



**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004
FOR
ASHFLAME PROPERTIES LIMITED**



ASHFLAME PROPERTIES LIMITED

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ASHFLAME PROPERTIES LIMITED

COMPANY INFORMATION
for the year ended 31 March 2004

DIRECTORS: A C Gallagher
G H Gosling

SECRETARY: S A Burnett

REGISTERED OFFICE: 15 Hockley Court
Stratford Road
Hockley Heath
Solihull
West Midlands
B94 6NW

REGISTERED NUMBER: 2869019 (England and Wales)

AUDITORS: PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

ASHFLAME PROPERTIES LIMITED

REPORT OF THE DIRECTORS for the year ended 31 March 2004

The directors present their report and the audited financial statements of the company and the group for the year ended 31 March 2004.

PRINCIPAL ACTIVITY

The principal activity of the company and the group in the year under review was that of property investment.

REVIEW OF BUSINESS

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

Both the result for the year, and the year end financial position were satisfactory. The directors consider future prospects to be satisfactory.

DIVIDENDS

No dividends have been paid or are proposed for the year ended 31 March 2004 (2003: £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 2004 in the issued share capital of the company were as follows:

	31.3.04	1.4.03
Ordinary £1 shares		
A C Gallagher	16,250	16,250
G H Gosling	-	-

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 the group and of the profit or loss of the group 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 and group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


ASHFLAME PROPERTIES LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 March 2004**

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:

A handwritten signature in black ink, appearing to read 'G. H. Gosling', written over a horizontal dotted line.

G H Gosling - Director

Date: 28 January 2005

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ASHFLAME PROPERTIES LIMITED

We have audited the financial statements which comprise the consolidated profit and loss account, the statement of group total recognised gains and losses, the note of historical cost profits and losses, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 if, in our opinion, the directors' report 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

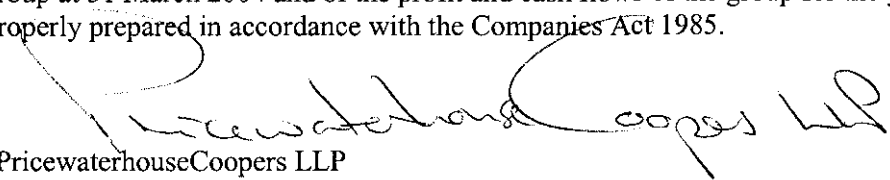
Basis of audit opinion

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 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 affairs of the company and the group at 31 March 2004 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

Date: 28 January 2005

ASHFLAME PROPERTIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 March 2004

	Notes	31.3.04 £	31.3.03 £
TURNOVER		3,075,392	476,291
Less share of turnover of joint ventures	7	<u>(2,401,509)</u>	<u>(450,975)</u>
GROUP TURNOVER		673,883	25,316
Cost of sales		<u>(62,572)</u>	<u>(21,819)</u>
GROSS PROFIT		611,311	3,497
Administrative expenses		<u>(348,670)</u>	<u>(367,688)</u>
OPERATING PROFIT/(LOSS)	3	262,641	(364,191)
Share of operating profit in joint ventures	7	2,140,929	349,307
Interest receivable and similar income		<u>127,223</u>	<u>69,513</u>
		2,530,793	54,629
Interest payable and similar charges	4	<u>(2,335,312)</u>	<u>(571,943)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		195,481	(517,314)
Tax on profit/(loss) on ordinary activities	5	<u>9,915</u>	<u>(10,213)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION	12	<u>205,396</u>	<u>(527,527)</u>

CONTINUING OPERATIONS

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

ASHFLAME PROPERTIES LIMITED

**STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2004**

	Notes	31.3.04 £	31.3.03 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		205,396	(527,528)
Revaluation of Investment Property	6	<u>985,497</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u><u>1,190,893</u></u>	<u><u>(527,528)</u></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2004**

	31.3.04 £	31.3.03 £
REPORTED PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	195,481	(517,314)
Realisation of property revaluation gain	<u>-</u>	<u>15,413</u>
HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	<u><u>195,481</u></u>	<u><u>(501,901)</u></u>
HISTORICAL COST PROFIT/(LOSS) FOR THE YEAR RETAINED AFTER TAXATION	<u><u>205,396</u></u>	<u><u>(512,114)</u></u>

