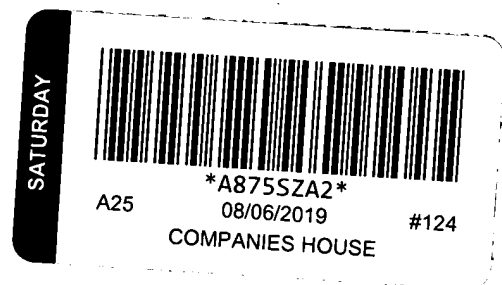


Company Registration No. 2869019 (England and Wales)

**ASHFLAME PROPERTIES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**



# ASHFLAME PROPERTIES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr A C Gallagher Mr G H Gosling
<b>Company number</b>	2869019
<b>Registered office</b>	Gallagher House Gallagher Way Gallagher Business Park Warwick Warwickshire CV34 6AF
<b>Independent auditor</b>	Deloitte LLP Statutory Auditor Birmingham United Kingdom

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# ASHFLAME PROPERTIES LIMITED

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# **ASHFLAME PROPERTIES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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The directors present their annual report and audited financial statements for the year ended 30 September 2018.

#### **Principal activities**

The principal activity of the company in the year under review was that of property and other investment. The company is also the holding company of a property development group.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A C Gallagher

Mr G H Gosling

#### **Going concern**

The financial statements have been prepared on a going concern basis with the directors considering the cash flows for the company and group arising from the rental inflows, operating costs, property development projects and financing activities in the current market conditions. Ashflame Properties Limited has provided confirmation of support to certain of its subsidiary undertakings and the directors have reviewed the basis on which this parent company support can be provided.

Ashflame Properties Limited has also received confirmation from a related company, Countywide Developments Limited that it will offer financial support to Ashflame Properties Limited, if required.

The directors believe that the position of the group is strong and the directors will be able to manage the group satisfactorily.

#### **Directors' responsibilities statement**

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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ASHFLAME PROPERTIES LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Auditor

Deloitte LLP were re-appointed as auditors during the year and have indicated their willingness to be re-appointed for another term. Appropriate arrangements have been put in place for them to be re-appointed as auditors in the absence of an Annual General Meeting.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved on behalf of the board



Mr G H Gosling

**Director**

25 January 2019

# **ASHFLAME PROPERTIES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ASHFLAME PROPERTIES LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Ashflame Properties Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

# **ASHFLAME PROPERTIES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ASHFLAME PROPERTIES LIMITED**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

# **ASHFLAME PROPERTIES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ASHFLAME PROPERTIES LIMITED**

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Dodworth (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP

25 January 2019

**Statutory Auditor**  
**Birmingham, United Kingdom**



# ASHFLAME PROPERTIES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	2017 £
<b>Turnover</b>	<b>3</b>	71,966	607,182
Cost of sales		(524,358)	(37,810)
<b>Gross (loss)/profit</b>		(452,392)	569,372
Administrative expenses		(691,760)	(902,477)
<b>Operating loss</b>	<b>4</b>	(1,144,152)	(333,105)
Income from fixed asset investments	<b>7</b>	13,557	425,671
Interest receivable and similar income	<b>7</b>	12,712	29,227
Interest payable and similar expenses	<b>8</b>	(1,741)	(32,422)
Release of provision/ (provision) against investments	<b>9</b>	44,919	(1,156,688)
Fair value gains and losses on investment properties	<b>12</b>	(88,000)	-
<b>Loss before taxation</b>		(1,162,705)	(1,067,317)
Tax on loss	<b>10</b>	-	-
<b>Loss for the financial year</b>		(1,162,705)	(1,067,317)

