

ASHFLAME PROPERTIES LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1998

2869019



ASHFLAME PROPERTIES LIMITED

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ASHFLAME PROPERTIES LIMITED

DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 31 December 1998.

ACTIVITIES

The activities remain that of investing in rented property.

RESULTS

The results for the year are satisfactory, as are future prospects.

The profit for the year after taxation was £463 (1997: £6,376) and this amount is transferred to reserves. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The members of the board and their unchanged interests in the share capital of the company are:

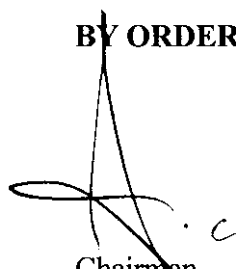
| | Ordinary Shares |
|------------------------|--------------------|
| A C Gallagher Chairman | 16,250 |
| J P Gallagher B.Sc. | 16,250 |

Mr J P Gallagher retires by rotation and, being eligible, offers himself for re-election.

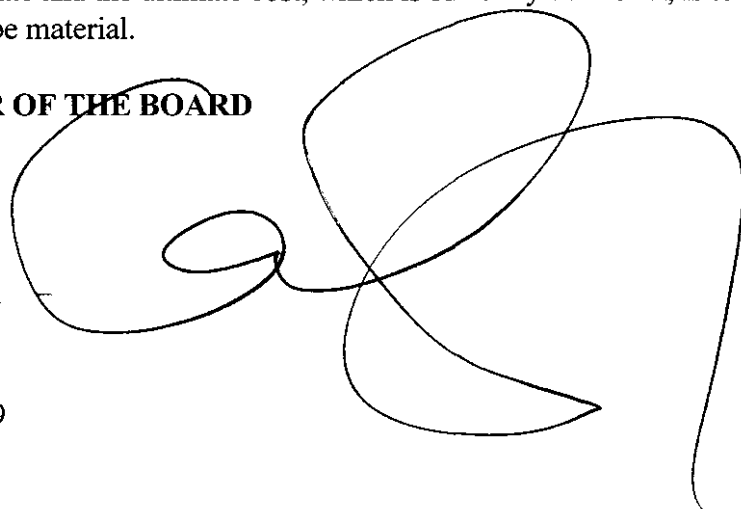
MILLENNIUM

The company has made substantial progress in ensuring that the company's business will not be affected by the millennium date change. The projects include a review of all software and hardware computerised systems. This work is planned for completion within the company's next financial year. No costs have been incurred to date and the ultimate cost, which is currently unknown, is to be written off as incurred and is not expected to be material.

BY ORDER OF THE BOARD



Chairman
Birmingham
20 May 1999



ASHFLAME PROPERTIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

The directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for year ended 31 December 1998. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF ASHFLAME PROPERTIES LIMITED

We have audited the accounts on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the accounts, as described above. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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 is not disclosed.

We read the other information contained in the accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

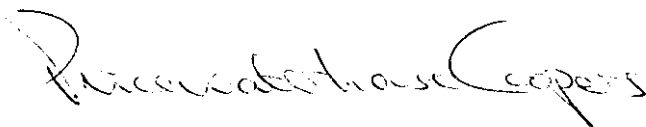
Basis of audit opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
Birmingham
20 May 1999

ASHFLAME PROPERTIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998**

| | Notes | 1998 £ | 1997 £ |
|-----------------------------------------------------|-------|----------------|----------------|
| TURNOVER | | 16,056 | 7,000 |
| NET OPERATING EXPENSES | 2 | <u>(5,923)</u> | <u>(368)</u> |
| OPERATING PROFIT | | 10,133 | 6,632 |
| INTEREST | 3 | <u>(9,670)</u> | <u>1,286</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAX | | 463 | 7,918 |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | 4 | <u>-</u> | <u>(1,542)</u> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAX | | 463 | 6,376 |
| RETAINED PROFIT AT 31 DECEMBER 1997 | | <u>19,830</u> | <u>13,454</u> |
| RETAINED PROFIT AT 31 DECEMBER 1998 | | <u>20,293</u> | <u>19,830</u> |

All operations are of a continuing nature.

There were no recognised gains or losses other than the profit above.

The profit based on historical cost is no different from the profit above.

