



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

**Financial Statements
30 September 2000**

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Financial statements for the year ended 30 September 2000

Contents	Pages
Directors, officers and advisers	1
Notice of annual general meeting	2
Directors' report	3-4
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

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 2 May 2001 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 2000.
2. To declare dividends on the Ordinary shares and on the Founders' shares.
3. To re-elect a director retiring by rotation.
4. To approve the directors' fees from 1 October 2000.
5. To reappoint the auditors and authorise the directors to fix their remuneration.

By order of the Board

M. VASS

Secretary

13 March 2001

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 2000

The directors present their report and the audited financial statements for the year ended 30 September 2000.

Activities

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

Review of business

There was no change in the property portfolio nor any rent review concluded during the year and all properties were fully let.

The increase in rents receivable reflects a full year's rental income on the Hammersmith property acquired during September 1999.

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 23 October 2000 of £64,709. A final dividend of £116,250 is proposed, payable on 2 May 2001. 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

Amanda Birkert, B.A. (Hons)

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Directors' report for the year ended 30 September 2000

Directors' interests in shares

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

	At 1 October 1999		At 30 September 2000	
	Founders' shares	Ordinary shares	Founders' shares	Ordinary shares
J. Brock	100	1,742	100	1,752
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

M. VASS



Director/Secretary

7 February 2001

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 14 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 2000 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

Date:

7 February 2001

Chantrey Vellacott DFK

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Profit and loss account

For the year ended 30 September 2000

	Notes	2000 £	1999 £
Rents receivable		418,072	329,557
Outgoings on properties		(15,732)	(9,689)
Net income from properties		402,340	319,868
Administrative expenses		(52,031)	(58,804)
Operating profit		350,309	261,064
Surplus/(deficit) on disposal of fixed assets	2	(1,105)	2,660
Income from fixed asset investments	3	3,115	5,566
Interest receivable	3	2,998	14,654
Interest payable	3	(27,073)	(1,036)
Profit on ordinary activities before taxation	3	328,244	282,908
Tax on profit on ordinary activities	5	(69,126)	(63,299)
Profit for the financial year		259,118	219,609
Dividends	6	(180,959)	(171,660)
Profit retained for the year		78,159	47,949
Statement of retained profits			
Profit retained for the year		78,159	47,949
Transfer of realised profits/(losses)			
on properties	13(a)	-	31,424
on investments	13(b)	(720)	11,154
		77,439	90,527
Retained profits brought forward		4,209,650	4,119,123
Retained profits carried forward		4,287,089	4,209,650

The movements on the revaluation reserve relating to properties and the unrealised appreciation on investments reserve are shown in note 13 on pages 13 and 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 2000

	2000 £	1999 £
Profit for the financial year	259,118	219,609
Unrealised gains on revaluations for the financial year -		
Properties	4,149	6,194
Investments	24,981	7,113
Total gains and losses recognised since last financial statements	288,248	232,916

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

Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Total gains and losses recognised since last financial statements	288,248	232,916
Dividends	(180,959)	(171,660)
Net addition to shareholders' funds	107,289	61,256
Opening shareholders' funds	4,303,124	4,241,868
Closing shareholders' funds	4,410,413	4,303,124

Note of historical cost profits and losses

	2000 £	1999 £
Reported profit on ordinary activities before taxation	328,244	282,908
Realisation of property and investment revaluation gains/(losses) of previous years	(720)	42,578
Historical cost profit for the year on ordinary activities before taxation	327,524	325,486
Historical cost profit retained for the year after taxation and dividends	77,439	90,527

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 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	7	4,805,000	4,805,000
Investments	8	166,486	120,664
		<u>4,971,486</u>	<u>4,925,664</u>
Current assets			
Debtors	9	80,404	33,308
Cash at bank		73,774	89,230
		<u>154,178</u>	<u>122,538</u>
Creditors: amounts falling due within one year	10	<u>(475,251)</u>	<u>(425,078)</u>
Net current liabilities		<u>(321,073)</u>	<u>(302,540)</u>
Total assets less current liabilities		4,650,413	4,623,124
Creditors: amounts falling due after more than one year	11	<u>(240,000)</u>	<u>(320,000)</u>
Net assets		<u>4,410,413</u>	<u>4,303,124</u>
Capital and reserves			
Called up share capital	12	10,000	10,000
Revaluation reserve - Properties	13(a)	58,198	54,049
Unrealised appreciation on investments reserve	13(b)	55,126	29,425
Profit and loss account		4,287,089	4,209,650
Shareholders' funds		<u>4,410,413</u>	<u>4,303,124</u>

The financial statements on pages 6 to 14 were approved by the board of directors on 7 February 2001 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 2000

