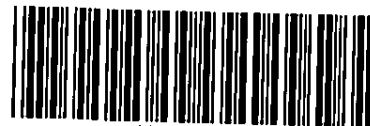


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008
FOR
ASHFLAME LINWOOD LIMITED
5489807**

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ASHFLAME LINWOOD LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS for the year ended 31 March 2008

	Page
Company Information	1
Report of the Directors	2
Independent Auditors' Report	4
Profit and Loss Account	5
Statement of Total Recognised Gains and Losses	6
Balance Sheet	7
Notes to the Financial Statements	8

ASHFLAME LINWOOD LIMITED

COMPANY INFORMATION
for the year ended 31 March 2008

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)

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

ASHFLAME LINWOOD LIMITED

REPORT OF THE DIRECTORS for the year ended 31 March 2008

The directors present their report with the audited financial statements of the company for the year ended 31 March 2008.

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.

The company owns a retail park. At 31 March 2008 the retail park was almost fully let and the investment was trading profitably. The carrying value of the freehold investment property was reviewed in accordance with the company's policy at 31 March 2008 and as a result the value of the freehold investment property was reduced by £1.8 million. The directors believe that this is a temporary diminution in value and expect the value to increase above cost over the medium term. The directors consider the results for the year, the year end financial position and future prospects to be satisfactory.

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to changes in the UK property investment market, movements in property rental yield changes to UK interest rates and to the risk that tenants will cease trading.

Given the nature of the business as disclosed in these financial statements, where maximising rental income and the capital values of its investment property represents the key objectives, the company's directors are of the opinion that analysis using additional KPIs is not necessary for understanding the performance or position of the business.

POST BALANCE SHEET EVENT

Due to the adverse market conditions in the property sector, the directors believe that the value of the investment property held by the company has fallen 10 - 15% since the balance sheet date.

DIVIDENDS

A dividend of £75,000 was paid in the year ended 31 March 2008 (2007: £nil).

DIRECTORS

The directors during the year under review were:

A C Gallagher
G H Gosling

The directors holding office at 31 March 2008 did not hold any direct beneficial interest in the issued share capital of the company at 1 April 2007 or 31 March 2008.

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

ASHFLAME LINWOOD LIMITED

REPORT OF THE DIRECTORS (continued) for the year ended 31 March 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE 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 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which 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 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 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

20 January 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHFLAME LINWOOD LIMITED

We have audited the financial statements of Ashflame Linwood Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Company Information and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

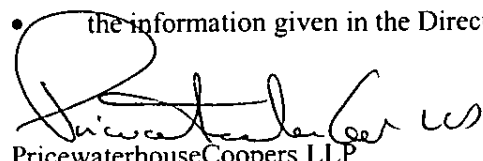
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 and of its profit 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

Date: 29 July 2008

ASHFLAME LINWOOD LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2008**

	Notes	31.3.08 £	31.3.07 £
TURNOVER		1,720,721	1,512,782
Cost of sales		<u>(224,933)</u>	<u>(194,772)</u>
GROSS PROFIT		1,495,788	1,318,010
Administrative expenses		<u>(22,182)</u>	<u>(31,833)</u>
OPERATING PROFIT	3	1,473,606	1,286,177
Interest receivable and similar income	4	<u>20,436</u>	<u>25,928</u>
		1,494,042	1,312,105
Interest payable and similar charges	5	<u>(1,211,660)</u>	<u>(1,164,136)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		282,382	147,969
Tax on profit on ordinary activities	6	<u>(110,880)</u>	<u>(44,394)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION	14	<u>171,502</u>	<u>103,575</u>

CONTINUING OPERATIONS

All of the company's activities relate to continuing operations.

