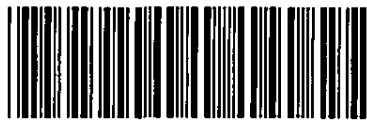


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**THE PHOENIX PROPERTY
AND INVESTMENT
COMPANY, LIMITED**

**Financial Statements
30 September 2009**

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Financial statements for the year ended 30 September 2009

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THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Directors, officers and advisers

Directors

M Vass (Chairman)
J Brock, M A (Cantab)
A W S Bullock BSc F C A
A R Yetton

Secretary

A W S Bullock

Registered Office

Russell Square House
10-12 Russell Square
London
WC1B 5LF

Auditor

Chantrey Vellacott DFK LLP
Russell Square House
10-12 Russell Square
London
WC1B 5LF

Bankers

National Westminster Bank plc
67 High Street
Sevenoaks
Kent
TN13 1LA

Solicitors

Penningtons Solicitors LLP
Abacus House
33 Gutter Lane
London
EC2V 8AR

Property agents

Mellersh & Harding LLP
32 St James's Street
London
SW1A 1HD

Chantrey Vellacott DFK LLP

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notice of Annual General Meeting

Notice is hereby given that the one hundred and twentieth 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 21 April 2010 at noon to transact the following business

- 1 To receive the reports of the directors and the auditor and the financial statements for the year ended 30 September 2009
- 2 To declare dividends on the Ordinary shares and on the Founders' shares
- 3 To re-elect a director retiring by rotation
- 4 To re-elect any directors appointed since the one hundred and nineteenth Annual General Meeting
- 5 To reappoint the auditor and authorise the directors to fix the remuneration of the auditor

By order of the Board

A W S BULLOCK

Secretary

18 March 2010

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 them, and that proxy need not also be a member

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Directors' report for the year ended 30 September 2009

The directors present their report and the audited financial statements for the year ended 30 September 2009

Activities

The principal activity of the company continued to be property investment

Review of business

Profit before tax for the year was £389,079, after charging a property impairment provision of £57,368, as against £468,905 in the previous year. After tax, the profit for the year was £282,333

In December 2008 the Company completed the purchase of a freehold property in Northampton. The directors consider that the value of this property has not increased since acquisition and the impairment provision represents the acquisition costs, including stamp duty, of the property. All properties were fully let during the year.

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

Fixed assets

The movements in tangible assets are disclosed in note 6 to the financial statements

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

Interests in land

Having consulted their professional advisers, the directors have carried forward the properties at a valuation of £6,325,000 which they consider represents the market value of the portfolio at the balance sheet date

Directors

The directors who served during the year were

M Vass (Chairman)

J Brock, M A (Cantab)

A W S Bullock F C A

A R Yetton (appointed 1 October 2008)

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Directors' report for the year ended 30 September 2009

The directors are responsible for keeping adequate 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 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

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

ON BEHALF OF THE BOARD



A W S BULLOCK

Secretary

3 February 2010

Chantrey Vellacott DFK LLP

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Independent Auditor's report to the Shareholders of The Phoenix Property and Investment Company, Limited

We have audited the financial statements of The Phoenix Property and Investment Company, Limited for the year ended 30 September 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with section 495 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 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 the auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report 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.



CHRISTOPHER MALACRIDA (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
London
3 February 2010

Chantrey Vellacott DFK LLP

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Profit and loss account

For the year ended 30 September 2009

	Notes	2009 £	2008 £
Rents receivable		546,236	571,614
Outgoings on properties		(30,563)	(18,182)
Net income from properties		515,673	553,432
Administrative expenses		(71,718)	(61,580)
Property impairment provision	6	(57,368)	-
Operating profit		386,587	491,852
Deficit on disposal of fixed assets		-	(659)
Interest receivable	2	5,613	21,362
Interest payable	2	(3,121)	(43,650)
Profit on ordinary activities before taxation	2	389,079	468,905
Tax on profit on ordinary activities	4	(106,246)	(114,719)
Profit for the financial year	11	282,833	354,186

Chantrey Vellacott DFK LLP

The movements on the revaluation reserve relating to properties are shown in note 11 on page 13

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

The notes on pages 9 to 14 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 2009

