

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010  
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 2010**

**DIRECTORS:** A C Gallagher  
G H Gosling

**COMPANY 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**

### **REPORT OF THE DIRECTORS for the year ended 31 March 2010**

The directors present their report and the audited consolidated financial statements of the company and the group for the year ended 31 March 2010. 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.

During the year the group sold land for £15.05m generating a profit of £9.1m. In addition the group also sold a freehold investment property for £8.04m generating a loss of £3.2m (on a historical cost basis of accounting the profit is £0.1m).

A group joint venture company also sold its freehold investment property during the year. The group's share of the sale proceeds was £30.08m generating a profit of £78k (on a historical cost basis of accounting the profit is £13.06m).

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 2010 and as a result the value of the freehold investment property held by three of its subsidiaries were reduced by £10.6 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 group sold 3 freehold investment properties for £25.6m generating a loss of £6.1m (on a historical cost basis of accounting the loss is £10.8m).

As a result of the post year end disposals and the conclusion of negotiations with banks, the group settled £31.6m of loans by the payment of £21.7m.

Subsequent to the year end group joint venture companies sold 6 freehold investment properties for amounts equal to the accounts valuation. The group's share of the sale proceeds was £28.1m generating a profit of £0.2m (on a historical cost basis of accounting the loss is £9.1m). The group subsequent to the year end sold its beneficial interest in a joint venture company resulting in a loan write off of £2.4m. As a consequence of post year end sales the company wrote off intercompany and joint venture loans of £6.2m during the current year.

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 KPIs 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.

## **ASHFLAME PROPERTIES LIMITED**

### **REPORT OF THE DIRECTORS (continued) for the year ended 31 March 2010**

#### **DIVIDENDS**

A dividend of £4,900,000 (£301.54 per share) has been paid during the year ended 31 March 2010 (2009 £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

#### **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 6 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**

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 prepared the group and parent company 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 group and the company and of the profit or loss of the group 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
- 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 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 the group 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 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 (continued) for the year ended 31 March 2010**

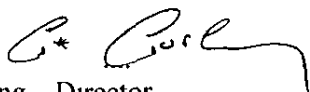
#### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

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

#### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006

#### **ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'G H Gosling', with a stylized flourish at the end.

G H Gosling – Director

21<sup>st</sup> December 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 2010 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 Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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 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 group's and parent 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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's loss and cash flows 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

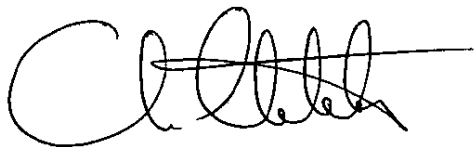
**Matters on which we are required to report by exception**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

**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 and joint venture 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 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.



Christopher Hibbs (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands  
23 December 2010



# ASHFLAME PROPERTIES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 March 2010

	Notes	31 3 10 £	31 3 09 £
<b>TURNOVER</b>	2	7,737,477	9,050,759
Less share of turnover of joint ventures and associates	9	<u>(5,223,266)</u>	<u>(6,168,044)</u>
<b>GROUP TURNOVER</b>	2	2,514,211	2,882,715
Cost of sales		<u>(266,801)</u>	<u>(460,916)</u>
<b>GROSS PROFIT</b>		2,247,410	2,421,799
Administrative expenses		<u>(1,098,353)</u>	<u>(1,383,029)</u>
<b>OPERATING PROFIT</b>	2, 4	1,149,057	1,038,770
Share of operating profit in joint ventures and associates	9	4,595,363	3,659,387
Share of profit on disposal of joint venture/ associates fixed assets		531,126	378,481
Profit on disposal of subsidiary		-	1,129,435
Loss on disposal of freehold investment property		-	(2,186,750)
Profit/(Loss) on disposal of tangible fixed assets		5,478,300	(64,000)
Net income from fixed asset investments		80,487	93,285
Interest receivable and similar income	5	<u>126,337</u>	<u>339,343</u>
		11,960,670	4,387,951
Interest payable and similar charges	6	<u>(12,670,159)</u>	<u>(9,735,352)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(709,489)	(5,347,401)
Tax on loss on ordinary activities	7	<u>(3,314,613)</u>	<u>1,099,152</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>	14	<u>(4,024,102)</u>	<u>(4,248,249)</u>

