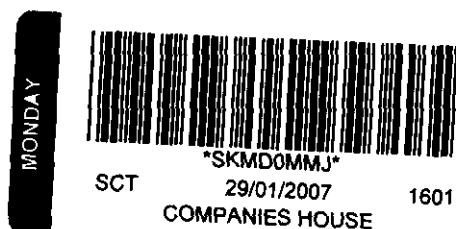


**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005  
FOR  
ASHFORD ESTATES LIMITED**



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FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005**

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**ASHFORD ESTATES LIMITED**

**COMPANY INFORMATION**

**FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005**

**DIRECTORS:**

E R Smith  
A R Smith  
C E Smith

**SECRETARY:**

MBM Secretarial Services Limited

**REGISTERED OFFICE:**

107 George Street  
Edinburgh  
EH2 3ES

**REGISTERED NUMBER:**

SC172382

**AUDITORS:**

LWC Audit Limited  
Registered Auditor  
18 Greenside Lane  
Edinburgh  
EH1 3AH

**BANKERS:**

Bank of Ireland  
65 St Vincent Street  
Glasgow  
G2 5TH

**SOLICITORS:**

MBM Commercial LLP  
107 George Street  
Edinburgh  
EH2 3ES

## **ASHFORD ESTATES LIMITED**

### **REPORT OF THE DIRECTORS FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005**

The directors present their report with the financial statements of the company for the period 1 January 2005 to 31 August 2005

#### **PRINCIPAL ACTIVITY**

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

#### **DIRECTORS**

The directors during the period under review were

E R Smith  
A R Smith  
C E Smith

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

The directors are also directors of the ultimate parent undertaking, Ashford Property Group Limited and their interests are disclosed in the financial statements of that company

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

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

#### **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**

LWC Audit Limited will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

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



E R Smith Director

23 January 2007



**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
ASHFORD ESTATES LIMITED**

LWC Audit Limited

18 Greenside Lane Edinburgh EH1 3AH

Tel 0131 523 1130 Fax 0131 523 1140

E mail [info@lwc.co.uk](mailto:info@lwc.co.uk)

We have audited the financial statements of Ashford Estates Limited for the period ended 31 August 2005 on pages four to eleven. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described on page two, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, if 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 Report of the Directors 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 judgements 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 applicable to Smaller Entities, of the state of the company's affairs as at 31 August 2005 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

*LWC Audit Limited*

LWC Audit Limited  
Registered Auditor  
18 Greenside Lane  
Edinburgh  
EH1 3AH

23 January 2007

**ASHFORD ESTATES LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005**

	Notes	Period 1/1/05 to 31/8/05 £	Year Ended 31/12/04 £
<b>TURNOVER</b>		191,856	366,676
Administrative expenses		<u>358,848</u>	<u>36,320</u>
<b>OPERATING (LOSS)/PROFIT</b>	3	(166,992)	330,356
Interest receivable and similar income		61,305	29,568
Gain on fixed asset disposal		<u>32,176</u>	<u>1</u>
		(73,511)	359,925
Interest payable and similar charges		<u>145,178</u>	<u>256,577</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(218,689)	103,348
Tax on (loss)/profit on ordinary activities	4	<u>          </u>	<u>          </u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION</b>		<u>(218,689)</u>	<u>103,348</u>

The notes form part of these financial statements

**ASHFORD ESTATES LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005**

	Period 1/1/05 to 31/8/05 £	Year Ended 31/12/04 £
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>	(218,689)	103,348
Revaluation of Investment Properties	<u>490,700</u>	<u>557,209</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD</b>	<u>272,011</u>	<u>660,557</u>

