

Registered number: 2869019

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009
FOR
ASHFLAME PROPERTIES LIMITED**

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ASHFLAME PROPERTIES LIMITED

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ASHFLAME PROPERTIES LIMITED

COMPANY INFORMATION **for the year ended 31 March 2009**

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 Registered Auditors
East Midlands

ASHFLAME PROPERTIES LIMITED

REPORT OF THE DIRECTORS for the year ended 31 March 2009

The directors present their report and the audited financial statements of the company and the group for the year ended 31 March 2009. The company is registered as number 2869019.

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 group and company are as shown in the annexed financial statements.

The objective of the group is to maximise total returns from its property and investment business.

In common with similar businesses, the group is subject to movements in yields in the UK property market and to the risk that tenants will cease trading. The carrying value of the group's freehold investment properties were reviewed in accordance with the group's policy at 31 March 2009 and as a result the value of the freehold investment property held by three of its subsidiaries were reduced by £12.5 million below cost. The directors believe that this is a temporary diminution in value and expect the value to increase above cost over the medium term as the yield gap between property yields and interest rates (which is currently extremely high as a result of the current economic climate) reduces towards the historic norm. Subsequent to the year end, the directors believe that the property market has shown some signs of recovery and that property values have increased by 10% - 15% when compared to their year end value.

Given the nature of the business as disclosed in these financial statements, where maximising rental income and the capital value of its investment property represents the key objectives, the company's directors are of the opinion that analysis using additional KPI's is not necessary for understanding the performance or position of the business.

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

DIVIDENDS

No dividends have been paid or are proposed for the year ended 31 March 2009 (2008: £Nil).

DIRECTORS

The directors during the year under review and to the date of this report were:

A C Gallagher
G H Gosling

DONATIONS

No donations were made during the year, however during the previous year £3,000 was donated to a local Conservative Party Association.

ASHFLAME PROPERTIES LIMITED

REPORT OF THE DIRECTORS (continued) for the year ended 31 March 2009

FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks that include the effects of credit, liquidity and interest rate risks. The directors actively monitor these risks and the potential costs.

The credit rating of property tenants is regularly assessed and changes in the risk profile are managed.

In order to manage liquidity the group finances property assets through term bank loans. These are arranged with major national banks and the agreements result in them maturing in up to 7 years over a range of repayment dates.

The group utilises a mixture of bank and related party funding designed to ensure it has sufficient working capital available. Floating interest rates are reviewed and swapped for fixed rates where appropriate to reduce exposure to adverse interest rate fluctuations.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information 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.

ASHFLAME PROPERTIES LIMITED

**REPORT OF THE DIRECTORS (continued)
for the year ended 31 March 2009**

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 C Gallagher – Chairman

24 February 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHFLAME PROPERTIES LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Ashflame Properties Limited for the year ended 31 March 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Note of Historical Cost Profits and Loss, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Company Information and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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

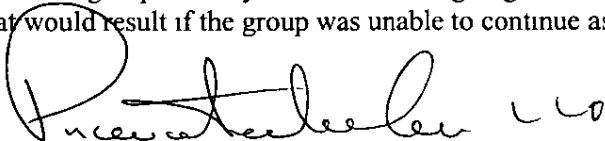
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2009 and of the group's loss and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.

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

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 group's ability to continue as a going concern. The group is dependent on the renewal of banking facilities in certain subsidiary undertakings which 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 subsidiary undertakings. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
26 February 2010

ASHFLAME PROPERTIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 March 2009

	Notes	31 3 09 £	31 3 08 £
TURNOVER	2	9,050,759	8,871,520
Less share of turnover of joint ventures and associates	9	<u>(6,168,044)</u>	<u>(5,758,612)</u>
GROUP TURNOVER	2	2,882,715	3,112,908
Cost of sales		<u>(460,916)</u>	<u>(514,118)</u>
GROSS PROFIT		2,421,799	2,598,790
Administrative expenses		<u>(1,383,029)</u>	<u>(491,302)</u>
OPERATING PROFIT	2, 4	1,038,770	2,107,488
Share of operating profit in joint ventures and associates	9	3,659,387	5,409,508
Share of profit on disposal of joint venture/ associates fixed assets		378,481	775,781
Profit on disposal of subsidiary		1,129,435	-
Loss on disposal of freehold investment property		(2,186,750)	-
Loss on disposal of tangible fixed assets -		(64,000)	-
Net income from fixed asset investments		93,285	74,840
Net (expenditure)/income from current asset investments		-	74,206
Interest receivable and similar income	5	<u>339,343</u>	<u>1,574,638</u>
		4,387,951	10,016,461
Interest payable and similar charges	6	<u>(9,735,352)</u>	<u>(10,684,943)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,347,401)	(668,482)
Tax on loss on ordinary activities	7	<u>1,099,152</u>	<u>254,494</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION	14	<u>(4,248,249)</u>	<u>(413,988)</u>