### CONTINUING OPERATIONS

All of the activities relate to continuing operations

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 2010**

	31 3 10 £	31 3 09 £
<b>LOSS FOR THE FINANCIAL YEAR</b>	(4 024 102)	(4,248,249)
Reduction on revaluation of the Investment property (note 8)	(3,608,891)	(8,220,766)
Share of reduction on revaluation of Investment property in joint ventures	(1,420,476)	(27,575,115)
Share of reduction on revaluation of investment property in associates	<u>(570,904)</u>	<u>(1,442,118)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>(9,624,373)</u>	<u>(41,486,248)</u>

**CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES**

	31 3 10 £	31 3 09 £
Reported loss on ordinary activities before taxation	(709,489)	(5,347,401)
Revaluation realised on sale of subsidiary	-	(1,137,551)
Revaluation realised on sale of Investment property	3,298,614	-
Revaluation realised on sale of Investment property in joint ventures	12,904,992	-
Revaluation realised on sale of Investment property in associates	<u>(1,393,900)</u>	<u>-</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>14,100,217</u>	<u>(6,484,952)</u>
Historical cost profit/(loss) for the year retained after taxation	<u>10,785,604</u>	<u>(5,385,800)</u>

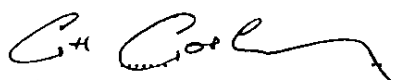
The notes form part of these financial statements

# ASHFLAME PROPERTIES LIMITED

## CONSOLIDATED BALANCE SHEET 31 March 2010

	Notes	£	31 3 10 £	£	31 3 09 £
<b>FIXED ASSETS</b>					
Tangible assets	8		34,810,784		53,700,598
Investments – in joint ventures	9				
Share of gross assets		20,196,607		63,260,881	
Share of gross liabilities		(11,685,741)		(48,174,988)	
			8,510,866		15,085,893
Investments – in associates	9		2,773,358		2,914,848
Investments – other	9		1,644,196		1,644,196
			<u>47,739,204</u>		<u>73,345,535</u>
<b>CURRENT ASSETS</b>					
Debtors amounts falling due within one year	10		981,921		5,393,557
Debtors amounts falling due after one year	10		13,776,924		14,500,038
Cash at bank			<u>4,530,481</u>		<u>1,542,308</u>
			19,289,326		21,435,903
<b>CREDITORS</b>					
Amounts falling due within one year	11		(22,651,274)		(29,385,189)
<b>NET CURRENT LIABILITIES</b>					
			<u>(3,361,948)</u>		<u>(7,949,286)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			44,377,256		65,396,249
<b>CREDITORS</b>					
Amounts falling due after one year	12		(26,809,000)		(33,521,500)
<b>PROVISIONS FOR LIABILITIES 9 &amp; 10</b>					
			<u>(17,806,212)</u>		<u>(17,588,332)</u>
<b>NET (LIABILITIES) / ASSETS</b>					
			<u>(237,956)</u>		<u>14,286,417</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		16,250		16,250
Revaluation reserve	14		(30,825,256)		(10,415,279)
Profit and loss account	14		<u>30,571,050</u>		<u>24,685,446</u>
<b>TOTAL SHAREHOLDERS' (DEFICIT) / FUNDS</b>					
	16		<u>(237,956)</u>		<u>14,286,417</u>

ON BEHALF OF THE BOARD:



G H Gosling - Director

Approved by the Board on 21<sup>st</sup> December 2010

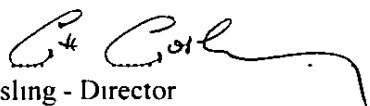
The notes form part of these financial statements

# ASHFLAME PROPERTIES LIMITED

## COMPANY BALANCE SHEET 31 March 2010

	Notes	31 3 10 £	31 3 09 £
<b>FIXED ASSETS</b>			
Tangible assets	8	972,696	972,696
Investments	9	<u>6,384,752</u>	<u>6,680,526</u>
		<u>7,357,448</u>	<u>7,653,222</u>
<b>CURRENT ASSETS</b>			
Debtors amounts falling due within one year	10	6,131,742	11,344,217
Debtors amounts falling due after one year	10	16,852,275	22,973,573
Cash at bank		<u>2,473,200</u>	<u>-</u>
		25,457,217	34,317,790
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(14,652,401)</u>	<u>(14,395,678)</u>
<b>NET CURRENT ASSETS</b>		<u>10,804,816</u>	<u>19,922,112</u>
<b>NET ASSETS</b>		<u>18,162,264</u>	<u>27,575,334</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	16,250	16,250
Revaluation reserve	14	(1,240,239)	(818,393)
Profit and loss account	14	<u>19,386,253</u>	<u>28,377,477</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>18,162,264</u>	<u>27,575,334</u>

