

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE PERIOD 1 AUGUST 2005 TO 31 MARCH 2006  
FOR  
ASHFLAME LINWOOD LIMITED**

**5489807**

WEDNESDAY



\*AVZ13MOI\*

A12

31/01/2007

29

COMPANIES HOUSE

# **ASHFLAME LINWOOD LIMITED**

## **CONTENTS OF THE FINANCIAL STATEMENTS for the period 1 August 2005 to 31 March 2006**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Independent Auditors' Report</b>	<b>4</b>
<b>Profit and Loss Account</b>	<b>5</b>
<b>Balance Sheet</b>	<b>6</b>
<b>Notes to the Financial Statements</b>	<b>7</b>

**ASHFLAME LINWOOD LIMITED**

**COMPANY INFORMATION**

**for the period 1 August 2005 to 31 March 2006**

**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:** 5489807 (England and Wales)

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

# **ASHFLAME LINWOOD LIMITED**

## **REPORT OF THE DIRECTORS**

**for the period 1 August 2005 to 31 March 2006**

The directors present their report with the audited financial statements of the company for the period 1 August 2005 to 31 March 2006.

### **PRINCIPAL ACTIVITY**

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

### **REVIEW OF BUSINESS**

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

The company owns a retail park. At 31 March 2006 the retail park was almost fully let and surplus income was being generated from the investment. Both the results for the period, and the period end financial position were satisfactory. The directors consider future prospects to be satisfactory.

### **DIVIDENDS**

No dividends will be distributed for the period ended 31 March 2006.

### **DIRECTORS**

The directors during the period under review were:

A C Gallagher  
G H Gosling

The directors holding office at 31 March 2006 did not hold any direct beneficial interest in the issued share capital of the company at 1 August 2005 or 31 March 2006.

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.

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

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

- 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.

# **ASHFLAME LINWOOD LIMITED**

## **REPORT OF THE DIRECTORS**

**for the period 1 August 2005 to 31 March 2006**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

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.

So far as the directors are aware, there is no relevant information of which the company's auditors are unaware, and the directors have taken all the steps that ought to have been taken as directors in order to make themselves 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

17 January 2007

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHFLAME LINWOOD LIMITED

We have audited the financial statements of Ashflame Linwood Limited for the period ended 31 March 2006 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

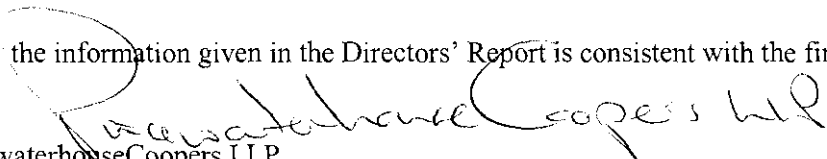
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2006 and of its profit for the eight month period 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  
17 January 2007

# ASHFLAME LINWOOD LIMITED

## PROFIT AND LOSS ACCOUNT

for the period 1 August 2005 to 31 March 2006

	Notes	Period 1.8.05 to 31.3.06 £	Period 23.6.05 to 31.7.05 £
<b>TURNOVER</b>		974,267	67,411
Cost of sales		<u>(105,521)</u>	<u>(9,836)</u>
<b>GROSS PROFIT</b>		868,746	57,575
Administrative expenses		<u>(30,715)</u>	<u>(6,520)</u>
<b>OPERATING PROFIT</b>	3	838,031	51,055
Interest receivable and similar income	4	<u>32,397</u>	<u>6,198</u>
		870,428	57,253
Interest payable and similar charges	5	<u>(775,425)</u>	<u>(59,407)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		95,003	(2,154)
Tax on profit/(loss) on ordinary activities	6	<u>(27,579)</u>	<u>(2,077)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD AFTER TAXATION</b>		<u>67,424</u>	<u>(4,231)</u>
<b>RETAINED PROFIT/(LOSS) FOR THE PERIOD</b>	13	<u>67,424</u>	<u>(4,231)</u>

### CONTINUING OPERATIONS

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

### TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current period and the loss for the 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.

