

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008
FOR
ASHFLAME CROMER LIMITED
5490936**

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ASHFLAME CROMER LIMITED

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for the year ended 31 March 2008**

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ASHFLAME CROMER LIMITED

COMPANY INFORMATION
for the year ended 31 March 2008

DIRECTORS: A C Gallagher
G H Gosling

SECRETARY: S A Burnett

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

REGISTERED NUMBER: 5490936 (England and Wales)

**INDEPENDENT
AUDITORS:** PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

ASHFLAME CROMER LIMITED

REPORT OF THE DIRECTORS for the year ended 31 March 2008

The directors present their report with the audited financial statements of the company for the year ended 31 March 2008.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

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

The company held a 50% interest in a retail park which it sold during the prior year. Both the results for the year, and the year end financial position were in line with expectations. The directors consider future prospects to be satisfactory.

DIVIDENDS

No dividends were paid in the year ended 31 March 2008 (2007: £nil).

DIRECTORS

The directors during the year under review were:

A C Gallagher
G H Gosling

The directors holding office at 31 March 2008 did not hold any direct beneficial interest in the issued share capital of the company at 1 April 2007 or 31 March 2008.

The interests of the directors in the share capital of the parent company are shown in the financial statements of that company.

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and 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 estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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

ASHFLAME CROMER LIMITED

**REPORT OF THE DIRECTORS (continued)
for the year ended 31 March 2008**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT
AND THE FINANCIAL STATEMENTS (continued)**

The directors are responsible for keeping proper accounting records which 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 1985. 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.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
G H Gosling – Director

20 January 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHFLAME CROMER LIMITED

We have audited the financial statements of Ashflame Cromer Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Company Information and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

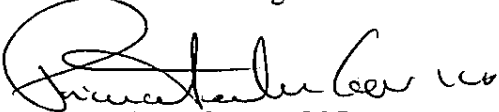
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
Date: 20 Jan 2008

ASHFLAME CROMER LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2008

	Notes	31.3.08 £	31.3.07 £
TURNOVER	2	-	31,728
Administrative expenses		<u>(2,044)</u>	<u>(7,819)</u>
OPERATING (LOSS)/PROFIT	4	(2,044)	23,909
Profit on disposal of freehold investment property		<u>-</u>	<u>265,343</u>
		(2,044)	289,252
Interest receivable and similar income		<u>919</u>	<u>19,301</u>
		(1,125)	308,553
Interest payable and similar charges	5	<u>-</u>	<u>(30,515)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,125)	278,038
Tax on (loss)/profit on ordinary activities	6	<u>(2,186)</u>	<u>(231,539)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION	10	<u>(3,311)</u>	<u>46,499</u>

CONTINUING OPERATIONS

All of the company's activities relate to discontinued operations.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements

ASHFLAME CROMER LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the year ended 31 March 2008

	31.3.08	31.3.07
	£	£
REPORTED (LOSS)/PROFIT		
ON ORDINARY ACTIVITIES BEFORE TAXATION	(1,125)	278,038
Realisation of property revaluation	<u>-</u>	<u>114,867</u>
HISTORICAL COST (LOSS)/PROFIT		
ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(1,125)</u>	<u>392,905</u>
HISTORICAL COST (LOSS)/PROFIT		
FOR THE YEAR RETAINED AFTER TAXATION	<u>(3,311)</u>	<u>161,366</u>

The notes form part of these financial statements

ASHFLAME CROMER LIMITED

BALANCE SHEET

31 March 2008

	Notes	31.3.08 £	31.3.07 £
CURRENT ASSETS			
Debtors	7	145,732	150,817
Cash at bank		<u>25,020</u>	<u>24,171</u>
		170,752	174,988
CREDITORS			
Amounts falling due within one year	8	<u>(575)</u>	<u>(1,500)</u>
NET CURRENT ASSETS		<u>170,177</u>	<u>173,488</u>
NET ASSETS		<u>170,177</u>	<u>173,488</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	<u>170,175</u>	<u>173,486</u>
SHAREHOLDERS' FUNDS	12	<u>170,177</u>	<u>173,488</u>

The financial statements were approved by the Board of Directors on 20 January 2009 and were signed on its behalf by:



.....
G H Gosling - Director

The notes form part of these financial statements

ASHFLAME CROMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2008

1. ACCOUNTING POLICIES

Accounting convention

These accounts are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Cash flow statement

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

Turnover

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

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

Cost of sales

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

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.

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

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

2. TURNOVER

The turnover and loss (2007 - profit) before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

There were no staff costs for the year ended 31 March 2008 nor for the year ended 31 March 2007.

ASHFLAME CROMER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2008**

3. STAFF COSTS - continued

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

	31.3.08	31.3.07
Directors	<u>2</u>	<u>2</u>

4. OPERATING (LOSS)/PROFIT

The operating loss (2007 - operating profit) is stated after charging:

	31.3.08	31.3.07
	£	£
Auditors' remuneration	<u>575</u>	<u>1,500</u>
Directors' emoluments	<u>-</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.08	31.3.07
	£	£
Bank interest	-	20,178
Interest payable on loans from group undertakings	<u>-</u>	<u>10,337</u>
	<u>-</u>	<u>30,515</u>

ASHFLAME CROMER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2008**

6. TAXATION

Analysis of the tax charge

The tax charge on the (loss)/profit on ordinary activities for the year was as follows:

	31.3.08	31.3.07
	£	£
Current tax:		
Group relief	-	231,539
Group relief prior year	<u>2,186</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities	<u>2,186</u>	<u>231,539</u>

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

	31.3.08	31.3.07
	£	£
(Loss)/profit on ordinary activities at the standard rate of 30%	(337)	83,411
Expenses not deductible for tax purposes	337	31
Capital transactions	-	148,097
Prior year group relief adjustment	<u>2,186</u>	<u>-</u>
	<u>2,186</u>	<u>231,539</u>

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

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.08	31.3.07
	£	£
Amounts owed by group undertakings	<u>145,732</u>	<u>150,817</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.08	31.3.07
	£	£
Other creditors	<u>575</u>	<u>1,500</u>

ASHFLAME CROMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

9. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.3.08	31.3.07
		£	£	
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.08	31.3.07
		£	£	
2	Ordinary	£1	<u>2</u>	<u>2</u>

10. RESERVES

			Profit and loss account £
At 1 April 2007			173,486
Loss for the year			<u>(3,311)</u>
At 31 March 2008			<u>170,175</u>

11. RELATED PARTY DISCLOSURES

At 31 March 2008, Ashflame Cromer Limited was owed £145,732 (2007: £150,817) by Ashflame Investments Limited.

Under the loan agreement, interest was only payable on a proportion of the loan creditor (£350,000 as at inception) at 1% over the Bank of England base rate. The remainder of the loan is interest free. The original loan was repaid in full on 29 September 2006 and interest is not received on the new loan.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.08	31.3.07
	£	£
(Loss)/profit for the financial year	<u>(3,311)</u>	<u>46,499</u>
Net (reduction)/addition to shareholders' funds	(3,311)	46,499
Opening shareholders' funds	<u>173,488</u>	<u>126,989</u>
Closing shareholders' funds	<u>170,177</u>	<u>173,488</u>

ASHFLAME CROMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

13. CONTROLLING PARTY

Ashflame Cromer Limited is a wholly owned subsidiary of Cromer Property Investments Limited, (incorporated in England and Wales). Cromer Property Investments Limited is controlled by Ashflame Investments Limited (incorporated in England and Wales), its ultimate parent undertaking, which prepares consolidated financial statements for the group.

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