ON BEHALF OF THE BOARD:



G H Gosling - Director

Approved by the Board on 21st December 2010

The notes form part of these financial statements

**ASHFLAME PROPERTIES LIMITED****CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 March 2010**

	Cash flow Note	31 3 10 £	31 3 09 £
<b>Net cash (outflow) / inflow from operating activities</b>	1	(422,920)	1,486,816
<b>Returns on investments and servicing of finance</b>	2	(3,109,408)	(3,143,034)
<b>Taxation</b>		-	-
<b>Capital expenditure and financial investment</b>	2	21,259,060	(937,913)
<b>Acquisitions and disposals</b>	2	-	(803,029)
<b>Dividends paid</b>		<u>(4,900,000)</u>	<u>-</u>
<b>Net cash inflow / (outflow) before financing</b>		12,826,732	(3,397,160)
<b>Financing</b>	2	<u>(9,838,559)</u>	<u>3,319,098</u>
<b>Increase / (decrease) in cash in the year</b>		<u><u>2,988,173</u></u>	<u><u>(78,062)</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 2010

**1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES**

	31 3 10 £	31 3 09 £
Operating profit	1,149,057	1,038,770
Increase in debtors	(7,564)	(517,269)
(Decrease) / increase in creditors	<u>(1,564,413)</u>	<u>965,315</u>
<b>Net cash (outflow) / inflow from operating activities</b>	<b><u>(422,920)</u></b>	<b><u>1,486,816</u></b>

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

	31 3 10 £	31 3 09 £
<b>Returns on investments and servicing of finance</b>		
Interest received	126,337	339,343
Interest paid	(3,316,232)	(3,575,662)
Dividends received	<u>80,487</u>	<u>93,285</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(3,109,408)</u></b>	<b><u>(3,143,034)</u></b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(731,239)	(7,865,162)
Proceeds from sale of freehold investment property	21,739,824	5,250,000
Proceeds from sale of tangible fixed assets	-	150,000
Increase in loans from joint ventures	<u>250,475</u>	<u>1,527,249</u>
<b>Net cash inflow / (outflow) for capital expenditure and financial investment</b>	<b><u>21,259,060</u></b>	<b><u>(937,913)</u></b>
<b>Acquisitions and disposals</b>		
Net cash disposed of with disposal	<u>-</u>	<u>(803,029)</u>
<b>Net cash outflow for acquisitions and disposals</b>	<b><u>-</u></b>	<b><u>(803,029)</u></b>
<b>Financing</b>		
Bank loans repaid	(12,500,000)	-
Decrease in loans to related parties	<u>2,661,441</u>	<u>3,319,098</u>
<b>Net cash (outflow) / inflow from financing</b>	<b><u>(9,838,559)</u></b>	<b><u>3,319,098</u></b>

The notes form part of these financial statements

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2010

### 3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 4 09 £	Cash flow £	At 31 3 10 £
Cash at bank	1,542,308	2,988,173	4,530,481
Related party loans	2,784,763	(2,784,763)	-
	<u>4,327,071</u>	<u>203,410</u>	<u>4,530,481</u>
<b>Debts:</b>			
Bank loans	(47,309,000)	12,500,000	(34,809,000)
Related party loans	(123,322)	123,322	-
	<u>(47,432,322)</u>	<u>12,623,322</u>	<u>(34,809,000)</u>
<b>Net debt</b>	<u>(43,105,251)</u>	<u>12,826,732</u>	<u>(30,278,519)</u>

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

	31 3 10 £	31 3 09 £
Decrease / (increase) in cash	2,988,173	(78,062)
Cash inflow from decreases in related party loans	<u>(2,661,441)</u>	<u>(3,319,098)</u>
	<u>326,732</u>	<u>(3,397,160)</u>
Bank loans repaid	<u>12,500,000</u>	<u>11,402,000</u>
<b>Movement in net debt</b>	<u>12,826,732</u>	<u>8,004,840</u>
Net debt at start of year	<u>(43,105,251)</u>	<u>(51,110,091)</u>
<b>Net debt at end of year</b>	<u>(30,278,519)</u>	<u>(43,105,251)</u>

The notes form part of these financial statements

# **ASHFLAME PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010**

### **1 ACCOUNTING POLICIES**

#### **Accounting convention**

The group financial statements have been prepared under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and applicable UK accounting and financial reporting standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets. 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 2010. 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 2010**

#### **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 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 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.