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

CONSOLIDATED BALANCE SHEET

31 March 2004

	Notes	31.3.04 £	31.3.03 £
FIXED ASSETS			
Tangible assets	6	37,951,449	4,500,931
Investments – in joint ventures	7		
Share of gross assets		49,648,950	25,822,955
Share of gross liabilities		(49,006,970)	(25,370,462)
		<u>641,980</u>	<u>452,493</u>
		<u>38,593,429</u>	<u>4,953,424</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	2,296,605	403,573
Debtors: amounts falling due after one year	8	5,867,274	3,051,468
Cash at bank		<u>782,907</u>	<u>4,510</u>
		8,946,786	3,459,551
CREDITORS			
Amounts falling due within one year	9	<u>(22,260,179)</u>	<u>(7,423,832)</u>
NET CURRENT LIABILITIES		<u>(13,313,393)</u>	<u>(3,964,281)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,280,036	989,143
CREDITORS			
Amounts falling due after one year	10	<u>(24,600,000)</u>	<u>(1,500,000)</u>
NET ASSETS/(LIABILITIES)		<u>680,036</u>	<u>(510,857)</u>
CAPITAL AND RESERVES			
Called up share capital	11	16,250	16,250
Revaluation reserve	12	985,497	-
Profit and loss account	12	<u>(321,711)</u>	<u>(527,107)</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u>680,036</u>	<u>(510,857)</u>

ON BEHALF OF THE BOARD:



G H Gosling - Director

Approved by the Board on 28 January 2005

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

COMPANY BALANCE SHEET

31 March 2004

	Notes	31.3.04 £	31.3.03 £
FIXED ASSETS			
Tangible assets	6	1,029,267	980,000
Investments	7	<u>484,305</u>	<u>484,238</u>
		<u>1,513,572</u>	<u>1,464,238</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	2,339,516	635,592
Debtors: amounts falling due after one year	8	12,832,833	3,787,357
Cash at bank		<u>272</u>	<u>3,538</u>
		15,172,621	4,426,487
CREDITORS			
Amounts falling due within one year	9	<u>(17,100,702)</u>	<u>(6,348,479)</u>
NET CURRENT LIABILITIES		<u>(1,928,081)</u>	<u>(1,921,992)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(414,509)</u>	<u>(457,754)</u>
CAPITAL AND RESERVES			
Called up share capital	11	16,250	16,250
Profit and loss account	12	<u>(430,759)</u>	<u>(474,004)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>(414,509)</u>	<u>(457,754)</u>

ON BEHALF OF THE BOARD:



 G H Gosling - Director

Approved by the Board on 28 January 2005

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2004

	Cash flow Notes	31.3.04 £	31.3.03 £
Net cash inflow from operating activities	1	2,115,973	1,539,913
Returns on investments and servicing of finance	2	(619,743)	(169,376)
Taxation		207	(10,000)
Capital expenditure and financial investment	2	<u>(32,466,492)</u>	<u>(3,653,631)</u>
Net cash outflow before financing		(30,970,055)	(2,293,094)
Financing	2	31,696,087	2,258,933
Increase/(decrease) in cash in the period		<u>726,032</u>	<u>(34,161)</u>

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2004

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.3.04 £	31.3.03 £
Operating profit	262,641	(364,191)
Depreciation	1,419	-
Increase in debtors	(1,520,178)	(252,212)
Increase in creditors	<u>3,372,091</u>	<u>2,156,316</u>
Net cash inflow from operating activities	<u>2,115,973</u>	<u>1,539,913</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.04 £	31.3.03 £
Returns on investments and servicing of finance		
Interest received	127,223	69,513
Interest paid	(512,993)	(201,157)
Issue costs of new loans	<u>(233,973)</u>	<u>(37,732)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(619,743)</u>	<u>(169,376)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(32,466,441)	(3,169,397)
Purchase of fixed asset investments	<u>(51)</u>	<u>(484,234)</u>
Net cash outflow for capital expenditure and financial investment	<u>(32,466,492)</u>	<u>(3,653,631)</u>
Financing		
Bank loans advanced	23,100,000	1,500,000
Increase in loans from related parties	11,482,393	3,810,401
Increase in loans to joint ventures	(2,815,806)	(3,051,468)
Increase in restricted cash deposits	<u>(70,500)</u>	<u>-</u>
Net cash inflow from financing	<u>31,696,087</u>	<u>2,258,933</u>

