

REGISTERED NUMBER: 2869019 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
FOR
ASHFLAME PROPERTIES LIMITED**

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ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)

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for the year ended 31 March 2011**

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ASHFLAME PROPERTIES LIMITED

COMPANY INFORMATION
for the year ended 31 March 2011

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)

**INDEPENDENT
AUDITORS:** PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)

REPORT OF THE DIRECTORS
for the year ended 31 March 2011

The directors present their report with the audited financial statements of the company for the year ended 31 March 2011

The Report of the Directors has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

Both the result for the financial year, and the year end financial position were satisfactory

The group of which the company is the ultimate parent has undertaken a programme of disposals within the last 2 years which has significantly reduced the bank debt within the group and released equity for future investment when market conditions improve. As such the directors consider future prospects to be satisfactory

DIVIDENDS

No dividends were paid in the year ended 31 March 2011 (2010 £4,900,000)

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2010 to the date of signing this report

A C Gallagher
G H Gosling

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)

REPORT OF THE DIRECTORS (continued)
for the year ended 31 March 2011

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 418 of the Companies Act 2006) 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

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:



G H Gosling - Director
9 December 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHFLAME PROPERTIES LIMITED

We have audited the financial statements (the "financial statements") of Ashflame Properties Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. As explained in note 1, the company has offered to support certain subsidiary undertakings. Banking facilities in certain subsidiary and joint venture undertakings are currently under negotiation with the banks. While the outcome of these negotiations remains uncertain, the directors are confident that the facilities will be renewed on a basis that is acceptable to the undertakings. In the event that the facilities are not agreed and the company provides support to the entities there would be a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ASHFLAME PROPERTIES LIMITED (continued)**

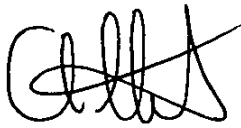
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors



Christopher Hibbs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

22 December 2011

ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011**

	Notes	31 3 11 £	31 3 10 £
TURNOVER	2	3,941,303	169,103
Cost of sales		<u>(24,348)</u>	<u>(5,511)</u>
GROSS PROFIT		3,916,955	163,592
Administrative expenses		(1,062,337)	(917,827)
Exceptional bad debt provision		<u>(10,629,602)</u>	<u>(8,372,846)</u>
OPERATING LOSS	4	(7,774,984)	(9,127,081)
Share of profit of Limited Liability Partnership		209,596	127,462
Write off of investments and loan waivers		(13,364,973)	(1,389)
Income from fixed asset investments	5	6,825,000	4,900,000
Interest receivable and similar income	6	109,657	304,041
Interest payable and similar charges	7	<u>(94,106)</u>	<u>(384,744)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(14,089,810)	(4,181,711)
Tax on loss on ordinary activities	8	<u>4,408</u>	<u>90,487</u>
LOSS FOR THE FINANCIAL YEAR	14	<u>(14,085,402)</u>	<u>(4,091,224)</u>

CONTINUING OPERATIONS

All of the company's activities relate to continuing operations

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2011**

	31 3 11 £	31 3 10 £
LOSS FOR THE FINANCIAL YEAR	(14,085,402)	(4,091,224)
Share of reduction on revaluation of investment property in joint ventures	<u>-</u>	<u>(421,846)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(14,085,402)</u>	<u>(4,513,070)</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2011**

	31 3 11 £	31 3 10 £
REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(14,089,810)	(4,181,711)
Realisation of property revaluation reserve	<u>1,168,179</u>	<u>-</u>
HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(12,921,631)</u>	<u>(4,181,711)</u>
HISTORICAL COST LOSS FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS	<u>(12,917,223)</u>	<u>(8,991,224)</u>

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)**BALANCE SHEET**
31 March 2011

	Notes	31 3 11 £	31 3 10 £
FIXED ASSETS			
Tangible assets	10	972,696	972,696
Investments	11	<u>3,930,655</u>	<u>6,384,752</u>
		<u>4,903,351</u>	<u>7,357,448</u>
 CURRENT ASSETS			
Debtors amounts falling due within one year	12	3,992,759	6,131,742
Debtors amounts falling due after more than one year	12	-	16,852,275
Cash at bank		<u>1,091,732</u>	<u>2,473,200</u>
		5,084,491	25,457,217
CREDITORS			
Amounts falling due within one year	13	<u>(5,910,980)</u>	<u>(14,652,401)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(826,489)</u>	<u>10,804,816</u>
NET ASSETS		<u>4,076,862</u>	<u>18,162,264</u>
 CAPITAL AND RESERVES			
Called up share capital	14	16,250	16,250
Revaluation reserve	15	(72,060)	(1,240,239)
Profit and loss account	15	<u>4,132,672</u>	<u>19,386,253</u>
TOTAL SHAREHOLDERS' FUNDS	17	<u>4,076,862</u>	<u>18,162,264</u>