##### **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 2010

### 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 £12.7m of loans which are currently being refinanced across the Group. 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 2010

### 3 STAFF COSTS

There were no direct staff costs for the year ended 31 March 2010 (2009: none). However, £705,000 (2009: £854,000) 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

	31.3.10	31.3.09
Directors	<u>2</u>	<u>2</u>

## ASHFLAME PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2010

#### 4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 3 10 £	31 3 09 £
Depreciation - owned assets	-	-
Directors' emoluments	-	-
Foreign exchange gain	-	(566)
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's financial statements	10,500	16,000
Fees payable to the company's auditors for other services		
The audit of subsidiaries, pursuant to legislation	19,250	6,000
Taxation services	55,722	79,431

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 10 £	31 3 09 £
Bank interest	14,495	59,989
Other interest	85,580	153,406
Interest receivable from related parties	26,262	125,948
	<u>126,337</u>	<u>339,343</u>

#### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	31 3 10 £	31 3 09 £
Share of joint ventures' interest	7,648,240	5,532,789
Share of associates' interest	671,242	509,701
Bank interest	3,938,721	3,575,662
Other interest	342,111	-
Amortisation of loan issue costs	69,845	117,200
	<u>12,670,159</u>	<u>9,735,352</u>

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2010

### 7 TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of the tax charge / (credit)

	31 3 10	31 3 09
	£	£
Current tax		
Share of associates' tax	(82,031)	69,866
Share of joint ventures' tax	1,736,372	-
Corporation tax	-	36,284
Total current tax	1,654,341	106,150
Deferred tax		
Share of joint ventures' deferred taxation	-	51,743
Origination and reversal of timing differences	1,556,080	(1,256,722)
Prior year adjustment	104,092	(323)
Total deferred tax	1,660,272	(1,205,302)
Tax on loss on ordinary activities	3,314,613	(1,009,152)

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 10	31 3 09
	£	£
Loss for the year at 28% (2009 28%)	(198,657)	(1,497,272)
Expenses not deductible	352,150	122,003
Non taxable income	(22,536)	(344,634)
Capital allowances in excess of depreciation	(19,000)	(23,753)
Industrial buildings allowance	(4,038)	(6,058)
Capital transactions	2,454,001	-
Partnership profit not recognised	42,270	-
Tax losses (utilised) / carried forward	(313,703)	1,281,758
Capital losses utilised	(636,146)	-
Joint ventures' losses carried forward	-	574,106
Current tax charge	1,654,341	106,150

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 £4,392.

The Emergency Budget 2010 introduced a reduction in the rate of corporation tax from 28% to 27% from 1 April 2011. This legislation was substantively enacted on 21 July 2010 and as such will impact the company's tax charge from 1 April 2011. Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date. Accordingly, this reduction has not been taken into account when stating the deferred tax assets and liabilities at 31 March 2010 but will impact the company's deferred tax assets and liabilities in future periods.

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2010

### 8 TANGIBLE ASSETS

GROUP	Freehold Investment Properties £	Fixtures and fittings £	Totals £
<b>COST OR VALUATION</b>			
At 1 April 2009	53,682,902	40,392	53,723,294
Additions	731,239	-	731,239
Revaluation	(3,608,891)	-	(3,608,891)
Land written down	(358,265)	-	(358,265)
Disposals	(15,653,897)	-	(15,653,897)
At 31 March 2010	34,793,088	40,392	34,833,480
<b>ACCUMULATED DEPRECIATION</b>			
At 1 April 2009	-	22,696	22,696
Charge for year	-	-	-
At 31 March 2010	-	22,696	22,696
<b>NET BOOK VALUE</b>			
At 31 March 2010	34,793,088	17,696	34,810,784
At 31 March 2009	53,682,902	17,696	53,700,598

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 2010 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 through Ashflame Kilmarnock Limited, Frome Property Investments Limited, Inverkip Street Property Investments Limited and Biddulph Property Investments Limited to have reduced below cost by £1 million, £0.2 million, £0.8m and £1.5 million respectively. The directors consider these to be temporary diminutions in value and expect the values to increase above cost in the medium term.

