

**Phoenix Beard**  
**REPORT AND FINANCIAL STATEMENTS**  
for the year ended  
31 December 1999



# Phoenix Beard

## DIRECTORS AND OFFICERS

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### DIRECTORS

|               |          |
|---------------|----------|
| CS Edwards    | Chairman |
| RJ Poynton    |          |
| IP Hughes     |          |
| WR Houle      |          |
| CJ Spruce     |          |
| J Lunt        |          |
| SJ Farrant    |          |
| EP O'Brien    |          |
| DG Cannon     |          |
| DC Richardson |          |
| G McLaughlin  |          |
| SA Brown      |          |
| R Buck        |          |
| P Coggan      |          |

### SECRETARY

CJ Spruce

### REGISTERED OFFICE

2 Chandos Street  
Cavendish Square  
London W1M 0EH

### AUDITORS

Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

# Phoenix Beard

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Phoenix Beard for the year ended 31 December 1999.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company trades as surveyors, valuers and property consultants. The directors are satisfied with the operating performance of the company and the financial position at the year end.

### DIVIDENDS

The directors recommend a final dividend on the ordinary shares of £1.25 per share amounting to £100,000. An interim dividend of £2.1875 per ordinary share was paid on 22 March 1999 amounting to £175,000.

### DIRECTORS

The following directors have held office since 1 January 1999.

|                             |                          |
|-----------------------------|--------------------------|
| CS Edwards                  |                          |
| RJ Poynton                  |                          |
| IP Hughes                   |                          |
| WR Houle                    |                          |
| CJ Spruce                   |                          |
| J Lunt                      |                          |
| SJ Farrant                  |                          |
| EP O'Brien                  |                          |
| DG Cannon                   |                          |
| DC Richardson               |                          |
| G McLaughlin                |                          |
| SA Brown                    | (appointed 1 April 1999) |
| R Buck                      | (appointed 1 April 1999) |
| P Coggan                    | (appointed 1 April 1999) |
| CS Beard (Non-executive)    | (resigned 17 May 1999)   |
| Phoenix Beard Group Limited | (resigned 19 July 1999)  |

### DIRECTORS' INTERESTS IN SHARES

The directors have no interest in the share capital of the company but their interests in the share capital of the parent company are disclosed in that company's directors' report.

### YEAR 2000 COMPLIANCE

The problems associated with computer and digital systems using data which can accommodate the Year 2000 and beyond are well publicised. This is a complex and pervasive issue and the operation of the company's business not only depends on its own systems but also to some degree on those of its suppliers, bankers, clients and anyone else associated with its business. This could expose the company to risks in the event that there is a failure by other parties to address their own Year 2000 issues.

The directors believe that the potential risks to the business have been reviewed and reasonable steps have been taken to deal with the Year 2000 issues within the company. The costs to-date associated in dealing with the above issues have been absorbed within the normal running costs of the business and no significant further costs are expected to be incurred.

The company has not experienced any Year 2000 problems since 1 January 2000.

# Phoenix Beard

## DIRECTORS' REPORT

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### INTRODUCTION OF THE EURO

All relevant parts of the company will be able to handle euro transactions when required.

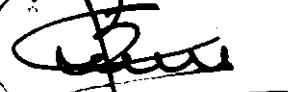
### CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations amounting to £2,586.

### AUDITORS

The company has elected by elective resolution to dispense with the annual appointment of auditors. Accordingly, Baker Tilly, Chartered Accountants will continue as auditors within the provisions of Section 386 of the Companies Act 1985.

By order of the board



CJ Spruce  
Secretary

20 March 2000

# Phoenix Beard

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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' REPORT TO THE MEMBERS OF PHOENIX BEARD

We have audited the financial statements on pages 6 to 15.

