

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

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# **ASHFLAME PROPERTY INVESTMENTS LIMITED**

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# **ASHFLAME PROPERTY INVESTMENTS 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:**

5493786 (England and Wales)

### **INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

# **ASHFLAME PROPERTY INVESTMENTS 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 holding investments.

### **REVIEW OF BUSINESS**

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

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 2008 (2007: £nil).

### **DIRECTORS**

The directors during the year under review were:

A C Gallagher  
G H Gosling

The beneficial interests of the directors holding office on 31 March 2008 in the issued share capital of the company were as follows:

	31.3.08	1.4.07
<b>Ordinary £1 shares</b>		
A C Gallagher	999	999
G H Gosling	1	1

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

### **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.

## **ASHFLAME PROPERTY INVESTMENTS 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 (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 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

26 January 2009

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHFLAME PROPERTY INVESTMENTS LIMITED**

We have audited the financial statements of Ashflame Property Investments Limited for the year ended 31 March 2008 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 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**

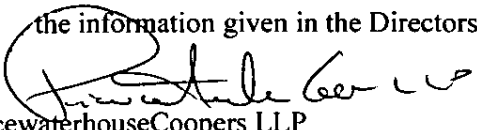
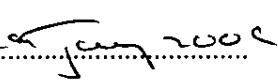
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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  
Date:  20 Jan 2009

# ASHFLAME PROPERTY INVESTMENTS LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 March 2008

	Notes	31.3.08 £	31.3.07 £
<b>TURNOVER</b>		-	-
Administrative expenses		(22,271)	(48,300)
<b>OPERATING LOSS</b>	3	(22,271)	(48,300)
Income from fixed asset investments		60,000	-
Amounts written off investments		(534,340)	-
Interest receivable and similar income	4	<u>223</u>	<u>1,169</u>
		(496,388)	(47,131)
Interest payable and similar charges	5	<u>-</u>	(13,105)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(496,388)	(60,236)
Tax on loss on ordinary activities	6	<u>3,149</u>	<u>18,040</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>	11	<u>(493,239)</u>	<u>(42,196)</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 profit for the current year and the loss for the previous year.

### 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 PROPERTY INVESTMENTS LIMITED

## BALANCE SHEET 31 March 2008

	Notes	31.3.08 £	31.3.07 £
<b>FIXED ASSETS</b>			
Investments	7	9,012,010	9,546,350
<b>CURRENT ASSETS</b>			
Debtors	8	2	21,065
Cash at bank		<u>4,306</u>	<u>4,090</u>
		4,308	25,155
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>(8,808,132)</u>	<u>(8,870,080)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(8,803,824)</u>	<u>(8,844,925)</u>
<b>NET ASSETS</b>		<u>208,186</u>	<u>701,425</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1,000,000	1,000,000
Share premium	11	1,000	1,000
Profit and loss account	11	<u>(792,814)</u>	<u>(299,575)</u>
<b>SHAREHOLDERS' FUNDS</b>	13	<u>208,186</u>	<u>701,425</u>

The financial statements were approved by the Board of Directors on 26 January 2009 and were signed on its behalf by:

  
.....  
G H Gosling - Director

The notes form part of these financial statements



# ASHFLAME PROPERTY INVESTMENTS 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.

The company is exempt from the requirement to prepare consolidated accounts, as it is included in the consolidated accounts of its parent company.

#### Cash flow statement

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

#### Fixed asset investments

Fixed asset investments are recorded at cost less any permanent impairment in value.

#### 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 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.

### 2. STAFF COSTS

There were no staff costs for the year ended 31 March 2008 nor for the year ended 31 March 2007.

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>

# ASHFLAME PROPERTY INVESTMENTS LIMITED

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

### 3. OPERATING LOSS

The operating loss is stated after charging:

	31.3.08	31.3.07
	£	£
Auditors' remuneration	775	4,700
Auditors' remuneration for non audit work	<u>19,506</u>	<u>43,500</u>
Directors' emoluments	<u>-</u>	<u>-</u>

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.3.08	31.3.07
	£	£
Deposit account interest	<u>223</u>	<u>1,169</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.08	31.3.07
	£	£
Other interest payable on loans from group undertakings (see below)	<u>-</u>	<u>13,105</u>
	<u>-</u>	<u>13,105</u>

Other interest payable on loans from group undertakings was payable at 2% above bank base rates on amounts due relating to share subscriptions in July 2005.