The historic cost of freehold investment property is £46,579,382 (2009 £62,806,400).

Freehold investment properties are held for letting.

Subsequent to the year end the group sold 3 freehold investment properties for £25.6m generating a loss of £6.1m (on a historical cost basis of accounting the loss is £10.8m).

Subsequent to the year end group joint venture companies sold 6 freehold investment properties for amounts equal to the accounts valuation. The group's share of the sale proceeds was £28.1m generating a profit of £0.2m (on a historical cost basis of accounting the loss is £9.1m). The group subsequent to the year end sold its beneficial interest in a joint venture company resulting in a loan write off of £2.4m. As a consequence of post year end sales the company wrote off intercompany and joint venture loans of £6.2m during the current year.

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2010

### 8 TANGIBLE ASSETS (continued)

COMPANY	Freehold Investment Property £	Fixtures and fittings £	Totals £
<b>COST</b>			
At 1 April 2009	955,000	40,392	995,392
Disposals	-	-	-
Revaluation	-	-	-
At 31 March 2010	<u>955,000</u>	<u>40,392</u>	<u>995,392</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 April 2009 and 31 March 2010	<u>-</u>	<u>22,696</u>	<u>22,696</u>
<b>NET BOOK VALUE</b>			
At 31 March 2010	<u>955,000</u>	<u>17,696</u>	<u>972,696</u>
At 31 March 2009	<u>955,000</u>	<u>17,696</u>	<u>972,696</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 2010 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

## ASHFLAME PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2010

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

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 2010

#### 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
Otrum Solihull LP	Ashflame Solihull Limited



# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2010

### 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	5,500,040	252,576	(2,621,087)	(5,701,000)
Edinburgh Retail LLP	6,355,500	235,706	(10,452,365)	-
Glenrothes Retail LLP	8,621,187	345,415	(1,385,281)	(7,905,000)
Greenock Retail Ltd	9,412,653	1,391,745	(9,641,495)	(90,327)
Islandview Properties Ltd	-	9,392,208	(1,953,919)	-
Longton Retail LLP	6,750,000	354,723	(2,048,056)	(7,050,000)
Neath Retail LLP	1,666,000	133,623	(769,591)	(1,675,000)
Richminster Properties Ltd	-	1,999	(2,234,802)	-
Stockport Retail LLP	2,575,000	68,310	(786,064)	(2,737,500)
Wick Property Investments Ltd	4,877,000	101,665	(2,375,363)	(5,047,000)
Worthing Retail LLP	5,510,000	293,754	(1,064,917)	(7,500,000)
	<u>51,267,380</u>	<u>12,571,724</u>	<u>(35,332,940)</u>	<u>(37,705,827)</u>
Others – associates	4,084,030	10,489,418	(11,049,090)	(751,000)
At 31 March 2010	<u>55,351,410</u>	<u>23,061,142</u>	<u>(46,382,030)</u>	<u>(38,456,827)</u>

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 £
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	9,549,975	10,195,187	(11,661,738)	(5,168,576)
At 31 March 2009	<u>100,416,634</u>	<u>25,721,073</u>	<u>(49,911,182)</u>	<u>(75,814,116)</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 2010

### 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 2010	Turnover £	Profit/ (loss) before taxation £	Taxation £	Profit/ (loss) after taxation £
Clacton Property Investments Ltd	363,990	(1,866)	-	(1,866)
Edinburgh Retail LLP	414,199	(236,646)	-	(236,646)
Glenrothes Retail LLP	600,867	127,462	-	127,462
Greenock Retail Limited	730,890	(34,771)	(53,066)	(87,837)
Islandview Properties Limited	829,096	(2,999,735)	(1,685,590)	(4,685,325)
Longton Retail LLP	443,226	15,547	-	15,547
Neath Retail LLP	93,039	(16,483)	-	(16,483)
Richminster Properties Limited	407,194	(375,204)	-	(375,204)
Stockport Retail LLP	119,608	29,751	-	29,751
Wick Property Investments Limited	320,857	(8,157)	2,284	(5,873)
Worthing Retail LLP	405,887	(40,274)	-	(40,274)
Others - associates	494,413	347,383	82,031	429,414
	<u>5,223,266</u>	<u>(3,192,993)</u>	<u>(1,654,341)</u>	<u>(4,847,334)</u>

