

Company Number: 32052

Chantrey Vellacott DFK



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**THE PHOENIX PROPERTY
AND INVESTMENT
COMPANY, LIMITED**

**Financial Statements
30 September 1999**

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Financial statements for the year ended 30 September 1999

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THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Directors, officers and advisers

Directors

J. Brock, M.A. (Cantab) (Chairman)

M. Vass

Mrs. A.J.H. Birkert, B.A. (Hons.)

Secretary

M. Vass

Registered Office

Russell Square House

10-12 Russell Square

London WC1B 5LF

Auditors

Chantrey Vellacott DFK

Russell Square House

10-12 Russell Square

London WC1B 5LF

Bankers

National Westminster Bank plc

67 High Street

Sevenoaks

Kent

TN13 1LA

Solicitors

Penningtons

Bucklersbury House

83 Cannon Street

London

EC4N 8PE

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notice of Annual General Meeting

Notice is hereby given that the one hundred and tenth Annual General Meeting of The Phoenix Property and Investment Company, Limited will be held at Russell Square House, 10-12 Russell Square, London WC1 on 3 May 2000 at 12 noon to transact the following business:

1. To receive the reports of the directors and auditors and the financial statements for the year ended 30 September 1999.
2. To declare dividends on the Ordinary shares and on the Founders' shares.
3. To re-elect a director retiring by rotation.
4. To reappoint the auditors and authorise the directors to fix their remuneration.

By order of the Board

M. VASS

Secretary

14 March 2000

Registered Office:
Russell Square House
10-12 Russell Square
London WC1B 5LF

NOTE: A member entitled to attend and vote at a general meeting of the company is entitled to appoint a proxy to attend and vote instead of him, and that proxy need not also be a member.

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Directors' report for the year ended 30 September 1999

The directors present their report and the audited financial statements for the year ended 30 September 1999.

Activities

The principal activity of the company continued to be property investment.

Review of business

On 11 June 1999 the company sold the retail shop in Eltham which had been purchased in 1993. The proceeds were £972,317, after allowing for the costs of disposal.

On 17 September 1999 the company acquired a freehold office property in West London for £1,451,000. The current rent is £150,000 which gives a net initial yield of approximately 9.8% after allowing for costs of acquisition.

The decline in rents receivable from £347,697 to £329,557 is the result of the loss of rental income on the shop in Eltham from 11 June 1999. However, interest receivable increased from £1,190 to £14,654 as the proceeds of the Eltham sale were placed on deposit pending the acquisition of the West London property.

The full results are shown in the profit and loss account on page 6.

Future developments

The directors regularly review the property portfolio to ensure it is structured in the best way to take advantage of the changing property market.

Dividends

An interim dividend was paid on 18 October 1999 of £60,060. A final dividend of £111,600 is proposed, payable on 3 May 2000. Details of dividends on ordinary shares and the comparable amounts on Founders' shares are given in note 6 to the financial statements.

Fixed assets

The movements in tangible assets and investments are disclosed in notes 7 and 8 to the financial statements.

Attention is drawn to the accounting policy on realisation of fixed assets as stated in note 1(d).

Interests in land

Having consulted their professional advisers, the directors have carried forward the properties at a valuation of £4,805,000 which they consider represents the market value of the portfolio at the balance sheet date.

Directors

The directors who served during the year were:

J. Brock, M.A. (Cantab) (Chairman)
M. Vass
Mrs. A.J.H. Birkert, B.A. (Hons)

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Directors' report for the year ended 30 September 1999

Directors' interests in shares

The following were the beneficial interests of the directors in the shares of the company throughout the financial year:-

	Founders' shares	Ordinary shares
J. Brock	100	1,742
M. Vass	100	1,355
Mrs. A.J.H. Birkert	150	2,069

Mrs. A.J.H. Birkert also had a non-beneficial interest in 50 Founders' shares and 575 Ordinary shares at 1 October 1998 and at 30 September 1999.