The financial statements were approved by the Board of Directors on 9 December 2011 and were signed on its behalf by



G H Gosling - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The company is exempt from the requirement to prepare consolidated accounts, as the company and its subsidiaries qualify as a small sized group.

Cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

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.

Turnover also includes management fees to joint venture companies and related companies under the control of Mr A C Gallagher.

Cost of sales

Cost of sales represents expenses relating to the servicing of property and collection of rental income.

Investment property

Until investment properties are complete they are included in the accounts at cost. Once completed, open market valuations are applied. These are performed on a 3 year cycle subject to the reflection in the accounts of any sustainable revaluation and any effect resulting from an annual impairment review.

The Companies Act 2006 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.

In accordance with SSAP19, where a property valuation at the balance sheet date is less than the historic cost of the property and the directors believe that the decline in value is temporary, then the reduction in value is taken as a deficit on revaluation reserve and is not charged to the profit and loss account.

ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011****4 OPERATING LOSS**

The operating loss is stated after charging

	31 3 11	31 3 10
	£	£
Auditors' remuneration	5,000	4,000
Auditors' remuneration for other services	<u>31,625</u>	<u>55,723</u>
Directors' remuneration	<u>-</u>	<u>-</u>

The directors are paid by Gallagher UK Limited (2010 J J Gallagher Limited), a company owned by the ultimate shareholder Mr A C Gallagher, and their emoluments are disclosed in the financial statements of that company

5 INCOME FROM FIXED ASSETS INVESTMENTS

	31 3 11	31 3 10
	£	£
Frome Property Investments Limited	525,000	-
Islandview Properties Limited (50% joint venture)	5,000,000	-
TLPD Limited	1,200,000	-
Trowbridge Property Investments Limited	-	4,900,000
Winnersh Property Investments Limited	<u>100,000</u>	<u>-</u>
	<u>6,825,000</u>	<u>4,900,000</u>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	31 3 11	31 3 10
	£	£
Deposit account interest	9,408	10,698
Other interest receivable	5	-
Interest receivable on loans to group undertakings	90,856	193,920
Interest receivable on loans to joint ventures	-	73,161
Interest receivable on loans to related undertakings	<u>9,388</u>	<u>26,262</u>
	<u>109,657</u>	<u>304,041</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	31 3 11	31 3 10
	£	£
Bank interest	-	282
Interest payable on loans from group undertakings	28,760	41,821
Other	<u>65,346</u>	<u>342,641</u>
	<u>94,106</u>	<u>384,744</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011

8 TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	31 3 11 £	31 3 10 £
Current tax		
UK corporation tax	(251,411)	-
Group relief	251,411	(125,959)
Group relief prior year	<u>(4,408)</u>	<u>(2,800)</u>
Total current tax	(4,408)	(128,759)
Deferred tax	<u>-</u>	<u>38,272</u>
Tax on loss on ordinary activities	<u><u>(4,408)</u></u>	<u><u>(90,487)</u></u>

The current corporation tax credit differs from the standard UK corporation tax rate of 28% applied to the loss for the year. The differences are:

	31 3 11 £	31 3 10 £
Loss on ordinary activities at the standard rate of 28% (2009 28%)	(3,945,147)	(1,170,879)
Expenses not deductible for tax	5,633,129	1,728,672
Dividends not subject to tax	(1,911,013)	(1,372,000)
Capital allowances in excess of depreciation	(3,620)	(4,525)
Capital transactions	65,739	-
Creation of tax losses	160,912	710,756
Capital losses utilised	-	(17,983)
Prior year tax	<u>(4,408)</u>	<u>(2,800)</u>
	<u><u>(4,408)</u></u>	<u><u>(128,759)</u></u>

The company has tax losses of £988,000 at 26% (2010 £851,000 at 28%) which are available to carry forward. No deferred tax asset has been recognised as the directors are, as yet, uncertain when these will be utilised.