CONTINUING OPERATIONS

All of the activities relate to continuing operations

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2009**

	31 3 09 £	31 3 08 £
LOSS FOR THE FINANCIAL YEAR	(4,248,249)	(413,988)
Reduction on revaluation of the Investment property (note 8)	(8,220,766)	(8,894,597)
Share of reduction on revaluation of Investment property in joint ventures	(27,575,115)	(8,581,415)
Share of reduction on revaluation of investment property in associates	<u>(1,442,118)</u>	<u>(356,010)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(41,486,248)</u>	<u>(18,246,010)</u>

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES

	31 3 09 £	31 3 08 £
Reported loss on ordinary activities before taxation	(5,347,401)	(668,482)
Revaluation realised on sale of subsidiary	<u>(1,137,551)</u>	<u>-</u>
Historical cost loss on ordinary activities before taxation	<u>(6,484,952)</u>	<u>(668,482)</u>
Historical cost loss for the year retained after taxation	<u>(5,385,800)</u>	<u>(413,988)</u>

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

CONSOLIDATED BALANCE SHEET

31 March 2009

	Notes	£	31 3 09 £	£	31 3 08 £
FIXED ASSETS					
Tangible assets	8		53,700,598		75,266,597
Investments -- in joint ventures	9				
Share of gross assets		63,260,881		127,854,690	
Share of gross liabilities		(48,174,988)		(99,727,435)	
			15,085,893		28,127,255
Investment in associates	9		2,914,848		4,558,049
Investments -- other	9		1,644,196		1,644,196
			<u>73,345,535</u>		<u>109,596,097</u>
CURRENT ASSETS					
Debtors amounts falling due within one year	10		5,393,557		6,979,427
Debtors amounts falling due after one year	10		14,500,038		10,772,956
Cash at bank			<u>1,542,308</u>		<u>1,620,370</u>
			21,435,903		19,372,753
CREDITORS					
Amounts falling due within one year	11		<u>(29,385,189)</u>		<u>(28,442,685)</u>
NET CURRENT LIABILITIES					
			<u>(7,949,286)</u>		<u>(9,069,932)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			65,396,249		100,526,165
CREDITORS					
Amounts falling due after one year	12		(33,521,500)		(44,753,500)
PROVISIONS FOR LIABILITIES					
	9		<u>(17,588,332)</u>		<u>-</u>
NET ASSETS					
			<u>14,286,417</u>		<u>55,772,665</u>
CAPITAL AND RESERVES					
Called up share capital	13		16,250		16,250
Revaluation reserve	14		(10,415,279)		26,822,720
Profit and loss account	14		<u>24,685,446</u>		<u>28,933,695</u>
TOTAL SHAREHOLDERS' FUNDS					
	16		<u>14,286,417</u>		<u>55,772,665</u>

ON BEHALF OF THE BOARD:

A C Gallagher- Chairman

Approved by the Board on 24 February 2010

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

COMPANY BALANCE SHEET

31 March 2009

	Notes	31 3 09 £	31 3 8 £
FIXED ASSETS			
Tangible assets	8	972,696	1,257,256
Investments	9	<u>6,680,526</u>	<u>10,333,295</u>
		<u>7,653,222</u>	<u>11,590,551</u>
CURRENT ASSETS			
Debtors amounts falling due within one year	10	11,344,217	16,136,117
Debtors amounts falling due after one year	10	<u>22,973,573</u>	<u>18,234,711</u>
		34,317,790	34,370,828
CREDITORS			
Amounts falling due within one year	11	<u>(14,395,678)</u>	<u>(14,023,460)</u>
NET CURRENT ASSETS		<u>19,922,112</u>	<u>20,347,368</u>
NET ASSETS		<u>27,575,334</u>	<u>31,937,919</u>
CAPITAL AND RESERVES			
Called up share capital	13	16,250	16,250
Revaluation reserve	14	(818,393)	3,113,142
Profit and loss account	14	<u>28,377,477</u>	<u>28,808,527</u>
TOTAL SHAREHOLDERS' FUNDS		<u>27,575,334</u>	<u>31,937,919</u>

ON BEHALF OF THE BOARD:

A C Gallagher - Chairman

Approved by the Board on 24 February 2010

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2009

	Cash flow Notes	31 3 09 £	31 3 08 £
Net cash inflow/(outflow) from operating activities	1	1,486,816	(590,822)
Dividends received from joint ventures and associates		-	165,000
Returns on investments and servicing of finance	2	(3,143,034)	(2,997,446)
Taxation		-	(861)
Capital expenditure and financial investment	2	(937,913)	(15,620,262)
Acquisitions and disposals	2	<u>(803,029)</u>	<u>-</u>
Net cash outflow before financing		(3,397,160)	(19,044,391)
Financing	2	3,319,098	19,347,343
Management of liquid resources	2	-	74,206
(Decrease)/increase in cash in the year		<u><u>(78,062)</u></u>	<u><u>377,158</u></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 2009

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

	31 3 09 £	31 3 08 £
Operating profit	1,038,770	2,107,488
Depreciation	-	4,476
(Increase)/decrease in debtors	(517,269)	1,187,766
Increase/(decrease) in creditors	<u>965,315</u>	<u>(3,890,552)</u>
Net cash inflow/(outflow) from operating activities	<u>1,486,816</u>	<u>(590,822)</u>