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>

	2010 £	2009 £
Joint ventures with net assets	<u>8,510,866</u>	<u>15,085,893</u>
Joint ventures with net liabilities	(17,710,529)	(17,588,332)
Deferred tax liability	<u>(95,683)</u>	<u>-</u>
Total provisions	<u>(17,806,212)</u>	<u>(17,588,332)</u>

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2010

### 9. FIXED ASSET INVESTMENTS (continued)

GROUP	Interest in associates £	Interest in joint ventures £	Unlisted investments £	Totals £
<b>COST OR VALUATION</b>				
At 1 April 2009	2,914,848	(2,502,439)	1,644,196	2,056,605
Result for the year	429,414	(5,276,748)	-	(4,847,334)
Revaluation	(570,904)	(1,204,317)	-	(1,864,789)
At 31 March 2010	2,773,358	(8,983,504)	1,644,196	(4,655,518)
<b>NET BOOK VALUE</b>				
At 31 March 2010	2,773,358	(8,983,504)	1,644,196	(4,655,518)
At 31 March 2009	2,914,848	(2,502,439)	1,644,196	2,056,605

Included in unlisted investments is £928,290 representing a 23.6% holding of the ordinary share capital of Newwater Investments Limited. The directors consider there is no significant influence over this company and accordingly this is treated as an investment. Newwater Investments Limited reported a profit after taxation of £121,249 (29 September 2008: profit after taxation of £124,322) for the year ended 29 September 2009 and net assets of £4,843,154 (29 September 2008: £5,636,861) at that date.

COMPANY	Shares in group undertakings £	Interest in joint ventures & associates £	Interest in Limited Liability Partnerships £	Totals £
<b>COST OR VALUATION</b>				
At 1 April 2009	6,580,886	122	99,518	6,680,526
Share of profit in LLP	-	-	127,462	127,462
Investment written off	(1,390)	-	-	(1,390)
Revaluation	-	-	(421,846)	(421,846)
At 31 March 2010	6,579,496	122	(194,866)	6,384,752
<b>NET BOOK VALUE</b>				
At 31 March 2010	6,579,496	122	(194,866)	6,384,752
At 31 March 2009	6,580,886	122	99,518	6,680,526

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 £421,846 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 2010

### 10 DEBTORS

	Group		Company	
	31 3 10	31 3 09	31 3 10	31 3 09
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	191,431	534,663	22,585	346
Amounts owed by group undertakings	-	-	6,072,782	8,354,702
Amounts owed by related undertakings	-	2,784,763	-	2,784,763
Other debtors	790,490	509,542	36,375	166,134
Deferred tax asset	-	1,564,589	-	38,272
	<u>981,921</u>	<u>5,393,557</u>	<u>6,131,742</u>	<u>11,344,217</u>

	Group		Company	
	31 3 10	31 3 09	31 3 10	31 3 09
	£	£	£	£
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	-	-	14,579,345	13,795,466
Amounts owed by joint ventures	13,776,924	14,500,038	2,272,930	9,178,107
	<u>13,776,924</u>	<u>14,500,038</u>	<u>16,852,275</u>	<u>22,973,573</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 10	31 3 09	31 3 10	31 3 09
	£	£	£	£
<b>Analysis of deferred tax (liability)/asset</b>				
Accelerated capital allowances	(115,579)	(139,512)	-	(61,771)
Short term timing differences	(84,297)	47,828	-	57,877
Losses	104,193	1,656,273	-	42,166
	<u>(95,683)</u>	<u>1,564,589</u>	<u>-</u>	<u>38,272</u>
At 1 April 2009	1,564,589		38,272	
Charge to profit and loss account	(1,556,080)		(38,272)	
Prior year adjustment	(104,192)		-	
At 31 March 2010	<u>(95,683)</u>		<u>-</u>	

