

ASHCROSS SERVICES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004

COMPANY NUMBER: 4361818



ASHCROSS SERVICES LIMITED
YEAR ENDED 31 DECEMBER 2004
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ASHCROSS SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2004

REPORT OF THE DIRECTORS

The Directors hereby submit their Report and the accounts for the year ended 31 December 2004.

Principal Activities

The principal activity of the Company is that of property development for investment.

Review of the business and future developments

The Company's profit for the financial year is £111,000 (2003 profit: £109,000). No dividend is proposed for the financial year (2003: £Nil).

The Company has conducted its activities throughout the year in a satisfactory manner. No significant change in the Company's activities is foreseen at the present time.

Directors

The Directors of the Company during the year to 31 December 2004 were: -

K. C. McCabe

D. Martin

T. Costello

(Resigned 04/06/2004)

A.J. Baker

(Appointed 01/07/2004)

W. Reynolds

(Alternate Director)

J. L. Burnley

(Alternate Director)

A. R. Christie

(Alternate Director) (Resigned 04/06/2004)

A. Rigby

(Alternate Director) (Appointed 07/07/2004)

D. Martin owns 20 'C' Ordinary shares in Chester Meadow Holdings Limited.

K. C. McCabe owns a controlling share of Scarborough Property Group Plc. Scarborough Property Group PLC owns 40 'B' Ordinary shares in Chester Meadow Holdings Limited.

Ashcross Services Limited is 100% owned by Chester Meadow Limited, which itself is 100% owned by Chester Meadow Holdings Limited.

ASHCROSS SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2004

REPORT OF THE DIRECTORS (continued)

Auditor

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the Company in general meeting and the appointment of auditors annually are currently in force. The auditor, KPMG Audit Plc, will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which the copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

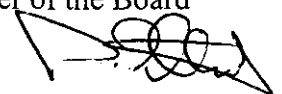
Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



P. Gittins
Secretary

Bridge House
Queens Park Road
Handbridge
CHESTER
CH88 3AN

2 MAY 2005

ASHCROSS SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2004

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHCROSS SERVICES LIMITED

We have audited the financial statements on pages 4 to 11.

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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

**KPMG Audit Plc
Chartered Accountants
Registered Auditor**

31 May 2005

**St James Square
Manchester
M2 6DS**

ASHCROSS SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2004

PROFIT AND LOSS ACCOUNT

	Notes	2004	2003
Continuing Operations		£'000	£'000
Turnover	2	373	277
Finance and trading costs		(230)	(137)
Gross profit		<u>143</u>	<u>140</u>
Administrative expenses		<u>(7)</u>	<u>(5)</u>
Profit on ordinary activities before taxation	3	136	135
Tax on profit on ordinary activities	5	<u>(25)</u>	<u>(26)</u>
Retained profit for the financial year		111	109
Balance brought forward		108	(1)
Balance carried forward	11	<u>219</u>	<u>108</u>

There are no recognised gains and losses other than those shown above.

The notes on pages 6 to 11 form part of the financial statements.

ASHCROSS SERVICES LIMITED

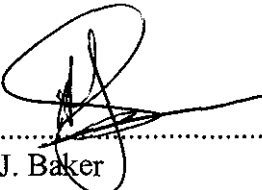
AS AT 31 DECEMBER 2004

BALANCE SHEET

	Notes	2004 £'000	2003 £'000
Fixed assets			
Investment Properties	6	3,976	3,964
Current assets			
Debtors : receivable within one year	7	102	94
Creditors: payable within one year	8	<u>(3,832)</u>	<u>(3,950)</u>
Net current liabilities		(3,730)	(3,856)
Total assets less current liabilities		<u>246</u>	<u>108</u>
Provisions for liabilities and charges			
Deferred tax	9	(27)	-
Total assets less current liabilities		<u>219</u>	<u>108</u>
 Called up share capital	10	-	-
Profit and loss account		<u>219</u>	<u>108</u>
Shareholders' funds	11	<u>219</u>	<u>108</u>

The notes on pages 6 to 11 form part of the financial statements.

Approved by the Board of Directors on 9 MAY 2005 and signed on its behalf by



 A. J. Baker
 Director

.....
 D. Martin
 Director

.....
 K. C. McCabe
 Director

ASHCROSS SERVICES LIMITED

AS AT 31 DECEMBER 2004

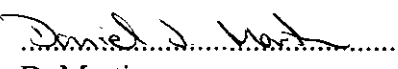
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Approved by the Board of Directors on 21st May 2005 and signed on its behalf by

.....
A. J. Baker
Director


.....
D. Martin
Director

.....
K. C. McCabe
Director

ASHCROSS SERVICES LIMITED

AS AT 31 DECEMBER 2004

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The notes on pages 6 to 11 form part of the financial statements.

Approved by the Board of Directors on 9 MAY 2005 and signed on its behalf by

.....
A. J. Baker
Director

.....
D. Martin
Director

.....
K. C. McCabe
Director

ASHCROSS SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2004

NOTES TO THE ACCOUNTS

1. Accounting Policies

Basis of preparation

The accounts have been prepared on a going concern basis under the historical cost convention and in accordance with applicable Accounting Standards, S226 of, and schedule 4 to, the Companies Act 1985.

The parent has indicated its intention to continue to provide sufficient finance to the company to enable it to continue trading for at least one year from the date of approval of these accounts.

Cash flow Statement

The Company is exempt from preparing a cash flow statement as it is a member of a small group that is exempt from preparing consolidated financial statements under section 248 of the Companies Act.

Investment Properties

Upon completion of the assets under construction, these assets are transferred from Tangible Fixed Assets and are accounted for under SSAP 19 as investment properties.