The notes form part of these financial statements

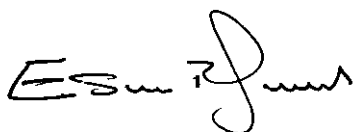
**ASHFORD ESTATES LIMITED**

**BALANCE SHEET**  
**31 AUGUST 2005**

	Notes	31/8/05 £	£	31/12/04 £	£
<b>FIXED ASSETS</b>					
Tangible assets	5		5,029,461		7,102,331
<b>CURRENT ASSETS</b>					
Debtors	6	1,672,606		1,146,153	
Cash at bank		<u>4,023</u>		<u>86,893</u>	
		1,676,629		1,233,046	
<b>CREDITORS</b>					
Amounts falling due within one year	7	<u>803,383</u>		<u>411,325</u>	
<b>NET CURRENT ASSETS</b>			<u>873,246</u>		<u>821,721</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			5,902,707		7,924,052
<b>CREDITORS</b>					
Amounts falling due after more than one year	8		(3,116,850)		(5,410,206)
<b>PROVISIONS FOR LIABILITIES</b>	10		<u>(79,316)</u>		<u>(79,316)</u>
<b>NET ASSETS</b>			<u>2,706,541</u>		<u>2,434,530</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		2		2
Revaluation reserve	12		1,817,086		1,883,595
Profit and loss account	12		<u>889,453</u>		<u>550,933</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>2,706,541</u>		<u>2,434,530</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Directors on 23 January 2007 and were signed on its behalf by



E R Smith Director



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005**

**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

**Turnover**

Turnover represents income from property rental, excluding value added tax

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Motor vehicles 25% on reducing balance

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

**Investment Properties**

In accordance with SSAP19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve

No depreciation or amortisation is provided in respect of freehold investment properties. This is a departure from the Companies Act 1985 which requires all properties to be depreciated. Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation of properties and accordingly, the amount which might otherwise have been charged cannot be separately identified. The directors consider that this policy results in the accounts showing a true and fair view.

**2 STAFF COSTS**

There were no staff costs for the period ended 31 August 2005 nor for the year ended 31 December 2004

**3 OPERATING (LOSS)/PROFIT**

The operating loss (2004 operating profit) is stated after charging/(crediting)

	Period 1/1/05 to 31/8/05 £	Year Ended 31/12/04 £
Depreciation	368	735
Profit on disposal of fixed assets	(32,176)	(1)
Auditors' remuneration	<u>2,150</u>	<u>2,150</u>
Directors' emoluments	<u>          </u>	<u>          </u>

**4 TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the period ended 31 August 2005 nor for the year ended 31 December 2004

**ASHFORD ESTATES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005**

**5 TANGIBLE FIXED ASSETS**

	Freehold property £	Assets under construction £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2005	5,902,500	1,197,625	16,530	7,116,655
Additions		639,298		639,298
Disposals	(3,202,500)			(3,202,500)
Revaluations	<u>490,700</u>			<u>490,700</u>
At 31 August 2005	<u>3,190,700</u>	<u>1,836,923</u>	<u>16,530</u>	<u>5,044,153</u>
<b>DEPRECIATION</b>				
At 1 January 2005			14,324	14,324
Charge for period			<u>368</u>	<u>368</u>
At 31 August 2005			<u>14,692</u>	<u>14,692</u>
<b>NET BOOK VALUE</b>				
At 31 August 2005	<u>3,190,700</u>	<u>1,836,923</u>	<u>1,838</u>	<u>5,029,461</u>
At 31 December 2004	<u>5,902,500</u>	<u>1,197,625</u>	<u>2,206</u>	<u>7,102,331</u>

Cost or valuation at 31 August 2005 is represented by

	Freehold property £	Assets under construction £	Motor vehicles £	Totals £
Valuation in 2002	1,326,386			1,326,386
Valuation in 2005	490,700			490,700
Cost	<u>1,373,614</u>	<u>1,836,923</u>	<u>16,530</u>	<u>3,227,067</u>
	<u>3,190,700</u>	<u>1,836,923</u>	<u>16,530</u>	<u>5,044,153</u>

If Investment Properties had not been revalued they would have been included at the following historical cost

	31/8/05 £	31/12/04 £
Cost	<u>1,373,614</u>	<u>4,018,905</u>

Freehold property was valued on an open market basis on 29 March 2006 by Donaldsons LLP

In the opinion of the directors, the open market value of the properties at 29 March 2006 is not materially different from its carrying value at 31 August 2005