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2004

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.04.03 £	Cash flow £	At 31.3.04 £
Cash at bank	4,510	778,397	782,907
Bank overdrafts	(36,806)	18,135	(18,671)
Restricted cash deposits	-	(70,500)	(70,500)
	(32,296)	726,032	693,736
Debts falling due after one year:			
Bank loans	(1,500,000)	(23,100,000)	(24,600,000)
Related party loans	(5,320,159)	(11,482,393)	(16,802,552)
Net Debt	<u>(6,852,455)</u>	<u>(33,856,361)</u>	<u>(40,708,816)</u>

4. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31.3.04 £	31.3.03 £
Increase/(decrease) in cash	726,032	(34,161)
Cash inflow from increase in related party loans	(11,482,393)	(3,810,401)
Cash inflow from increase in debt	<u>(23,100,000)</u>	<u>(1,500,000)</u>
Movement in net debt	(33,856,361)	(5,344,562)
Net (debt)/cash at start of year	<u>(6,852,455)</u>	<u>(1,507,893)</u>
Net debt at end of year	<u>(40,708,816)</u>	<u>(6,852,455)</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with applicable UK accounting standards. A summary of the more important policies which have been consistently applied is set out below.

Consolidation

The group accounts include the accounts of the company and its subsidiary undertakings which are all made up to 31 March 2004. Intra-group sales, profits and balances are eliminated on consolidation. In accordance with the exemption in FRS 8, transactions and balances with subsidiaries which are eliminated on consolidation have not been disclosed.

Joint ventures

Where the Group has an interest in a material joint venture, its equity share of gross assets and liabilities is included in the balance sheet and the share of turnover and operating profit or loss included in results under the gross equity method.

Profits arising on transactions between joint ventures and the group are not recognised until they are realised by a third party sale.

Turnover

Turnover represents the rental income receivable, service charges and other recoveries from investment properties in the United Kingdom.

In circumstances where a tenant has been given an incentive to enter into a lease by way of a payment, the incentive is treated as a reduction in rental income. The incentive is amortised on a straight-line basis over the period from term commencement to the date of the first rent review, in accordance with UITF 28. Where an incentive is given to a tenant by way of a rent free period, the total rental income receivable for the period to the first rent review is recognised on a straight-line basis from term commencement to the date of the first rent review, in accordance with UITF 28.

Investment property

Until investment properties are complete they are included in the accounts at cost. Once completed, open market valuations are performed on a 3-year cycle subject to an annual impairment review.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount, which might otherwise have been shown, cannot reasonably be separately identified or quantified.

Fixed assets

Fixtures and fittings are depreciated over their estimated useful life of four years.

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 a tax computation at the current rate of tax. Deferred tax assets are recognised if their utilisation is considered more likely than not. Deferred tax is not provided on the revaluation of investment property unless there is a binding commitment to sell the asset.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2004

1. ACCOUNTING POLICIES (continued)

Amortisation of loan issue costs

Costs incurred in respect of obtaining loan finance are included in other debtors and the costs are amortised on a straight-line basis over the term of the lease.

Going concern

Notwithstanding the fact that at 31 March 2004 the group had net current liabilities, the financial statements have been prepared on a going concern basis as the company has received confirmation of financial support from Countywide Developments Limited.

2. STAFF COSTS

There were no direct staff costs for the year ended 31 March 2004. However, £272,000 (2003: £312,500) was charged to the company by J J Gallagher Limited for the service of individuals who had performed work on behalf of Ashflame Properties Limited. J J Gallagher Limited is a company controlled by Mr A C Gallagher.

