

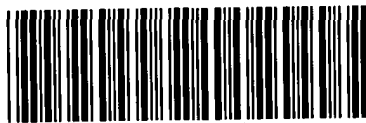
Liverpool and Chester Property Company Limited

Report and Accounts

31st December 2015

Company number: 19009

WEDNESDAY



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LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

YEAR ENDED 31ST DECEMBER 2015

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LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**YEAR ENDED 31ST DECEMBER 2015****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 (died 12th January 2015)
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), F.C.A.

Auditors:

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

Company Registration Number:

19009

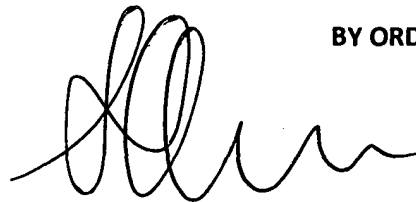
LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED**NOTICE OF MEETING**

NOTICE IS HEREBY GIVEN that the one hundred and thirty-second 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 Wednesday, 27th April 2016, for the following purposes:

1. To receive and consider the Balance Sheet and Statement of Accounts made up to 31st December 2015 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 by post or hand delivery (not electronically) and received 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

**ALLAN PELAN
SECRETARY**

10th March 2016

Registered Office:
7 Union Court
Cook Street
Liverpool L2 4SJ

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

CHAIRMAN'S STATEMENT

It is said that patience is a virtue and, if so, we had a virtuous year in 2015. After a slow start it was only in the final quarter of the year that we were able to enjoy the rewards from our negotiations over many months culminating in the attached highly satisfactory set of accounts. Our shops at Allerton Road, Liverpool, are now fully occupied following a new letting to Specsavers who have joined Barclays and Poundland in the block but it took more than a year of negotiations with Specsavers before the terms for the new 10 year lease were agreed. This success was followed by the signing of another 10 year lease with a new tenant for our warehouse/storage unit at Crewegates Farm, Crewe and for both of these new lettings we had to offer rent-free periods in order to conclude the deals. We ended the year with some bonus income from the dilapidations settlements with our former tenants at Crewe and Patten House, Warrington, which brought in additional contributions of £110,000. We avoided empty rates liabilities for the Allerton Road and Crewe properties but have been less fortunate at our offices in Patten House and Yorkshire Street, Rochdale which are still substantially unoccupied. These are our only significant empty properties in a very competitive market.

The lack of full occupancy has resulted in our rent and other revenue income being slightly less than the previous year at £1,467,982 (£1,512,856) but we also had reduced expenditure on repairs, rates, insurance, management commission, bank interest and ground rents. Sundry expenses were significantly higher due mainly to some exceptional costs for professional fees relating to the new leases and the dilapidations settlements. A total of £55,755 was paid for these non-recurring expenses which were "one-offs" and should not be repeated in future years. The final result was a pre-tax revenue profit of £840,202 compared with £827,681 in the previous year. The lower rate of Corporation Tax contributed to an improved post-tax profit of £676,896 compared with £661,304 in 2014. We paid an unchanged rate of dividend in 2015 utilising £455,513 of revenue profits and added the balance of £221,383 to our distributable reserves.

Our neighbour at Grosvenor Street, Chester intimated a wish to buy the property and we took the opportunity to agree a sale at £300,000 resulting in a capital profit of £137,888. We have been advised that indexation relief should eliminate any Corporation Tax liability on the profit from the sale of this property. We also tried, without success, to sell a small terraced house in Binns Road, Liverpool, which has been empty for some months. We had no response to our asking price of £75,000 and can only speculate on how much we might have expected if we could have transported it to London!

The Binns Road house is the oldest property in our portfolio having been bought for £156 in 1925 and a photograph is enclosed with these accounts. Approximately 20% in value of our portfolio is currently invested in residential properties, most of which are less than 20 years old, as demonstrated by the second photograph showing our three houses at Springdale Close in Moreton, Wirral. We now have only 6 "old style" terrace houses that at one time were the backbone of the Company which contrasts with 825 that were on the books at the end of World War II. Most of those were situated in Liverpool and 54 similar houses had been lost to bomb damage. Rents at that time were Government controlled but the threat by the new Labour Government to nationalise the ownership of residential properties probably did the Board a favour as it precipitated a change of direction by switching investment into retail and commercial properties. There was another major strategic change in 1990 when all 5 Companies amalgamated to form one entity under the Toxteth banner. The track record of the Company over the past 25 years makes impressive reading showing aggregate revenue profits of £14,155,091 out of which £9,277,859 was paid to shareholders in dividends and £4,877,232 reinvested in properties. The Company has never missed a dividend payment in the 132 years of its existence and this record sets the standards to which we constantly aspire.