### **Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

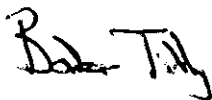
### **Basis of opinion**

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 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 at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

20 March 2000

# Phoenix Beard

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1999

|  | Notes | 1999<br>£   | 1998<br>£   |
|--|-------|-------------|-------------|
| TURNOVER                                       |       | 4,357,235   | 3,786,624   |
| Sub-contractors' fees                          |       | (127,770)   | (38,656)    |
| Net turnover                                   |       | 4,229,465   | 3,747,968   |
| Administrative expenses                        |       |             |             |
| - normal                                       |       | (3,717,016) | (3,580,769) |
| - exceptional                                  | 1     | -           | (30,000)    |
| Trading profit before profit distribution      |       | 512,449     | 137,199     |
| Profit distribution to directors and employees |       | (154,349)   | -           |
| OPERATING PROFIT                               |       | 358,100     | 137,199     |
| Interest receivable                            |       | 8,922       | 10,286      |
| Interest payable                               | 2     | (19,112)    | (17,697)    |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION  | 3     | 347,910     | 129,788     |
| Taxation                                       | 5     | (113,943)   | (39,911)    |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION   |       | 233,967     | 89,877      |
| Dividends                                      | 6     | (275,000)   | -           |
| RETAINED (LOSS)/PROFIT FOR THE YEAR            | 12    | (41,033)    | 89,877      |

The operating profit for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

# Phoenix Beard

## BALANCE SHEET

31 December 1999

|   | Notes | 1999<br>£   | 1998<br>£ |
|---|-------|-------------|-----------|
| FIXED ASSETS  |       |             |           |
| Tangible assets   | 7     | 482,605     | 352,471   |
| CURRENT ASSETS  |       |             |           |
| Debtors   | 8     | 1,125,968   | 1,055,327 |
| Cash at bank and in hand                                |       | 1,044       | 891       |
|   |       | 1,127,012   | 1,056,218 |
| CREDITORS: Amounts falling due within one year          | 9     | (1,044,199) | (859,778) |
| NET CURRENT ASSETS                                      |       | 82,813      | 196,440   |
| TOTAL ASSETS LESS CURRENT LIABILITIES                   |       | 565,418     | 548,911   |
| CREDITORS: Amounts falling due after more than one year | 10    | (99,757)    | (42,217)  |
| NET ASSETS  |       | 465,661     | 506,694   |
| CAPITAL AND RESERVES                                    |       |             |           |
| Called up share capital                                 | 11    | 25,000      | 25,000    |
| Profit and loss account                                 | 12    | 440,661     | 481,694   |
| SHAREHOLDERS' FUNDS                                     | 13    | 465,661     | 506,694   |

Approved by the board on 20 March 2000

CS Edwards

Director

CJ Spruce

Director



# Phoenix Beard

## CASH FLOW STATEMENT

for the year ended 31 December 1999

|   | <i>Notes</i> | 1999<br>£ | 1998<br>£ |
|---|--------------|-----------|-----------|
| Cash flow from operating activities             | 14a          | 694,147   | (19,534)  |
| Returns on investments and servicing of finance | 14b          | (10,190)  | (7,411)   |
| Taxation  |              | (39,854)  | (33,538)  |
| Capital expenditure and financial investment    | 14b          | (109,770) | (66,887)  |
| Equity dividends paid                           |              | (175,000) | -         |
| CASH INFLOW/(OUTFLOW) BEFORE FINANCING          |              | 359,333   | (127,190) |
| Financing                                       | 14b          | (80,626)  | (57,085)  |
| INCREASE/(DECREASE) IN CASH IN THE PERIOD       |              | 278,707   | (184,275) |

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT

|  | £         |
|--|-----------|
| Increase in cash in the period               | 278,707   |
| Cash outflow re decrease in debt             | 80,626    |
| Change in net debt resulting from cash flows | 359,333   |
| New hire purchase contracts                  | (188,289) |
| MOVEMENT IN NET DEBT IN PERIOD               | 171,044   |
| NET DEBT AT 1 January 1998                   | (375,714) |
| NET DEBT AT 31 December 1999                 | (204,670) |

# Phoenix Beard

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

### TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:-

|                       |  |
|-----------------------|--|
| Short leasehold       | Straight line over the life of the lease |
| Computer equipment    | 20-33 $\frac{1}{3}$ % straight line      |
| Fixtures and fittings | 10% straight line                        |
| Motor vehicles        | 25% straight line                        |

### DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

### PENSION SCHEME

The company operates certain defined contribution pension schemes. Pension costs charged against profits represent the amounts payable to the schemes in respect of the year.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of services provided to customers after deducting shared fees attributable to third parties.