# ASHFLAME PROPERTIES LIMITED


## BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	11		17,845		30,696
Investment properties	12		650,000		738,000
Investments	13		1,829,792		1,777,664
			<u>2,497,637</u>		<u>2,546,360</u>
<b>Current assets</b>					
Stocks	16	1,156,124		1,303,245	
Debtors	17	24,036,848		615,646	
Cash at bank and in hand		4,325,309		465,495	
		<u>29,518,281</u>		<u>2,384,386</u>	
<b>Creditors: amounts falling due within one year</b>	18	(29,029,243)		(781,366)	
<b>Net current assets</b>			<u>489,038</u>		<u>1,603,020</u>
<b>Total assets less current liabilities</b>			<u><u>2,986,675</u></u>		<u><u>4,149,380</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		16,250		16,250
Profit and loss reserves			2,970,425		4,133,130
<b>Total equity</b>			<u><u>2,986,675</u></u>		<u><u>4,149,380</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 25 January 2019 and are signed on its behalf by:

  
 Mr G H Gosling  
 Director

Company Registration No. 2869019

# ASHFLAME PROPERTIES LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 October 2016</b>	16,250	5,200,447	5,216,697
<b>Year ended 30 September 2017:</b>			
Loss and total comprehensive income for the year	-	(1,067,317)	(1,067,317)
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2017</b>	16,250	4,133,130	4,149,380
<b>Year ended 30 September 2018:</b>			
Loss and total comprehensive income for the year	-	(1,162,705)	(1,162,705)
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2018</b>	<u>16,250</u>	<u>2,970,425</u>	<u>2,986,675</u>

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

### 1 Accounting policies

#### Company information

Ashflame Properties Limited acts primarily as a property and other investment company. It is also the holding company of a property development group.

Ashflame Properties Limited is a private company limited by shares incorporated in England and Wales. The registered office is Gallagher House, Gallagher Way, Gallagher Business Park, Warwick, Warwickshire, CV34 6AF.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), section 1A and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of land and buildings. The principal accounting policies adopted are set out below.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

The financial statements contain information about Ashflame Properties Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 399 of the Companies Act 2006 not to prepare consolidated financial statements.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis with the directors considering the cash flows for the company and group arising from the rental inflows, operating costs, property development projects and financing activities in the current market conditions. Ashflame Properties Limited has provided confirmation of support to certain of its subsidiary undertakings and the directors have reviewed the basis on which this parent company support can be provided.

Ashflame Properties Limited has also received confirmation from a related company, Countywide Developments Limited that it will offer financial support to Ashflame Properties Limited, if required.

The directors believe that the position of the group is strong and the directors will be able to manage the group satisfactorily.

#### 1.3 Turnover

Turnover represents the rental income receivable, service charges and other recoveries from investment properties in the United Kingdom and the invoiced value of work done resulting from property development activities.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 ( 1 October 2014). 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 continued to be recognised on a straight-line basis from term commencement to the date of the first rent review.

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

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

#### 1 Accounting policies

(Continued)

##### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives.

##### 1.5 Investment properties

Investment properties are properties owned by the company which are held for long term rental income and capital appreciation. Investment property includes property that is being constructed, developed or re-developed for future use as an investment property. Investment property is initially recognised at cost, including related transaction costs. It is subsequently carried at each published balance sheet date at fair value on an open market basis as determined by the directors. Changes in fair value are included in the statement of comprehensive income.

Investment property is recognised as an asset when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the company;
- there are no material conditions precedent which could prevent completion;
- the cost of the investment property can be measured reliably.

##### 1.6 Fixed asset investments

Investments in subsidiary and associate undertakings, and fixed asset investments are recognised at cost less impairment.

At each reporting period end date, the company reviews the carrying amounts of its fixed asset investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.7 Stocks

Work in progress is valued at the lower of cost and estimated selling price less costs to complete and selling expenses. Cost initially includes the purchase of options over development land, development property and acquisition expenses. Directly attributable development costs are capitalised. Provision is made against stock where circumstances indicate that recovery is unlikely.

#### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.11 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Current or deferred tax assets and liabilities are not discounted.

##### *Current tax*

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

##### *Deferred tax*

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 the tax computation at the current rate of tax are recognised in the financial statements. Deferred tax assets are only recognised when it is considered more likely than not that they will be realised.

##### 1.12 Cost of sales

Cost of sales includes expenses relating to the servicing of property and collection of rental income, expenses relating to the identification and review of potential new property development opportunities, and the cost of expired option agreements.

