

Phoenix Beard

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2006



Company Registration No 1268721

Phoenix Beard

DIRECTORS AND OFFICERS

DIRECTORS

RJ Poynton
SJ Farrant
EP O'Brien
DG Cannon
R Buck
PD Coggan
RDI Holland
R Emmerson
CJ Gabriel
J Foxton
R Witton
J Maddocks
T Manuell

SECRETARY

SJ Farrant

REGISTERED OFFICE

7-10 Chandos Street
Cavendish Square
London W1G 9EH

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Phoenix Beard

DIRECTORS' REPORT

The directors present their report and the financial statements of Phoenix Beard for the year ended 31 December 2006

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

DIVIDEND

The directors do not recommend payment of a dividend (2005 £Nil)

DIRECTORS

The following directors have held office since 1 January 2006

RJ Poynton
SJ Farrant
EP O'Brien
DG Cannon
R Buck
PD Coggan
RDI Holland
R Emmerson
CJ Gabriel
J Foxton
R Witton
J Maddocks (Appointed 1 December 2006)
T Manuell (Appointed 1 December 2006)

CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations amounting to £4,220 (2005 £1,625)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITORS

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

By order of the board



SJ Farrant
Secretary

26 June 2007

Phoenix Beard

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHOENIX BEARD

We have audited the financial statements on pages 5 to 12

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

26 June 2007

Phoenix Beard

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2006

	<i>Notes</i>	2006 £	2005 £
TURNOVER		4,539,697	4,069,712
Subcontractors' fees		(37,398)	(11,627)
		<u>4,502,299</u>	<u>4,058,085</u>
Administrative expenses		(4,445,419)	(4,466,830)
OPERATING PROFIT/(LOSS)		<u>56,880</u>	<u>(408,745)</u>
Bank interest receivable		11,515	2,148
Interest payable	1	(15,193)	(26,542)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>53,202</u>	<u>(433,139)</u>
Taxation	4	(13,266)	(1,662)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	9	<u>39,936</u>	<u>(434,801)</u>

Turnover and 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

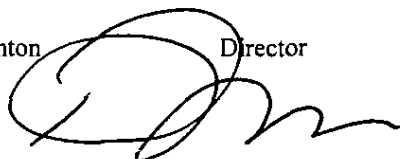
BALANCE SHEET

31 December 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Tangible assets	5	224,487	247,911
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	6	1,479,708	1,756,194
Cash at bank and in hand		432	272
		<hr/>	<hr/>
		1,480,140	1,756,466
		<hr/>	<hr/>
CREDITORS Amounts falling due within one year	7	(1,425,909)	(1,765,595)
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		54,231	(9,129)
		<hr/>	<hr/>
NET ASSETS		278,718	238,782
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	8	25,000	25,000
Profit and loss account	9	253,718	213,782
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	10	278,718	238,782
		<hr/>	<hr/>

The financial statements on pages 5 to 12 were approved by the board of directors and authorised for issue by the board on 26 June 2007 and signed on its behalf by

RJ Poynton Director



SJ Farrant Director



26 June 2007

Phoenix Beard

ACCOUNTING POLICIES

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 a rate calculated to write each asset down to its estimated residual value over the expected useful life as follows

Short leasehold	Straight line over the life of the lease
Computer equipment	20-50% straight line
Furniture and equipment	20%-50% straight line
Motor vehicles	25% straight line

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

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 profit and loss 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 contributions payable by the company during the year to such schemes

TURNOVER

Turnover represents the income earned for services provided to customers during the year after deducting shared fees attributable to third parties

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

1	INTEREST PAYABLE	2006 £	2005 £
	Bank interest	11,679	22,889
	Hire purchase interest	3,514	3,653
		<u>15,193</u>	<u>26,542</u>
2	PROFIT/(LOSS) ON ORDINARY ACTIVITIES	2006 £	2005 £
	Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)		
	Depreciation and amounts written off tangible fixed assets		
	Charge for the year owned assets	94,041	98,760
	Operating lease rentals		
	land and buildings	259,480	205,187
	other operating leases	20,795	20,795
	Profit on disposal of fixed asset	-	5,526
	Auditors' remuneration for audit services	20,000	20,000
	Exceptional item release of surplus provision re subcontractor cost	(76,000)	-
		<u></u>	<u></u>
3	EMPLOYEES	2006 No	2005 No
	The average monthly number of persons (including directors) employed by the company during the year was		
	Management	11	11
	Professionals	18	18
	Administrative	50	42
		<u>79</u>	<u>71</u>
		<u></u>	<u></u>
		2006 £	2005 £
	Staff costs for the above persons		
	Wages and salaries	2,460,151	2,462,505
	Social security costs	268,406	248,615
	Pension contributions	148,840	154,986
		<u>2,877,397</u>	<u>2,866,106</u>
		<u></u>	<u></u>
	DIRECTORS' REMUNERATION		
	Remuneration	984,644	880,037
	Contributions to money purchase pension schemes	103,441	117,787
		<u>1,088,085</u>	<u>997,824</u>
		<u></u>	<u></u>
	The emoluments of the highest paid director were		
	Remuneration	160,198	115,247
	Amount paid to money purchase pension scheme	3,128	24,135
		<u>163,326</u>	<u>139,382</u>
		<u></u>	<u></u>
	There were 13 (2005 11) directors to whom money purchase retirement benefits were accruing during the year		