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

	31.3.04	31.3.03
Directors	<u>2</u>	<u>2</u>

3. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	31.3.04	31.3.03
	£	£
Depreciation - owned assets	1,419	-
Auditors' remuneration (company: £4,750; 2003: £2,500)	<u>9,500</u>	<u>2,500</u>
Directors' emoluments	<u>-</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.04	31.3.03
	£	£
Share of joint ventures' interest	1,811,045	370,627
Bank interest	512,993	15,825
Amortisation of loan issue costs	11,274	159
Interest payable to related parties	-	185,332
	<u>2,335,312</u>	<u>571,943</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2004

5. TAXATION

Analysis of the tax charge/(credit):

	31.3.04	31.3.03
	£	£
Current tax:		
Share of joint ventures taxation	140,448	10,420
Prior year over provision	<u>-</u>	<u>(207)</u>
	140,448	10,213
Deferred tax:		
Origination and reversal of timing differences	(26,322)	-
Adjusted to recognise tax asset arising in previous periods	<u>(124,041)</u>	<u>-</u>
	<u>(9,915)</u>	<u>10,213</u>

The current corporation tax charge/(credit) differs from the standard UK corporation tax rate of 30% applied to the result for the year. The differences are:

	31.3.04	31.3.03
	£	£
Profit/(loss) for the year at 30%	58,644	(155,195)
Expenses not deductible	13,999	-
Chargeable gains	-	446
Capital allowances in excess of depreciation	(7,009)	-
Prior year adjustments	-	(207)
Losses carried forward	33,331	141,944
Joint ventures' effective tax in excess of 30%	<u>41,483</u>	<u>23,225</u>
Current tax charge	<u>140,448</u>	<u>10,213</u>

A deferred tax asset of £150,363 in respect of the losses carried forward of £501,000 at 31 March 2004, has now been recognised as the directors consider these likely to be utilised.

The potential deferred tax asset at 31 March 2003 in respect of the losses carried forward was not recognised at that date in view of the inherent uncertainty in the early stages of the business.

The amount of tax on the capital gain which would become payable in the event of sale of the investment property at the revalued amount is in the region of £290,000. No deferred tax provision has been made for this as there is no commitment to sell the property.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2004

6. TANGIBLE FIXED ASSETS

GROUP	Freehold Investment Property £	Leasehold Investment Property £	Fixtures and fittings £	Totals £
COST OR VALUATION				
At 1 April 2003	4,500,931	-	-	4,500,931
Additions	10,640,535	21,785,513	40,392	32,466,440
Revaluation in year	985,497	-	-	985,497
	<u>16,126,963</u>	<u>21,785,513</u>	<u>40,392</u>	<u>37,952,868</u>
DEPRECIATION				
Charge for year	-	-	1,419	1,419
	<u>-</u>	<u>-</u>	<u>1,419</u>	<u>1,419</u>
At 31 March 2004	-	-	1,419	1,419
	<u>-</u>	<u>-</u>	<u>1,419</u>	<u>1,419</u>
NET BOOK VALUE				
At 31 March 2004	<u>16,126,963</u>	<u>21,785,513</u>	<u>38,973</u>	<u>37,951,449</u>
At 31 March 2003	<u>4,500,931</u>	<u>-</u>	<u>-</u>	<u>4,500,931</u>

The revaluation of certain freehold investment properties was undertaken on an open market basis as at 31 March 2004 by a director of the group having regard to current and expected future yields. The carrying value of other fixed asset properties were reviewed by the directors and, based on their assessment of current and expected future yields, continues to be appropriate. The historic cost of tangible fixed assets is £15,141,466.

Freehold investment properties are held for letting.

COMPANY	Freehold Investment Property £	Fixtures and fittings £	Totals £
COST			
At 1 April 2003	980,000	-	980,000
Additions	<u>10,294</u>	<u>40,392</u>	<u>50,686</u>
At 31 March 2004	<u>990,294</u>	<u>40,392</u>	<u>1,030,686</u>
DEPRECIATION			
Charge for year	-	1,419	1,419
	<u>-</u>	<u>1,419</u>	<u>1,419</u>
At 31 March 2004	-	1,419	1,419
	<u>-</u>	<u>1,419</u>	<u>1,419</u>
NET BOOK VALUE			
At 31 March 2004	<u>990,294</u>	<u>38,973</u>	<u>1,029,267</u>
At 31 March 2003	<u>980,000</u>	<u>-</u>	<u>980,000</u>

The freehold investment property is held for letting.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2004

7. FIXED ASSET INVESTMENTS

Investments in group undertakings

The group owned the following 100% interests in subsidiaries all registered in England and Wales:

