865,177	801,482
Profit and loss account	9	<u>2,282,434</u>	<u>2,096,637</u>
Shareholders' funds – all equity	6	<u>5,076,965</u>	<u>4,827,473</u>

The financial statements on pages 5 to 10 were approved by the board on 14th March 2001.

G R LEECE (Chairman)



LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below :-

Investment Properties

Investment properties have been revalued annually (see note 2) but have been included at cost in the balance sheet. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The Companies Act 1985 requires tangible fixed assets to be depreciated systematically over their estimated useful economic lives. However, investment properties are held for investment rather than consumption; the directors therefore consider that depreciation on a systematic basis would not be appropriate in this case and that the accounting policy adopted is necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred taxation

Deferred taxation is provided on the liability method in respect of all material timing differences, to the extent that it is considered that a net liability may crystallise, calculated at the rate at which it is estimated that tax will be payable.

Consolidation

Consolidated accounts have not been prepared as all subsidiaries were dormant for the whole of the year and the only remaining assets of the subsidiaries are loans due by Liverpool and Chester Property Company Limited amounting to £82,474. Details of the subsidiaries are set out in note 3.

These accounts present information about the parent as an individual company and not about its group.

2. PROPERTIES

	Freehold	Long Leasehold
	£	£
Cost at 1 st January 2000	3,810,411	651,555
Less Sales at cost	(8,491)	-
Plus Purchases at cost	896,803	-
Book Value at 31st December 2000	4,698,723	651,555
Valuation at 31st December 2000	7,768,600	909,000
Valuation at 31st December 1999	6,858,100	875,000

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

(continued)

2. PROPERTIES (continued)

The valuation of the properties as at 31st December 2000 was made at open market value by Mr C H Ryan and Mr P Roberts as directors of the company. It is not considered necessary to alter the values shown on the balance sheet, or to create a revaluation reserve. If the properties were to be sold at the valuation figures, there would be a liability to corporation tax based on the excess of the net proceeds of sale over original cost or 31st March 1982 valuation if appropriate.

3. SUBSIDIARY COMPANIES

	Proportion of Equity Held %	Aggregate Capital and Reserves at 31 st December 2000 £
The Toxteth Real Property and Investment Co Ltd (Formerly Liverpool and Chester Property Co Ltd)		
1,637 Ordinary shares of £1 each		
8,185 Deferred Non Voting shares of £1 each	100	9,822
Model Land and Property Co Ltd		
72,550 Ordinary shares of £1 each	100	73,070
V & M Properties Ltd		
1000 Ordinary shares of £1 each	100	13,000
M & B Investments (Liverpool) Ltd		
84 Ordinary shares of £1 each	100	84
		<u>95,976</u>

4. TAXATION

	2000 £	1999 £
Corporation tax	202,411	202,897
Deferred tax	-	(874)
	<u>202,411</u>	<u>202,023</u>
Property surpluses:		
Current year	4,841	6,338
	<u>207,252</u>	<u>208,361</u>

The corporation tax charge is based on the profits of the current year and has been provided at 27.5% net of marginal relief (1999 - 27.8%).

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000
(continued)

5. SHARE CAPITAL

	2000 £	1999 £
Authorised		
5,000,000 Ordinary shares of £1 each	5,000,000	5,000,000
Allotted, called up and fully paid		
1,929,354 Ordinary shares of £1 each	1,929,354	1,929,354

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	596,775	562,779
Dividends declared	(347,283)	(347,283)
Net additions to shareholders' funds	249,492	215,496
Opening shareholders' funds	4,827,473	4,611,977
Closing shareholders' funds	5,076,965	4,827,473

7. DIRECTORS' INTERESTS

The interests of the directors and their families, beneficially and as trustees, in the shares of the company at 31st December 2000 were as follows :

	2000	1999
Mrs J M Hornsby	213,537	213,537
G R Leece	11,319	11,319
C E McCaig	26,466	26,466
D I Renison	11,466	11,466
P Roberts	9,000	9,000
C H Ryan	64,665	11,499
D C B Watkins	137,400	137,400

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2000
(continued)

8. DEFERRED TAXATION

The provision for deferred taxation, made at 30% (1999 30%), is as follows :

	2000		1999	
	Amount provided £	Amount unprovided £	Amount provided £	Amount unprovided £
Corporation tax deferred by:				
1981 claim for industrial buildings allowance	26,228	-	26,228	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

9. RESERVES

	Other reserves	Profit and Loss Account
	£	£
At 1 st January 2000	801,482	2,096,637
Retained profit for the year	<u>63,695</u>	<u>185,797</u>
	<u>865,177</u>	<u>2,282,434</u>

Other reserves are surpluses on sales of assets and investments, net of associated corporation tax, which are required by the Articles of Association of the company to be separately set aside and are not available for distribution.

10. TRANSACTIONS WITH DIRECTORS

During the year ended 31st December 2000 Mr C.H. Ryan and Mr P. Roberts were each paid £2,000 in respect of the work undertaken in valuing the properties at the balance sheet date.

11. CONTROLLING INTERESTS

The company is not under the control of any one individual.

REPORT OF THE AUDITORS
TO THE MEMBERS OF
LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

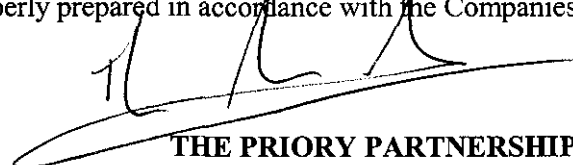
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements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

Qualified opinion arising from disagreement about accounting treatment

The financial statements do not include the revaluation of investment properties as required by Statement of Standard Accounting Practice No. 19. The relevant revaluation figures are, however, disclosed in Note 2, and would result in an increase in the value of tangible fixed assets of £3,327,322 (1999 - £3,271,134) and the creation of a corresponding investment revaluation reserve, thus increasing total reserves by the same amount subject to a provision for Corporation Tax on the gains arising.

Except for the effects of not accounting for the revaluation of the investment properties, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



THE PRIORY PARTNERSHIP

Chartered Accountants

Registered Auditors

26th March 2001
BIRKENHEAD