In addition to the costs originally stocked in work in progress attributable to each sales transaction, also included within cost of sales are expenses relating to fees expended in promoting developments through the planning system which are written off to the statement of comprehensive income until the viability of such a development is reasonably secure, after which such costs are capitalised in accordance with the stocks accounting policy.

##### 1.13 Related party disclosure exemption

In accordance with section 33.1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', disclosure is not given in these financial statements of transactions entered into between two or more members of the group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

#### 2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Critical judgements**

The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements.

##### *(i) Recognition of work in progress (judgement)*

Costs associated with the development activities are contained within work in progress from the date that planning permission is obtained. Costs incurred before planning permission is obtained are accounted for within the companies' profit and loss account.

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### Key sources of estimation uncertainty

Key accounting estimates and assumptions:

##### (i) Carrying value of land and work in progress (estimate)

Work in progress, which includes land held for development, is valued at the lower of cost and estimated selling price less costs to complete and selling expenses. In order to assess the appropriateness of the carrying value of work in progress in the financial statements, the company is required to determine expected sales prices and estimated costs to complete.

##### (ii) Valuation of investment properties (estimate)

The valuation of the property portfolio is a critical part of the company's performance. The company carries the property portfolio at fair value in the balance sheet and carries out internal valuations on an annual basis.

The determination of the fair value of each property requires, to the extent applicable, the use of estimates and assumptions in relation to factors such as future lease income, lease incentives, current market rental yields, future development costs and the appropriate discount rate.

#### 3 Turnover and other revenue

The turnover and profit before taxation are attributable to the principal activities of the company.

	2018	2017
	£	£
<b>Turnover analysed by class of business</b>		
Rental income	71,966	75,932
Management fees received from GC Oldbury Limited	-	531,250
	<u>71,966</u>	<u>607,182</u>

GC Oldbury Limited is a 50% jointly controlled entity.

#### 4 Operating loss

	2018	2017
	£	£
Operating loss for the year is stated after charging:		
Management fees	<u>450,000</u>	<u>390,000</u>

There were no direct staff costs for the year ended 30 September 2018 (2017: £Nil). However, management fees, as shown above, were charged to a related company, Countywide Developments Limited, which included a significant proportion for the service of individuals who had performed work on behalf of the Ashflame Properties Limited group.

Both directors are paid by Countywide Developments Limited, and their emoluments are disclosed in the financial statements of Countywide Developments Limited. Countywide Developments Limited is a company controlled by the ultimate shareholder Mr A C Gallagher. As disclosed above, the company is subject to a management charge by Countywide Developments Limited and it is not practical to split out the Directors' remuneration element within that management charge.



# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	6,000	4,100

The Auditors' remuneration relates to fees payable to the Company's auditors for the audit of the Company's financial statements. There were no non-audit services provided to this company in either year.

#### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2017 - 2).

#### 7 Interest receivable and similar income

	2018	2017
	£	£
<b>Interest income</b>		
Interest on bank deposits	12,679	1,823
Other interest income	33	27,404
Total interest revenue	12,712	29,227
<b>Income from fixed asset investments</b>		
Dividends received	13,557	425,671
Total income	26,269	454,898

Dividends received included £nil (2017 - £385,000) from 16 - 18 Marshalsea Road Limited, a company 75% owned by Ashflame Properties Limited.

#### 8 Interest payable and similar expenses

	2018	2017
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	16	-
Interest payable on loans from related undertakings	1,725	32,422
	1,741	32,422

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 9 Release of provision/ (provision) against investments

	Notes	2018 £	2017 £
Amounts written back to/(written off) investment loans		52,088	(542,127)
Amounts written off investments	13	(7,169)	(614,561)
		<u>44,919</u>	<u>(1,156,688)</u>

#### 10 Taxation

No liability to UK corporation tax arose for the year ended 30 September 2018 nor for the year ended 30 September 2017.

