

Liverpool and Chester Property Company Limited

Report and Accounts

31st December 2012

Company number: 19009

SATURDAY



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LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

YEAR ENDED 31ST DECEMBER 2012

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LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**YEAR ENDED 31ST DECEMBER 2012****COMPANY INFORMATION****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
KEITH PENNY, F C A

Secretary and Registered Office:

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

Senior Statutory Auditor:

MICHAEL SERGI, B A (HONS), A.C A

Auditors:

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

Company Registration Number:

19009

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

NOTICE IS HEREBY GIVEN that the One Hundred and twenty-ninth 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 00 noon on 24th April 2013, for the following purposes

1. To receive and consider the Balance Sheet and Statement of Accounts made up to 31st December 2012 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 2006 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
7th March 2013

Registered Office
7 Union Court
Cook Street
Liverpool L2 4SJ

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**YEAR ENDED 31ST DECEMBER 2012****CHAIRMAN'S STATEMENT**

A casual reader of these accounts would probably go straight to the Profit & Loss account on page 7 and conclude that 2012 was another quiet year of solid progress with rents and profits almost matching those of the previous year. What the reader would not have been aware of are the difficulties we have faced in maintaining this level of rental income. In the past twelve months we have had to deal with two of our larger retail tenants going into administration, a third substantial business vacating its offices at the end of the lease and a fourth threatening to do the same unless we agreed to renegotiate a new lease on discounted terms. After hard negotiation the fourth tenant has now signed a new lease and has also agreed to take over the vacated adjacent unit, albeit at lower rents than we had previously enjoyed but relieving us of the burden of an empty rates liability. In the light of these and other problems it seems almost miraculous that we managed to accrue £1,534,919 in rents for 2012, testimony to the good spread of risk in our portfolio.

There is no doubt that we are in challenging times with the downturn in consumer spending having a serious impact on the retail trade and shopping habits changing with the spread of supermarkets and the internet. These factors and the continuing recession are impacting on the property market with lower rental levels and occupancy rates across all commercial sectors and the office sector continuing to be particularly depressed. Any new commercial tenancy is now accompanied by an expectation of an inducement in the form of a rent-free period. Shorter leases and tenant break options are a growing feature of new tenancies and landlords are having to make concessions in order to avoid empty premises and large rates liabilities. Our agents have focused their efforts to maintain the high occupancy rates that we have traditionally enjoyed by seeking extended leases on terms that are attractive to the tenants and comforting to us.

As responsible landlords we believe in keeping our residential properties in good repair and many of our houses and flats are relatively new. We need to keep them at a good standard to attract tenants and this policy has helped the rents to stand up well with few voids. However, the net return on residential lettings is low compared with other sectors, particularly as regards multi-occupied buildings. The long term capital appreciation is still one of the main attractions of residential property which we regard as a hedge against inflation.

We are still seeking new investment opportunities which meet our criteria although it is difficult to predict which sector offers the best income prospects. Despite the economic problems there has not been a flood of suitable properties coming on to the market but our search was rewarded last July when we found a small industrial unit situated close to the Wirral docks (photograph enclosed) which we bought pre-auction. We needed to act quickly to head off other buyers and the deal was concluded in a matter of days which is a credit to all the professional team involved. After the purchase the established tenant was pleased to sign a new lease with only a token rent-free gesture from us and we now receive £26,000 per annum in contrast to the £20,500 that we were receiving from an older short leasehold unit in Kirkby that we had sold for a similar sum a few months earlier. We continue to look for bargains of this nature and to carry out our annual "quality review" of our properties to maintain the standard of the portfolio.

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**YEAR ENDED 31ST DECEMBER 2012****CHAIRMAN'S STATEMENT
(Continued)**

Looking to the future, there will undoubtedly be a loss of rental income in the current year from the two retail units in administration mentioned in my opening paragraph. On the positive side, we do have interest from prospective tenants and we shall be seeking to re-let as soon as possible. We must anticipate that we shall have other tenants fighting to survive but we remain committed to facing these challenges by careful management and active dialogue with the tenants.