	2009 £	2008 £
Profit for the financial year	282,833	354,186
Unrealised losses on revaluations for the financial year - Properties	-	(490,000)
Total gains and (losses) recognised since last financial statements	282,833	(135,814)

The above movements in gains and losses are disclosed in the Reserve accounts, in Note 11 on page 13

Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Opening shareholders' funds	6,033,336	6,378,009
Total gains and (losses) recognised since last financial statements	282,833	(135,814)
	6,316,169	6,242,195
Dividends paid (note 5)	(208,859)	(208,859)
Closing shareholders' funds	6,107,310	6,033,336

The notes on pages 9 to 14 form part of these financial statements

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Balance sheet as at 30 September 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	6	<u>6,325,000</u>	<u>5,500,000</u>
Current assets			
Debtors	7	70,655	154,278
Cash at bank		<u>118,189</u>	<u>645,854</u>
		188,844	800,132
Creditors amounts falling due within one year	8	<u>(349,534)</u>	<u>(266,796)</u>
Net current (liabilities)/assets		<u>(160,690)</u>	<u>533,336</u>
Total assets less current liabilities		6,164,310	6,033,336
Creditors amounts falling due after more than one year	9	<u>(57,000)</u>	<u>-</u>
Net assets		<u>6,107,310</u>	<u>6,033,336</u>
Capital and reserves			
Called up share capital	10	10,000	10,000
Revaluation reserve - Properties	11	753,198	753,198
Profit and loss account	11	<u>5,344,112</u>	<u>5,270,138</u>
Shareholders' funds		<u>6,107,310</u>	<u>6,033,336</u>

The financial statements on pages 6 to 14 were approved and authorised for issue by the board of directors on 3 February 2010 and signed on its behalf by

M VASS

Director



Company Number 32052

The notes on pages 9 to 14 form part of these financial statements

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 2009

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 in accordance with UK company law and applicable accounting standards

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) Rents receivable

These are recognised in the financial statements on the basis of rental period to which they relate. Rents received in advance are included in creditors falling due within one year as deferred income

(c) Expenditure

Expenditure in respect of properties and administrative costs is recognised in the financial statements when incurred and spread over the period to which it relates

(d) Freehold and long leasehold land and buildings

Freehold and long leasehold land and buildings are stated in the balance sheet at open market value. Any resulting surplus over cost is transferred to the revaluation reserve, any deficit below cost is reflected through the profit and loss account as a property impairment provision. Cost of properties includes stamp duty paid and professional fees incurred in the acquisition

(e) 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

(f) Taxation

Current taxation is based on the profit for the year and includes all taxation liabilities accruing to the date of these financial statements and is provided for at the applicable tax rate

Deferred taxation is provided in respect of all material timing differences between the profit as shown in the financial statements and profit as computed for tax purposes and is computed at the tax rate that is expected to apply when the liability crystallises

(g) Value added tax

The company is registered for value added tax and has elected to waive exemption on properties, with the exception of two properties. Input tax on services relating to elected properties is recoverable. Input tax on administrative expenditure and services relating to the company's other properties is not necessarily recoverable, and the amount of any such tax is included with the relevant expenditure

(h) Depreciation

The non-provision of depreciation on freehold and long leasehold properties is in accordance with Statement of Standard Accounting Practice 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 396 (5) of the Companies Act 2006

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 2009

2	Profit on ordinary activities before taxation	2009	2008
		£	£
	This is stated after crediting		
	Interest receivable -		
	Bank deposit interest	5,613	20,534
	Other	-	828
		<u>5,613</u>	<u>21,362</u>
	and after charging		
	Interest payable -		
	On loans (note 9)	3,121	43,650
		<u>3,121</u>	<u>43,650</u>
	Directors' emoluments		
	Fees	46,260	34,804
	Auditor's remuneration	3,000	4,150
		<u>3,000</u>	<u>4,150</u>