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

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 2000

2.	Surplus on disposal of fixed assets	2000	1999
		£	£
	Surplus/(deficit) on disposal of fixed assets based on carrying value:		
	Properties	-	(16,278)
	Listed investments	(1,105)	18,938
		<u>(1,105)</u>	<u>2,660</u>
3.	Profit on ordinary activities before taxation	2000	1999
		£	£
	This is stated after crediting:		
	Income from listed investments -		
	Franked U.K. dividends	3,029	4,497
	Unfranked income	86	1,069
		<u>3,115</u>	<u>5,566</u>
	Interest receivable -		
	Bank deposit interest	2,711	13,493
	Other	287	1,161
		<u>2,998</u>	<u>14,654</u>
	and after charging:		
	Interest payable -		
	On bank loan	27,073	1,036
		<u>27,073</u>	<u>1,036</u>
	Directors' emoluments:		
	Fees	24,570	24,064
	Auditors' remuneration	4,178	4,084
		<u>4,178</u>	<u>4,084</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 2000

5.	Taxation	2000 £	1999 £
(a)	United Kingdom corporation tax based on the profits for the year at an effective rate of 21.4% (1999 : 20.5%)	69,700	62,500
	Tax attributable to franked investment income	303	546
	Tax attributable to unfranked investment income	30	235
	Under/(over) provision in previous years	(907)	18
		<u>69,126</u>	<u>63,299</u>
(b)	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)).		

6.	Dividends	2000	1999
		£ per share	£ per share
		£	£
	Founders' shares		
	- interim	45.942	42.621
	- proposed final	83.036	79.714
		<u>128.978</u>	<u>122.335</u>
		<u>90,284</u>	<u>85,635</u>
	Ordinary shares		
	- interim	3.50	3.250
	- proposed final	6.25	6.000
		<u>9.75</u>	<u>9.250</u>
		<u>90,675</u>	<u>86,025</u>
	Total dividends for the year	<u>180,959</u>	<u>171,660</u>

7.	Tangible fixed assets	Freehold £	Long leasehold £	Total £
	Land and buildings at cost:			
	At 1 October 1999	3,180,400	1,570,551	4,950,951
	Disposals and adjustments	(4,149)	-	(4,149)
	At 30 September 2000	<u>3,176,251</u>	<u>1,570,551</u>	<u>4,746,802</u>
	At valuation:			
	At 1 October 1999	3,275,000	1,530,000	4,805,000
	Increase in valuation at 30 September 2000			
	At 30 September 2000	<u>3,275,000</u>	<u>1,530,000</u>	<u>4,805,000</u>

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements

For the year ended 30 September 2000

7. Tangible fixed assets

The company's property portfolio at 30 September 2000 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.

8. Investments

£

Movements during the year, at cost:

At 1 October 1999	91,239
Additions	33,611
Disposals	(13,490)
At 30 September 2000	<u>111,360</u>

Holdings at year end:

	2000		1999	
	Cost £	Market value £	Cost £	Market value £
Equities (U.K. companies)	93,434	140,847	73,313	101,570
Equities (European companies)	6,006	7,273	6,006	6,298
Unit trusts	11,920	18,366	11,920	12,796
	<u>111,360</u>	<u>166,486</u>	<u>91,239</u>	<u>120,664</u>

All investments held at 30 September 2000 were listed or otherwise dealt with on a recognised stock exchange.

See also Note 1(c).

9. Debtors

2000
£

1999
£

Sundry debtors	80,404	32,160
Prepayments	-	1,148
	<u>80,404</u>	<u>33,308</u>

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 2000

10.	Creditors: amounts falling due within one year	2000	1999
		£	£
	Interim and proposed final dividends (note 6)	180,959	171,660
	Taxation	80,159	53,076
	Bank loans (note 11)	80,000	80,000
	Accruals and deferred income	134,133	120,342
		<u>475,251</u>	<u>425,078</u>
11.	Creditors: amounts falling due after more than one year	2000	1999
		£	£
	Amounts repayable within five years – bank loan (secured)	320,000	400,000
	Less amounts included in current liabilities (note 10)	(80,000)	(80,000)
		<u>240,000</u>	<u>320,000</u>

The loan is secured by a first legal charge over a freehold property. £80,000 is repayable between one and two years and £160,000 between two and five years from the balance sheet date.

12.	Called up share capital	2000	1999
		£	£
	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	2000	1999
		£	£
	Balance at 1 October 1999	54,049	79,279
	Transfer of realised profits attributable to disposals during year	-	(31,424)
	Increase in valuation at 30 September 2000	4,149	6,194
		<u>58,198</u>	<u>54,049</u>
	Balance at 30 September 2000		

THE PHOENIX PROPERTY AND INVESTMENT COMPANY, LIMITED

Notes to the financial statements For the year ended 30 September 2000

13. Revaluation reserve

(b)	Unrealised appreciation on investments reserve	2000 £	1999 £
	Balance at 1 October 1999	29,425	33,466
	Transfer of realised (profits)/losses attributable to disposals during year	720	(11,154)
	Increase in value during year	24,981	7,113
	Balance at 30 September 2000	<u>55,126</u>	<u>29,425</u>

14. Close company

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