

Liverpool and Chester Property Company Limited

Report and Accounts

31st December 2007

Company Number: 19009



LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

YEAR ENDED 31ST DECEMBER 2007

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LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**NOTICE OF MEETING**

NOTICE IS HEREBY GIVEN that the One Hundred and twenty-fourth Annual General Meeting of LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED, will be held at The Athenaeum, Church Alley, Church Street, Liverpool, L1 3DD, at 12 noon on Wednesday, 23rd April 2008, for the following purposes

- 1 To receive and consider the Balance Sheet and Statement of Accounts made up to 31st December 2007 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

AND NOTICE IS FURTHER GIVEN that immediately after the conclusion of the Annual General Meeting an Extraordinary General Meeting of the Company will be held at the same place when the following Resolution will be proposed

ORDINARY RESOLUTION

Pursuant to the Companies Act 1985 the Directors of the Company shall, within a period of 5 years from the date of the adoption of this Resolution, be entitled to exercise the Company's power to allot, grant options over or otherwise dispose of, up to an aggregate amount of £30,000 of the current share capital of the Company The Members of the Company shall have power from time to time by Ordinary Resolution to renew or revoke the Directors' exercise of the Company's power to allot, grant options over or otherwise dispose of any shares in the capital of the Company

BY ORDER OF THE BOARD

A PELAN
SECRETARY
6th March 2008

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)
 PAUL ROBERTS M R I C S (Managing Director)
 C EWAN McCAIG, F R I C S
 JENNIFER M HORNSBY
 COLIN H RYAN, F R I C S
 DAVID C B WATKINS

Secretary and Registered Office:

ALLAN PELAN BSc (Hons) M R I C S
 CORE PROPERTY MANAGEMENT & CONSULTANCY LIMITED
 7 UNION COURT, LIVERPOOL L2 4SJ

Auditors:

PRIORY PRACTICE LIMITED
 1 ABBOTS QUAY, MONKS FERRY, BIRKENHEAD, WIRRAL, MERSEYSIDE, CH41 5LH

CHAIRMAN'S STATEMENT

A year ago I was pleased to report that I was with the majority of Property Company Chairmen in reporting record profits. This year I suspect that I may be in the minority but I am just as pleased as last year because our revenue profits for 2007 have exceeded £1m for the first time in the Company's long history. Furthermore, the valuation of our portfolio has held up in contrast to the figures currently being reported by the major property companies.

The attached accounts show that gross rents for 2007 rose by 4.62% to £1,472,573. These were augmented by a £50,000 windfall from a dilapidation claim on a property that we subsequently sold for an attractive price. There were no exceptional repairs in 2007 but we made full use of our overdraft facility, hence the increase in bank interest. After deducting Administrative expenses the pre-tax profit on revenue activities was £1,024,944 compared with £933,088 in the previous year. Corporation Tax took a higher than average toll at £302,452 leaving post tax revenue profits of £722,492 compared with £686,622 in 2006.

We continued our active management of the portfolio by selling four properties which we felt were "past their best". The sales produced capital gains of £280,898 which will be reduced by tax estimated at £58,287. The net capital gains of £222,611 contrasted with £361,967 in 2006 and because these gains are not available for distribution as dividends they are added to Other Reserves in the Balance Sheet. The total profit on ordinary activities, after all tax provisions was £945,103 which compares with £1,048,589 in the previous year.

We instructed Mason Owen Property Consultants to carry out a valuation of our properties as at 31st December 2007 and they have assessed the overall market value at £21,643,450. This was an increase of £297,500 on the 2006 valuation of £21,345,950 but as we had sold four properties in 2007 the rise in value was even higher. The 95% occupancy of our properties is a major factor in sustaining the market values and we strive to achieve good occupancy through active management strategies and by treating our tenants fairly.

