

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007  
FOR  
ASHFLAME PORT GLASGOW LIMITED  
5489803**

**TUESDAY**



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# **ASHFLAME PORT GLASGOW LIMITED**

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# **ASHFLAME PORT GLASGOW LIMITED**

## **COMPANY INFORMATION** **for the year ended 31 March 2007**

**DIRECTORS:** A C Gallagher  
G H Gosling

**SECRETARY:** S A Burnett

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

**REGISTERED NUMBER:** 5489803 (England and Wales)

**AUDITORS:** PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

# **ASHFLAME PORT GLASGOW LIMITED**

## **REPORT OF THE DIRECTORS for the year ended 31 March 2007**

The directors present their report with the audited financial statements of the company for the year ended 31 March 2007

### **PRINCIPAL ACTIVITY**

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

### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements

At 31 March 2007, planning had been obtained for a non food retail park at Port Glasgow Infrastructure works were almost complete Both the results for the 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 2007 (period ended 31 March 2006 £nil)

### **DIRECTORS**

The directors during the year under review were

A C Gallagher  
G H Gosling

The directors holding office at 31 March 2007 did not hold any direct beneficial interest in the issued share capital of the company at 1 April 2006 or 31 March 2007

The interests of the directors in the share capital of the parent company are shown in the financial statements of that company

### **FINANCIAL RISK MANAGEMENT**

The company's operations expose it to a variety of financial risks that include the effects of credit, liquidity and interest rate risks The directors actively monitor these risks and the potential costs

The credit rating of property tenants is regularly assessed and changes in the risk profile are managed

The company utilises a mixture of bank and group funding designed to ensure it has sufficient working capital available Floating interest rates are reviewed and swapped for fixed rates where appropriate to reduce exposure to adverse interest rate fluctuations

# **ASHFLAME PORT GLASGOW LIMITED**

## **REPORT OF THE DIRECTORS for the year ended 31 March 2007**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 these financial statements, the directors are required to

- select suitable accounting policies and then 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.

### **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 234ZA of the Companies Act 1985) 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 in accordance with Section 385 of the Companies Act 1985.

### **ON BEHALF OF THE BOARD:**



G H Gosling - Director  
29 November 2007

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHFLAME PORT GLASGOW LIMITED**

We have audited the financial statements of Ashflame Port Glasgow Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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**

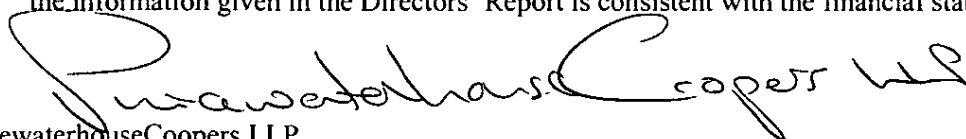
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 as at 31 March 2007 and of its loss for the year then ended,
- the financial statements 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.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham  
5 December 2007

# ASHFLAME PORT GLASGOW LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 March 2007

		Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
	Notes		
<b>TURNOVER</b>		-	-
Cost of sales		<u>(690)</u>	<u>2,218</u>
<b>GROSS (LOSS)/PROFIT</b>		(690)	2,218
Administrative expenses		<u>(58,409)</u>	<u>(81,930)</u>
<b>OPERATING LOSS</b>	3	(59,099)	(79,712)
Interest receivable and similar income		<u>19,615</u>	<u>27,459</u>
		(39,484)	(52,253)
Interest payable and similar charges	4	<u>(550,673)</u>	<u>(105,581)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(590,157)	(157,834)
Tax on loss on ordinary activities	5	<u>177,047</u>	<u>47,350</u>
<b>LOSS FOR THE FINANCIAL YEAR/ PERIOD AFTER TAXATION</b>	10	<u>(413,110)</u>	<u>(110,484)</u>

### CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period

### TOTAL RECOGNISED GAINS AND LOSSES

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

### NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis

# ASHFLAME PORT GLASGOW LIMITED

## BALANCE SHEET

31 March 2007

	Notes	31 3 07 £	31 3 06 £
<b>FIXED ASSETS</b>			
Tangible assets	6	12,080,888	7,734,588
<b>CURRENT ASSETS</b>			
Debtors	7	931,349	5,342,767
Cash at bank		<u>14,112</u>	<u>840,400</u>
		945,461	6,183,167
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>(13,560,994)</u>	<u>(14,039,290)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(12,615,533)</u>	<u>(7,856,123)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(534,645)</u>	<u>(121,535)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	2	2
Profit and loss account	10	<u>(534,647)</u>	<u>(121,537)</u>
<b>SHAREHOLDERS' DEFICIT</b>	12	<u>(534,645)</u>	<u>(121,535)</u>

The financial statements were approved by the Board of Directors on 29 November 2007 and were signed on its behalf by



G H Gosling - Director

The notes form part of these financial statements



# ASHFLAME PORT GLASGOW LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2007

### 1 ACCOUNTING POLICIES

#### **Accounting convention**

These accounts are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

#### **Cash flow statement**

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

#### **Turnover**

Turnover represents the rental income receivable, service charges and other recoveries from investment properties in the United Kingdom.

In circumstances where a tenant has been given an incentive to enter into a lease by way of a payment, the incentive is treated as a reduction in rental income. The incentive is amortised on a straight-line basis over the period from term commencement to the date of the first rent review, in accordance with UITF 28. Where an incentive is given to a tenant by way of a rent free period, the total rental income receivable for the period to the first rent review is recognised on a straight-line basis from term commencement to the date of the first rent review, in accordance with UITF 28.