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2008

	31.3.08	31.3.07
	£	£
PROFIT FOR THE FINANCIAL YEAR	171,502	103,575
Reduction on revaluation of the investment property (note 8)	<u>(1,780,051)</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(1,608,549)</u>	<u>103,575</u>

The notes form part of these financial statements

ASHFLAME LINWOOD LIMITED

BALANCE SHEET 31 March 2008

	Notes	31.3.08 £	31.3.07 £
FIXED ASSETS			
Tangible assets	8	26,570,000	28,201,962
CURRENT ASSETS			
Debtors	9	441,618	59,180
Cash at bank		<u>493,974</u>	<u>457,662</u>
		935,592	516,842
CREDITORS			
Amounts falling due within one year	10	<u>(13,422,371)</u>	<u>(12,931,042)</u>
NET CURRENT LIABILITIES		<u>(12,486,779)</u>	<u>(12,414,200)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,083,221	15,787,762
CREDITORS			
Amounts falling due after more than one year	11	(15,600,000)	(15,600,000)
PROVISIONS FOR LIABILITIES	12	<u>-</u>	<u>(20,992)</u>
NET (LIABILITIES)/ASSETS		<u>(1,516,779)</u>	<u>166,770</u>
CAPITAL AND RESERVES			
Called up share capital	13	2	2
Revaluation reserve	14	(1,780,051)	-
Profit and loss account	14	<u>263,270</u>	<u>166,768</u>
SHAREHOLDERS' (DEFICIT)/ FUNDS	16	<u>(1,516,779)</u>	<u>166,770</u>

The financial statements were approved by the Board of Directors on 20 January 2009 and were signed on its behalf by:



 G H Gosling - Director

The notes form part of these financial statements

ASHFLAME LINWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2008

1. ACCOUNTING POLICIES

Accounting convention

These accounts are prepared on the going concern basis, under the historical cost convention 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.

In accordance with SSAP19, where a property valuation at the balance sheet date is less than the historic cost of the property and the directors believe that the decline in value is temporary, then the reduction in value is taken as a deficit on revaluation reserve and is not charged to the profit and loss account.

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.

ASHFLAME LINWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

1. ACCOUNTING POLICIES (continued)

Going concern

The financial statements have been prepared on a going concern basis as the company has received confirmation of financial support from Countywide Developments Limited, a related company under common control. The directors have reviewed the funding position of the Ashflame Group of companies, and the Countywide group of companies (collectively 'the groups'), and have concluded that it is appropriate to prepare the financial statements of the Ashflame Group of companies, and hence this company, on a going concern basis.

In evaluating the groups, (and the companies within the groups) and their ability to continue as a going concern, the directors have considered the cash flows for the groups arising from operations, investment and financing activities. In the ordinary course of business there are approximately £62m of loans which are due to be refinanced across the groups over the next 12 months from the date of these accounts. In general, the market in which the groups are 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 will be renewed on acceptable terms to the groups. While there are a range of uncertainties which the companies and groups are required to manage, the directors believe that the position of the groups is strong and the directors will be able to manage the position satisfactorily.

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.

2. STAFF COSTS

There were no direct staff costs for the year ended 31 March 2008 (2007: none). However, £20,577 (2007: £30,284) 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 year was as follows:

	31.3.08	31.3.07
Directors	<u>2</u>	<u>2</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.08	31.3.07
	£	£
Auditors' remuneration	<u>1,550</u>	<u>1,500</u>
Directors' emoluments	<u>-</u>	<u>-</u>

ASHFLAME LINWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2008**

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.3.08	31.3.07
	£	£
Deposit account interest	<u>20,436</u>	<u>25,928</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.08	31.3.07
	£	£
Bank interest	980,204	967,818
Interest payable on loans from group undertakings	229,419	194,554
Amortisation of loan issue costs	<u>2,037</u>	<u>1,764</u>
	<u>1,211,660</u>	<u>1,164,136</u>

ASHFLAME LINWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.3.08	31.3.07
	£	£
Current tax:		
Group relief	278,596	33,282
Group relief prior year	<u>218,948</u>	<u>-</u>
Total current tax	497,544	33,282
Deferred tax		
- Origination and reversal of timing differences	(193,835)	11,112
- Prior year adjustment	(218,948)	-
- Change in tax rate from 30% to 28%	<u>26,119</u>	<u>-</u>
Total deferred tax	(386,664)	11,112
Tax on profit on ordinary activities	<u>110,880</u>	<u>44,394</u>

The current corporation tax charge differs from the standard UK corporation tax rate of 30% applied to the profit for the year. The differences are:

	31.3.08	31.3.07
	£	£
Profit on ordinary activities at the standard rate of 30%	84,715	44,391
Expenses not deductible for tax purposes	46	3
Capital allowances in excess of depreciation	(8,334)	(11,112)
Creation of tax losses	202,169	-
Prior year group relief adjustment	<u>218,948</u>	<u>-</u>
	<u>497,544</u>	<u>33,282</u>

The standard rate of UK corporation tax changed to 28% with effect from 1 April 2008 and will apply to future tax charges.