Although the accounts show that we did not add to the portfolio this does not tell the full story. Towards the end of the year we agreed to purchase two adjacent office units in a new business park at Knaresborough, near Harrogate in North Yorkshire, close to the A1(M). The legal formalities were more complicated than anticipated but the deal was completed this month making it our largest purchase at an estimated cost of £2.4m. Both properties are tenanted at good rents and we are hopeful that our patience in waiting for the market to turn will produce a solid yield over the medium and long term. I hope to be able to include a photograph of these units with the Annual Accounts.

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

The much publicised "credit crunch" may find some investors struggling to meet their financial commitments, having paid too much at the height of the market. We are lowly geared and in a good position to take advantage of the predicted market downturn and we plan to add further to the portfolio when the opportunity arises.

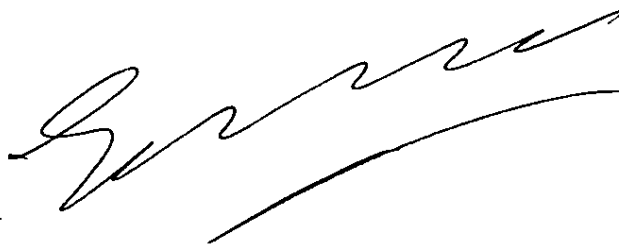
The interim dividend that we paid last October was increased from 10% to 10.5%. The Board has approved a further increase in the dividend payable on 1st April 2008 from 11.5% to 12.5% making a total of 23% for the year compared with 21.5% in the previous year. In percentage terms the 2007 dividend is 6.98% higher than for the previous year. Our ability to maintain this level of dividend in the current year will depend on a number of factors, not least of which will be the cost of bank interest on our borrowings. There is a feeling that interest rates may have peaked for the time being and we plan to make full use of our borrowing facilities from The Royal Bank of Scotland.

The connection with our Managing Agents, Core Property Management & Consultancy Ltd, has continued through the association with Paul Roberts, with whom I have developed a close working relationship. His colleague, Allan Pelan, has settled seamlessly into the role of Company Secretary and is making a full contribution to Company affairs. Behind the scenes is Julie Thomas who has kept the books and records of the Company for over twenty years, having taken over from her sister who had served in a similar capacity for many years. We are fortunate to have such dedicated people taking a keen personal interest in our Company and I would once more thank them publicly for the work they carry out on our behalf.

Paul and I have, as always, been fully supported by the Board to whom we would wish to express our thanks. Shareholders are most welcome to attend at the 124th Annual General Meeting which will be held at The Athenaeum in Liverpool City Centre. The city is enjoying its role as 2008 Capital of Culture and is proudly showing off the multitude of new developments that are now changing the skyline. I wonder what the ten Founding Fathers of our Company would have thought of the present City of Liverpool when they formed the Company nearly 125 years ago? Most likely they would have been equally impressed with the progress of the Company that they had founded.

Geoffrey R Leece
Chairman

6th March 2008



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 2007. 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 £722,492 (2006 - £686,622) and after net property surpluses have been added, the profit on ordinary activities after taxation was £945,103 (2006 - £1,048,589). The property surplus for 2007, representing profits on sales of properties, was £222,611 (2006 - £361,967) after allowing for Corporation Tax.

The Directors have declared a second interim dividend of 12.5%, making a total distribution of 23.0%, compared with 21.5% for 2006. This dividend will be paid on 1st April 2008 and no further dividend payments are recommended for the year to 31st December 2007.

In the opinion of the Directors, the open market value of the freehold and leasehold investment properties at 31st December 2007 was £21,643,450 (2006 - £21,345,950). The book value of these properties as shown in the accounts is £9,108,460 (2006 - £9,151,776).

The Directors retiring by rotation are Colin Ryan and Geoffrey Leece, both of whom have offered themselves for re-election.

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.

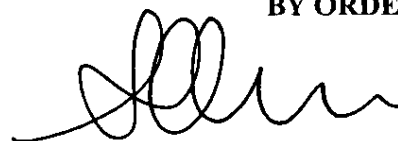
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Priory Practice Limited will be proposed for re-appointment as auditors in accordance with Section 485 of the Companies Act 2006.