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

	31 3 09 £	31 3 08 £
Returns on investments and servicing of finance		
Interest received	339,343	1,574,638
Interest paid	(3,575,662)	(4,646,924)
Dividends received	<u>93,285</u>	<u>74,840</u>
Net cash outflow for returns on investments and servicing of finance	<u>(3,143,034)</u>	<u>(2,997,446)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(7,865,162)	(16,132,392)
Purchase of fixed asset investments	-	(928,291)
Proceeds from sale of freehold investment property	(5,250,000)	-
Proceeds from sale of tangible fixed assets	(150,000)	-
Increase in loans from joint ventures	<u>1,527,249</u>	<u>1,440,421</u>
Net cash outflow for capital expenditure and financial investment	<u>(937,913)</u>	<u>(15,620,262)</u>
Acquisitions and disposals		
Net cash disposed of with disposal	<u>(803,029)</u>	-
Net cash outflow for acquisitions and disposals	<u>(803,029)</u>	<u>-</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 2009

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (continued)

	31 3 09 £	31 3 08 £
Financing		
Bank loans advanced	-	11,152,000
Decrease in loans (to)/from related parties	<u>3,319,098</u>	<u>8,195,343</u>
Net cash inflow from financing	<u><u>3,319,098</u></u>	<u><u>19,347,343</u></u>
Management of liquid resources		
Proceeds from sale of current asset investments	<u>-</u>	<u>74,206</u>
Net cash inflow from liquid resources	<u><u>-</u></u>	<u><u>74,206</u></u>

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 4 08 £	Cash flow £	At 31 3 09 £
Cash at bank	1,620,370	(78,062)	1,542,308
Related party loans	<u>5,980,539</u>	<u>(3,195,776)</u>	<u>2,784,763</u>
	7,600,909	(3,273,838)	4,327,071
Debts:			
Bank loans	(58,711,000)	11,402,000	(47,309,000)
Related party loans	<u>-</u>	<u>(123,322)</u>	<u>(123,322)</u>
	(58,711,000)	11,278,678	(47,432,322)
Net debt	<u><u>(51,110,091)</u></u>	<u><u>(8,004,840)</u></u>	<u><u>(43,105,251)</u></u>

4 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31 3 09 £	31 3 08 £
Decrease/(increase) in cash	(78,062)	377,158
Cash inflow from decreases in related party loans	(3,319,098)	(8,195,343)
Cash inflow from increase in debt	<u>-</u>	<u>(11,152,000)</u>
	(3,397,160)	(18,970,185)
Debt disposed off	<u>11,402,000</u>	<u>-</u>
Movement in net debt	8,004,840	(18,970,185)
Net debt at start of year	<u>(51,110,091)</u>	<u>(32,139,906)</u>
Net debt at end of year	<u><u>(43,105,251)</u></u>	<u><u>(51,110,091)</u></u>

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2009

1 ACCOUNTING POLICIES

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are 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 2009. 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 and associates

Where the Group has an interest in a joint venture (companies and partnerships), 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. Where the joint venture has net liabilities the equity share of gross assets and liabilities is included in provisions.

Where the group has an interest in an associate its equity share of net assets is included in the balance sheet and the share of turnover and operating profit or loss included in results under the equity method.

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

Limited Liability Partnerships

Where the company has an interest in a limited liability partnership, the company's share of the limited liability partnership's net profit is accounted for using the equity method. Its share of profit following acquisition is taken to the profit and loss account with a corresponding increase in the investment. This profit is not considered to be a distributable reserve until cash is received from the limited liability partnership. Tax arising on the share of the limited liability partnership's profits is borne directly by the members and is therefore accounted for in the 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.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

1 ACCOUNTING POLICIES (continued)

Cost of sales

Cost of sales includes expenses relating to the servicing of property and collection of rental income together with the associated cost of land sales

Investment properties

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. Valuations take account of comparable market prices for factors including the nature of tenants, lease terms, locations and consents in place for use of the property.

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.

In accordance with SSAP 19, where a property valuation at the balance sheet date is less than the historic cost 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.

Investments

Fixed asset investments are recorded at cost less any permanent impairment in value.

Current asset investments include deposits made in respect of Contracts for Differences where the full economic interest in equities is held but only a proportional margin is funded. These have been accounted for as derivatives with the cost of the derivatives expensed as incurred and the gain or loss on closing the contracts recognised on settlement. Any inherent losses at the balance sheet date which do not reverse before settlement are provided for. The financing costs inherent in Contracts for Differences are included in other interest payable.

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.

Amortisation of loan issue costs

Costs incurred in respect of obtaining loan finance are included in other debtors and the costs are amortised over the period of repayment of the loan in proportion to the outstanding loan.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

1 ACCOUNTING POLICIES (continued)

Going concern

The directors have reviewed the funding position of the Ashflame Properties Group of companies and have concluded that it is appropriate to prepare the financial statements of the group and hence this company, on a going concern basis

In evaluating the Group and its ability to continue as a going concern, the directors have considered the cash flows for the Group arising from operations, investment and financing activities. In the ordinary course of business there are approximately £40m of loans which are due to be refinanced across the Group over the next 12 months from the date of these accounts. In general, the market in which the Group is operating is currently subject to considerable change. The market has seen the costs associated with raising finance increasing and in some instances the availability of finance has become constrained. However, the directors are confident, based on information available to them, that the loans will be renewed on acceptable terms to the Group. While there are a range of material uncertainties which the companies are required to manage, the directors believe that the position of the Group is strong and the directors will be able to manage the position satisfactorily.