The amount of tax which would become payable in the event of a sale of the investment properties at their book value is £237,000 (31 March 2007: £1.3 million). No deferred tax provision has been made as there is no commitment to sell the properties.

7. DIVIDENDS

	31.3.08	31.3.07
	£	£
Final paid of £37,500 per share	<u>75,000</u>	<u>-</u>

ASHFLAME LINWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

8. TANGIBLE FIXED ASSETS

	Long leasehold investment properties £
COST OR VALUATION	
At 1 April 2007	28,201,962
Additions	148,089
Reduction on revaluation	<u>(1,780,051)</u>
At 31 March 2008	<u>26,570,000</u>
NET BOOK VALUE	
At 31 March 2008	<u>26,570,000</u>
At 31 March 2007	<u>28,201,962</u>

The carrying value of fixed asset properties was reviewed in accordance with the accounting policy and a revaluation of the investment properties was undertaken on an open market basis as at 31 March 2008 by a director having regard to current and expected future yields.

Due to adverse market conditions, the directors consider that the value of the investment property held has fallen a further 10 – 15% since the balance sheet date. The directors consider this to be a temporary diminution in value and expect the value to increase above the cost over the medium term.

The historic cost of tangible fixed assets is £28,350,051 (2007: £28,201,962).

The above assets are held for letting.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.08 £	31.3.07 £
Trade debtors	9,791	28,492
Other debtors	64,655	30,688
VAT recoverable	1,500	-
Deferred tax asset (note 12)	<u>365,672</u>	<u>-</u>
	<u>441,618</u>	<u>59,180</u>

ASHFLAME LINWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.08	31.3.07
	£	£
Trade creditors	38,249	29,591
Amounts owed to group undertakings	12,892,414	12,419,951
Accruals and deferred income	491,708	481,500
	<u>13,422,371</u>	<u>12,931,042</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.08	31.3.07
	£	£
Bank loan	<u>15,600,000</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 in full in November 2010:

	31.3.08	31.3.07
	£	£
In 2 - 5 years	<u>15,600,000</u>	<u>15,600,000</u>

12. PROVISIONS FOR LIABILITIES

	31.3.08	31.3.07
	£	£
Deferred tax:		
Accelerated capital allowances	27,370	20,992
Losses	<u>(393,042)</u>	<u>-</u>
	<u>(365,672)</u>	<u>20,992</u>
	£	
At 1 April 2007	20,992	
Credited to profit and loss account	<u>(386,664)</u>	
At 31 March 2008	<u>(365,672)</u>	

ASHFLAME LINWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

13. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.3.08	31.3.07
		£	£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.08	31.3.07
		£	£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

14. RESERVES

	Profit and loss account £	Revaluation reserve £	Total £
At 1 April 2007	166,768	-	166,768
Profit for the year	171,502		171,502
Dividend paid	(75,000)		(75,000)
Deficit on revaluation	-	(1,780,051)	(1,780,051)
At 31 March 2008	<u>263,270</u>	<u>(1,780,051)</u>	<u>(1,516,781)</u>

15. RELATED PARTY DISCLOSURES

At 31 March 2008, Ashflame Linwood Limited owed £12,892,414 (2007: £12,419,951) to Ashflame Investments Limited. Under the loan agreement 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 the loan is interest free.

ASHFLAME LINWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	31.3.08	31.3.07
	£	£
Profit for the financial year	171,502	103,575
Dividends	<u>(75,000)</u>	<u>-</u>
	96,502	103,575
Other recognised gains and losses relating to the year (net)	<u>(1,780,051)</u>	<u>-</u>
Net (reduction)/addition to shareholders' funds	(1,683,549)	103,575
Opening shareholders' funds	<u>166,770</u>	<u>63,195</u>
Closing shareholders' (deficit)/funds	<u>(1,516,779)</u>	<u>166,770</u>

17. 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, which prepares consolidated financial statements for the group.

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.