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

We were in credit at the bank for most of the year and the cash flow projection looks positive for 2016. We have only one year left to repay on the 15 year term loan that we took out in 2001 and 7 years on the second loan taken out in 2008. The Royal Bank of Scotland are still our bankers and are going through the interminable due-diligence process before they decide whether to advise us if we are to be transferred to the new Williams & Glyn Bank – we are not holding our breath!

Stability is important to any organisation and we are fortunate to have a strong and experienced team to manage the portfolio. My annual thanks are offered once more for the support from Paul Roberts and his colleagues at Core Property Management & Consultancy and from my fellow Board members.

The usual independent valuation of our property portfolio on 31 December 2015 was carried out by Mason Owen who assessed the total market value at £20,563,500 compared with the 2014 valuation of £20,676,500. There were no property purchases last year and after allowing for the one sale the increase in value was £127,000 representing a rise of 0.62% which the Board considers acceptable.

The Board approved a final dividend of 6.5% which will be paid on 7 April 2016 bringing the total dividends for the year to an unchanged 11.75%. This will be the first dividend payable under the new tax rules to which I referred in my letter to the shareholders on 7 August 2015. The Board discussed the possibility of advancing the payment date before the new rules come into play on 6 April 2016 but decided against such a change.

The Annual General Meeting will be held at 12 Noon on Wednesday 27 April 2016 at The Athenaeum in Liverpool City centre. All shareholders are welcome and for those who are unable to be present there is a proxy form enclosed that can be completed and sent to our Secretary, Allan Pelan. I look forward to meeting as many shareholders as are able to attend.



Geoffrey R Leece
Chairman

10th March 2016

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 2015. 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 2015 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 2015 was £20,563,500 (2014 - £20,676,500).

The Directors retiring by rotation are David I Renison and C Ewan McCaig, both 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 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

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.



BY ORDER OF THE BOARD
ALLAN PELAN
SECRETARY
10th March 2016

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2015

	Notes	£	2015 £	£	2014 £
Rents receivable	1		1,357,982		1,419,856
Other Revenue Income			<u>110,000</u>		<u>93,000</u>
			1,467,982		1,512,856
Deduct expenses:					
Repairs, rates and insurance		191,473		247,911	
Property management commission		78,753		83,481	
Bank interest		86,362		101,352	
Chief and ground rents		4,158		8,483	
Sundry and professional fees		<u>79,748</u>	<u>440,494</u>	<u>39,020</u>	<u>480,247</u>
			1,027,488		1,032,609
Interest received					
Bank interest		43		18	
Other interest		-	<u>43</u>	-	<u>18</u>
			1,027,531		1,032,627
Deduct Administrative Expenses:					
General expenses		21,066		27,406	
Secretarial fee and expenses		30,000		30,000	
Directors' fees		131,213		142,500	
Audit fees		<u>5,050</u>	<u>187,329</u>	<u>5,040</u>	<u>204,946</u>
Revenue profit before taxation			840,202		827,681
Deduct Taxation:					
Corporation tax	2		<u>163,306</u>		<u>166,377</u>
Revenue profit after taxation			676,896		661,304
Property surpluses during the year		137,888		52,886	
Corporation tax	2	-	<u>137,888</u>	-	<u>52,886</u>
Profit on ordinary activities after taxation			<u>814,784</u>		<u>714,190</u>

Dividends paid are shown in note 3.

LIVERPOOL AND CHESTER PROPERTY COMPANY LIMITED

(Registered number: 19009)