# Phoenix Beard

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

### 1 ADMINISTRATIVE EXPENSES

The exceptional charge represents compensation for loss of office in respect of a former director.

|                        | 1999<br>£     | 1998<br>£     |
|------------------------|---------------|---------------|
| 2 INTEREST PAYABLE     |               |               |
| Bank overdraft         | 7,396         | 13,700        |
| Hire purchase interest | 11,716        | 3,997         |
|                        | <u>19,112</u> | <u>17,697</u> |

|   | 1999<br>£ | 1998<br>£ |
|---|-----------|-----------|
| 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION                         |           |           |
| Profit on ordinary activities before taxation is stated after charging: |           |           |
| Depreciation of tangible fixed assets:                                  |           |           |
| Owned assets  | 113,259   | 103,273   |
| Assets held under finance leases and hire purchase                      | 53,266    | 17,612    |
| Operating lease rentals:  |           |           |
| land and buildings  | 226,656   | 231,480   |
| other operating leases  | 106,001   | 114,218   |
| Auditors' remuneration  | 11,500    | 11,000    |
|   | <u></u>   | <u></u>   |

|  | 1999<br>No. | 1998<br>No. |
|--|-------------|-------------|
| 4 EMPLOYEES  |             |             |
| The average monthly number of persons (including directors) employed by the company during the year was: |             |             |
| Management and administration  | 33          | 33          |
| Property consultancy   | 50          | 51          |
|  | <u>83</u>   | <u>84</u>   |

|                                    | 1999<br>£        | 1998<br>£        |
|------------------------------------|------------------|------------------|
| Staff costs for the above persons: |                  |                  |
| Wages and salaries                 | 2,052,363        | 1,913,270        |
| Social security costs              | 191,881          | 181,330          |
| Other pension costs                | 146,001          | 113,013          |
|                                    | <u>2,390,245</u> | <u>2,207,613</u> |

# Phoenix Beard

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

|   |   | 1999<br>£ | 1998<br>£ |
|---|---|-----------|-----------|
| 4 | EMPLOYEES ( <i>continued</i> )  |           |           |
|   | DIRECTORS' EMOLUMENTS   |           |           |
|   | Remuneration  | 880,429   | 748,605   |
|   | Contribution to money purchase pension schemes  | 125,700   | 96,491    |
|   | Compensation for loss of office   | -         | 30,000    |
|   | Total emoluments  | 1,006,129 | 875,096   |
|   |   | 1999<br>£ | 1998<br>£ |
|   | The emoluments of the highest paid director were:   |           |           |
|   | Remuneration  | 95,492    | 89,970    |
|   | Contribution to money purchase pension scheme   | 12,000    | 10,395    |
|   |   | 107,492   | 100,365   |
|   |   | Number    | Number    |
|   | The number of directors to whom relevant benefits<br>are accruing under money purchase pension schemes was  | 14        | 12        |
| 5 | TAXATION  | 1999<br>£ | 1998<br>£ |
|   | Based on the profit for the year:   |           |           |
|   | UK corporation tax  | 113,943   | 39,911    |
|   | Deferred tax was a deferred asset of £10,906 (1998 : £5,780) relating to the excess of depreciation<br>over capital allowances. No provision has been made for this amount. |           |           |
| 6 | DIVIDENDS   | 1999<br>£ | 1998<br>£ |
|   | Ordinary:   |           |           |
|   | Interim   | 175,000   | -         |
|   | Proposed  | 100,000   | -         |
|   |   | 275,000   | -         |