BY ORDER OF THE BOARD



ALLAN PELAN
SECRETARY

6th March 2008

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>Notes</u>	2007	2006
		£	£
Rents received		1,472,573	1,407,509
Other Revenue Income		<u>50,018</u>	<u>500</u>
		1,522,591	1,408,009
Deduct expenses:			
Repairs, rates and insurance		99,079	125,065
Management commission		90,636	89,960
Bank interest		92,516	62,392
Chief and ground rents		2,121	2,138
Sundry and professional fees		<u>44,022</u>	<u>47,002</u>
		328,374	326,557
		1,194,217	1,081,452
Interest received			
Bank interest		-	16,342
Other interest		<u>3,436</u>	<u>16,342</u>
		3,436	16,342
		1,197,653	1,097,794
Deduct Administrative Expenses			
General expenses		23,897	23,023
Secretarial fee and expenses		21,150	21,150
Directors' fees		123,250	116,250
Audit fees		<u>4,412</u>	<u>4,283</u>
		172,709	164,706
Revenue profit before taxation		1,024,944	933,088
Deduct Taxation:			
Corporation tax	2	<u>302,452</u>	<u>246,466</u>
Revenue profit after taxation		722,492	686,622
Property surpluses during the year		280,898	444,108
Corporation tax	2	<u>(58,287)</u>	<u>(82,141)</u>
		222,611	361,967
Profit on ordinary activities after taxation		<u>945,103</u>	<u>1,048,589</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

Dividends paid and declared are shown in note 3

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

BALANCE SHEET AT 31ST DECEMBER 2007

	<u>Notes</u>	2007		2006	
		£	£	£	£
Tangible fixed assets					
Freehold properties	4		8,201,554		8,244,870
Long leasehold properties	4		<u>906,906</u>		<u>906,906</u>
			9,108,460		9,151,776
Subsidiary companies					
Shares	5	82,474		82,474	
Less amounts owing to subsidiaries		<u>(82,474)</u>	<u>-</u>	<u>(82,474)</u>	<u>-</u>
Total fixed assets			9,108,460		9,151,776
Current assets					
Sundry debtors and prepayments		<u>60,352</u>		<u>52,416</u>	
Deduct creditors - Amounts falling due within one year					
Bank overdraft	6	76,521		587,252	
Bank loan	6	52,195		49,340	
Corporation tax		360,739		365,069	
Ordinary dividend		241,169		221,876	
Other		<u>45,598</u>		<u>35,061</u>	
		<u>776,222</u>		<u>1,258,598</u>	
Net current liabilities			<u>(715,870)</u>		<u>(1,206,182)</u>
Total assets less current liabilities			8,392,590		7,945,594
Creditors – Due in more than one year					
Bank loan	6		<u>(683,236)</u>		<u>(737,592)</u>
Net Assets			<u>7,709,354</u>		<u>7,208,002</u>
Capital and reserves:					
Share capital	7		1,929,354		1,929,354
Other reserves	8		1,999,030		1,776,419
Profit and loss account	8		<u>3,780,970</u>		<u>3,502,229</u>
Shareholders' funds – all equity	9		<u>7,709,354</u>		<u>7,208,002</u>

The financial statements on pages 5 to 10 were approved by the board on 6th March 2008

G R LEECE (Chairman)



LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST DECEMBER 2007****1. ACCOUNTING POLICIES**

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

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985

Turnover

Turnover represents gross rents received

Investment Properties

Investment properties have been revalued annually (see note 4) 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 tax is recognised in respect of all material timing differences that have originated but not reversed at the Balance Sheet date.