Legislation reducing the main rate of corporation tax from 28% to 26% with effect from 1 April 2011 was substantively enacted on 29 March 2011. The current year tax charge has been provided for at the main rate of corporation tax of 28% and at 31 March 2011, deferred tax assets and liabilities have been provided for at a rate of 26% in these financial statements.

An additional reduction in the main rate of corporation tax from 26% to 25% with effect from 1 April 2012 was enacted within the Finance Act 2011 on 5 July 2011. As this reduction was not substantively enacted by the balance sheet date, its effect has not been reflected in these financial statements.

Further reductions in the main rate of corporation tax of 1% per annum to 23% by 1 April 2014 have been announced by the Government but have not yet been substantively enacted and therefore their effect has not been reflected in these financial statements.

ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011

9 DIVIDENDS

	31 3 11 £	31 3 10 £
16,250 ordinary shares of £1 each - £nil (2010 £301.54 per share)	-	4,900,000
	<u>-</u>	<u>4,900,000</u>

10 TANGIBLE FIXED ASSETS

	Freehold Investment Property £	Fixtures and fittings £	Totals £
COST			
At 1 April 2010 and 31 March 2011	<u>955,000</u>	<u>40,392</u>	<u>995,392</u>
DEPRECIATION			
At 1 April 2010 and 31 March 2011	<u>-</u>	<u>22,696</u>	<u>22,696</u>
NET BOOK VALUE			
At 31 March 2011	<u>955,000</u>	<u>17,696</u>	<u>972,696</u>
At 31 March 2010	<u>955,000</u>	<u>17,696</u>	<u>972,696</u>

The freehold investment property is held for letting

11 FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in associate undertakings £	Interest in Limited Liability Partnerships £	Unlisted investments £	Totals £
COST					
At 1 April 2010	6,579,496	122	(194,866)	-	6,384,752
Share of profit of LLP	-	-	209,596	-	209,596
Additions	1	-	-	1,830,554	1,830,555
Investment written off	<u>(4,494,236)</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(4,494,248)</u>
At 31 March 2011	<u>2,085,261</u>	<u>110</u>	<u>14,730</u>	<u>1,830,554</u>	<u>3,930,655</u>
NET BOOK VALUE					
At 31 March 2011	<u>2,085,261</u>	<u>110</u>	<u>14,730</u>	<u>1,830,554</u>	<u>3,930,655</u>
At 31 March 2010	<u>6,579,496</u>	<u>122</u>	<u>(194,866)</u>	<u>-</u>	<u>6,384,752</u>

ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011****11 FIXED ASSET INVESTMENTS - continued**

During the year ended 31 March 2011, the company purchased its unlisted investments on an arms length basis from its subsidiary, TLPD Limited for £1,830,554

Included in investments at 31 March 2011 was £928,290 which represented a 23.6% holding of the ordinary share capital of Newater Investments Limited. Newater Investments Limited reported a profit after taxation of £111,780 (2010: £121,249) for the year ended 29 September 2010 and net assets of £3,576,847 (2010: £4,843,154) at that date.

12 DEBTORS

	31 3 11 £	31 3 10 £
Amounts falling due within one year		
Trade debtors	89,135	22,585
Amounts owed by group undertakings	978,947	6,072,782
Amounts owed by related undertakings	2,587,394	-
Other debtors	1,905	36,375
Corporation tax recoverable	335,378	-
	<u>3,992,759</u>	<u>6,131,742</u>
Amounts falling due after more than one year		
Amounts owed by joint ventures	-	2,272,930
Amounts owed by group undertakings	-	14,579,345
	<u>-</u>	<u>16,852,275</u>
Aggregate amounts	<u>3,992,759</u>	<u>22,984,017</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 11 £	31 3 10 £
Trade creditors	15,354	68,752
Amounts owed to group undertakings	2,111,795	3,794,210
Amounts owed to related undertakings	323,250	-
VAT payable	47,841	15,683
Other creditors	146,109	319,670
Amounts due to joint ventures	3,097,777	9,782,826
Accruals and deferred income	168,854	671,260
	<u>5,910,980</u>	<u>14,652,401</u>

ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011**

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	31 3 11 £ <u>16,250</u>	31 3 10 £ <u>16,250</u>
16,250	Ordinary			