As regards the accounts, a keen observer of the Profit & Loss account might notice that the figures for the previous year are slightly different from those shown in the 2011 accounts which have now been restated in this year's accounts. This is because the Board has decided to adopt the accruals basis for producing the annual accounts in place of the cash basis that has previously applied, probably since the inception of the Company. The cash basis was appropriate when most of the rents were collected at terraced houses by men knocking on doors but in the modern era a significant part of our rents are from leases that provide for rents to be paid in advance on the quarter days. A tenant who pays promptly at the end of the December quarter would be paying for a period that accrues mostly in the following financial year and by bringing the rent into our accounts we were taking credit for rent in advance and paying Corporation Tax a year earlier than is required. Through the good offices of our Auditors we were able to change the basis for our tax calculation and claim a Corporation Tax refund of £85,997 and the Board has decided that this would be a good time to ensure that the accounts and tax treatments remain on the same basis.

The accounts for the year ended 31 December 2012 show that rents were 3.44% down from the previous year at £1,534,919 compared with £1,589,573 in 2011. Direct expenses were also lower at £399,378 compared with £422,835 because bank interest continues to fall as we repay the bank borrowings. Administrative expenses increased from £200,817 to £211,700 due to the cost of the extra Director. The revenue profit was £924,131 which was a fall of 6.8% compared with £991,586 for the previous year and the lower rates of Corporation Tax are proving beneficial leaving us with a post-tax revenue profit of £729,357 compared with £786,017 in 2011.

The sale of two properties produced capital profits of £265,175 on which Corporation Tax is calculated to be £23,449. The post-tax capital profits of £241,726 contrast with £124,926 in the previous year and bring the total profit on ordinary activities to £971,083 which is a very satisfying comparison of £910,943 for 2011. There may be a few clouds on the horizon but we can at least reflect on a job well done in 2012.

We enjoyed a very positive cash flow throughout the year starting with an overdraft of £382,556 and ending in credit with a balance of £5,852. We are still with Royal Bank of Scotland despite the assurances during the past few years that the takeover by Santander would take place. When Santander withdrew from the deal last October I sent an email to our RBS Relationship Director sympathizing with her for having to undergo yet another bout of expensive due diligence. Our relationship with RBS has improved since the concerns we had several years ago but I am still reluctant to commit to any further borrowing until we know who our future bankers are going to be.

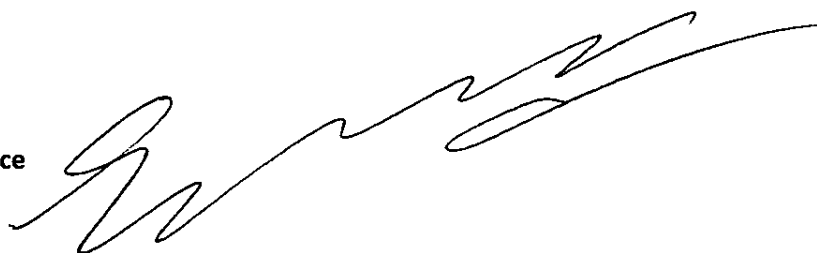
LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**YEAR ENDED 31ST DECEMBER 2012****CHAIRMAN'S STATEMENT
(Continued)**

Mason Owen have independently valued our property portfolio at 31 December 2012 at £21,116,200 compared with the 2011 valuation of £21,741,200. This confirms that there has been little movement in the values during the year having allowed for the two property sales and one purchase. The market values of our portfolio are allocated as to 41% in retail, 40% in commercial and 19% in residential properties.

The Board has approved a final dividend of 6.5% for the 2012 accounts which is the same as the previous year and will be paid on 8 April 2013. This brings the total dividends for the year to 11.75% which is unchanged since 2008. It is very satisfying that we have been able to maintain this rate of dividend for the past five difficult years but there can be no guarantee that this level can continue in the future. The Directors are aware of the importance of these dividends to the shareholders and will be doing everything in their power to maintain the income flow.

The Annual General Meeting will be held on Wednesday 24 April 2013 at The Athenaeum in Liverpool City centre. All shareholders are welcome to attend so please join us if you can. My wife, Jan, wishes to thank those shareholders who took the trouble to write following last year's publication of the history of the company. I would also add my thanks once more to my fellow Board Members for their continuing support during the year and especially Paul Roberts and all of his colleagues at Core Property Management and Consultancy Limited.

Geoffrey R Leece
Chairman



7th March 2013

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 2012. The principal business of the Company continues to be investment in and management of tenanted freehold and leasehold properties.

The Directors shown on page 1 have held office during the whole of the period from 1st January 2012 to the date of this report unless otherwise stated.