Company Name	Ordinary £1 shares held	Investment held by
Scunthorpe Property Investments Limited	2	Ashflame Properties Limited
Port Glasgow Property Investments Limited	2	Ashflame Properties Limited
Millport Properties Limited	2	Ashflame Properties Limited
Westday Properties Limited	2	Ashflame Properties Limited
Linwood Property Investments Limited	2	Ashflame Properties Limited
Winnersh Property Investments Limited	2	Ashflame Properties Limited
Wolverhampton Property Investments Limited	2	Ashflame Properties Limited
Solihull Property Investments Limited	2	Ashflame Properties Limited
Brighton Property Investments Limited	2	Ashflame Properties Limited
Lewisham Property Investments Limited	2	Ashflame Properties Limited
WPI (No.2) Limited	2	Winnersh Property Investments Limited

The group has 50% investments in the ordinary share capital of the following property investment companies:

Company Name	Ordinary £1 shares held	Investment held by
Islandview Properties Limited	50	Ashflame Properties Limited
Richminster Properties Limited	50	Ashflame Properties Limited
West Coast Capital (Kilmarnock) Limited	1	Ashflame Properties Limited
Greenock Retail Limited	1	Ashflame Properties Limited

The group has 50% interests in the following property investment Limited Liability Partnership:

Company Name	Investment held by
Bridgwater Retail LLP	Millport Properties Limited

The group's shares of assets and liabilities of these joint venture interests are as follows:

Company Name	Fixed Assets £	Current Assets £	Current Liabilities £	Liabilities due after one year £
Islandview Properties Limited	14,727,766	714,273	(1,928,375)	(13,453,308)
Richminster Properties Limited	8,567,249	334,003	(1,362,582)	(7,511,586)
West Coast Capital (Kilmarnock) Limited	10,000,458	271,294	(1,892,502)	(7,825,065)
Greenock Retail Limited	7,558,782	273,165	(1,321,122)	(6,530,468)
Bridgwater Retail LLP	6,906,407	134,320	(1,273,139)	(5,750,000)

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2004

7. FIXED ASSET INVESTMENTS (continued)

The group's shares of the results of these joint venture interests are as follows:

Company Name	Profit/(loss)		Taxation	Profit/(loss) after taxation
	Turnover before taxation	£		
	£	£	£	£
Islandview Properties Limited	1,181,194	175,257	(59,558)	115,700
Richminster Properties Limited	309,816	38,621	(11,586)	27,035
West Coast Capital (Kilmarnock) Limited	704,364	100,211	(51,452)	48,759
Greenock Retail Limited	73,591	(9,328)	(10,316)	(19,644)
Bridgwater Retail LLP	132,546	25,124	(7,537)	17,587

COMPANY	Shares in group undertakings £	Interest in joint ventures £	Totals £
COST			
At 1 April 2003	4	484,234	484,238
Additions	<u>16</u>	<u>51</u>	<u>67</u>
At 31 March 2004	<u>20</u>	<u>484,285</u>	<u>484,305</u>
NET BOOK VALUE			
At 31 March 2004	<u>20</u>	<u>484,285</u>	<u>484,305</u>
At 31 March 2003	<u>4</u>	<u>484,234</u>	<u>484,238</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2004

8. DEBTORS

	Group		Company	
	31.3.04	31.3.03	31.3.04	31.3.03
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,577,201	252,986	2,107	774
Amounts owed by group undertakings	-	-	1,847,886	610,998
Amounts owed by joint ventures	-	-	-	-
Other debtors	302,198	37,574	1	-
Corporation tax	-	207	-	207
Deferred tax asset	150,363	-	122,353	-
VAT	266,843	112,806	367,169	7,863
Prepayments and accrued income	-	-	-	15,750
	<u>2,296,605</u>	<u>403,573</u>	<u>2,339,516</u>	<u>635,592</u>
Amounts falling due after one year:				
Amounts owed by group undertakings	-	-	8,020,077	735,889
Amounts owed by joint ventures	5,867,274	3,051,468	4,812,756	3,051,468
	<u>5,867,274</u>	<u>3,051,468</u>	<u>12,832,833</u>	<u>3,787,357</u>

Repayment of amounts owed by group undertakings and joint ventures part financed by longer term bank loans are subordinated to repayment of these loans and therefore shown as due in more than one year.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.3.04	31.3.03	31.3.04	31.3.03
	£	£	£	£
Bank loans and overdrafts	18,671	36,806	18,671	36,806
Trade creditors	4,352,976	2,022,683	4,890	989,929
Amounts owed to group undertakings	-	-	4	-
Amounts owed to related undertakings (note 13)	16,802,552	5,320,159	16,802,552	5,320,159
Other creditors	585	13,177	585	585
Accruals and deferred income	1,085,395	31,007	274,000	1,000
	<u>22,260,179</u>	<u>7,423,832</u>	<u>17,100,702</u>	<u>6,348,479</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2004