2 TURNOVER AND OPERATING PROFIT

All turnover and operating profit arises from continuing operations in the year ended 31 March 2009

3 STAFF COSTS

There were no direct staff costs for the year ended 31 March 2009 (2008: none). However, £854,000 (2008: £278,000) 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 09	31 3 08
Directors	<u>2</u>	<u>2</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 3 09	31 3 08
	£	£
Depreciation - owned assets	<u>-</u>	<u>4,476</u>
Directors' emoluments	<u>-</u>	<u>-</u>
Foreign exchange gain	<u>(566)</u>	<u>(186,574)</u>
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's financial statements	16,000	16,000
Fees payable to the company's auditors for other services		
The audit of subsidiaries, pursuant to legislation	6,000	6,000
Taxation services	<u>79,431</u>	<u>73,574</u>

The directors are paid by, 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 INTEREST RECEIVABLE AND SIMILAR INCOME

	31 3 09	31 3 08
	£	£
Bank interest	59,989	95,496
Other interest	153,406	130,748
Interest receivable from related parties	125,948	1,348,394
	<u>339,343</u>	<u>1,574,638</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	31 3 09	31 3 08
	£	£
Share of joint ventures' interest	5,532,789	5,509,453
Share of associates' interest	509,701	528,566
Bank interest	3,575,662	3,529,537
Interest payable to related parties	-	960,558
Other interest	-	15,616
Amortisation of loan issue costs	117,200	141,213
	<u>9,735,352</u>	<u>10,684,943</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

7 TAXATION

Analysis of the tax charge/(credit)

	31 3 09	31 3 08
	£	£
Current tax		
Share of associates' tax	69,866	11,453
Corporation tax	<u>36,284</u>	<u>75</u>
Total current tax	106,150	11,528
Deferred tax		
Share of joint ventures' deferred taxation	51,743	(277,312)
Origination and reversal of timing differences	(1,256,722)	(68,828)
Prior year adjustment	(323)	58,152
Change in tax rate from 30% to 28%	<u>-</u>	<u>21,966</u>
Total deferred tax	<u>(1,205,302)</u>	<u>(266,022)</u>
Tax on loss on ordinary activities	<u>(1,009,152)</u>	<u>(254,494)</u>

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

	31 3 09	31 3 08
	£	£
Loss for the year at 28% (2008: 30%)	(1,497,272)	(200,545)
Expenses not deductible	122,003	140,163
Non taxable income	(344,634)	(22,452)
Capital allowances in excess of depreciation	(23,753)	(41,260)
Industrial buildings allowance	(6,058)	(8,654)
Capital transactions	-	(73,363)
Tax losses carried forward	1,281,758	14,785
Prior year adjustment	-	75
Joint ventures' losses carried forward	<u>574,106</u>	<u>202,779</u>
Current tax charge	<u>106,150</u>	<u>11,528</u>

The standard rate of UK corporation tax changed to 28% with effect from 1 April 2008 and will apply to future tax charges.

A capital loss would arise in the event of sale of the group and joint venture investment properties at the revalued amount. No deferred tax asset has been created for this as there is no commitment to sell the properties.

The loss on disposal of freehold investment property resulted in a deferred tax credit of £612,290.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

8 TANGIBLE FIXED ASSETS

GROUP	Freehold Investment Properties £	Fixtures and fittings £	Totals £
COST OR VALUATION			
At 1 April 2008	75,036,401	252,892	75,289,293
Additions	7,865,162	-	7,865,162
Revaluation	(8,220,766)	-	(8,220,766)
Disposals	(20,997,895)	(212,500)	(21,210,395)
At 31 March 2009	53,682,902	40,392	53,723,294
DEPRECIATION			
At 1 April 2008	-	(22,696)	(22,696)
Charge for year	-	-	-
At 31 March 2009	-	(22,696)	(22,696)
NET BOOK VALUE			
At 31 March 2009	53,682,902	17,696	53,700,598
At 31 March 2008	75,036,401	230,196	75,266,597

The carrying values of fixed asset properties were reviewed in accordance with the accounting policy and a revaluation of certain investment properties was undertaken on an open market basis as at 31 March 2009 by a director having regard to current and expected future yields. The carrying value of other fixed asset investment properties was reviewed by the group's directors in accordance with the group's accounting policy.

The directors consider the values of the freehold investment properties held by Ashflame Kilmarnock Limited, Frome Property Investments Limited and Biddulph Property Investments Limited to have reduced below cost by £10 million, £2 million and £0.5 million respectively. The directors consider these to be temporary diminutions in value and expect the values to increase above cost in the medium term. Subsequent to the year end, the directors believe that the property market has shown some signs of recovery and that property values have increased by 10 – 15% when compared to their year end value.

Included within disposals of freehold investment properties is £13,900,000 relating to the disposal of the freehold investment property held within Clacton Property Investments Limited. This company became a joint venture during the year.

The historic cost of freehold investment property is £62,806,400 (2008: £78,214,234).

