

REGISTERED NUMBER: 5438809 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
FOR
HULL PROPERTY INVESTMENTS LIMITED**



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for the year ended 31 March 2011**

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HULL PROPERTY INVESTMENTS LIMITED

COMPANY INFORMATION **for the year ended 31 March 2011**

DIRECTORS: A C Gallagher
G H Gosling

SECRETARY: S A Burnett

REGISTERED OFFICE: 15 Hockley Court
Stratford Road
Hockley Heath
Solihull
West Midlands
B94 6NW

REGISTERED NUMBER: 5438809 (England and Wales)

**INDEPENDENT
AUDITORS:** PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

HULL PROPERTY INVESTMENTS LIMITED (REGISTERED NUMBER: 5438809)

REPORT OF THE DIRECTORS for the year ended 31 March 2011

The directors present their report with the audited financial statements of the company for the year ended 31 March 2011

The Report of the Directors has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property investment

REVIEW OF BUSINESS

The company holds a 50% investment in Hull Retail Limited and Worthing Retail LLP which controls a retail park. In light of the prevailing economic conditions the directors have decided to make a provision of £873,207 (2010: £nil) against the amount owed by the joint venture LLP.

Both the result for the financial year, and the year end financial position were satisfactory. The directors consider future prospects to be satisfactory.

DIVIDENDS

No dividends were paid in the year ended 31 March 2011 (2010: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2010 to the date of signing this report.

A C Gallagher
G H Gosling

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

HULL PROPERTY INVESTMENTS LIMITED (REGISTERED NUMBER: 5438809)

**REPORT OF THE DIRECTORS (continued)
for the year ended 31 March 2011**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'G H Gosling', with a stylized flourish at the end.

G H Gosling - Director
9 December 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HULL PROPERTY INVESTMENTS LIMITED

We have audited the financial statements (the "financial statements") of Hull Property Investments Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HULL PROPERTY INVESTMENTS LIMITED (continued)

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is dependent on financial support from its parent company and the availability of this support from the parent company relies on the overall group funding position including any impact from the renewal of banking facilities in certain fellow subsidiary and joint venture undertakings. These facilities are currently under negotiation with the banks. While the outcome of these negotiations remains uncertain, the directors are confident that the facilities will be renewed on a basis that is acceptable to the group. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

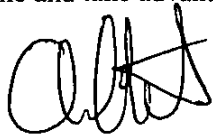
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors.



Christopher Hibbs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

22 December 2011

HULL PROPERTY INVESTMENTS LIMITED (REGISTERED NUMBER: 5438809)

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011

	Notes	31 3 11 £	31 3 10 £
TURNOVER		-	-
Administrative expenses		(1,030)	(1,792)
Exceptional bad debt provision		<u>(873,207)</u>	<u>-</u>
OPERATING LOSS	3	(874,237)	(1,792)
Write off of investment in/share of loss of Limited Liability Partnership		<u>(19,685)</u>	<u>(44,202)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(893,922)	(45,994)
Tax on loss on ordinary activities	4	<u>8,576</u>	<u>12,878</u>
LOSS FOR THE FINANCIAL YEAR	10	<u>(885,346)</u>	<u>(33,116)</u>

CONTINUING OPERATIONS

All of the company's activities relate to continuing operations

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current financial year or previous financial year

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

The notes form part of these financial statements

HULL PROPERTY INVESTMENTS LIMITED (REGISTERED NUMBER: 5438809)**BALANCE SHEET**
31 March 2011

	Notes	31 3 11 £	31 3 10 £
FIXED ASSETS			
Investments	5	1	19,686
CURRENT ASSETS			
Debtors	6	-	873,207
CREDITORS			
Amounts falling due within one year	7	(838,677)	(852,806)
NET CURRENT (LIABILITIES)/ASSETS		<u>(838,677)</u>	<u>20,401</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(838,676)	40,087
PROVISIONS FOR LIABILITIES	8	<u>(36,073)</u>	<u>(29,490)</u>
NET (LIABILITIES)/ASSETS		<u>(874,749)</u>	<u>10,597</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	(874,751)	<u>10,595</u>
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS	12	<u>(874,749)</u>	<u>10,597</u>

The financial statements were approved by the Board of Directors on 9 December 2011 and were signed on its behalf by



G H Gosling - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The company is exempt from the requirement to prepare consolidated accounts, as the company and its subsidiary qualify as a medium sized group.

