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

**Financial Statements  
30 September 2002**

# THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

## Financial statements for the year ended 30 September 2002

Contents	Pages
Directors, officers and advisers	1
Notice of annual general meeting	2
Directors' report	3-4
Independent auditors' report	5
Profit and loss account	6
Statement of total recognised gains and losses	7
Note of historical cost profits and losses	7
Balance sheet	8
Notes to the financial statements	9-14

# THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

## Directors, officers and advisers

### Directors

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

### Secretary

A W S Bullock

### 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

### Property agents

Mellersh & Harding  
43 St James's Place  
St. James's Street  
London  
SW1A 1PA

# THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

## Notice of Annual General Meeting

Notice is hereby given that the one hundred and thirteenth 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 1 May 2003 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 2002.
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

**A W S BULLOCK**

Secretary

28 March 2003

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 2002

The directors present their report and the audited financial statements for the year ended 30 September 2002.

### Activities

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

### Review of business

There was no change in the property portfolio during the year but three rent reviews arising during the year have been concluded giving rise to an increase in rents receivable.

Profit before tax for the year was £322,418 after charging £22,547 for the fall in value of listed investments below cost as against £340,985 in the previous year. After tax, the profit for the year was £249,770, compared with £267,934. Both the profit before and after tax would have shown small increases on last year if it had not been necessary to write down the investments from original cost to market value.

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 22 October 2002 of £69,359. A final dividend of £116,250 is proposed, payable on 1 May 2003. 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 £5,000,000 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

Amanda Birkert, B.A. (Hons)

# THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

## Directors' report for the year ended 30 September 2002

### Directors' interests in shares

The following were the beneficial interests of the directors in the shares of the company:

	At 1 October 2001		At 30 September 2002	
	Founders' shares	Ordinary shares	Founders' shares	Ordinary shares
J. Brock	100	1,790	100	1,790
M. Vass	100	1,355	100	1,355
Amanda Birkert	150	2,069	150	2,069

### 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

A W S BULLOCK



Secretary

3 February 2003

# THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

## Independent Auditors' 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 2002 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
CHANTREY VELLACOTT DFK

Chartered Accountants  
Registered Auditors  
London

3 February 2003

# THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

## Profit and loss account

For the year ended 30 September 2002

	Notes	2002 £	2001 £
<b>Rents receivable</b>		<b>430,007</b>	<b>425,043</b>
Outgoings on properties		<u>(23,125)</u>	<u>(16,321)</u>
Net income from properties		<b>406,882</b>	<b>408,722</b>
Administrative expenses		<u>(56,424)</u>	<u>(56,168)</u>
<b>Operating profit</b>		<b>350,458</b>	<b>352,554</b>
Surplus on disposal of fixed assets	2	<b>106</b>	<b>1,280</b>
Income from fixed asset investments	3	<b>2,515</b>	<b>3,046</b>
Interest receivable	3	<b>2,432</b>	<b>3,424</b>
Amounts written off investments		<u>(22,547)</u>	<u>-</u>
Interest payable	3	<u>(10,546)</u>	<u>(19,319)</u>
<b>Profit on ordinary activities before taxation</b>	3	<b>322,418</b>	<b>340,985</b>
Tax on profit on ordinary activities	5	<u>(72,648)</u>	<u>(73,051)</u>
<b>Profit for the financial year</b>		<b>249,770</b>	<b>267,934</b>
Dividends	6	<u>(185,609)</u>	<u>(180,959)</u>
<b>Profit retained for the year</b>		<b>64,161</b>	<b>86,975</b>
<b>Statement of retained profits</b>			
Profit retained for the year		<b>64,161</b>	<b>86,975</b>
Transfer of realised profits on investments	13(b)	<b>91</b>	<b>9,012</b>
		<u><b>64,252</b></u>	<u><b>95,987</b></u>
Retained profits brought forward		<b>4,383,076</b>	<b>4,287,089</b>
<b>Retained profits carried forward</b>		<b>4,447,328</b>	<b>4,383,076</b>