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 for that year. In preparing those financial statements, the directors are required to:

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

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

Auditors

A resolution concerning the reappointment of Chantrey Vellacott DFK as auditors of the company will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

M. VASS



Director/Secretary

9 February 2000

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Auditors' report to the members of The Phoenix Property and Investment Company, Limited

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and 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 that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chantrey Vellacott DFK
CHANTREY VELLACOTT DFK

Chartered Accountants
Registered Auditors

LONDON

Date: 29 February 2000

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Profit and loss account

For the year ended 30 September 1999

	Notes	1999 £	1998 £
Rents receivable		329,557	347,697
Outgoings on properties		(9,689)	(15,411)
Net income from properties		319,868	332,286
Administrative expenses		(58,804)	(52,709)
Operating profit		261,064	279,577
Surplus on disposal of fixed assets	2	2,660	5,799
Income from fixed asset investments	3	5,566	4,572
Interest receivable	3	14,654	1,190
Interest payable	3	(1,036)	(199)
Profit on ordinary activities before taxation	3	282,908	290,939
Tax on profit on ordinary activities	5	(63,299)	(61,796)
Profit for the financial year		219,609	229,143
Dividends	6	(171,660)	(162,360)
Profit retained for the year		47,949	66,783
Statement of retained profits			
Profit retained for the year		47,949	66,783
Transfer of realised profits			
on properties	13(a)	31,424	-
on investments	13(b)	11,154	8,102
		90,527	74,885
Retained profits brought forward		4,119,123	4,044,238
Retained profits carried forward		4,209,650	4,119,123

The movements on the revaluation reserve relating to properties and the unrealised appreciation on investments reserve are shown in note 13 on pages 14 and 15.

None of the company's activities was acquired or discontinued during the above two financial years.

The notes on pages 9 to 15 form part of these financial statements.

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Statement of total recognised gains and losses For the year ended 30 September 1999

	1999 £	1998 £
Profit for the financial year	219,609	229,143
Unrealised gains/(losses) on revaluations for the financial year -		
Properties	6,194	-
Investments	7,113	(15,923)
Total gains and losses recognised since last financial statements	232,916	213,220

The above movements in gains and losses are derived from the Reserve accounts as shown in Notes 13(a) and 13(b) on pages 14 and 15.

Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Total gains and losses recognised since last financial statements	232,916	213,220
Dividends	(171,660)	(162,360)
Net addition to shareholders' funds	61,256	50,860
Opening shareholders' funds	4,241,868	4,191,008
Closing shareholders' funds	4,303,124	4,241,868

Note of historical cost profits and losses

	1999 £	1998 £
Reported profit on ordinary activities before taxation	282,908	290,939
Realisation of property and investment revaluation gains of previous years	42,578	8,102
Historical cost profit for the year on ordinary activities before taxation	325,486	299,041
Historical cost profit retained for the year after taxation and dividends	90,527	74,885

The notes on pages 9 to 15 form part of these financial statements.

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Balance sheet as at 30 September 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	7	4,805,000	4,265,000
Investments	8	120,664	153,995
		<u>4,925,664</u>	<u>4,418,995</u>
Current assets			
Debtors	9	33,308	50,177
Cash at bank		89,230	83,230
		<u>122,538</u>	<u>133,407</u>
Creditors: amounts falling due within one year	10	<u>(425,078)</u>	<u>(310,534)</u>
Net current liabilities		<u>(302,540)</u>	<u>(177,127)</u>
Total assets less current liabilities		<u>4,623,124</u>	<u>4,241,868</u>
Creditors: amounts falling due after more than one year	11	<u>(320,000)</u>	<u>-</u>
Net assets		<u><u>4,303,124</u></u>	<u><u>4,241,868</u></u>
Capital and reserves			
Called up share capital	12	10,000	10,000
Revaluation reserve - Properties	13(a)	54,049	79,279
Unrealised appreciation on investments reserve	13(b)	29,425	33,466
Profit and loss account		4,209,650	4,119,123
Shareholders' funds		<u><u>4,303,124</u></u>	<u><u>4,241,868</u></u>

The financial statements on pages 6 to 15 were approved by the board of directors on 9 February 2000 and were signed on its behalf by:


J. BROCK

Director

The notes on pages 9 to 15 form part of these financial statements.

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 1999

1. Accounting policies

(a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting, as modified by the revaluation of fixed assets.

