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SC172382

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002
FOR
ASHFORD ESTATES LIMITED**



ASHFORD ESTATES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2002**

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ASHFORD ESTATES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2002**

DIRECTORS:

E R Smith
A R Smith

SECRETARY:

MBM Secretarial Services Limited

REGISTERED OFFICE:

39 Castle Street
Edinburgh
EH2 3BH

REGISTERED NUMBER:

SC172382

AUDITORS:

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

BANKERS:

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

SOLICITORS:

Murray Beith Murray WS
39 Castle Street
Edinburgh
EH2 3BH

ASHFORD ESTATES LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2002**

The directors present their report with the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property development.

DIRECTORS

The directors during the year under review were:

E R Smith
A R Smith

The directors holding office at 31 December 2002 did not hold any beneficial interest in the issued share capital of the company at 1 January 2002 or 31 December 2002.

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

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.

AUDITORS

As part of a reorganisation of their business, on 31 December 2002, Lyon Windram Crolla resigned as auditors of the company. LWC Audit Limited was appointed by the directors with effect from 1 January 2003 to fill the resulting vacancy.

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

Dated: 18 July 2003



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

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

We have audited the financial statements of Ashford Estates Limited for the year ended 31 December 2002 on pages four to eleven. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom Auditing Standards 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 of the state of the company's affairs as at 31 December 2002 and of its profit for the year 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

Dated: 18 July 2003

Directors:
John McLeod, Aidan McLaughlin.

Registered office: 18 Greenside Lane, Edinburgh EH1 3AH
Company Number: SC234008

ASHFORD ESTATES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

		<u>31/12/02</u>	<u>31/12/01</u>
	Notes	£	£
TURNOVER		199,561	117,211
Cost of sales		<u>-</u>	<u>105,514</u>
GROSS PROFIT		199,561	11,697
Administrative expenses		<u>73,641</u>	<u>18,531</u>
		125,920	(6,834)
Other operating income		<u>688</u>	<u>-</u>
OPERATING PROFIT/(LOSS)	2	126,608	(6,834)
Gain on disposal of investment properties	3	<u>283,326</u>	<u>-</u>
		409,934	(6,834)
Interest receivable and similar income		<u>5,191</u>	<u>15</u>
		415,125	(6,819)
Interest payable and similar charges		<u>117,098</u>	<u>74,638</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		298,027	(81,457)
Tax on profit/(loss) on ordinary activities	4	<u>28,224</u>	<u>7,789</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		269,803	(89,246)
Retained profit brought forward		<u>109,311</u>	<u>198,557</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£379,114</u></u>	<u><u>£109,311</u></u>

The notes form part of these financial statements

ASHFORD ESTATES LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2002**

	<u>31/12/02</u>	<u>31/12/01</u>
	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	269,803	(89,246)
Revaluation of Investment Properties	<u>577,112</u>	<u>749,274</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>£846,915</u>	<u>£660,028</u>

The notes form part of these financial statements

ASHFORD ESTATES LIMITED

**BALANCE SHEET
31 DECEMBER 2002**

		<u>31/12/02</u>		<u>31/12/01</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		5,349,213		2,643,841
CURRENT ASSETS:					
Debtors	6	88,454		32,771	
Cash at bank		<u>51,478</u>		<u>110,397</u>	
		139,932		143,168	
CREDITORS: Amounts falling due within one year	7	<u>615,724</u>		<u>183,429</u>	
NET CURRENT LIABILITIES:			<u>(475,792)</u>		<u>(40,261)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			4,873,421		2,603,580
CREDITORS: Amounts falling due after more than one year	8		(3,126,906)		(1,732,204)
PROVISIONS FOR LIABILITIES AND CHARGES:	10		<u>(41,013)</u>		<u>(12,789)</u>
			<u>£1,705,502</u>		<u>£858,587</u>
CAPITAL AND RESERVES:					
Called up share capital	11		2		2
Revaluation reserve	12		1,326,386		749,274
Profit and loss account			<u>379,114</u>		<u>109,311</u>
SHAREHOLDERS' FUNDS:			<u>£1,705,502</u>		<u>£858,587</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 June 2002).

ON BEHALF OF THE BOARD:


E R Smith - DIRECTOR

Approved by the Board on 18 July 2003

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

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 June 2002).

Turnover

Turnover represents net invoiced sales of services, 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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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 with over 20 years to expiry. 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. OPERATING PROFIT/(LOSS)

The operating profit (2001 - operating loss) is stated after charging:

	31/12/02	31/12/01
	£	£
Depreciation – owned assets	1,307	1,743
Auditors' remuneration	<u>2,200</u>	<u>1,650</u>
Directors' emoluments	<u>-</u>	<u>-</u>

3. EXCEPTIONAL ITEMS

During the year, the company disposed of an Investment Property resulting in a gain on disposal of £283,326. Further details of this disposal are given in note 5 to the accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

4. TAXATION**Analysis of the tax charge**

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

	31/12/02 £	31/12/01 £
Current tax:		
UK corporation tax	-	(16,695)
Under/(over) provision of corporation tax in prior years	-	11,695
Total current tax	-	(5,000)
Deferred tax:		
Deferred taxation	28,224	12,789
Tax on profit/(loss) on ordinary activities	<u>28,224</u>	<u>7,789</u>