# Phoenix Beard

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

| 7 | TANGIBLE FIXED ASSETS | Short leasehold<br>£ | Furniture and<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|---|-----------------------|----------------------|---------------------------------|------------------------|------------|
|   | Cost                  |                      |                                 |                        |            |
|   | 1 January 1999        | 86,669               | 384,225                         | 247,298                | 718,192    |
|   | Additions             | -                    | 111,520                         | 188,289                | 299,809    |
|   | Disposals             | -                    | -                               | (55,658)               | (55,658)   |
|   | 31 December 1999      | 86,669               | 495,745                         | 379,929                | 962,343    |
|   | Depreciation          |                      |                                 |                        |            |
|   | 1 January 1999        | 40,617               | 220,220                         | 104,884                | 365,721    |
|   | Charged in the year   | 2,670                | 94,398                          | 69,457                 | 166,525    |
|   | Disposals             | -                    | -                               | (52,508)               | (52,508)   |
|   | 31 December 1999      | 43,287               | 314,618                         | 121,833                | 479,738    |
|   | Net book value        |                      |                                 |                        |            |
|   | 31 December 1999      | 43,382               | 181,127                         | 258,096                | 482,605    |
|   | 31 December 1998      | 46,052               | 164,005                         | 142,414                | 352,471    |

The net book value of motor vehicles includes £227,474 (1998 - £92,451) in respect of assets held under finance leases and hire purchase contracts.

| 8 | DEBTORS                            | 1999<br>£ | 1998<br>£ |
|---|------------------------------------|-----------|-----------|
|   | Trade debtors                      | 888,626   | 825,722   |
|   | Amounts owed by parent undertaking | 22,573    | 64,867    |
|   | Other debtors                      | 6,845     | 5,046     |
|   | Prepayments and accrued income     | 207,924   | 159,692   |
|   |                                    | 1,125,968 | 1,055,327 |

| 9 | CREDITORS: Amounts falling due within one year               | 1999<br>£ | 1998<br>£ |
|---|--|-----------|-----------|
|   | Bank overdraft   | 20,323    | 298,877   |
|   | Obligations under finance leases and hire purchase contracts | 85,634    | 35,511    |
|   | Trade creditors  | 179,271   | 90,090    |
|   | Corporation tax  | 114,000   | 39,911    |
|   | Other taxation and social security costs                     | 332,964   | 255,691   |
|   | Other creditors  | 56,409    | 49,352    |
|   | Accruals and deferred income                                 | 155,598   | 90,346    |
|   | Dividends payable  | 100,000   | -         |
|   |  | 1,044,199 | 859,778   |

The bank overdraft is secured by a debenture giving fixed and floating charges over all assets of the company.

# Phoenix Beard

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

|    |   |           |           |
|----|---|-----------|-----------|
| 10 | CREDITORS: Amounts falling due in more than one year  | 1999<br>£ | 1998<br>£ |
|    | Obligations under finance leases and hire purchase contracts  | 99,757    | 42,217    |
|    | Repayable by instalments:   |           |           |
|    | Obligations under finance leases  |           |           |
|    | In the first to second year   | 70,113    | 28,957    |
|    | in the second to fifth year   | 29,644    | 13,260    |
|    |   | 99,757    | 42,217    |
|    | Obligations under finance leases are secured on the related assets.   |           |           |
| 11 | SHARE CAPITAL   | 1999<br>£ | 1998<br>£ |
|    | Authorised:   |           |           |
|    | 80,000 Ordinary shares of £1 each   | 80,000    | 80,000    |
|    | 20,000 Management shares of £1 each   | 20,000    | 20,000    |
|    |   | 100,000   | 100,000   |
|    | Allotted, issued and fully paid:  |           |           |
|    | 5,000 Ordinary shares of £1 each  | 5,000     | 5,000     |
|    | 20,000 management shares of £1 each   | 20,000    | 20,000    |
|    |   | 25,000    | 25,000    |
|    | All of the allotted, called up and fully paid ordinary and management shares of the company are owned by the ultimate holding company. Details of the separate rights of the different classes of the company's share capital are, accordingly, not summarised in these financial statements as the directors consider to do so would not be of benefit to the sole shareholder. Details of the separate rights are set out in the company's Articles of Association. |           |           |
| 12 | PROFIT AND LOSS ACCOUNT   | 1999<br>£ | 1998<br>£ |
|    | 1 January 1999  | 481,694   | 391,817   |
|    | Profit for the financial year   | 233,967   | 89,877    |
|    | Dividends   | (275,000) | -         |
|    | 31 December 1999  | 440,661   | 481,694   |
| 13 | RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS   | 1999<br>£ | 1998<br>£ |
|    | Profit for the financial year   | 233,967   | 89,877    |
|    | Dividends   | (275,000) | -         |
|    | Opening shareholders' funds   | 506,694   | 416,817   |
|    | Closing shareholders' funds   | 465,661   | 506,694   |
|    | All of the shareholders' funds are attributable to equity interests.  |           |           |