Freehold investment properties are held for letting.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

8 TANGIBLE FIXED ASSETS (continued)

COMPANY	Freehold Investment Property £	Fixtures and fittings £	Totals £
COST			
At 1 April 2008	1,027,060	252,892	1,279,952
Disposals	-	(212,500)	(212,500)
Revaluation	(72,060)	-	(72,060)
At 31 March 2009	<u>955,000</u>	<u>40,392</u>	<u>995,392</u>
DEPRECIATION			
At 1 April 2008 and 31 March 2009	<u>-</u>	<u>(22,696)</u>	<u>(22,696)</u>
NET BOOK VALUE			
At 31 March 2009	<u>955,000</u>	<u>17,696</u>	<u>972,696</u>
At 31 March 2008	<u>1,027,060</u>	<u>230,196</u>	<u>1,257,256</u>

The freehold investment property is held for letting

9. FIXED ASSET INVESTMENTS

Investments in group undertakings

The group owned 100% interests in the following property investment subsidiaries at 31 March 2009 all of which were incorporated in England and Wales (except WPI (No 2) Limited which is incorporated in Jersey and Ashflame Kilmarnock Limited which is incorporated in Scotland)

Company Name	Ordinary £1 shares held	Investment held by
Winnersh Property Investments Limited	2	Ashflame Properties Limited
Frome Property Investments Limited	2	Ashflame Properties Limited
EBW Property Investments Limited	2	Ashflame Properties Limited
Trowbridge Property Investments Limited	2	Ashflame Properties Limited
Stockport Property Investments Limited	2	Ashflame Properties Limited
Launceston Property Investments Limited	2	Ashflame Properties Limited
WPI (No 2) Limited	2	Winnersh Property Investments Ltd
Neath Property Investments Limited	2	Ashflame Properties Limited
Hull Property Investments Limited	2	Ashflame Properties Limited
Ashflame Kilmarnock Limited	9,999	Ashflame Properties Limited
Biddulph Property Investments Limited	2	Ashflame Properties Limited
Inverkip Street Property Investments Limited	2	Ashflame Properties Limited
Rainham Property Investments Limited	2	Ashflame Properties Limited

On 19 June 2007, the company acquired 2 shares in Biddulph Property Investments Limited from G C Longbridge Limited, a subsidiary of G C Ventures Limited

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

9. FIXED ASSET INVESTMENTS (continued)

The group also has a 100% interest in TLPD Limited, an investment holding company incorporated in England and Wales

TLPD Limited	50p Ordinary stock	
	4,170,480	Ashflame Properties Limited
	50p Ordinary shares	
	829,520	Ashflame Properties Limited

The group also has a 100% interest in Ashflame Overseas Holdings Limited, an investment holding company incorporated in Malta

Ashflame Overseas Holdings Limited	2000 €1 Ordinary shares	Ashflame Properties Limited
------------------------------------	----------------------------	-----------------------------

The group has 50% investments in the ordinary share capital of the following property investment companies all of which are incorporated in England and Wales

Company Name	Ordinary £1 shares held	Investment held by
Islandview Properties Limited	50	Ashflame Properties Limited
Richminster Properties Limited	50	Ashflame Properties Limited
Clacton Property Investments Limited	1	Ashflame Properties Limited
Greenock Retail Limited	1	Ashflame Properties Limited
G R (Greenock) Limited	1,250,002	Greenock Retail Limited
G R (Greenock) 1 Limited	14,000,001	G R (Greenock) Limited
G R (Greenock) 2 Limited	14,000,001	G R (Greenock) 1 Limited
Hull Retail Limited	1	Hull Property Investments Limited
Wick Property Investments Limited	1	Ashflame Properties Limited
Wick Retail Limited	1	Wick Property Investments Ltd

The group has 50% interests in the following property investment Limited Liability Partnerships all of which are incorporated in England and Wales

Company Name	Investment held by
Edinburgh Retail LLP	EBW Property Investments Limited
Glenrothes Retail LLP	Ashflame Properties Limited
Launceston Retail LLP	Launceston Property Investments Limited
Longton Retail LLP	Launceston Property Investments Limited
Neath Retail LLP	Neath Property Investments Limited
Stockport Retail LLP	Stockport Property Investments Limited
Worthing Retail LLP	Hull Property Investments Limited

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

9. FIXED ASSET INVESTMENTS (continued)

The group has 20% interests in the following associated companies (previously wholly owned subsidiaries until 29 July 2005) All of the companies are property investment companies and are incorporated 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
Bridgwater Property Investments Limited	2	Ashflame Properties Limited
Westday Properties Limited	2	Ashflame Properties Limited
Linwood Property Investments Limited	2	Ashflame Properties Limited
Solihull Property Investments Limited	2	Ashflame Properties Limited
Cromer Property Investments Limited	2	Ashflame Properties Limited
Croydon Property Investments Limited	2	Ashflame Properties Limited
Ashflame Scunthorpe Limited	2	Scunthorpe Property Investments Ltd
Ashflame Port Glasgow Limited	2	Port Glasgow Property Investments Ltd
Ashflame Bridgwater Limited	2	Bridgwater Property Investments Ltd
Ashflame Linwood Limited	2	Linwood Property Investments Ltd
Ashflame Solihull Limited	2	Solihull Property Investments Ltd
Ashflame Cromer Limited	2	Cromer Property Investments Ltd
Ashflame Croydon Limited	2	Croydon Property Investments Ltd