5. TANGIBLE FIXED ASSETS

	Investment property	Asset in course of construction	Motor vehicles	Totals
	£	£	£	£
COST OR VALUATION:				
At 1 January 2002	1,900,000	738,612	16,530	2,655,142
Additions	2,666,901	29,340	-	2,696,241
Inter category transfers	767,952	(767,952)	-	-
Disposals	(566,674)	-	-	(566,674)
Surplus on revaluation	<u>577,112</u>	-	-	<u>577,112</u>
At 31 December 2002	<u>5,345,291</u>	-	<u>16,530</u>	<u>5,361,821</u>
DEPRECIATION:				
At 1 January 2002	-	-	11,301	11,301
Charge for year	-	-	<u>1,307</u>	<u>1,307</u>
At 31 December 2002	-	-	<u>12,608</u>	<u>12,608</u>
NET BOOK VALUE:				
At 31 December 2002	<u>5,345,291</u>	-	<u>3,922</u>	<u>5,349,213</u>
At 31 December 2001	<u>1,900,000</u>	<u>738,612</u>	<u>5,229</u>	<u>2,643,841</u>

Cost or valuation at 31 December 2002 is represented by:

	Investment property	Motor vehicles	Totals
	£	£	£
Valuation in 2002	1,362,996	-	1,362,996
Cost	<u>3,982,295</u>	<u>16,530</u>	<u>3,998,825</u>
	<u>5,345,291</u>	<u>16,530</u>	<u>5,361,821</u>

ASHFORD ESTATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

5. TANGIBLE FIXED ASSETS - continued

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

	31/12/02	31/12/01
	£	£
Cost	<u>3,997,295</u>	<u>1,150,726</u>

Investment Properties were valued on an open market basis on 15 August 2002 by Shepherd Chartered Surveyors..

In the opinion of the directors, the open market value of the properties is not materially different at 31 December 2002.

The net book value of tangible fixed assets includes £nil (2001 - £5,229) in respect of assets held under hire purchase contracts or finance leases.

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

	31/12/02	31/12/01
	£	£
Trade debtors	19,558	918
Other debtors	-	15,158
Amounts owed by group companies	52,201	-
Corporation tax recoverable	<u>16,695</u>	<u>16,695</u>
	<u>88,454</u>	<u>32,771</u>

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

	31/12/02	31/12/01
	£	£
Bank loans and overdrafts	437,320	96,015
Trade creditors	39,688	40,309
Related party loans	43,000	-
Hire purchase	-	4,941
Other creditors and accruals	91,129	25,469
Social security & other taxes	4,587	-
Taxation	<u>-</u>	<u>16,695</u>
	<u>615,724</u>	<u>183,429</u>

The bank loans are secured by a bond and floating charge over the whole of the property included within tangible fixed assets.

The bank holds a standard security over the freehold investment properties included within tangible fixed assets.

ASHFORD ESTATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

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

	31/12/02	31/12/01
	£	£
Bank loans	<u>3,126,906</u>	<u>1,732,204</u>

Analysis of repayments:

	£	£
Within one year and on demand	437,320	96,015
Between one and two years	274,640	618,640
Between two and five years	2,007,973	320,346
After five years	844,293	793,218

9. SECURED DEBTS

The following secured debts are included within creditors:

	31/12/02	31/12/01
	£	£
Bank loans	<u>3,564,226</u>	<u>1,828,219</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

	31/12/02	31/12/01
	£	£
Deferred taxation	<u>41,013</u>	<u>12,789</u>

	Deferred tax £
Balance at 1 January 2002	12,789
Provision for deferred tax	<u>28,224</u>
Balance at 31 December 2002	<u>41,013</u>

11. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	31/12/02	31/12/01
			£	£
100	Ordinary Share Capital	£1	<u>100</u>	<u>100</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	31/12/02	31/12/01
			£	£
2	Ordinary Share Capital	£1	<u>2</u>	<u>2</u>

ASHFORD ESTATES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

12. REVALUATION RESERVE

	31/12/02	31/12/01
	£	£
Brought forward	749,274	-
Property revaluation reserve	<u>577,112</u>	<u>749,274</u>
	<u>1,326,386</u>	<u>749,274</u>

13. ULTIMATE PARENT COMPANY

Ashford Estates Limited is a wholly owned subsidiary of Ashford Property Group Limited.

E R Smith, the director, is the ultimate controlling party by virtue of his shareholding in Ashford Property Group Limited.

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 £2,341,033.

15. RELATED PARTY DISCLOSURES

During the year, Ashford Estates Limited incurred expenditure on behalf of Ashford Property Limited of £18,985. These expenses were recharged to Ashford Property Limited and at the balance sheet date the amounts remained outstanding and formed part of the trade debtors balance (note 6).

Amounts owed by group companies, included within debtors (note 6) represents £52,201 (2001: £nil) due by Ashford Property Limited.

Included within creditors (note 7) is a related party loan of £43,000 (2001: £nil) received from E Smith Property. E Smith Property is a sole trader business of E R Smith, a director of Ashford Estates Limited. The loan is interest free, unsecured and repayable on demand.