The notes form part of these financial statements

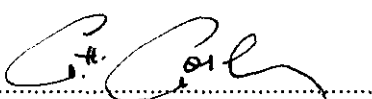
# ASHFLAME LINWOOD LIMITED

## BALANCE SHEET

31 March 2006

	Notes	31.3.06 £	31.7.05 £
<b>FIXED ASSETS</b>			
Tangible assets	7	27,980,735	27,833,000
<b>CURRENT ASSETS</b>			
Debtors	8	47,083	38,697
Cash at bank		<u>846,898</u>	<u>209,936</u>
		893,981	248,633
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>(13,251,641)</u>	<u>(12,484,480)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(12,357,660)</u>	<u>(12,235,847)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		15,623,075	15,597,153
<b>CREDITORS</b>			
Amounts falling due after more than one year	10	(15,550,000)	(15,600,000)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	11	<u>(9,880)</u>	<u>(1,382)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>63,195</u>	<u>(4,229)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2	2
Profit and loss account	13	<u>63,193</u>	<u>(4,231)</u>
<b>SHAREHOLDERS' FUNDS/ DEFICIT</b>	15	<u>63,195</u>	<u>(4,229)</u>

ON BEHALF OF THE BOARD:

  
 .....  
 G H Gosling - Director

Approved by the Board on 17 January 2007

The notes form part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period 1 August 2005 to 31 March 2006**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. A summary of the more important policies which have been consistently applied is 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.

**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 LINWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 August 2005 to 31 March 2006

### 2. STAFF COSTS

There were no direct staff costs for the period ended 31 March 2006 (period to 31 July 2005: none). However, £28,588 (period ended 31 July 2005: £nil) was payable to J J Gallagher Limited, a related company, for the service of individuals who had performed work on behalf of Ashflame Linwood Limited.

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

	Period 1.8.05 to 31.3.06	Period 23.6.05 to 31.7.05
Directors	<u>2</u>	<u>2</u>

### 3. OPERATING PROFIT

The operating profit is stated after charging:

	Period 1.8.05 to 31.3.06 £	Period 23.6.05 to 31.7.05 £
Auditors' remuneration	<u>2,100</u>	<u>500</u>
Directors' emoluments	<u>-</u>	<u>-</u>

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 1.8.05 to 31.3.06 £	Period 23.6.05 to 31.7.05 £
Deposit account interest	10,687	3,528
Interest receivable on loans to related undertakings	<u>21,710</u>	<u>2,670</u>
	<u>32,397</u>	<u>6,198</u>

# ASHFLAME LINWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 August 2005 to 31 March 2006

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1.8.05 to 31.3.06 £	Period 23.6.05 to 31.7.05 £
Bank interest	633,521	47,406
Interest payable on loans from related undertakings	-	11,020
Interest payable on loans from group undertakings	137,789	981
Amortisation of loan issue costs	<u>4,115</u>	<u>-</u>
	<u>775,425</u>	<u>59,407</u>

### 6. TAXATION

#### Analysis of the tax charge

The tax charge on the profit/(loss) on ordinary activities for the period was as follows:

	Period 1.8.05 to 31.3.06 £	Period 23.6.05 to 31.7.05 £
Current tax:		
Group relief	19,627	695
Group relief prior year	<u>(546)</u>	<u>-</u>
Total current tax	19,081	695
Deferred tax	<u>8,498</u>	<u>1,382</u>
Tax on profit/(loss) on ordinary activities	<u>27,579</u>	<u>2,077</u>

The current corporation tax charge differs from the standard UK corporation tax rate of 30% applied to the profit/(loss) for the period. The differences are:

	Period 1.8.05 to 31.3.06 £	Period 23.6.05 to 31.7.05 £
Profit/(loss) on ordinary activities at the standard rate of 30%	28,501	(646)
Expenses not deductible for tax purposes	-	1,800
Capital allowances in excess of depreciation	(8,874)	(459)
Prior year adjustment	<u>(546)</u>	<u>-</u>
	<u>19,081</u>	<u>695</u>

The amount of tax which would become payable in the event of a sale of the investment properties at their book value is £1.4million (31 July 2005: £1.6 million). No deferred tax provision has been made as there is no commitment to sell the properties.