The group has 24% interests in the following associated companies (previously wholly owned subsidiaries until 29 July 2005) All of the companies are property investment companies and are incorporated in England and Wales

Company Name	Ordinary 1p shares held	Investment held by
GDHV Property Investments Limited	200	Ashflame Properties Limited
Company Name	Ordinary £1 shares held	Investment held by
Ashflame GDHV Limited	2	GDHV Property Investments Ltd

The group's associates hold 50% interests in the following property investment Limited Liability Partnerships all of which are incorporated in England and Wales

Partnership Name	Investment held by
Bridgwater Retail LLP	Ashflame Bridgwater Limited
GDHV Retail LLP	Ashflame GDHV Limited

The group's associates hold a 50% interest in the following property investment Limited Partnership which is incorporated in England and Wales

Partnership Name	Investment held by
Otium Solihull LP	Ashflame Solihull Limited

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

9. FIXED ASSET INVESTMENTS (continued)

The group's shares of assets and liabilities of these joint ventures and associates are as follows

	Fixed Assets £	Current Assets £	Current Liabilities £	Liabilities due after one year £
Clacton Property Investments Ltd	4,885,540	529,785	(2,896,430)	(5,701,000)
Edinburgh Retail LLP	7,091,000	207,789	(10,923,303)	-
Glenrothes Retail LLP	9,172,106	295,493	(1,463,080)	(7,905,000)
Greenock Retail Ltd	11,115,000	1,482,900	(9,667,601)	(67,540)
Islandview Properties Ltd	29,485,000	11,710,379	(871,762)	(28,200,000)
Longton Retail LLP	6,000,000	280,275	(1,989,155)	(7,050,000)
Neath Retail LLP	1,666,000	147,575	(767,060)	(1,675,000)
Richminster Properties Ltd	8,041,490	368,602	(2,767,691)	(7,500,000)
Stockport Retail LLP	2,800,000	32,539	(3,443,534)	-
Wick Property Investments Ltd	4,867,565	126,151	(2,384,540)	(5,047,000)
Worthing Retail LLP	5,742,958	344,398	(1,075,288)	(7,500,000)
	<u>90,866,659</u>	<u>15,525,886</u>	<u>(38,249,444)</u>	<u>(70,645,540)</u>
Others – associates	<u>9,549,975</u>	<u>10,195,187</u>	<u>(11,661,738)</u>	<u>(5,168,576)</u>
At 31 March 2009	<u>100,416,634</u>	<u>25,721,073</u>	<u>(49,911,182)</u>	<u>(75,814,116)</u>
Joint ventures with net assets	15,085,893			
Joint ventures with net liabilities	(17,588,332)			

Liabilities due after one year include bank loans with the majority repayable at dates ranging from 2 to 5 years

	Fixed Assets £	Current Assets £	Current Liabilities £	Liabilities due after one year £
Edinburgh Retail LLP	10,947,421	329,048	(1,697,205)	(9,300,000)
Glenrothes Retail LLP	13,002,268	333,350	(1,678,332)	(7,905,000)
Greenock Retail Ltd	13,950,709	1,427,585	(9,670,910)	(43,141)
Islandview Properties Ltd	34,017,075	11,949,920	(825,766)	(28,250,000)
Longton Retail LLP	8,440,000	298,100	(1,928,707)	(7,050,000)
Neath Retail LLP	2,220,214	181,057	(776,249)	(1,675,000)
Richminster Properties Ltd	11,090,610	743,568	(2,841,420)	(7,533,293)
Stockport Retail LLP	3,931,313	128,334	(307,020)	(2,239,195)
Wick Property Investments Ltd	5,869,653	132,466	(2,369,298)	(5,047,000)
Worthing Retail LLP	8,540,000	321,999	(1,089,899)	(7,500,000)
	<u>112,009,263</u>	<u>15,845,427</u>	<u>(23,184,806)</u>	<u>(76,542,629)</u>
Others – associates	<u>10,500,436</u>	<u>9,972,358</u>	<u>(15,913,129)</u>	<u>(1,616)</u>
At 31 March 2008	<u>122,509,699</u>	<u>25,817,785</u>	<u>(39,097,935)</u>	<u>(76,544,245)</u>

Liabilities due after one year include bank loans with the majority repayable at dates ranging from 2 to 5 years

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

9 FIXED ASSET INVESTMENTS (continued)

The group's shares of the results of these joint ventures and associates are as follows