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

4	TAXATION	2006 £	2005 £
	Current tax		
	UK corporation tax on profits of the year	-	-
	Adjustments in respect of previous periods	(84)	349
	Total current tax	(84)	349
	Deferred taxation		
	Origination and reversal of timing differences	13,350	1,313
	Tax on profit/(loss) on ordinary activities	13,266	1,662
		2006 £	2005 £
	Factors affecting tax charge for period		
	The tax assessed for the year is lower from the standard rate of corporation tax (19%) The differences are explained below		
	Profit/(loss) on ordinary activities before tax	53,202	(433,139)
	Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax 19% (2005 30%)	10,108	(129,942)
	Effects of		
	Expenses not deductible for tax purposes	11,146	17,109
	Capital allowances (greater)/less than depreciation	(936)	700
	Losses surrendered from group company	1,178	-
	Marginal relief	(207)	(157)
	Other adjustments	1,101	2,250
	Adjustments to tax charges in respect of previous periods	(84)	349
	Tax losses (utilised)/not utilised	(22,390)	110,040
	Current tax charge for period	(84)	349

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

5	TANGIBLE FIXED ASSETS	Short Leasehold £	Furniture & equipment £	Motor vehicles £	Total £
	Cost				
	1 January 2006	188,185	523,433	49,859	761,477
	Additions	-	70,617	-	70,617
	31 December 2006	188,185	594,050	49,859	832,094
	Depreciation				
	1 January 2006	45,836	421,522	46,208	513,566
	Charge for the year	21,801	68,589	3,651	94,041
	31 December 2006	67,637	490,111	49,859	607,607
	Net book value				
	31 December 2006	120,548	103,939	-	224,487
	31 December 2005	153,375	101,911	3,651	247,911
6	DEBTORS			2006 £	2005 £
	Due within one year				
	Trade debtors			1,036,358	1,265,741
	Other debtors			130,784	151,561
	Prepayments and accrued income			292,229	294,957
	Corporation tax recoverable			-	10,248
				1,459,371	1,722,507
	Due in more than one year				
	Deferred tax asset			20,337	33,687
				1,479,708	1,756,194
	Deferred tax asset				£
	1 January 2006				(33,687)
	Transfer to profit and loss account				13,350
	31 December 2006				(20,337)
		Provided 2006 £	2005 £	Unprovided 2006 £	2005 £
	Excess capital allowance	(17,011)	(19,910)	-	-
	Tax losses carried forward	-	-	(49,363)	(110,040)
	Other timing differences	(3,326)	(13,777)	-	-
		(20,337)	(33,687)	(49,363)	(110,040)

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

7	CREDITORS Amounts falling due within one year	2006 £	2005 £
	Bank overdraft	316,073	549,006
	Obligations under finance leases and hire purchase contracts	-	365
	Trade creditors	370,255	790,497
	Amounts owed to group undertakings	217,090	69,527
	Other taxation and social security costs	141,696	140,473
	Other creditors	169,559	56,023
	Accruals and deferred income	211,236	159,704
		<u>1,425,909</u>	<u>1,765,595</u>

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

8	SHARE CAPITAL	2006 £	2005 £
	Authorised		
	80,000 ordinary shares of £1 each	80,000	80,000
	20,000 management shares of £1 each	20,000	20,000
		<u>100,000</u>	<u>100,000</u>
	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
		<u>25,000</u>	<u>25,000</u>

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.

9	PROFIT AND LOSS ACCOUNT	2006 £	2005 £
	1 January 2006	213,782	648,583
	Profit/(loss) for the year	39,936	(434,801)
	31 December 2006	<u>253,718</u>	<u>213,782</u>

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

10	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	2006 £	2005 £
	Profit/(loss) for the financial year	39,936	(434,801)
	Opening equity shareholders' funds	238,782	673,583
	Closing equity shareholders' funds	<u>278,718</u>	<u>238,782</u>

11 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	2006 £	2005 £
Land and buildings		
expiring in the second to fifth year	100,000	100,000
expiring after five years	177,200	177,200
Other		
expiring in the first year	12,393	12,393
	<u>289,593</u>	<u>289,593</u>

The leases of land and buildings are subject to periodic rent reviews

12 CONTINGENT LIABILITY

The company has guaranteed the bank loan of its holding company Phoenix Beard Group Limited up to a maximum of £3,100,000. The balance of this loan at 31 December 2006 was £3,118,355 (2005 £3,059,779)

13 RELATED PARTY TRANSACTIONS

During the year the company rendered property management services of £54,781 (2005 £51,834) to its parent company Phoenix Beard Group Limited and also paid to it rent and management charges of £159,480 (2005 £59,067). Details of the year end balances with the parent company are set out in notes 6 and 7

14 ULTIMATE HOLDING COMPANY

The ultimate holding company is Phoenix Beard Group Limited which is the company's controlling party