# Phoenix Beard

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

|    |   |                             |                     |
|----|---|-----------------------------|---------------------|
| 14 | CASH FLOWS  | 1999<br>£                   | 1998<br>£           |
| a  | Reconciliation of operating profit to net cash inflow from operating activities |                             |                     |
|    | Operating profit  | 358,100                     | 137,199             |
|    | Depreciation  | 166,525                     | 120,885             |
|    | Loss/(profit) on sale of fixed assets   | 1,401                       | (6,409)             |
|    | Increase in debtors   | (70,641)                    | (158,252)           |
|    | Increase/(decrease) in creditors  | 238,762                     | (112,957)           |
|    | Net cash flow from operating activities   | 694,147                     | (19,534)            |
|    |   | 1999<br>£                   | 1998<br>£           |
| b  | Analysis of cash flows for headings netted in the cash flow                     |                             |                     |
|    | <b>Returns on investments and servicing of finance</b>                          |                             |                     |
|    | Interest received   | 8,922                       | 10,286              |
|    | Interest paid   | (7,396)                     | (13,700)            |
|    | Interest element of hire purchase payments                                      | (11,716)                    | (3,997)             |
|    | Net cash outflow for returns on investment and servicing of income              | (10,190)                    | (7,411)             |
|    | <b>Capital expenditure and financial investment</b>                             |                             |                     |
|    | Purchase of tangible fixed assets   | (111,520)                   | (76,537)            |
|    | Sale of tangible fixed assets   | 1,750                       | 9,650               |
|    | Net cash outflow for capital expenditure and financial investment               | (109,770)                   | (66,887)            |
|    | <b>Financing</b>  |                             |                     |
|    | Repayment of loan from parent undertaking                                       | -                           | (14,255)            |
|    | Repayment of capital element of hire purchase contracts                         | (80,626)                    | (42,830)            |
|    | Net cash outflow from financing   | (80,626)                    | (57,085)            |
| c  | Analysis of net debt  | Other non cash changes<br>£ | At<br>31.12.99<br>£ |
|    |   | At<br>31.12.98<br>£         | Cash flow<br>£      |
|    | Cash in hand, at bank   | 891                         | 153                 |
|    | Overdrafts  | (298,877)                   | 278,554             |
|    |   |                             | 278,707             |
|    | Hire purchase contracts   | (77,728)                    | 80,626              |
|    | Total   | (375,714)                   | 359,333             |
|    |   | (188,289)                   | (204,670)           |

# Phoenix Beard

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999

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### 15 COMMITMENTS UNDER OPERATING LEASES

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:

|                                      | 1999<br>£     | 1998<br>£     |
|--------------------------------------|---------------|---------------|
| Land and buildings                   |               |               |
| expiring in the second to fifth year | 134,128       | 135,272       |
| expiring after five years            | 101,500       | 101,500       |
| Other                                |               |               |
| expiring in the first year           | 21,458        | 68,227        |
| expiring in the second to fifth year | 60,783        | 62,067        |
|                                      | <hr/> 317,869 | <hr/> 367,066 |

### 16 RELATED PARTY TRANSACTIONS

During the year the company rendered property management services of £111,933 (1998: £84,861) to its parent company Phoenix Beard Group Limited and also paid rent of £88,361 (1998: £Nil). Details of the year end balance with the parent company are set out in note 8.

### 17 ULTIMATE PARENT COMPANY

The company's ultimate parent company is Phoenix Beard Group Limited.