15 RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 April 2010	19,386,253	(1,240,239)	18,146,014
Loss for the financial year	(14,085,402)	-	(14,085,402)
Share of revaluation made in LLP in year	<u>(1,168,179)</u>	<u>1,168,179</u>	<u>-</u>
At 31 March 2011	<u>4,132,672</u>	<u>(72,060)</u>	<u>4,060,612</u>

ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011****16 RELATED PARTY DISCLOSURES****GROUP COMPANIES**

During the year Ashflame Properties Limited advanced/(received) loans to group undertakings

The following balances were receivable at 31 March 2011

	31 3 11 £	31 3 10 £
Ashflame Glencairn Park Limited	-	12,052,056
Biddulph Property Investments Limited	106,123	197,179
EBW Property Investments Limited	1,842,186	1,731,637
Ensco 807 Limited	2,235	-
Hull Property Investments Limited	837,427	850,099
Inverkip Street Property Investments Limited	890,375	2,430,658
Launceston Property Investments Limited	2,102,151	1,740,319
Neath Property Investments Limited	737,458	712,840
Rainham Property Investments Limited	1,895,640	250,215
Stockport Property Investments Limited	1,151,352	908,768
Winnersh Property Investments Limited	-	1,157,513
Trowbridge Property Investments Limited	2,005,591	1,369,777
Less provisions against recoverability of above loans	<u>(10,591,591)</u>	<u>(2,748,934)</u>
	<u>978,947</u>	<u>20,652,127</u>

The following balances were payable at 31 March 2011

	31 3 11 £	31 3 10 £
Ashflame Kilmarnock Limited	-	1,435,921
Frome Property Investments Limited	7,871	969,006
TLPD Limited	2,099,414	1,389,283
Winnersh Property Investments Limited	<u>4,510</u>	<u>-</u>
	<u>2,111,795</u>	<u>3,794,210</u>

RELATED COMPANIES**J J GALLAGHER LIMITED**

J J Gallagher Limited is a company controlled by Mr A C Gallagher. During the year the following arm's length transactions took place between J J Gallagher Limited and Ashflame Properties Limited

	2011 £	2010 £
Sales disposal fee from J J Gallagher Limited	<u>439,250</u>	<u>-</u>

Included in accruals at 31 March 2011 is £323,250 relating to the above. This amount was paid post year end

ASHFLAME PROPERTIES LIMITED (REGISTERED NUMBER: 2869019)**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2011****16 RELATED PARTY DISCLOSURES (continued)****COUNTYWIDE DEVELOPMENTS LIMITED**

Countywide Developments Limited is a company controlled by Mr A C Gallagher At 31 March 2011 Ashflame Properties Limited owed Countywide Developments Limited £2,587,394 (2010 £nil)

JOINT VENTURES

GDHV Projects Limited is a joint venture company owned by Gallagher UK Limited, a company controlled by Mr A C Gallagher During the year ended 31 March 2011, GDHV Projects Limited charged Ashflame Properties Limited £40,000 in project management fees

During the year Ashflame Properties Limited advanced/(received) loans to joint ventures

The following balances were receivable at 31 March 2011

	31 3 11 £	31 3 10 £
Clacton Property Investments Limited	2,970,251	2,450,236
Glenrothes Properties LLP	1,126,406	1,252,406
Richminster Properties Limited	2,231,919	2,231,919
Wick Property Investments Limited	2,392,931	2,272,930
Less provisions against recoverability of above loans	<u>(8,721,507)</u>	<u>(5,934,561)</u>
	<u>-</u>	<u>2,272,930</u>

The following balances were payable at 31 March 2011

	31 3 11 £	31 3 10 £
Islandview Properties Limited	2,217,478	8,702,528
Greenock Retail Limited	<u>880,299</u>	<u>1,080,298</u>
	<u>3,097,777</u>	<u>9,782,826</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 3 11 £	31 3 10 £
Loss for the financial year	(14,085,402)	(4,091,224)
Dividend paid	<u>-</u>	<u>(4,900,000)</u>
	(14,085,402)	(8,991,224)
Other recognised gains and losses relating to the year (net)	<u>-</u>	<u>(421,846)</u>
Net reduction of shareholders' funds	(14,085,402)	(9,413,070)
Opening shareholders' funds	<u>18,162,264</u>	<u>27,575,334</u>
Closing shareholders' funds	<u>4,076,862</u>	<u>18,162,264</u>

18 CONTROLLING PARTY

The 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