Limited Liability Partnerships

Where the company has an interest in a limited liability partnership, the company's share of the limited liability partnership's income is accounted for using the equity method. Its share of profit following acquisition is taken to the profit and loss account with a corresponding increase in the investment.

Cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Deferred tax

Full provision is made on a non-discounted basis for deferred tax assets and liabilities arising due to timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation at the current rate of tax. Deferred tax assets are only recognised when it is considered more likely than not that they will be realised.

Going concern

The financial statements have been prepared on a going concern basis as the company has received confirmation of financial support from its parent company, Ashflame Properties Limited. The directors have reviewed the position of those companies within the Ashflame Properties Group ('the group') which require support from the parent company and have concluded that it is appropriate to prepare the financial statements of those companies, and hence this company, on a going concern basis.

In evaluating the Ashflame Properties Limited group overall and its ability to provide the support as a going concern, the directors have considered the cash flows for the Ashflame group arising from operations, investment and financing activities. In the ordinary course of business there are approximately £26.3m of loans which are currently being refinanced across the Ashflame group. In general, the market in which the Ashflame group is operating is currently subject to considerable change. The market has seen the costs associated with raising finance increasing and in some instances the availability of finance has become constrained. However, the directors are confident, based on information available to them, that the loans including the company's facility will be renewed on acceptable terms to the Ashflame group. While the directors recognise the material uncertainties which the companies are required to manage, the directors believe that the position of the Ashflame group is strong and the directors will be able to manage the position satisfactorily.

HULL PROPERTY INVESTMENTS LIMITED (REGISTERED NUMBER: 5438809)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011**

2 STAFF COSTS

There were no staff costs for the year ended 31 March 2011 nor for the year ended 31 March 2010

The average monthly number of employees during the year was as follows

	31 3 11 Number	31 3 10 Number
Directors	<u>2</u>	<u>2</u>

3 OPERATING LOSS

The operating loss is stated after charging

	31 3 11 £	31 3 10 £
Auditors' remuneration	1,031	1,791
Exceptional bad debt provision	<u>873,207</u>	<u>-</u>
Directors' remuneration	<u>-</u>	<u>-</u>

The exceptional bad debt provision of £873,207 (2010 £nil) relates to a provision against the recoverability of loans made to a joint venture

The directors are paid by Gallagher UK Limited (2010 J J Gallagher Limited), a company owned by the ultimate shareholder Mr A C Gallagher, and their emoluments are disclosed in the financial statements of that company

HULL PROPERTY INVESTMENTS LIMITED (REGISTERED NUMBER: 5438809)

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2011

4 TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	31 3 11 £	31 3 10 £
Current tax		
Group relief	(15,158)	(17,590)
Prior year corporation tax	<u>(1)</u>	<u>-</u>
Total current tax	(15,159)	(17,590)
Deferred tax		
- Recognition of current year timing differences	8,689	4,712
- Change in tax rate from 28% to 26%	<u>(2,106)</u>	<u>-</u>
Total current tax	6,583	4,712
Tax on loss on ordinary activities	<u>(8,576)</u>	<u>(12,878)</u>

The corporation tax credit differs from the standard UK corporation tax rate of 28% applied to the loss for the year. The differences are

	31 3 11 £	31 3 10 £
Loss on ordinary activities at the standard rate of 28% (2010 28%)	(250,298)	(12,878)
Expenses not deductible for tax	244,498	-
Capital allowances in excess of depreciation	(3,769)	(4,712)
Partnership losses not recognised in the accounts	(5,589)	-
Prior year tax	<u>(1)</u>	<u>-</u>
	<u>(15,159)</u>	<u>(17,590)</u>

Legislation reducing the main rate of corporation tax from 28% to 26% with effect from 1 April 2011 was substantively enacted on 29 March 2011. The current year tax charge has been provided for at the main rate of corporation tax of 28% and at 31 March 2011, deferred tax assets and liabilities have been provided for at a rate of 26% in these financial statements.