3 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 2009

4	Taxation	2009	2008
		£	£
	(a) Analysis of charge in year		
	Current tax		
	UK corporation tax on profits of the year	107,000	115,000
	Adjustments in respect of previous years	(754)	(281)
	Total current tax (note 4(b)) and tax on profit on ordinary activities	<u>106,246</u>	<u>114,719</u>
	(b) Factors affecting tax charge for year		
	The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 29%) The differences are explained below		
		2009	2008
		£	£
	Profit on ordinary activities before tax	<u>389,079</u>	<u>468,905</u>
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 29%)	108,942	135,982
	Effects of		
	Income not taxable	(21)	(29)
	Marginal relief	(17,984)	(21,144)
	Adjustments to tax charge in respect of previous years	(754)	(281)
	Expenses not deductible	-	191
	Property impairment provision not deductible	<u>16,063</u>	<u>-</u>
	Current tax charge for year (note 4(a))	<u>106,246</u>	<u>114,719</u>
	(c) Potential taxation on disposal of fixed assets		
	In the opinion of the directors, no material tax liability would arise on the disposal of properties at their valued amounts Accordingly, no provision has been made for deferred tax on gains recognised on revaluing properties to their market value		

5	Dividends	2009		2008	
		£ per share	£	£ per share	£
	Founders' shares				
	- interim (paid October 2008)	55 906	39,134	55 906	39,134
	- final (paid April 2009)	93 000	65,100	93 000	65,100
		<hr/>	<hr/>	<hr/>	<hr/>
		148 906	104,234	148 906	104,234
		<hr/>	<hr/>	<hr/>	<hr/>
	Ordinary shares				
	- interim (paid October 2008)	4 25	39,525	4 25	39,525
	- final (paid April 2009)	7 00	65,100	7 00	65,100
		<hr/>	<hr/>	<hr/>	<hr/>
		11 25	104,625	11 25	104,625
		<hr/>	<hr/>	<hr/>	<hr/>
	Total dividends paid		208,859		208,859

An interim dividend in respect of 2009 was paid on 23 October 2009 of £78,659 A final dividend of £134,850 is proposed, payable on 21 April 2010

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 2009

6	Tangible fixed assets	Freehold £	Long leasehold £	Total £
	Land and buildings			
	At cost			
	At 1 October 2008	3,176,251	1,570,551	4,746,802
	Additions	882,368	-	882,368
	At 30 September 2009	4,058,619	1,570,551	5,629,170
	Impairment provision			
	At 1 October 2008	-	-	-
	Provision for year	57,368	-	57,368
	At 30 September 2009	57,368	-	57,368
	Historic book value	4,001,251	1,550,551	5,571,802
	At valuation			
	At 1 October 2008	3,921,000	1,579,000	5,500,000
	Decrease in valuation	-	-	-
	Additions in year, less impairment	825,000	-	825,000
	At 30 September 2009	4,746,000	1,579,000	6,325,000

The company's property portfolio at 30 September 2009 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 396 (5) of the Companies Act 2006

7	Debtors	2009 £	2008 £
	Sundry debtors	70,655	154,278
8	Creditors amounts falling due within one year	2009 £	2008 £
	Taxation	118,250	118,369
	Unsecured loan (note 9)	76,000	-
	Accruals and deferred income	155,284	148,427
		349,534	266,796

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 2009

9	Creditors amounts falling due after more than one year	2009	2008
		£	£
	Loan – unsecured		
	Amounts repayable after five years	-	-
	Amounts repayable within two to five years	133,000	-
	Less amounts included in current liabilities (note 8)	(76,000)	-
		<u>57,000</u>	<u>-</u>

The loan is from a director A W S Bullock advanced £190,000 to the company in connection with the acquisition of the property in Northampton of which £57,000 has been repaid during the year. The loan is repayable by quarterly instalments of £19,000 and expires in 2011. Interest is charged at 1.5% above bank base rate.

10	Called up share capital	2009	2008
		£	£
	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.

11	Reserves	Revaluation reserve	Profit and loss account
		£	£
	At 1 October 2008	753,198	5,270,138
	Dividends	-	(208,859)
	Profit for the year	-	282,833
	At 30 September 2009	<u>753,198</u>	<u>5,344,112</u>

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 2009

12 Related party transactions

During the year A W S Bullock, a director of the company, advanced an unsecured loan of to the company in the sum of £190,000 of which £57,000 was repaid by 30 September 2009. Further details of the loan are included in note 9.

Interest payable by the company during the year on the loan amounted to £3,121.

The following directors received dividends from the company during the year:

	Founders' shares £	Ordinary shares £
M Vass	14,891	15,390
J Brock	14,891	13,163
A W S Bullock	-	371
A R Yetton	7,445	4,669