The company has taken advantage of the exemption in financial reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

(b) Freehold and long leasehold land and buildings

Freehold and long leasehold land and buildings are stated in the balance sheet at open market value and any resulting surplus over cost is transferred to the revaluation reserve. No provision is made for tax which would arise on capital gains if the properties were sold at open market value at the balance sheet date.

(c) Listed investments

Listed investments are stated in the balance sheet at middle market values at the balance sheet date. The amount by which the valuation of investments exceeds their book value is shown under reserves as unrealised appreciation on investments. No provision is made for tax which would arise on capital gains if the investments were sold at their market value at the balance sheet date.

(d) Realisation of fixed assets

In accordance with FRS3, the profit or loss on disposal of a fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the sale proceeds and the net carrying amount, whether carried at historical cost or at a valuation. Any valuation surplus on such asset, by which the net carrying amount exceeds historical cost, is released, on disposal, from the relevant reserve and shown as realised profit in the statement of retained profits.

(e) Taxation

Current and deferred taxation is based on the profit for the year and includes all taxation liabilities accruing to the date of these financial statements.

Deferred taxation is provided under the liability method in respect of timing differences between the profit as shown in the financial statements and profit as computed for tax purposes to the extent that it is probable that a taxation liability or asset will crystallise.

(f) Value added tax

On 1 April 1996 the company registered for value added tax and elected to waive exemption on a property acquired during that year. On 30 November 1998 the company elected to waive exemption on all remaining properties with the exception of one property. Input tax on services relating to elected properties is recoverable. However, the input tax on services relating to the company's other property at that date is not necessarily recoverable, and the amount of any such tax is included with the relevant expenditure.

The property acquired during the year is not elected for value added tax and input tax on services relating to this property is not recoverable and the amount of such tax is included in the relevant expenditure.

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 1999

2.	Surplus on disposal of fixed assets	1999	1998
		£	£
	Surplus/(deficit) on disposal of fixed assets based on carrying value:		
	Properties	(16,278)	-
	Listed investments	18,938	5,799
		<u>2,660</u>	<u>5,799</u>
3.	Profit on ordinary activities before taxation	1999	1998
		£	£
	This is stated after crediting:		
	Income from listed investments -		
	Franked U.K. dividends	4,497	4,572
	Unfranked income	1,069	-
		<u>5,566</u>	<u>4,572</u>
	Interest receivable -		
	Bank deposit interest	13,493	566
	Other	1,161	624
		<u>14,654</u>	<u>1,190</u>
	and after charging:		
	Interest payable -		
	On bank overdraft	-	199
	On bank loan	1,036	-
		<u>1,036</u>	<u>-</u>
	Directors' emoluments:		
	Fees	24,064	23,320
	Auditors' remuneration	4,084	5,825
		<u>28,148</u>	<u>29,145</u>
4.	Employee information		
	There were no employees with contracts of service with the company and all of the directors were non executive.		

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 1999

5. **Taxation**

		1999	1998
		£	£
(a)	United Kingdom corporation tax based on the profits for the year at an effective rate of 20.5% (1998 : 21%)	62,500	61,250
	Tax attributable to franked investment income	546	912
	Tax attributable to unfranked investment income	235	-
	Under/(over) provision in previous years	18	(366)
		<u>63,299</u>	<u>61,796</u>
		<u><u>63,299</u></u>	<u><u>61,796</u></u>
(b)	Deferred taxation	1999	1998
		Amount unprovided	Amount unprovided
		£	£
	Amount provided		Amount provided
	£		£
	Accelerated capital Allowances	-	-
	Advance corporation tax recoverable	-	(14,864)
		<u>-</u>	<u>(14,864)</u>
		<u><u>-</u></u>	<u><u>*(14,864)</u></u>
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THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 1999

6. Dividends		1999		1998
	£ per share	£	£ per share	£
Founders' shares				
- interim	42.621	29,835	42.621	29,835
- proposed final	79.714	55,800	73.071	51,150
	<u>122.335</u>	<u>85,635</u>	<u>115.692</u>	<u>80,985</u>
Ordinary shares				
- interim	3.250	30,225	3.250	30,225
- proposed final	6.000	55,800	5.500	51,150
	<u>9.250</u>	<u>86,025</u>	<u>8.750</u>	<u>81,375</u>
Total dividends for the year		<u>171,660</u>		<u>162,360</u>