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

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 2002

	2002 £	2001 £
Profit for the financial year	249,770	267,934
Unrealised (losses)/gains on revaluations for the financial year -		
Properties	195,000	-
Investments	(1,757)	(44,266)
<b>Total gains and losses recognised since last financial statements</b>	<b>443,013</b>	<b>223,668</b>

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

## Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Total gains and losses recognised since last financial statements	443,013	223,668
Dividends	(185,609)	(180,959)
Net addition to shareholders' funds	257,404	42,709
Opening shareholders' funds	4,453,122	4,410,413
Closing shareholders' funds	4,710,526	4,453,122

## Note of historical cost profits and losses

	2002 £	2001 £
Reported profit on ordinary activities before taxation	322,418	340,985
Realisation of investment revaluation gains of previous years	91	9,012
<b>Historical cost profit for the year on ordinary activities before taxation</b>	<b>322,509</b>	<b>349,997</b>
Historical cost profit retained for the year after taxation and dividends	64,252	95,987

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 2002

	Notes	2002 £	2001 £
<b>Fixed assets</b>			
Tangible assets	7	5,000,000	4,805,000
Investments	8	93,038	115,406
		<u>5,093,038</u>	<u>4,920,406</u>
<b>Current assets</b>			
Debtors	9	62,384	66,306
Cash at bank		98,498	71,899
		<u>160,882</u>	<u>138,205</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(483,394)</u>	<u>(465,489)</u>
<b>Net current liabilities</b>		<u>(322,512)</u>	<u>(327,284)</u>
<b>Total assets less current liabilities</b>		<u>4,770,526</u>	<u>4,593,122</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(60,000)</u>	<u>(140,000)</u>
<b>Net assets</b>		<u>4,710,526</u>	<u>4,453,122</u>
<b>Capital and reserves</b>			
Called up share capital	12	10,000	10,000
Revaluation reserve - Properties	13(a)	253,198	58,198
Unrealised appreciation on investments reserve	13(b)	-	1,848
Profit and loss account		4,447,328	4,383,076
<b>Shareholders' funds</b>		<u>4,710,526</u>	<u>4,453,122</u>

The financial statements on pages 6 to 14 were approved by the board of directors on 3 February 2003 and were signed on its behalf by:

J. BROCK  Director

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 2002

### 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 in respect of all material timing differences between the profit as shown in the financial statements and profit as computed for tax purposes.

#### (f) 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.

# THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

## Notes to the financial statements For the year ended 30 September 2002

2.	<b>Surplus on disposal of fixed assets</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	Surplus on disposal of fixed assets based on carrying value:		
	Listed investments	<u>106</u>	<u>1,280</u>
3.	<b>Profit on ordinary activities before taxation</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	This is stated after crediting:		
	Income from listed investments -		
	Franked U.K. dividends	2,410	2,950
	Unfranked income	<u>105</u>	<u>96</u>
		<u>2,515</u>	<u>3,046</u>
	Interest receivable -		
	Bank deposit interest	1,922	3,171
	Other	<u>510</u>	<u>253</u>
		<u>2,432</u>	<u>3,424</u>
	and after charging:		
	Interest payable -		
	On bank loan	<u>10,546</u>	<u>19,319</u>
	Directors' emoluments:		
	Fees	29,094	28,440
	Auditors' remuneration	<u>3,687</u>	<u>3,896</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 2002

5.	<b>Taxation</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
(a)	<b>Analysis of charge in year</b>		
	Current tax:		
	UK corporation tax on profits of the year	72,800	74,200
	Adjustments in respect of previous years	(178)	(1,183)
	Double tax relief	(10)	-
	Foreign tax	36	34
	Total current tax (note 5b) and tax on profit on ordinary activities	<u>72,648</u>	<u>73,051</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 21.30% (2001 : 21.63%). The differences are explained below:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>322,418</u>	<u>340,985</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.30% (2001 : 21.63%)	68,673	73,754
Effects of:		
Unrealised loss on revaluation of listed investments	4,803	-
UK dividends not taxable	(513)	(603)
Capital allowances for year in excess of depreciation	(240)	(245)
Capital gains higher than accounts profits on sale	83	1,328
Higher tax rates on overseas earnings	20	-
Adjustments to tax charge in respect of previous years	<u>(178)</u>	<u>(1,183)</u>
Current tax charge for year (note 5(a))	<u>72,648</u>	<u>73,051</u>

(c) **Potential taxation on disposal of fixed assets**

No material tax liability would arise on the disposal of properties and listed investments at their valued amounts (see accounting policy notes 1(b) and 1(c)).

# THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

## Notes to the financial statements For the year ended 30 September 2002

6. Dividends	2002		2001	
	£ per share	£	£ per share	£
Founders' shares				
- interim	49.263	34,484	45.942	32,159
- proposed final	83.036	58,125	83.036	58,125
	<u>132.299</u>	<u>92,609</u>	<u>128.978</u>	<u>90,284</u>
Ordinary shares				
- interim	3.75	34,875	3.50	32,550
- proposed final	6.25	58,125	6.25	58,125
	<u>10.00</u>	<u>93,000</u>	<u>9.75</u>	<u>90,675</u>
Total dividends for the year		<u>185,609</u>		<u>180,959</u>
7. Tangible fixed assets				
	Freehold £	Long leasehold £	Total £	
Land and buildings at cost:				
At 1 October 2001 and at 30 September 2002	<u>3,176,251</u>	<u>1,570,551</u>	<u>4,746,802</u>	
At valuation:				
At 1 October 2001	3,255,000	1,550,000	4,805,000	
Increase in valuation at 30 September 2002	<u>100,000</u>	<u>95,000</u>	<u>195,000</u>	
At 30 September 2002	<u>3,355,000</u>	<u>1,645,000</u>	<u>5,000,000</u>	

The company's property portfolio at 30 September 2002 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 2002

### 8. Investments £

Movements during the year, at cost:

At 1 October 2001	113,558
Additions	13,939
Disposals	<u>(11,912)</u>
At 30 September 2002	<u>115,585</u>

Holdings at year end:

	2002		2001	
	Cost £	Market value £	Cost £	Market value £
Equities				
(U.K. companies)	97,499	75,055	95,473	96,421
Equities				
(European companies)	6,165	7,181	6,165	7,509
Unit trusts	<u>11,921</u>	<u>10,802</u>	<u>11,920</u>	<u>11,476</u>
	<u>115,585</u>	<u>93,038</u>	<u>113,558</u>	<u>115,406</u>

All investments held at 30 September 2002 were listed or otherwise dealt with on a recognised stock exchange.

See also Note 1(c).

9. Debtors	2002 £	2001 £
Sundry debtors	<u>62,384</u>	<u>66,306</u>
10. Creditors: amounts falling due within one year	2002 £	2001 £
Interim and proposed final dividends (note 6)	185,609	180,959
Taxation	76,959	78,689
Bank loans (note 11)	80,000	80,000
Accruals and deferred income	<u>140,826</u>	<u>125,841</u>
	<u>483,394</u>	<u>465,489</u>

# THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

## Notes to the financial statements For the year ended 30 September 2002

11.	<b>Creditors:</b> amounts falling due after more than one year	<b>2002</b>	<b>2001</b>
		£	£
	Amounts repayable within five years – bank loan (secured)	140,000	220,000
	Less amounts included in current liabilities (note 10)	(80,000)	(80,000)
		<u>60,000</u>	<u>140,000</u>

The loan is secured by a first legal charge over a freehold property. £60,000 is repayable between one and two years from the balance sheet date.

12.	<b>Called up share capital</b>	<b>2002</b>	<b>2001</b>
		£	£
	<b>Authorised, allotted, called up and fully paid:</b>		
	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) <b>Revaluation reserve - properties</b>	<b>2002</b>	<b>2001</b>
		£	£
	Balance at 1 October 2001	58,198	58,198
	Increase in valuation at 30 September 2002	195,000	-
	Balance at 30 September 2002	<u>253,198</u>	<u>58,198</u>
	(b) <b>Unrealised appreciation on investments reserve</b>	<b>2002</b>	<b>2001</b>
		£	£
	Balance at 1 October 2001	1,848	55,126
	Transfer of realised profits attributable to disposals during year	(91)	(9,012)
	Decrease in value during year	(1,757)	(44,266)
	Balance at 30 September 2002	<u>-</u>	<u>1,848</u>

### 14. Close company

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