**ASHFORD ESTATES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005**

**6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31/8/05	31/12/04
	£	£
Trade debtors	57,528	10,836
Other debtors	90,837	29,568
Amounts owed by related parties	1,065,432	893,285
Amounts owed by group companies	458,809	209,226
Prepayments	-	3,238
	<u>1,672,606</u>	<u>1,146,153</u>

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31/8/05	31/12/04
	£	£
Bank loans and overdrafts	532,000	266,000
Trade creditors	51,407	4,421
Social security and other taxes	6,531	8,729
Accruals and deferred income	<u>213,445</u>	<u>132,175</u>
	<u>803,383</u>	<u>411,325</u>

**8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31/8/05	31/12/04
	£	£
Bank loan	<u>3,116,850</u>	<u>5,410,206</u>
Analysis of repayments		
	£	£
Within one year	532,000	266,000
Between one and two years	532,000	532,000
Between two and five years	2,584,850	4,878,206

**9 SECURED DEBTS**

The following secured debts are included within creditors

	31/8/05	31/12/04
	£	£
Bank loans	<u>3,648,850</u>	<u>5,676,206</u>

The loan facility is available for a 6 year period and bears interest at base rate plus 1% The company has a 12 month moratorium and the facility is repaid in equal instalments over a 5 year period

The bank loans are secured by a standard security over the freehold investment properties and assets in course of construction included within tangible fixed assets

The bank also has rental assignation over the investment properties

**ASHFORD ESTATES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005**

**10 PROVISIONS FOR LIABILITIES**

	31/8/05 £	31/12/04 £
Deferred tax	<u>79,316</u>	<u>79,316</u>
Balance at 1 January 2005		<u>79,316</u>
Balance at 31 August 2005		<u>79,316</u>

**11 CALLED UP SHARE CAPITAL**

Authorised Number	Class	Nominal value £1	31/8/05 £	31/12/04 £
100	Ordinary Share Capital		<u>100</u>	<u>100</u>
Allotted, issued and fully paid Number	Class	Nominal value £1	31/8/05 £	31/12/04 £
2	Ordinary Share Capital		<u>2</u>	<u>2</u>

**12 RESERVES**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2005	550,933	1,883,595	2,434,528
Deficit for the period	(218,689)		(218,689)
Surplus on revaluation in the year		490,700	490,700
Realised in the year	<u>557,209</u>	<u>(557,209)</u>	
At 31 August 2005	<u>889,453</u>	<u>1,817,086</u>	<u>2,706,539</u>

**13 ULTIMATE PARENT COMPANY**

The ultimate parent company is Ashford Property Group Limited, a company registered in Scotland and controlled by E R Smith

**14 CONTINGENT LIABILITIES**

During the period, the company provided a cross guarantee for the bank loans and overdrafts of the group companies. The total amounts due by group companies to the company's bankers was £173,901 (2004 £110,910)

**ASHFORD ESTATES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JANUARY 2005 TO 31 AUGUST 2005**

**15 RELATED PARTY DISCLOSURES**

Included within amounts owed by group companies (note 6) are amounts due from Ashford Property Limited of £458,809 (2004 £209,226). This company is a wholly owned subsidiary of Ashford Property Group Limited of which E R Smith is a director.

During the period, £300,000 (2004 £nil) was paid to Ashford Property Limited in relation to management and administration fees.

Included within trade creditors (note 7) is an amount due to Ashford Property Limited of £36,968 (2004 £nil) regarding construction costs.

Included within amounts owed by related parties (note 6) are amounts due from Ashford Investments LLP of £729,249 (2004 £505,059), Ashford and Thistle Investments LLP of £336,193 (2004 £336,193) and High Street Securities LLP of £(10) (2004 £52,033). E R Smith and A R Smith are Members of Ashford Investments LLP, Ashford and Thistle Investments LLP and High Street Securities LLP. C E Smith is also a Member of Ashford Investments LLP.

The movements in the balances represent amounts advanced to/from the respective entities in the period, which are unsecured and repayable on demand. Interest accrued on these balances amounted to £nil (2004 £29,568).