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2010

### 11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 3 10	31 3 09	31 3 10	31 3 09
	£	£	£	£
Bank loans and overdrafts	8,000,000	13,787,500	-	132,965
Trade creditors	137,649	428,883	68,752	14,010
Amounts owed to group undertakings	-	-	3,794,210	2,843,012
Amounts owed to joint ventures	11,746,685	12,219,326	9,782,826	10,604,702
Amounts owed to related undertakings	-	123,322	-	123,322
Other creditors	971,237	-	319,670	-
VAT payable	11,515	801,025	15,683	1,972
Accruals and deferred income	1,784,188	2,025,133	671,260	675,695
	<u>22,651,274</u>	<u>29,385,189</u>	<u>14,652,401</u>	<u>14,395,678</u>

### 12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31 3 10	31 3 09	31 3 10	31 3 09
	£	£	£	£
Bank loans	<u>26,809,000</u>	<u>33,521,500</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 10	31 3 09	31 3 10	31 3 09
	£	£	£	£
Amounts falling due between 1 – 2 years	-	6,712,500	-	-
Amounts falling due between 2 and 5 years	4,209,000	4,209,000	-	-
Amounts falling due after more than 5 years	<u>22,600,000</u>	<u>22,600,000</u>	<u>-</u>	<u>-</u>
	<u>26,809,000</u>	<u>33,521,500</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 0.5% to 5.2% and from 1% to 1.50% over LIBOR respectively.

### 13 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid				
Number	Class	Nominal value	31 3 10	31 3 09
		£1	£	£
16,250	Ordinary		<u>16,250</u>	<u>16,250</u>

## ASHFLAME PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2010

#### 14 RESERVES

<b>GROUP</b>	<b>Profit and loss account £</b>	<b>Revaluation reserve £</b>
At 1 April 2009	24,685,446	(10,415,279)
Retained loss for the financial year	(4,024,102)	-
Dividend paid of £301.58 per share	(4,900,000)	-
Realised revaluation on disposals	14,809,706	(14,809,706)
Revaluation	-	(3,608,891)
Share of revaluation in associates	-	(570,904)
Share of revaluation in joint ventures	-	(1,420,476)
At 31 March 2010	<u>30,571,050</u>	<u>(30,825,256)</u>

The revaluation of £3,608,891 relates to temporary diminutions in value £2,354,039 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.

<b>COMPANY</b>	<b>Profit and loss account £</b>	<b>Revaluation reserve £</b>
At 1 April 2009	28,377,477	(818,393)
Loss for the financial year	(4,091,224)	-
Dividend paid of £301.54 per share	(4,900,000)	-
Share of revaluation made in LLP in year	-	(421,846)
At 31 March 2010	<u>19,386,253</u>	<u>(1,240,239)</u>

As permitted by Section 408 of the Companies Act 2006, 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 £4,091,224 (2009: loss of £431,050).

£973,314 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 2010 was £nil (2009: £2,784,763). 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 2010

#### 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 £1,080,298 (2009 £1,159,232) including interest for the year of £nil (2009 £104) and Islandview Properties Limited £8,702,528 at 31 March 2010 (2009 £9,452,528). This loan was interest free. Richminster Properties Limited owed £2,231,919 at 31 March 2010 (2009 £2,468,759) including interest for the year of £73,161 (2009 £146,179). The loan balance has been written off during the year following Richminster Properties selling its major asset and being unable to repay the loan balance. Wick Property Investments Limited owed £2,272,932 which will be provided against in the year ending 31 March 2010 following the sale of the company (2009 £2,272,932). Clacton Property Investments Limited owed £2,450,236 which has been fully provided against (2009 £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 £nil (2009 £15,000) 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 10	31 3 09
	£	£
Loss for the financial year	(4,024,102)	(5,385,800)
Dividend paid of £301.54 per share	(4,900,000)	-
Revaluation	<u>(5,600,271)</u>	<u>(34,222,448)</u>
<b>Net reduction to shareholders' funds</b>	<b>(14,524,373)</b>	<b>(39,608,248)</b>
Opening shareholders' funds	<u>14,286,417</u>	<u>55,772,665</u>
<b>Closing shareholders' (deficit) / funds</b>	<b><u>(237,956)</u></b>	<b><u>14,286,417</u></b>

#### 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.