# ASHFLAME PROPERTY INVESTMENTS LIMITED

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

### 6. TAXATION

#### Analysis of the tax credit

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

	31.3.08 £	31.3.07 £
Current tax:		
Group relief	(3,149)	(120,626)
Deferred tax	-	102,586
Tax on loss on ordinary activities	<u>(3,149)</u>	<u>(18,040)</u>

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

	31.3.08 £	31.3.07 £
Loss on ordinary activities at the standard rate of 30%	(148,916)	(18,071)
Expenses not deductible for tax purposes	163,767	30
Non taxable income	(18,000)	-
Utilisation of tax losses	-	(102,585)
	<u>(3,149)</u>	<u>(120,626)</u>

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

# ASHFLAME PROPERTY INVESTMENTS LIMITED

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

### 7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 April 2007 and 31 March 2008	<u>9,546,350</u>
<b>AMOUNTS WRITTEN OFF</b>	
Impairment in year	<u>(534,340)</u>
At 31 March 2008	<u>(534,340)</u>
<b>NET BOOK VALUE</b>	
At 31 March 2008	<u>9,012,010</u>
At 31 March 2007	<u>9,546,350</u>

#### Investments in group undertakings

Ashflame Property Investments Limited owned 100% interests in the following companies at 31 March 2008 all of which are incorporated in England and Wales:

Company Name	Ordinary £1 shares held
Ashflame Broadwood Limited	2
De Facto 1185 Limited	1,000
De Facto 1187 Limited	2
De Facto 1190 Limited	2

Ashflame Property Investments Limited owned an 80% interest in the following property investment companies all of which are incorporated in England and Wales:

Company Name	Ordinary £1 shares held
Bridgwater Property Investments Limited	8
Cromer Property Investments Limited	8
Croydon Property Investments Limited	8
Linwood Property Investments Limited	8
Port Glasgow Property Investments Limited	8
Solihull Property Investments Limited	8
Scunthorpe Property Investments Limited	8
Westday Properties Limited	8

Ashflame Property Investments Limited owned a 76% interest in the following property investment company which is incorporated in England and Wales:

Company Name	Ordinary 1p shares held
GDHV Property Investments Limited	633

## ASHFLAME PROPERTY INVESTMENTS LIMITED

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

#### 7. FIXED ASSET INVESTMENTS - continued

Ashflame Property Investments Limited's subsidiaries have a 100% interest in the following property investment companies all of which are incorporated in England and Wales:

<b>Company Name</b>	<b>Investment held by</b>
Ashflame Bridgwater Limited	Bridgwater Property Investments Limited
Ashflame Cromer Limited	Cromer Property Investments Limited
Ashflame Croydon Limited	Croydon Property Investments Limited
Ashflame GDHV Limited	GDHV Property Investments Limited
Ashflame Linwood Limited	Linwood Property Investments Limited
Ashflame Port Glasgow Limited	Port Glasgow Property Investments Limited
Ashflame Solihull Limited	Solihull Property Investments Limited
Ashflame Scunthorpe Limited	Scunthorpe Property Investments Limited

Ashflame Property Investments Limited's subsidiaries have a 50% interest in the following property investment Limited Liability Partnerships as follows:

<b>Company Name</b>	<b>Investment held by</b>
Bridgwater Retail LLP	Ashflame Bridgwater Limited
GDHV Retail LLP	Ashflame GDHV Limited

Ashflame Property Investments Limited's subsidiaries have a 50% interest in the following property investment Limited Partnerships as follows:

<b>Company Name</b>	<b>Investment held by</b>
Otium Solihull LP	Ashflame Solihull Limited

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

	31.3.08	31.3.07
	£	£
Other debtors	2	-
VAT recoverable	-	21,065
	<u>2</u>	<u>21,065</u>

# ASHFLAME PROPERTY INVESTMENTS LIMITED

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

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

	31.3.08	31.3.07
	£	£
Amounts owed to group undertakings	8,807,356	8,869,330
Other creditors	<u>776</u>	<u>750</u>
	<u>8,808,132</u>	<u>8,870,080</u>

### 10. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

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

### 11. RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 April 2007	(299,575)	1,000	(298,575)
Loss for the year	<u>(493,239)</u>	<u>-</u>	<u>(493,239)</u>
At 31 March 2008	<u>(792,814)</u>	<u>1,000</u>	<u>(791,814)</u>

### 12. RELATED PARTY DISCLOSURES

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

#### RELATED COMPANIES

##### COUNTYWIDE DEVELOPMENTS LIMITED

At 31 March 2008, the company owed £10,000 (2007: £10,000) to Countywide Developments Limited, a company controlled by Mr A C Gallagher. This amount is interest free.

## ASHFLAME PROPERTY INVESTMENTS LIMITED

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

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

	31.3.08	31.3.07
	£	£
Loss for the financial year	<u>(493,239)</u>	<u>(42,196)</u>
<b>Net reduction to shareholders' funds</b>	<b>(493,239)</b>	<b>(42,196)</b>
Opening shareholders' funds	<u>701,425</u>	<u>743,621</u>
<b>Closing shareholders' funds</b>	<b><u>208,186</u></b>	<b><u>701,425</u></b>

#### 14. CONTROLLING PARTY

Ashflame Property Investments Limited is controlled by Ashflame Investments Limited (incorporated in England and Wales) which holds all of the issued share capital, 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 issued share capital of Ashflame Investments Limited.