An additional reduction in the main rate of corporation tax from 26% to 25% with effect from 1 April 2012 was enacted within the Finance Act 2011 on 5 July 2011. As this reduction was not substantively enacted by the balance sheet date, its effect has not been reflected in these financial statements.

Further reductions in the main rate of corporation tax of 1% per annum to 23% by 1 April 2014 have been announced by the Government but have not yet been substantively enacted and therefore their effect has not been reflected in these financial statements.

HULL PROPERTY INVESTMENTS LIMITED (REGISTERED NUMBER: 5438809)**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011****5 FIXED ASSET INVESTMENTS**

	Shares in group undertakings £	Interest in joint venture £	Totals £
COST			
At 1 April 2010	19,685	1	19,686
Write off investment in LLP	<u>(19,685)</u>	<u>-</u>	<u>(19,685)</u>
At 31 March 2011	<u>-</u>	<u>1</u>	<u>1</u>
NET BOOK VALUE			
At 31 March 2011	<u>-</u>	<u>1</u>	<u>1</u>
At 31 March 2010	<u>19,685</u>	<u>1</u>	<u>19,686</u>

The £19,685 decrease (2010 £44,202) reflects the change in the net asset value of Hull Property Investments Limited's 50% interest in the Worthing Retail LLP

The investment in joint ventures, represents 50% of the ordinary shares in Hull Retail Limited, a property investment company, incorporated in England and Wales

6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 11 £	31 3 10 £
Amounts due from LLP	<u>-</u>	<u>873,207</u>

In light of the prevailing economic conditions the directors have decided to make a provision of £873,207 (2010 £nil) against the amount owed by the joint venture LLP

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 11 £	31 3 10 £
Trade creditors	-	1,236
Amounts owed to group undertakings	837,427	850,099
Corporation tax	-	1
Accruals and deferred income	<u>1,250</u>	<u>1,470</u>
	<u>838,677</u>	<u>852,806</u>

HULL PROPERTY INVESTMENTS LIMITED (REGISTERED NUMBER: 5438809)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011

8 PROVISIONS FOR LIABILITIES

	31 3 11	31 3 10
	£	£
Deferred tax	<u>36,073</u>	<u>29,490</u>
		Deferred tax
		£
Balance at 1 April 2010		29,490
Charge for the year		<u>6,583</u>
Balance at 31 March 2011		<u>36,073</u>

9 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31 3 11	31 3 10
Number	Class	Nominal value	£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

10 RESERVES

	Profit and loss account
	£
At 1 April 2010	10,595
Loss for the financial year	<u>(885,346)</u>
At 31 March 2011	<u>(874,751)</u>

11 RELATED PARTY DISCLOSURES

GROUP COMPANIES

At 31 March 2011, Hull Property Investments Limited owed £837,427 (2010 £850,099) to its parent undertaking, Ashflame Properties Limited. No interest was charged on this loan.

There are no other related party disclosures to be made concerning the year ended 31 March 2011 (2010 none).

HULL PROPERTY INVESTMENTS LIMITED (REGISTERED NUMBER: 5438809)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	31 3 11	31 3 10
	£	£
Loss for the financial year	(885,346)	(33,116)
Net reduction of shareholders' funds	(885,346)	(33,116)
Opening shareholders' funds	<u>10,597</u>	<u>43,713</u>
Closing shareholders' (deficit)/funds	<u>(874,749)</u>	<u>10,597</u>

13 CONTROLLING PARTY

Hull Property Investments Limited is a wholly owned subsidiary of Ashflame Properties Limited, (incorporated in England and Wales), its ultimate parent undertaking

The ultimate controlling party of the company is Mr A C Gallagher by virtue of his ownership of the issued share capital of the ultimate parent undertaking