Year ended 31 March 2009	Turnover £	Profit/ (loss) before taxation £	Taxation £	Profit/ (loss) after taxation £
Clacton Property Investments Ltd	211,164	(4,620)	16,448	11,828
Edinburgh Retail LLP	510,483	(47,355)	-	(47,355)
Glenrothes Retail LLP	705,641	206,707	-	206,707
Greenock Retail Limited	715,540	46,404	(12,178)	34,226
Islandview Properties Limited	1,587,023	(129,368)	(74,918)	(204,286)
Longton Retail LLP	347,841	(73,142)	-	(73,142)
Neath Retail LLP	92,329	(15,622)	-	(15,622)
Richminster Properties Limited	605,213	(1,818,573)	33,293	(1,785,280)
Stockport Retail LLP	82,481	(67,674)	-	(67,674)
Wick Property Investments Limited	329,228	(7,170)	(14,388)	(21,558)
Worthing Retail LLP	482,380	37,011	-	37,011
Others - associates	498,721	(131,217)	(69,866)	(201,083)
	<u>6,168,044</u>	<u>(2,004,619)</u>	<u>(121,609)</u>	<u>(2,126,228)</u>

Year ended 31 March 2008	Turnover £	Profit/ (loss) before taxation £	Taxation £	Profit/ (loss) after taxation £
Edinburgh Retail LLP	630,255	687,460	-	687,460
Glenrothes Retail LLP	699,546	187,681	-	187,681
Greenock Retail Limited	636,017	(48,090)	14,427	(33,663)
Islandview Properties Limited	1,548,632	(291,938)	190,706	(101,232)
Longton Retail LLP	352,594	(77,460)	-	(77,460)
Neath Retail LLP	91,903	(18,801)	-	(18,801)
Richminster Properties Limited	497,102	(118,667)	35,584	(83,083)
Stockport Retail LLP	36,608	(8,979)	-	(8,979)
Wick Property Investments Limited	326,945	(28,415)	-	(28,415)
Worthing Retail LLP	482,086	24,087	-	24,087
Other – joint ventures	-	-	36,595	36,595
Others - associates	456,924	(159,608)	(11,453)	(171,061)
	<u>5,758,612</u>	<u>147,270</u>	<u>265,859</u>	<u>413,129</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

9. FIXED ASSET INVESTMENTS (continued)

GROUP	Interest in associates £	Interest in joint ventures £	Unlisted investments £	Totals £
COST OR VALUATION				
At 1 April 2008	4,558,049	28,127,255	1,644,196	34,329,500
Result for the year	(201,083)	(1,925,145)	-	(2,126,228)
Acquisitions	-	(1,129,434)	-	(1,129,434)
Revaluation	(1,442,118)	(27,575,115)	-	(29,017,233)
At 31 March 2009	2,914,848	(2,502,439)	1,644,196	2,056,605
NET BOOK VALUE				
At 31 March 2009	2,914,848	(2,502,439)	1,644,196	2,056,605
At 31 March 2008	4,558,049	28,127,255	1,644,196	34,329,500

Included in unlisted investments is £928,290 representing a 23.6% holding of the ordinary share capital of Newater Investments Limited. Newater Investments Limited reported a profit after taxation of £124,322 (30 September 2007: loss after taxation of £112,637) for the year ended 29 September 2008 and net assets of £5,636,861 (30 September 2007: £6,677,051) at that date.

The acquisitions in joint ventures relates to the group's reduced interest of 50% of the net liabilities of Clacton Property Investments Limited.

COMPANY	Shares in group undertakings £	Interest in joint ventures & associates £	Interest in Limited Liability Partnerships £	Totals £
COST OR VALUATION				
At 1 April 2008	6,580,888	121	3,752,286	10,333,295
Share of profit in LLP	-	-	206,707	206,707
(Disposals)/additions	(2)	1	-	(1)
Revaluation	-	-	(3,859,475)	(3,859,475)
At 31 March 2009	6,580,886	122	99,518	6,680,526
NET BOOK VALUE				
At 31 March 2009	6,580,886	122	99,518	6,680,526
At 31 March 2008	6,580,888	121	3,752,286	10,333,295

During the year the company sold 50% of its shares in Clacton Property Investments Limited. This subsidiary therefore became a joint venture.

The revaluation in the interest in Limited Liability Partnerships of £3,859,475 relates to Ashflame Properties' share of the revaluation of the freehold investment property held with its 50% share of Glenrothes Retail LLP.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

10 DEBTORS

	Group		Company	
	31 3 09	31 3 08	31 3 09	31 3 08
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	534,663	176,626	346	14,548
Amounts owed by group undertakings	-	-	8,354,702	10,107,448
Amounts owed by related undertakings	2,784,763	5,980,539	2,784,763	5,980,539
Other debtors	509,542	514,718	166,134	18,483
Deferred tax asset	1,564,589	307,544	38,272	15,099
	<u>5,393,557</u>	<u>6,979,427</u>	<u>11,344,217</u>	<u>16,136,117</u>

	Group		Company	
	31 3 09	31 3 08	31 3 09	31 3 08
	£	£	£	£
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	13,795,466	11,828,982
Amounts owed by joint ventures	14,500,038	10,772,956	9,178,107	6,405,729
	<u>14,500,038</u>	<u>10,772,956</u>	<u>22,973,573</u>	<u>18,234,711</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

	Group		Company	
	31 3 09	31 3 08	31 3 09	31 3 08
	£	£	£	£
Analysis of deferred tax asset				
Accelerated capital allowances	(139,512)	(139,300)	(61,771)	(56,115)
Short term timing differences	47,828	(56,421)	57,877	-
Losses	1,656,273	503,265	42,166	71,214
	<u>1,564,589</u>	<u>307,544</u>	<u>38,272</u>	<u>15,099</u>
At 1 April 2008	307,544		15,099	
Charge to profit and loss account	1,257,045		23,173	
At 31 March 2009	<u>1,564,589</u>		<u>38,272</u>	