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

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2007
(continued)

2. TAXATION

	2007 £	2006 £
Corporation tax	302,452	272,694
Deferred tax	-	(26,228)
	<u>302,452</u>	<u>246,466</u>
Property surpluses		
Current year	58,287	90,507
Adjustment to earlier year provisions	-	(8,366)
	<u>360,739</u>	<u>328,607</u>

The corporation tax charge is based on the profits of the current year and has been provided at 29.4% net of marginal relief (2006 - 29.4%)

3. DIVIDENDS

	2007 £	2006 £
Ordinary dividends		
10.5 % Interim dividend paid (2006 - 10%)	202,582	192,935
12.5 % Second interim dividend declared (2006 - 11.5 %)	<u>241,169</u>	<u>221,876</u>
	<u>443,751</u>	<u>414,811</u>

4. PROPERTIES

	Freehold £	Long Leasehold £
Cost at 1 st January 2007	8,244,870	906,906
Purchases at cost	-	-
Disposals at cost	<u>(43,316)</u>	<u>-</u>
Book Value at 31st December 2007	<u>8,201,554</u>	<u>906,906</u>
Valuation at 31st December 2007	<u>19,948,450</u>	<u>1,695,000</u>
Valuation at 31 st December 2006	<u>19,690,950</u>	<u>1,655,000</u>

The freehold and leasehold properties owned by the company were valued as at 31st December 2007 by Mason Owen Chartered Surveyors, on the basis of market value, in accordance with the RICS Appraisal and Valuation Standards

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.

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2007
(continued)

5. SUBSIDIARY COMPANIES

	Proportion of Equity Held %	Aggregate Capital and Reserves at 31st December 2007 £
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		
1,000 Ordinary shares of £1 each	100	13,000
M & B Investments (Liverpool) Ltd		
84 Ordinary shares of £1 each	100	84
	<hr/>	<hr/>

6. BANK LOAN AND OVERDRAFT

The bank loan and overdraft of £811,952 are secured by first legal charges over certain of the Company's property assets

Included in the bank loan due for repayment in more than one year is the sum of £431,641 which is repayable by instalments which fall due for payment after more than five years from the Balance Sheet date. The instalments are payable quarterly and the rate of interest payable is 8 2%

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2007

(continued)

7. SHARE CAPITAL

	2007	2006
	£	£
Authorised		
5,000,000 Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid		
1,929,354 Ordinary shares of £1 each	<u>1,929,354</u>	<u>1,929,354</u>

8. RESERVES

	Other reserves	Profit and Loss Account
	£	£
At 1 st January 2007	1,776,419	3,502,229
Retained profit for the year	222,611	722,492
Dividends (see note 3)	<u>-</u>	<u>(443,751)</u>
At 31 st December 2007	<u>1,999,030</u>	<u>3,780,970</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 as dividends

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	945,103	1,048,589
Dividends	<u>(443,751)</u>	<u>(414,811)</u>
Net additions to shareholders' funds	501,352	633,778
Opening shareholders' funds	<u>7,208,002</u>	<u>6,574,224</u>
Closing shareholders' funds	<u>7,709,354</u>	<u>7,208,002</u>

10. CAPITAL COMMITMENTS

	2007	2006
	£	£
Authorised by the Board but not Contracted for	<u>2,400,000</u>	<u>-</u>

11. CONTROLLING INTERESTS

The company is not under the control of any one individual

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

We have audited the financial statements of Liverpool and Chester Property Company Limited for the year ended 31st December 2007 on pages 5 to 10. These financial statements have been prepared 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page four.

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, 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 other transactions is not disclosed.

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

Basis of 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 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 4, and would result in an increase in the value of tangible fixed assets of £12,534,990 (2006 - £12,194,174) and the creation of a corresponding investment revaluation reserve, thus increasing total reserves by the same amount.

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31st December 2007 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985
- in our opinion the information given in the Report of the Directors is consistent with the financial statements


PRICER PRACTICE LIMITED
Chartered Accountants
Registered Auditors

**6th March 2008
BIRKENHEAD**