

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

5493813



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

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ASHFLAME ASHWATER 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:

5493813 (England and Wales)

AUDITORS:

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

ASHFLAME ASHWATER 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 holding investments.

REVIEW OF BUSINESS

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

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.

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.

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.

ASHFLAME ASHWATER LIMITED

REPORT OF THE DIRECTORS

for the period 1 August 2005 to 31 March 2006

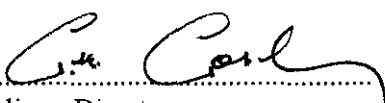
STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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:

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G H Gosling - Director

5 January 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHFLAME ASHWATER LIMITED

We have audited the financial statements of Ashflame Ashwater 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 not consistent with the financial statement.

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

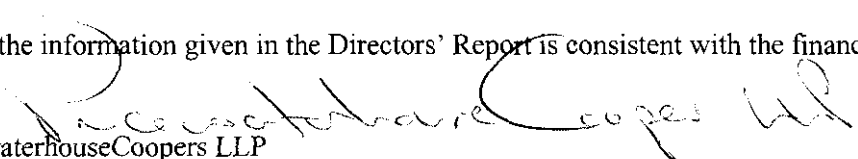
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

5 January 2007

ASHFLAME ASHWATER LIMITED

PROFIT AND LOSS ACCOUNT

for the period 1 August 2005 to 31 March 2006

		Period 1.8.05 to 31.3.06 £	Period 28.6.05 to 31.7.05 £
	Notes		
TURNOVER		-	-
Administrative expenses		-	(10)
OPERATING LOSS	3	-	(10)
Interest receivable and similar income		248	4
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		248	(6)
Tax on profit/(loss) on ordinary activities	4	(74)	-
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD AFTER TAXATION		174	(6)
RETAINED PROFIT/(LOSS) FOR THE PERIOD	7	174	(6)

CONTINUING OPERATIONS

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

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.

ASHFLAME ASHWATER LIMITED

BALANCE SHEET

31 March 2006

	Notes	31.3.06 £	31.7.05 £
CURRENT ASSETS			
Cash at bank		10,254	3,006
CREDITORS			
Amounts falling due within one year	5	(10,084)	(3,010)
NET CURRENT ASSETS/(LIABILITIES)		<u>170</u>	<u>(4)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>170</u>	<u>(4)</u>
CAPITAL AND RESERVES			
Called up share capital	6	2	2
Profit and loss account	7	<u>168</u>	<u>(6)</u>
SHAREHOLDERS' FUNDS/ DEFICIT	9	<u>170</u>	<u>(4)</u>

ON BEHALF OF THE BOARD:



 G H Gosling - Director

Approved by the Board on 5 January 2007

The notes form part of these financial statements

ASHFLAME ASHWATER LIMITED

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.

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.

2. STAFF COSTS

There were no staff costs for the period ended 31 March 2006 nor for the period ended 31 July 2005.

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

	Period 1.8.05 to 31.3.06	Period 28.6.05 to 31.7.05
Directors	<u>2</u>	<u>2</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	Period 1.8.05 to 31.3.06 £	Period 28.6.05 to 31.7.05 £
Directors' emoluments	<u>-</u>	<u>-</u>

The auditors' remuneration for audit services is borne by another group company.

ASHFLAME ASHWATER LIMITED

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

4. 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 28.6.05 to 31.7.05 £
Current tax:		
Group relief	<u>74</u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	<u><u>74</u></u>	<u><u>-</u></u>

The current corporation tax charge/(credit) 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 28.6.05 to 31.7.05 £
Profit/(loss) for the period at 30%	74	(2)
Expenses not deductible for tax	<u>-</u>	<u>2</u>
	<u><u>74</u></u>	<u><u>-</u></u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.06 £	31.7.05 £
Amounts owed to group undertakings	<u>10,084</u>	<u>3,010</u>

6. 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>

ASHFLAME ASHWATER LIMITED

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

7. RESERVES

	Profit and loss account £
At 1 August 2005	(6)
Retained profit for the period	<u>174</u>
At 31 March 2006	<u><u>168</u></u>

8. RELATED PARTY DISCLOSURES

At 31 July 2005, Ashflame Ashwater Limited owed £3,010 to Ashflame Property Investments Limited. The loan was interest free.

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.

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.06 £	31.7.05 £
Profit/(Loss) for the financial period	174	(6)
Issue of shares	<u>-</u>	<u>2</u>
Net addition/(reduction) to shareholders' funds	174	(4)
Opening shareholders' deficit	<u>(4)</u>	<u>-</u>
Closing shareholders' funds/(deficit)	<u><u>170</u></u>	<u><u>(4)</u></u>
Equity interests	<u><u>170</u></u>	<u><u>(4)</u></u>

10. CONTROLLING PARTY

Ashflame Ashwater Limited is a wholly owned subsidiary of 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 issued share capital of Ashflame Investments Limited.