In the opinion of the Directors, the open market value of the freehold and leasehold investment properties at 31st December 2012 was £21,116,200 (2011 - £21,741,200).

The Directors retiring by rotation are D I Renison, C E McCaig and Mrs J M Hornsby, all of whom have offered themselves for re-election.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). 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 profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

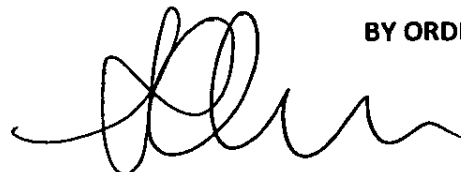
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Priory Practice Limited will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

7th March 2013



**BY ORDER OF THE BOARD
ALLAN PELAN
SECRETARY**

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2012

	<u>Notes</u>	2012		2011	
		£	£	As restated £	£
Rents receivable			1,534,919		1,589,573
Other Revenue Income			-		25,000
			1,534,919		1,614,573
Deduct expenses:					
Repairs, rates and insurance		120,789		128,243	
Management commission		85,365		89,228	
Bank interest		131,839		149,072	
Chief and ground rents		2,410		3,010	
Sundry and professional fees		58,975	399,378	53,282	422,835
			1,135,541		1,191,738
Interest received					
Bank interest		57		30	
Other interest		233	290	635	665
			1,135,831		1,192,403
Deduct Administrative Expenses					
General expenses		34,400		29,519	
Secretarial fee and expenses		30,000		30,000	
Directors' fees		142,500		136,498	
Audit fees		4,800	211,700	4,800	200,817
Revenue profit before taxation			924,131		991,586
Deduct Taxation:					
Corporation tax	2		194,774		205,569
Revenue profit after taxation			729,357		786,017
Property surpluses during the year		265,175		124,926	
Corporation tax	2	(23,449)	241,726	-	124,926
Profit on ordinary activities after taxation			971,083		910,943

Dividends paid and declared are shown in note 3

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 2012

	<u>Notes</u>	2012	2011
		£	As restated £
PROFIT FOR THE FINANCIAL YEAR		<u>971,083</u>	<u>910,943</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		971,083	<u>910,943</u>
Prior year adjustment	7	<u>(203,475)</u>	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		<u>767,608</u>	

**LIVERPOOL AND CHESTER PROPERTY
COMPANY LIMITED (Registered number 19009)**

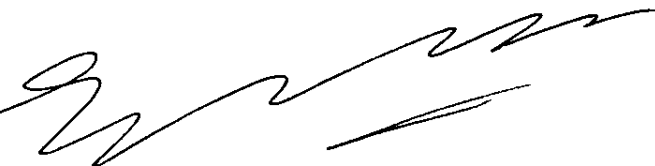
BALANCE SHEET AT 31ST DECEMBER 2012

	<u>Notes</u>	2012		2011	
		£	£	As restated	£
Tangible fixed assets					
Freehold properties	4		10,795,705		10,568,782
Long leasehold properties	4		<u>1,370,409</u>		<u>1,404,374</u>
			12,166,114		11,973,156
Subsidiary companies					
Shares	5	82,474		82,474	
Less amounts owing to subsidiaries		<u>(82,474)</u>	-	<u>(82,474)</u>	-
Total fixed assets			12,166,114		11,973,156
Current assets					
Sundry debtors and prepayments		75,880		312,301	
Cash at bank		<u>5,852</u>		-	
		81,732		312,301	
Creditors – Due within one year					
Bank overdraft	6	-		382,556	
Bank loan	6	220,823		222,493	
Corporation tax		218,222		224,847	
Rents received in advance		255,551		289,270	
Other		<u>35,104</u>		<u>40,572</u>	
		729,700		1,159,738	
Net current liabilities			(647,968)		(847,437)
Total assets less current liabilities			11,518,146		11,125,719
Creditors – Due in more than one year					
Bank loan	6		(2,113,389)		(2,236,532)
Net Assets			<u>9,404,757</u>		<u>8,889,187</u>
Capital and reserves:					
Share capital	8		3,876,708		3,876,708
Other reserves	9		515,834		274,108
Profit and loss account	9		<u>5,012,215</u>		<u>4,738,371</u>
Shareholders' funds – all equity	10		<u>9,404,757</u>		<u>8,889,187</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements on pages 7 to 13 were approved by the Board on 7th March 2013 and signed on its behalf by

G R LEECE (Chairman)



LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST DECEMBER 2012****1. ACCOUNTING POLICIES**

Except as noted, 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 under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

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 2006

Turnover

Turnover represents gross rents receivable in the period. This is a change from the previously stated policy where rental income was recognised when received. The Directors consider that the new policy of recognising income on an accruals basis more accurately reflects the reality of the mix of the Company's current property portfolio in which a greater proportion of rents are chargeable in advance than in the past.