#### **Cost of sales**

Cost of sales represents expenses relating to the servicing of property and collection of rental income.

#### **Investment properties**

Until investment properties are complete they are included in the accounts at cost. Once completed, open market valuations are performed on a 3-year cycle subject to an annual impairment review.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount, which might otherwise have been shown, cannot reasonably be separately identified or quantified.

#### **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**

Notwithstanding the fact that at 31 March 2007 the company had net current liabilities, net liabilities and made a loss for the period, the accounts have been prepared on a going concern basis as the company has received confirmation of financial support from the parent company.

#### **Amortisation of loan issue costs**

Costs incurred in respect of obtaining loan finance are included in other debtors and the costs are amortised over the period of repayment of the loan in proportion to the outstanding loan.

# ASHFLAME PORT GLASGOW LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2007

### 2 STAFF COSTS

There were no direct staff costs for the year ended 31 March 2007 (period to 31 March 2006 none) However, £56,864 (period ended 31 March 2006 £78,091) was payable to J J Gallagher Limited, a related company, for the service of individuals who had performed work on behalf of Ashflame Port Glasgow Limited

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

	Year Ended 31 3 07	Period 1 8 05 to 31 3 06
Directors	<u>2</u>	<u>2</u>

### 3 OPERATING LOSS

The operating loss is stated after charging

	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
Auditors' remuneration	<u>1,500</u>	<u>2,100</u>
Directors' emoluments	<u>-</u>	<u>-</u>

### 4 INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
Bank interest	474,883	87,282
Amortisation of loan issue costs	<u>75,790</u>	<u>18,299</u>
	<u>550,673</u>	<u>105,581</u>

# ASHFLAME PORT GLASGOW LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2007

### 5 TAXATION

#### Analysis of the tax credit

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

	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
Current tax		
Group relief	(177,797)	(47,350)
Group relief prior year	<u>750</u>	<u>-</u>
Tax on loss on ordinary activities	<u>(177,047)</u>	<u>(47,350)</u>

The current corporation tax credit differs from the standard UK corporation tax rate of 30% applied to the loss for the year/period. The differences are

	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
Loss on ordinary activities at the standard rate of 30%	(177,047)	(47,350)
Utilisation of tax losses	(750)	-
Prior year adjustment	<u>750</u>	<u>-</u>
	<u>(177,047)</u>	<u>(47,350)</u>

The amount of tax which would become payable in the event of a sale of the investment property at its book value is approximately £386,000 (31 March 2006 £500,000). No deferred tax provision has been made as there is no commitment to sell the investment.

### 6 TANGIBLE FIXED ASSETS

	Freehold investment property £
<b>COST</b>	
At 1 April 2006	7,734,588
Additions	<u>4,346,300</u>
At 31 March 2007	<u>12,080,888</u>
<b>NET BOOK VALUE</b>	
At 31 March 2007	<u>12,080,888</u>
At 31 March 2006	<u>7,734,588</u>

The above assets are held for letting

# ASHFLAME PORT GLASGOW LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2007

### 7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 07	31 3 06
	£	£
Other debtors	10,649	75,767
Prepayments	<u>920,700</u>	<u>5,267,000</u>
	<u>931,349</u>	<u>5,342,767</u>

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 07	31 3 06
	£	£
Bank overdraft	10,109,186	6,061,657
Trade creditors	6,218	-
Amounts owed to group undertakings	3,347,559	7,932,385
Other creditors	<u>98,031</u>	<u>45,248</u>
	<u>13,560,994</u>	<u>14,039,290</u>

The bank overdraft is part of a £14 million facility and is repayable on demand. Interest is payable at 1.25% over Libor. The overdraft is secured by a fixed and floating charge over the freehold investment property.

### 9 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	31 3 07 £	31 3 06 £
1,000	Ordinary		<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid Number	Class	Nominal value £1	31 3 07 £	31 3 06 £
2	Ordinary		<u>2</u>	<u>2</u>

# ASHFLAME PORT GLASGOW LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2007

### 10 RESERVES

	Profit and loss account £
At 1 April 2006	(121,537)
Loss for the year	<u>(413,110)</u>
At 31 March 2007	<u>(534,647)</u>

### 11 RELATED PARTY DISCLOSURES

#### GROUP COMPANIES

At 31 March 2007, Ashflame Port Glasgow Limited owed £3,347,559 (2006 £7,932,385) to Ashflame Investments Limited. This loan was interest free.

#### RELATED COMPANIES

On 22 November 2006, the company entered into a contract with Gallagher Projects Limited, a company controlled by Mr A C Gallagher, for the procurement of 160,000 square feet of non food retail units.

### 12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 3 07 £	31 3 06 £
Loss for the financial year/period	<u>(413,110)</u>	<u>(110,484)</u>
Net addition to shareholders' deficit	(413,110)	(110,484)
Opening shareholders' deficit	<u>(121,535)</u>	<u>(11,051)</u>
Closing shareholders' deficit	<u>(534,645)</u>	<u>(121,535)</u>

### 13 CONTROLLING PARTY

Ashflame Port Glasgow Limited is a wholly owned subsidiary of Port Glasgow Property Investments Limited (incorporated in England and Wales). Port Glasgow Property Investments Limited is controlled by Ashflame Investments 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 majority of the issued share capital of Ashflame Investments Limited.