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 3 09	31 3 08	31 3 09	31 3 08
	£	£	£	£
Bank loans and overdrafts	13,787,500	13,957,500	132,965	132,046
Trade creditors	428,883	128,197	14,010	25,231
Amounts owed to group undertakings	-	-	2,843,012	3,512,678
Amounts owed to joint ventures	12,219,326	12,403,005	10,604,702	10,064,007
Amounts owed to related undertakings	123,322	-	123,322	-
Other creditors	-	69	-	288,591
VAT payable	801,025	39,731	1,972	907
Accruals and deferred income	2,025,133	1,914,183	675,695	-
	<u>29,385,189</u>	<u>28,442,685</u>	<u>14,395,678</u>	<u>14,023,460</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31 3 09	31 3 08	31 3 09	31 3 08
	£	£	£	£
Bank loans	<u>33,521,500</u>	<u>44,753,500</u>	<u>-</u>	<u>-</u>

An analysis of the maturity of the loan repayable in more than one year by instalments is given below

	Group		Company	
	31 3 09	31 3 08	31 3 09	31 3 08
	£	£	£	£
Amounts falling due between 1 – 2 years	6,712,500	470,000	-	-
Amounts falling due between 2 and 5 years	4,209,000	19,074,500	-	-
Amounts falling due after more than 5 years	<u>22,600,000</u>	<u>25,209,000</u>	<u>-</u>	<u>-</u>
	<u>33,521,500</u>	<u>44,753,500</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 ranging from 5.28% to 6.4% and from 1% to 1.22% over LIBOR respectively.

13 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid		Nominal value	31 3 09	31 3 08
Number	Class		£	£
16,250	Ordinary	£1	<u>16,250</u>	<u>16,250</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

14 RESERVES

GROUP	Profit and loss account £	Revaluation reserve £
At 1 April 2008	28,933,695	26,822,720
Retained loss for the financial year	(4,248,249)	-
Revaluation	-	(8,220,766)
Share of revaluation in associates	-	(1,442,118)
Share of revaluation in joint ventures	-	(27,575,115)
At 31 March 2009	<u>24,685,446</u>	<u>(10,415,279)</u>

£6,997,678 of the revaluation of £8,220,766 relates to decreases in the value of investment properties previously revalued and the increases taken to the revaluation reserve. The remaining £1,223,088 relates to temporary diminutions in value. £1,421,151 of the reserve relates to an unrealised share of the profits from LLP's. These reserves have restrictions on distribution before external finance has been repaid.

COMPANY	Profit and loss account £	Revaluation reserve £
At 1 April 2008	28,808,527	3,113,142
Loss for the financial year	(431,050)	-
Revaluation	-	(72,060)
Share of revaluation made in LLP in year	-	(3,859,475)
At 31 March 2009	<u>28,377,477</u>	<u>(818,393)</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 loss for the financial year was £431,050 (2008 profit of £1,104,576).

£845,851 of the reserve relates to an unrealised share of the profits from an interest in an LLP.

15 RELATED PARTY DISCLOSURES

GROUP COMPANIES

The company has taken advantage of the exemption in FRS8 not to disclose transactions with other group companies, whose transactions are included within a consolidated group.

RELATED COMPANIES

COUNTYWIDE DEVELOPMENTS LIMITED

During the year the company lent funds to Countywide Developments Limited, a company controlled by Mr A C Gallagher. The balance at 31 March 2009 was £2,784,763 (2008 £5,980,539). Interest is payable on the loan at 1% over bank base rate.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2009

15 RELATED PARTY DISCLOSURES (continued)

JOINT VENTURES

Interest bearing loans have been advanced to/received from certain joint venture companies during the year. Ashflame Properties Limited owed Greenock Retail Limited £1,159,232 (2008 £1,102,278) including interest for the year of £104 (2008 £79,277) and Islandview Properties Limited £9,452,528 at 31 March 2009 (2008 £8,961,727). This loan was interest free. Richminster Properties Limited owed £2,468,759 at 31 March 2009 (2008 £2,595,391) including interest for the year of £146,179 (2008 £124,272). Following the year end Richminster Properties Limited sold its property asset and is unable to repay the majority of this loan. Wick Property Investments Limited owed £2,272,932 (2008 £2,272,932). Clacton Property Investments Limited owed £3,099,010. No interest is charged on these loans.

TRANSACTIONS WITH DIRECTORS

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 £15,000 (2008 £7,500) were charged by this practice on an arm's length basis and were settled during the year.

16 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	31 3 09	31 3 08
	£	£
Loss for the financial year	(5,385,800)	(413,988)
Revaluation	(34,222,448)	(17,832,022)
Net reduction to shareholders' funds	(39,608,248)	(18,246,010)
Opening shareholders' funds	<u>55,772,665</u>	<u>74,018,675</u>
Closing shareholders' funds	<u>16,164,417</u>	<u>55,772,665</u>

17 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.