Deferred taxation

Deferred taxation is provided on the full provision method on those timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised on permanent timing differences.

Deferred tax assets are recognised only to the extent that they are considered recoverable.

ASHCROSS SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2004

NOTES TO THE ACCOUNTS (continued)

2. Turnover

Turnover, all of which arose from activities within the United Kingdom, represents finance charges earned on leasing agreements and income from associated services.

The turnover and pre-tax result are attributable to one continuing activity, the provision of finance and associated services.

3. Profit on ordinary activities before taxation

	2004	2003
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
Audit	<u>2</u>	<u>2</u>

The Company has no employees. It uses the services of one of its joint venture partners for which a management charge, included in administrative expenses of its ultimate parent, is made.

4. Directors' emoluments

None of the Directors received any emoluments for their services as Directors of the Company.

ASHCROSS SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2004

NOTES TO THE ACCOUNTS (continued)

5. Tax on profit on ordinary activities

a. Analysis of tax charge in the year

	2004		2003	
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax at 19% (2003: 19%) on profits for the year	18		26	
Adjustments in respect of prior years	(20)		-	
		(2)		26
Deferred tax				
Origination and reversal of timing differences	7		-	
Adjustments in respect of prior years	20		-	
		27		-
Tax on profits from ordinary activities		25		26

b. Factors affecting tax charge for the year

The current tax credit for the year is higher than (2003 Charge: higher) the standard rate of corporation tax for small companies in the UK of 19% (2003: 19%). The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	136	135
Profit on ordinary activities multiplied by standard rate of corporation tax for small companies in the UK of 19% (2003: 19%)	26	25
Effects of:		
Non-deductible/taxable income	(1)	1
Depreciation for the year in excess of capital allowances	(7)	-
Adjustment in respect of prior years	(20)	
Current tax credit for the year	(2)	26

c. Factors that may affect future tax charges

The company expects its effective tax rate in future years to be broadly in line with the standard rate of corporation tax in the UK.

ASHCROSS SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2004

NOTES TO THE ACCOUNTS (continued)

6. Investments

Investment Property

	2004 £'000	2003 £'000
Balance brought forward	3,964	-
Additions	36	-
Disposals	(24)	-
Balance carried forward	3,976	3,964

The Directors are of the opinion that the open market value of the property at the reporting date was not materially different to the carrying value reflected above.

7. Debtors

Receivable within one year

	2004 £'000	2003 £'000
Other debtors	102	93
VAT	-	1
	102	94

8. Creditors

Amounts falling due within one year

	2004 £'000	2003 £'000
Bank loans and overdrafts	1,879	1,899
Other creditors	1,574	1,860
VAT	33	-
Corporation tax	24	13
Accruals and deferred income	322	178
	3,832	3,950

ASHCROSS SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2004

NOTES TO THE ACCOUNTS (continued)

9. Deferred taxation

	2004 £'000	2003 £'000
Deferred tax provision at the beginning of the year	-	-
Charge for the year (note 5)	7	-
Prior year charge	20	-
Deferred tax provision at the end of the year	<u>27</u>	<u>-</u>
Accelerated capital allowances	27	-
Deferred tax provision	<u>27</u>	<u>-</u>

10. Share Capital

	2004 £	2003 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

11. Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Shareholders' funds/(deficit) at the beginning of the year	108	(1)
Profit for the financial year	111	109
Shareholders' funds at the end of the year	<u>219</u>	<u>108</u>

12. Capital Commitments

At 31 December 2004, capital expenditure contracted for but not incurred at the year end is estimated to be £nil (2003: £33,000).

ASHCROSS SERVICES LIMITED

YEAR ENDED 31 DECEMBER 2004

NOTES TO THE ACCOUNTS (continued)

13. Related party transactions

During the year, in addition to those transactions disclosed separately in the accounts, the Company had the following transactions with related parties:

	2004 £'000	2003 £'000
Companies under the ultimate control of HBOS Plc:-		
Year end position:		
Bank of Scotland – overdraft	1,880	1,899
Capital Bank plc – creditor	127	40

Companies under the ultimate control of Scarborough Property Group Plc:-

Transactions during the year:

Development costs	-	170
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In the year to 31 December 2004, the company paid a management fee of £4,040 to Mr D Martin, a 20% stakeholder in the business.

There were no transactions with Mr D Martin in 2003.

The table above includes both transactions occurring in the year and the positions at the year end.

14. Parent undertakings

Ashcross Services limited is 100% owned by Chester Meadow Limited, which itself is a wholly owned subsidiary of Chester Meadow Holdings Limited. Chester Meadow Holdings Limited is a joint venture with 40% of its issued share capital held by Uberior Investments Plc, 40% held by Scarborough Property Group Plc and 20% held by Mr. D. Martin. HBOS Plc is the ultimate parent undertaking of Uberior Investments Plc.

ASHCROSS SERVICES LIMITED**YEAR ENDED 31 DECEMBER 2004****ANALYSIS OF PROFIT AND LOSS ACCOUNT**

	2004 £	2003 £
Turnover		
Rental income	373,002	276,791
	-	-
Per profit and loss account	<u>373,002</u>	<u>276,791</u>
Finance and trading costs		
Stage payment interest	247,953	137,290
Bank interest received	(17,195)	(1,115)
Penalty interest	(824)	-
Bank charges	18	32
Per profit and loss account	<u>229,952</u>	<u>136,207</u>
Administrative expenses		
Insurance	3,983	-
Professional fees	(3,299)	3,299
Management fees	4,040	-
Audit fee	2,000	2,000
Per profit and loss account	<u>6,724</u>	<u>5,299</u>
Operating profit	<u>136,326</u>	<u>135,285</u>