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.3.04	31.3.03	31.3.04	31.3.03
	£	£	£	£
Bank loans	<u>24,600,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>

An analysis of the maturity of loans repayable by instalments is given below:

	Group		Company	
	31.3.04	31.3.03	31.3.04	31.3.03
	£	£	£	£
Amounts falling due between 2 and 5 years	993,750	250,000	-	-
Amounts falling due after 5 years	<u>23,606,250</u>	<u>1,250,000</u>	<u>-</u>	<u>-</u>
	<u>24,600,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>

Bank loans are on normal commercial terms and are secured by way of fixed and floating charges over the assets of subsidiary companies. Associated interest is payable on normal commercial terms and is calculated on a mixture of fixed and variable rates including 4.69% fixed and 0.95% to 1.15% over LIBOR.

11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.3.04	31.3.03
			£	£
200,000	Ordinary	£1	<u>200,000</u>	<u>200,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.04	31.3.03
			£	£
16,250	Ordinary	£1	<u>16,250</u>	<u>16,250</u>

12. RESERVES

GROUP	Profit and loss account	Revaluation reserve
	£	£
At 1 April 2003	(527,107)	-
Retained profit for the year	205,396	-
Revaluation reserve recognised in the year	-	985,497
At 31 March 2004	<u>(321,711)</u>	<u>985,497</u>

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £43,245 (2003: £474,425 loss).

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2004

12. RESERVES (continued)

COMPANY	Profit and loss account £
At 1 April 2003	(474,004)
Retained profit for the year	43,245
	<hr/>
At 31 March 2004	<u>(430,759)</u>

13. RELATED PARTY DISCLOSURES

All of the subsidiary undertakings of Ashflame Properties Limited are wholly owned and, in accordance with the provisions of FRS 8, transactions between group companies are not disclosed.

The company is partly funded by a loan from Countywide Developments Limited, a company controlled by Mr A C Gallagher. No interest was payable in respect of the year (2003: £185,332 charged) and £16,802,552 was owed to Countywide Developments Limited at 31 March 2004 (2003: £5,320,159).

Interest free loans have been advanced to joint ventures during the year. West Coast Capital (Kilmarnock) Limited owed £1,349,446 (2003: £1,348,397), West Coast Capital (Glencairn Park) Limited owed £1,118 (2003: £nil) and Greenock Retail Limited owed £1,056,791 (2003: £nil). Interest bearing loans have been advanced to certain joint venture companies during the year. Islandview Properties Limited owed £1,333,948 at 31 March 2004 (2003: £1,703,073) with interest of £87,636 receivable for the year (2003: £68,992). Richminster Properties Limited owed £1,071,453 at 31 March 2004 (2003: £nil) with interest of £33,017 receivable for the year.

Mr G H Gosling a director of the company is a principal in a firm providing and obtaining consulting services for the company. Amounts totalling £nil (2003: £6,500) were charged by this practice on an arm's length basis and were settled during the period.

During the year ended 31 March 2003, property was purchased from Andover Development Company Limited at an arm's length amount of £980,000 which was included in trade creditors at the year end. Andover Development Company Limited is a company ultimately controlled by Mr A C Gallagher.

At 31 March 2004 Port Glasgow Property Investments Limited owed J J Gallagher Limited £980,000 in relation to the purchase of land in a previous year (2003: £980,000).

14. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	31.3.04 £	31.3.03 £
Profit/(Loss) for the financial year	205,396	(527,528)
Revaluation	<u>985,497</u>	<u>-</u>
Net addition/(reduction) to shareholders' funds	1,190,893	(527,528)
Opening shareholders' funds	<u>(510,857)</u>	<u>16,671</u>
Closing shareholders' funds	<u>680,036</u>	<u>(510,857)</u>
Equity interests	<u>680,036</u>	<u>(510,857)</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2004

15. CONTROLLING PARTY

The ultimate controlling party of the company is Mr A C Gallagher by virtue of his ownership of all of the issued share capital of the company.