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Loss before taxation	<u>(1,162,705)</u>	<u>(1,067,317)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	(220,914)	(208,127)
Tax effect of expenses that are not deductible in determining taxable profit	10,571	122,695
Unutilised tax losses carried forward	196,199	168,432
Dividend income	(2,576)	(83,000)
Effect of Investment property revaluations	<u>16,720</u>	<u>-</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

No tax is expected to become payable in the event of the sale of the investment property for the amount at which it is stated in Note 11. At 30 September 2018, the company has capital and trading losses of £5.3 million at 17% (2017: £4.3 million at 17%) which are available to carry forward. No deferred tax asset has been recognised as the directors are, as yet, uncertain when these will be utilised.

The Finance (No 2) Act 2015, which was substantively enacted on 26 October 2015, included provisions which reduced the main rate of corporation tax to 19% from 1 April 2017 and the Finance Act 2016, which was substantively enacted on 15 September 2016, included provisions which reduced the main rate of corporation tax to 17% from 1 April 2020. Accordingly, the current year tax charge has been provided for at a rate of 19.5% and deferred tax assets and liabilities have been provided for at rates between 17% and 19% depending on the expected date that the deferred tax assets or liabilities are expected to unwind.

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 11 Tangible fixed assets

	Fixtures and fittings £
<b>Cost</b>	
At 1 October 2017	53,392
Disposals	(12,851)
	<hr/>
At 30 September 2018	40,541
	<hr/>
<b>Depreciation and impairment</b>	
At 1 October 2017 and 30 September 2018	22,696
	<hr/>
<b>Carrying amount</b>	
At 30 September 2018	17,845
	<hr/>
At 30 September 2017	30,696
	<hr/>

### 12 Investment property

	2018 £
<b>Fair value</b>	
At 1 October 2017	738,000
Revaluations	(88,000)
	<hr/>
At 30 September 2018	650,000
	<hr/>

Investment properties are held at fair value as at 30 September 2018 based on internal valuations performed by the directors, who have significant knowledge and experience of the property investment market.

The historic cost of the freehold investment property at 30 September 2018 was £1,027,060 (2017 - £1,027,060).

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 13 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	14	7,653	7,651
Investments in joint ventures	15	259,169	266,338
Unlisted investments		1,562,970	1,503,675
		<u>1,829,792</u>	<u>1,777,664</u>

#### Movements in fixed asset investments

	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 October 2017	273,989	2,445,116	2,719,105
Additions	2	59,295	59,297
At 30 September 2018	<u>273,991</u>	<u>2,504,411</u>	<u>2,778,402</u>
<b>Impairment</b>			
At 1 October 2017	-	941,441	941,441
Impairment losses	7,169	-	7,169
At 30 September 2018	<u>7,169</u>	<u>941,441</u>	<u>948,610</u>
<b>Carrying amount</b>			
At 30 September 2018	<u>266,822</u>	<u>1,562,970</u>	<u>1,829,792</u>
At 30 September 2017	<u>273,989</u>	<u>1,503,675</u>	<u>1,777,664</u>

Included in other investments at 30 September 2018 were two unlisted investments as follows: (1) 23.6% (2017: 23.6%) holding of the ordinary share capital of Newater Investments Limited - net value £462,919 (2017: £462,919), and (2) 17.9% (2017: 16.9%) holding of the ordinary share capital of Waterloo House (Birmingham) Limited - net value £1,100,051 (2017: £1,040,756). These investments are not treated as associates as the company does not exercise significant influence over them.

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 14 Subsidiaries

Details of the company's subsidiaries at 30 September 2018 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
16 - 18 Marshalsea Road Limited	Property development	Ordinary	75.00
Spurstowe Terrace Limited	Property development	Ordinary	75.00
TLPD Limited	Property development	Ordinary	100.00
Gallagher Ventures Limited	Property development	Ordinary	100.00
Bull Ring Trading Estate Limited	Property development	Ordinary	100.00
Ashflame Cardington Limited	Property development	Ordinary	100.00

During the year the company acquired a 100% interest in Bull Ring Trading Estate Limited and Ashflame Cardington Limited. Both companies are incorporated in England and Wales.