7. Tangible fixed assets			
	Freehold £	Long leasehold £	Total £
Land and buildings at cost:			
At 1 October 1998	2,611,839	1,573,882	4,185,721
Additions	1,530,643	-	1,530,643
Disposals and adjustments	(962,082)	(3,331)	(965,413)
At 30 September 1999	<u>3,180,400</u>	<u>1,570,551</u>	<u>4,750,951</u>
At valuation:			
At 1 October 1998	2,735,000	1,530,000	4,265,000
Increase in valuation at 30 September 1999	540,000	-	540,000
At 30 September 1999	<u>3,275,000</u>	<u>1,530,000</u>	<u>4,805,000</u>

The company's property portfolio at 30 September 1999 was valued by the directors having taken professional advice.

The non-provision of depreciation on freehold and long leasehold properties is in accordance with SSAP 19 but constitutes a departure from the provisions contained in the Companies Act. This departure is necessary to enable the financial statements to give a true and fair view and is required by Section 226(5) of the Companies Act 1985.

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 1999

8.	Investments	£
	Movements during the year, at cost:	
	At 1 October 1998	120,529
	Additions	42,502
	Disposals	(71,792)
	At 30 September 1999	<u>91,239</u>

Holdings at year end:

	1999		1998	
	Cost £	Market value £	Cost £	Market value £
Equities (U.K. companies)	73,313	101,570	105,333	136,085
Equities (European companies)	6,006	6,298	10,296	11,482
Unit trusts	11,920	12,796	4,900	6,428
	<u>91,239</u>	<u>120,664</u>	<u>120,529</u>	<u>153,995</u>

All investments held at 30 September 1999 were listed or otherwise dealt with on a recognised stock exchange.

See also Note 1(c).

9.	Debtors	1999 £	1998 £
	Sundry debtors	32,160	35,313
	Prepayments	1,148	-
	Deferred asset (note 5(b))	-	14,864
		<u>33,308</u>	<u>50,177</u>

The deferred asset is due after more than one year.

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 1999

10.	Creditors: amounts falling due within one year	1999	1998
		£	£
	Interim and proposed final dividends (note 6)	171,660	162,360
	Taxation	53,076	24,899
	Advance corporation tax	-	14,864
	Bank loans (note 11)	80,000	-
	Accruals and deferred income	120,342	108,411
		<u>425,078</u>	<u>310,534</u>

11.	Creditors: amounts falling due after more than one year	1999	1998
		£	£
	Amounts repayable within five years – bank loan (secured)	400,000	-
	Less amounts included in current liabilities (note 10)	(80,000)	-
		<u>320,000</u>	<u>-</u>

The loan is secured by a first legal charge over a freehold property. £80,000 is repayable between one and two years and £240,000 between two and five years from the balance sheet date.

12.	Called up share capital	1999	1998
		£	£
	Authorised, allotted, called up and fully paid:		
	700 Founders' shares of £1 each	700	700
	9,300 Ordinary shares of £1 each	9,300	9,300
		<u>10,000</u>	<u>10,000</u>

The Founders' shares and Ordinary shares have different rights as to dividends. The Ordinary shareholders have a first charge on the dividends payable for a year of 4.2 pence per share. The balance of the dividends is payable 50% to the Founders' shareholders and 50% to the Ordinary shareholders.

13.	(a) Revaluation reserve - properties	1999	1998
		£	£
	Balance at 1 October 1998	79,279	79,279
	Transfer of realised profits attributable to disposals during year	(31,424)	-
	Increase in valuation at 30 September 1999	6,194	-
	Balance at 30 September 1999	<u>54,049</u>	<u>79,279</u>

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 1999

13. Revaluation reserve

(b) Unrealised appreciation on investments reserve	1999 £	1998 £
Balance at 1 October 1998	33,466	57,491
Transfer of realised profits attributable to disposals during year	(11,154)	(8,102)
Increase/(decrease) in value during year	7,113	(15,923)
Balance at 30 September 1999	<u>29,425</u>	<u>33,466</u>

14. Close company

The close company provisions of the Income and Corporation Taxes Act 1988 apply to this company.