ASHFLAME PROPERTIES LIMITED**BALANCE SHEET 31 DECEMBER 1998**

| | Notes | 1998 £ | 1997 £ |
|-----------------------------------------|-------|-----------|-----------|
| FIXED ASSETS | 5 | 223,265 | 63,265 |
| CURRENT ASSETS | | | |
| Debtors | 6 | 265 | - |
| Cash at bank | | 38,128 | 25,132 |
| | | 38,393 | 25,132 |
| CREDITORS | | | |
| Amounts falling due within one year | 7 | (176,365) | (3,567) |
| NET CURRENT (LIABILITIES)/ASSETS | | (137,972) | 21,565 |
| NET ASSETS | | 85,293 | 84,830 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | 65,000 | 65,000 |
| Profit and loss account | | 20,293 | 19,830 |
| EQUITY SHAREHOLDERS' FUNDS | 9 | 85,293 | 84,830 |

APPROVED BY THE BOARD ON 20 MAY 1999
Chairman

ASHFLAME PROPERTIES LIMITED

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

ACCOUNTING BASIS

The accounts have been prepared on the historical cost basis and conform with applicable UK accounting standards.

The accounting policies set out below have been consistently applied.

(a) TURNOVER

Turnover represents gross rental income.

(b) INVESTMENT PROPERTIES

Investment properties, which are not depreciated, are valued by the directors at their estimate of open market value.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP19. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view.

(c) WORK IN PROGRESS

Work in progress, which includes land held for development, is valued at the lower of cost and net realisable value.

2. NET OPERATING EXPENSES

| | 1998 | 1997 |
|-------------------------------------------------------------------------------------------------|---------------|---------------|
| | £ | £ |
| Materials & services | 5,782 | 248 |
| Auditors' remuneration - audit | 141 | 120 |
| | <u>5,923</u> | <u>368</u> |
| | Number | Number |
| The average number of persons (including directors) employed by the company during the year was | <u>2</u> | <u>2</u> |
| | £ | £ |
| Directors' and employees' remuneration | <u>Nil</u> | <u>Nil</u> |

ASHFLAME PROPERTIES LIMITED

NOTES ON THE ACCOUNTS

3. INTEREST

| | 1998 £ | 1997 £ |
|------------------------|----------------|--------------|
| Receivable | 2,123 | 1,286 |
| Payable on bank loans | (11,668) | - |
| Payable on other loans | (125) | - |
| | <u>(9,670)</u> | <u>1,286</u> |

4. TAX

| | £ | £ |
|--------------------------------------|----------|--------------|
| On the profit for the year | | |
| Corporation tax at 21% (1997: 21.7%) | - | 1,569 |
| Prior year credit | - | (27) |
| | <u>-</u> | <u>1,542</u> |

5. FIXED ASSETS

| | Freehold Investment Properties £ |
|---------------------|-------------------------------------------|
| Cost | |
| At 1 January 1998 | 63,265 |
| Additions | 160,000 |
| At 31 December 1998 | <u>223,265</u> |

All of the above investment properties are held for rental.

6. DEBTORS

| | 1998 £ | 1997 £ |
|----------------------|------------|-----------|
| Due within one year: | | |
| Trade debtors | <u>265</u> | <u>-</u> |

ASHFLAME PROPERTIES LIMITED

NOTES ON THE ACCOUNTS

| | 1998 £ | 1997 £ |
|----------------------------------------------------------|----------------|--------------|
| 7. CREDITORS: amounts falling due within one year | | |
| Bank loan | 171,668 | - |
| Other loans | 1,985 | - |
| Trade creditors | 2,571 | 1,998 |
| Other creditors | 141 | - |
| Corporation tax | - | 1,569 |
| | <u>176,365</u> | <u>3,567</u> |

The bank loan which is secured by way of a fixed and floating charge over the assets of the company is on normal commercial terms.

| | £ | £ |
|------------------------------------|----------------|----------------|
| 8. SHARE CAPITAL | | |
| Ordinary shares of £1 each | | |
| Authorised | <u>200,000</u> | <u>200,000</u> |
| Allotted, called up and fully paid | <u>65,000</u> | <u>65,000</u> |

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

| | £ | £ |
|-----------------------------------------|---------------|---------------|
| Opening equity shareholders' funds | 84,830 | 78,454 |
| Profit on ordinary activities after tax | <u>463</u> | <u>6,376</u> |
| Closing equity shareholders' funds | <u>85,293</u> | <u>84,830</u> |

10. RELATED PARTY TRANSACTION

During the year the company acquired freehold investment properties totalling £160,000 from J J Gallagher Limited, a company of which Mr A C Gallagher is the ultimate controlling party.

This transaction is on an arm's length basis.

11. ULTIMATE CONTROLLING PARTY

No one individual is deemed to be the ultimate controlling party.