The registered address for all of the above subsidiaries is Gallagher House, Gallagher Way, Gallagher Business Park, Warwick CV34 6AF.

#### 15 Joint ventures

Details of the company's joint ventures and balance receivable/(payable) with them as at 30 September 2018 are as follows:

Name of undertaking	2018 £	2017 £
Clacton Property Investments Limited	2,970,264	2,970,251
G C Bescot Limited	451,953	451,953
G C Cannock Limited	499	499
G C Oldbury Limited	108,092	104,062
Greenock Retail Limited	778,196	778,196
Richminster Properties Limited	2,238,669	2,237,169
Wick Property Investments Limited	2,393,041	2,393,041
Willenhall Regeneration Company Limited	-	-
Islandview Properties Limited	(37,479)	(37,479)
Less provisions against above loan debtors	(8,940,714)	(8,935,171)
	<u>(37,479)</u>	<u>(37,479)</u>

The above balances are receivable/(payable) on demand. There is no interest accruing on these balances.

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 15 Joint ventures

(Continued)

All of the above jointly controlled entities are engaged in property development activities and are incorporated in England and Wales. The registered address for all of the above jointly controlled entities (except Willenhall Regeneration Company Limited) is Gallagher House, Gallagher Way, Gallagher Business Park, Warwick CV34 6AF. The registered address for Willenhall Regeneration Company Limited is Dransfield House, 2 Fox Valley Way, Fox Valley, Sheffield S36 2AB.

The company also owns the B ordinary shares in Gallagher Bathgate Limited. This investment is a jointly controlled asset giving rights to the commercial development land activity in Gallagher Bathgate Limited. The registered address for Gallagher Bathgate Limited is Gallagher House, Gallagher Way, Gallagher Business Park, Warwick CV34 6AF.

The company holds a 20% interest in an associated company, Solihull Property Investments Limited. An application to strike off Solihull Property Investments Limited has been submitted to Companies House.

### 16 Stocks

	2018 £	2017 £
Work in progress	1,156,124	1,303,245

### 17 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	6,301	-
Amounts owed by group undertakings	24,017,182	-
Other debtors	13,365	615,646
	24,036,848	615,646

# ASHFLAME PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2018

#### 18 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Trade creditors		21,098	4,092
Amounts due to group undertakings		7,501	7,576
Amounts due to jointly controlled entities	15	37,479	37,479
Other creditors		28,491,929	321,082
Accruals and deferred income		471,236	411,137
		<u>29,029,243</u>	<u>781,366</u>

Other creditors included £28,345,820 (2017 - £Nil) due to Mr A C Gallagher. No interest was payable on the loan.

Other creditors also included £Nil (2017 - £174,973) due to Countywide Developments Limited, a related company, controlled by Mr A C Gallagher. Interest was payable at 3.5% above the Bank of England base rate on the loan for the current and prior year. Interest for the year ended 30 September 2018 was £1,725 (2017 - £32,422).

#### 19 Called up share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
16,250 Ordinary of £1 each	16,250	16,250
	<u>16,250</u>	<u>16,250</u>

# **ASHFLAME PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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#### **20 Related party transactions**

In accordance with section 33.1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', disclosure is not given in these financial statements of transactions entered into between two or more members of the group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

There are no related party disclosures to be made other than those disclosed in these financial statements concerning the period ended 30 September 2018.

Included in administrative expenses are management fees payable to a related company referred to in note 4.

Ashflame Properties Limited advanced a loan to Spurstowe Terrace Limited, a company 75% owned by Ashflame Properties Limited. At 30 September 2018, the balance owed was £1,018,758 (2017 - creditor of £75).

#### **21 Directors' transactions**

Mr G H Gosling is a principal in a practice which provided and obtained consulting services for the group. During the year sums totalling £Nil (2017: £328,600) were charged by this practice in the normal course of business. This practice also rented offices owned by the company until 30 April 2017. During the year ended 30 September 2018 rental income of £Nil (2017: £10,479) was charged to this practice in relation to those offices. At 30 September 2018, £Nil (2017: £Nil) was included in trade debtors.

#### **22 Ultimate 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.