# ASHFLAME LINWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 August 2005 to 31 March 2006

### 7. TANGIBLE FIXED ASSETS

	Long leasehold investment properties £
<b>COST</b>	
At 1 August 2005	27,833,000
Additions	<u>147,735</u>
At 31 March 2006	<u>27,980,735</u>
<b>NET BOOK VALUE</b>	
At 31 March 2006	<u>27,980,735</u>
At 31 July 2005	<u>27,833,000</u>

On 14 July 2005, Ashflame Linwood Limited purchased the long leasehold investment properties from Linwood Property Investments Limited, its parent undertaking for £27,833,000 on an arm's length basis.

The above assets are held for letting.

### 8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.06	31.7.05
	£	£
Trade debtors	8,226	9,129
Other debtors	<u>38,857</u>	<u>29,568</u>
	<u>47,083</u>	<u>38,697</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.06	31.7.05
	£	£
Bank loan	50,000	-
Trade creditors	172	-
Amounts owed to group undertakings	12,652,780	12,286,181
VAT payable	64,281	-
Accruals and deferred income	<u>484,408</u>	<u>198,299</u>
	<u>13,251,641</u>	<u>12,484,480</u>

# ASHFLAME LINWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 August 2005 to 31 March 2006

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.06	31.7.05
	£	£
Bank loan	<u>15,550,000</u>	<u>15,600,000</u>

The bank loan is on normal commercial terms and is secured by way of a fixed and floating charge over the assets of the company. Associated interest is payable on the loan at a variable rate of 1.15% over LIBOR with a swap to a fixed LIBOR rate of 5% in respect of £12,500,000 of the loan. The loan is repayable by quarterly instalments of £50,000 commencing January 2007, with a final balloon payment in November 2010, as follows:

	31.3.06	31.7.05
	£	£
Within one year	50,000	-
In 1 to 2 years	200,000	150,000
In 2 - 5 years	15,350,000	600,000
In more than 5 years	<u>-</u>	<u>14,850,000</u>
	<u>15,600,000</u>	<u>15,600,000</u>

### 11. PROVISIONS FOR LIABILITIES AND CHARGES

	31.3.06	31.7.05
	£	£
Deferred tax		
Tax effect of timing differences due to:		
Excess of capital allowances		
over depreciation	<u>9,880</u>	<u>1,382</u>

	Deferred tax £
Balance at 1 July 2005	1,382
Charged to the profit and loss account	<u>8,498</u>
Balance at 31 March 2006	<u>9,880</u>

# ASHFLAME LINWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 August 2005 to 31 March 2006

### 12. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.3.06	31.7.05
		£	£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.06	31.7.05
		£	£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

### 13. RESERVES

	Profit and loss account
	£
At 1 August 2005	(4,231)
Retained profit for the period	<u>67,424</u>
At 31 March 2006	<u>63,193</u>

### 14. RELATED PARTY DISCLOSURES

At 31 March 2006, Ashflame Linwood Limited owed £12,652,780 to Ashflame Investments Limited. At 31 July 2005, Ashflame Linwood Limited owed £3,783,503 to Ashflame Property Investments Limited. Under both loan agreements interest is only payable on a proportion of the loan (£3,115,000 as at inception) at 1% over the Bank of England base rate. The remainder of both loans is interest free.

At 31 July 2005, Ashflame Linwood Limited owed £8,502,678 to Brighton Property Investments Limited, a fellow subsidiary of Ashflame Property Investments Limited. Interest was payable on the loan at 1% over the Bank of England base rate. This loan was repaid during the period.

The company has taken advantage of the exemption in FRS8 not to disclose transactions with other group companies, whilst it remained a wholly owned subsidiary within a consolidated group.

# ASHFLAME LINWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 August 2005 to 31 March 2006

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.06	31.7.05
	£	£
Profit/(loss) for the financial period	67,424	(4,231)
Issue of shares	<u>-</u>	<u>2</u>
<b>Net addition/(reduction) to shareholders' funds</b>	67,424	(4,229)
Opening shareholders' deficit	<u>(4,229)</u>	<u>-</u>
<b>Closing shareholders' funds/(deficit)</b>	<u>63,195</u>	<u>(4,229)</u>
Equity interests	<u>63,195</u>	<u>(4,229)</u>

### 16. CONTROLLING PARTY

Ashflame Linwood Limited is a wholly owned subsidiary of Linwood Property Investments Limited (incorporated in England and Wales). Linwood 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.