The effect of the change on the results for the current financial period is that gross rental income is increased by £33,719 from what it would have been under the previous policy.

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 2006 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 2012

(continued)

2. TAXATION

	2012 £	2011 £
Corporation tax	194,774	224,847
Adjustment to earlier year provisions	-	(19,278)
Property surpluses		
Current year	23,449	-
	<u>218,223</u>	<u>205,569</u>

The corporation tax charge is based on the profits of the current year and has been provided at 22.97 % net of marginal relief (2011 - 25.41%)

3. DIVIDENDS

	2012 £	2011 £
Ordinary dividends.		
6.5% Final dividend for 2011 paid on 10.04.2012 (2010 – Final 6.5%)	251,986	250,816
5.25% Interim dividend for 2012 paid on 08.10.2012 (2011 – Interim 5.25%)	203,527	203,527
	<u>455,513</u>	<u>454,343</u>

4. PROPERTIES

	Freehold £	Long Leasehold £
Cost at 1st January 2012	10,568,782	1,404,374
Purchases at cost	227,365	-
Disposals at cost	<u>(442)</u>	<u>(33,965)</u>
Book Value at 31st December 2012	<u>10,795,705</u>	<u>1,370,409</u>
Valuation at 31st December 2012	<u>19,706,200</u>	<u>1,410,000</u>
Valuation at 31st December 2011	<u>20,041,200</u>	<u>1,700,000</u>

The freehold and leasehold properties owned by the Company were valued as at 31st December 2012 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 2012
(continued)

5. SUBSIDIARY COMPANIES

	Proportion of Equity Held %	Aggregate Capital and Reserves at 31st December 2012 £
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 LOANS AND OVERDRAFT

The bank loans of £2,334,212 are secured by first legal charges over certain of the Company's property assets

Included in the bank loans due for repayment in more than one year is the sum of £1,151,426 (2011 - £1,167,095) which is repayable by instalments which fall due for payment after more than five years from the Balance Sheet date

7. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to the effect of a change of accounting policy in respect of the basis of recognition of gross rental income, as described in note 1, net of corporation tax relief in respect thereof

8. SHARE CAPITAL

	2012	2011
	£	£
Allotted, called up and fully paid 3,876,708 Ordinary shares of £1 each	<u>3,876,708</u>	<u>3,876,708</u>

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2012
(continued)

9. RESERVES

	Other reserves	Profit and Loss Account
	£	£
At 1st January 2012	274,108	4,941,846
Prior year adjustment	-	(203,475)
	274,108	4,738,371
Retained profit for the year	241,726	729,357
Dividends (see note 3)	-	(455,513)
At 31st December 2012	<u>515,834</u>	<u>5,012,215</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. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit for the financial year	971,083	910,943
Issue of Share Capital	-	18,000
	971,083	928,943
Dividends	<u>(455,513)</u>	<u>(454,343)</u>
Net additions to shareholders' funds	515,570	474,600
Opening shareholders' funds (originally £9,092,662 before prior year adjustment of £(203,475))	<u>8,889,187</u>	<u>8,414,587</u>
Closing shareholders' funds	<u>9,404,757</u>	<u>8,889,187</u>

11. CONTROLLING INTERESTS

The company is not under the control of any one individual

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

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 2012 on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Section 495 and 496 of the Companies Act 2006. 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 a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 and reserves of £8,950,086 (2011 - £9,768,044).

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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**REPORT OF THE INDEPENDENT AUDITORS****TO THE MEMBERS OF****LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED****(Continued)****Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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, or
- the directors were not entitled to prepare the financial statements and the Report of the Directors in accordance with the small companies regime



Michael Sergi, BA (Hons), ACA (Senior Statutory Auditor)
for and on behalf of Priory Practice Limited
Chartered Accountants
Registered Auditor
1 Abbots Quay
Monks Ferry
Birkenhead
Merseyside
CH41 5LH

21st March 2013