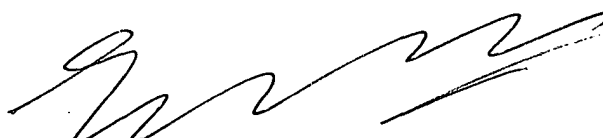
BALANCE SHEET AT 31ST DECEMBER 2015

	Notes	£	2015 £	£	2014 £
Tangible fixed assets					
Freehold properties	4		10,498,163		10,653,109
Long leasehold properties	4		<u>1,370,409</u>		<u>1,370,409</u>
			11,868,572		12,023,518
Subsidiary companies					
Shares	5	82,474		82,474	
Less amounts owing to subsidiaries		<u>(82,474)</u>	-	<u>(82,474)</u>	-
Total fixed assets			11,868,572		12,023,518
Current assets					
Sundry debtors and prepayments		81,678		79,922	
Cash at bank		<u>279,938</u>		<u>68,538</u>	
		361,616		148,460	
Creditors – Due within one year					
Bank loans	6	285,777		283,337	
Corporation tax		163,321		166,377	
Rents received in advance		210,651		242,259	
Other		<u>35,805</u>		<u>38,638</u>	
		695,554		730,611	
Net current liabilities			(333,938)		(582,151)
Total assets less current liabilities			11,534,634		11,441,367
Creditors – Due in more than one year					
Bank loans	6		(1,300,107)		(1,566,111)
Net Assets			<u>10,234,527</u>		<u>9,875,256</u>
Capital and reserves:					
Share capital	7		3,876,708		3,876,708
Other reserves	8		706,608		568,720
Profit and loss account	8		<u>5,651,211</u>		<u>5,429,828</u>
Shareholders' funds – all equity	9		<u>10,234,527</u>		<u>9,875,256</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 January 2015).

The financial statements on pages 6 to 11 were approved by the Board on 10th March 2016 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 2015****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 under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The Company has taken advantage of the exemption from preparing a cash flow statement on the grounds that it qualifies as a small company.

Turnover

Turnover represents gross rents receivable in the period.

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 2015
(continued)

2. TAXATION

	2015 £	2014 £
Corporation tax	163,321	166,377
Adjustment to earlier year provisions	(15)	-
Property surpluses:		
Current year	-	-
	<u>163,306</u>	<u>166,377</u>

The corporation tax charge is based on the profits of the current year and has been provided at 20.25% net of marginal relief (2014 – 21.15%).

3. DIVIDENDS

	2015 £	2014 £
Ordinary dividends:		
6.5% Final dividend for 2014 paid on 08.04.2015 (2013 – Final 6.5%)	251,986	251,986
5.25% Interim dividend for 2015 paid on 07.10.2015 (2014 – Interim 5.25%)	203,527	203,527
	<u>455,513</u>	<u>455,513</u>

4. PROPERTIES

	Freehold £	Long Leasehold £
Cost at 1st January 2015	10,653,109	1,370,409
Purchases at cost	-	-
Disposals at cost	(154,946)	-
Book Value at 31st December 2015	<u>10,498,163</u>	<u>1,370,409</u>
Valuation at 31st December 2015	<u>19,080,500</u>	<u>1,483,000</u>
Valuation at 31st December 2014	<u>19,201,500</u>	<u>1,475,000</u>

The freehold and leasehold properties owned by the Company were valued as at 31st December 2015 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 2015

(continued)

5. SUBSIDIARY COMPANIES

	Proportion of Equity Held %	Aggregate Capital and Reserves at 31 st December 2015 £
The Toxteth Real Property and Investment Co Ltd (Formerly Liverpool and Chester Property Co Ltd) 1,637 Ordinary shares of £1 each	100	9,822
8,185 Deferred Non Voting shares of £1 each		
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	<u>100</u>	<u>84</u>

6. BANK LOANS AND OVERDRAFT

The bank loans and overdraft of £1,585,884 (2014-£1,849,448) 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 £456,938 (2014 - £673,377) which is repayable by instalments which fall due for payment after more than five years from the Balance Sheet date.

7. SHARE CAPITAL

	2015 £	2014 £
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 2015
(continued)

8. RESERVES

	Other reserves	Profit and Loss Account
	£	£
At 1st January 2015	568,720	5,429,828
Retained profit for the year	137,888	676,896
Dividends (see note 3)	-	(455,513)
At 31st December 2015	<u>706,608</u>	<u>5,651,211</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.

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015	2014
	£	£
Profit for the financial year	814,784	714,190
Dividends	(455,513)	(455,513)
	359,271	258,677
Net additions to shareholders' funds		
Opening shareholders' funds	<u>9,875,256</u>	<u>9,616,579</u>
Closing shareholders' funds	<u>10,234,527</u>	<u>9,875,256</u>

10. 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 2015 on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (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 5, 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 £8,694,928 (2014 - £8,652,982).

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 2015 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), FCA (Senior Statutory Auditor)
for and on behalf of Priory Practice Limited
Chartered Accountants
Registered Auditor
1 Abbots Quay
Monks Ferry
Birkenhead
Merseyside
CH41 5LH

23rd March 2016