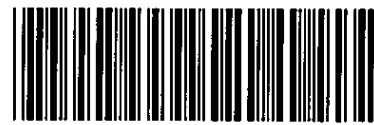


**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007  
FOR  
ASHFLAME CROMER LIMITED  
5490936**

**TUESDAY**



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**08/01/2008**

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**COMPANIES HOUSE**

**ASHFLAME CROMER LIMITED**

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for the year ended 31 March 2007**

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**ASHFLAME CROMER LIMITED**

**COMPANY INFORMATION**  
**for the year ended 31 March 2007**

**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)

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

## **ASHFLAME CROMER LIMITED**

### **REPORT OF THE DIRECTORS for the year ended 31 March 2007**

The directors present their report with the audited financial statements of the company for the year ended 31 March 2007

#### **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 year for £2.8 million. Both the results for the year, and the year end financial position were satisfactory. The directors consider future prospects to be satisfactory.

#### **DIVIDENDS**

No dividends were paid in the year ended 31 March 2007 (period ended 31 March 2006: £nil)

#### **DIRECTORS**

The directors during the year under review were

A C Gallagher  
G H Gosling

The directors holding office at 31 March 2007 did not hold any beneficial interest in the issued share capital of the company at 1 April 2006 or 31 March 2007.

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**

The directors are responsible for preparing 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

**ASHFLAME CROMER LIMITED**

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2007**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) 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:**

A handwritten signature in black ink, appearing to read 'G H Gosling', written over a horizontal line.

G H Gosling - Director  
29 November 2007

## 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 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

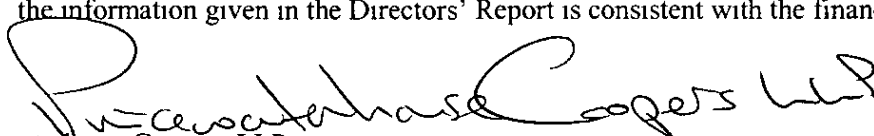
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 and of its profit 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  
5 December 2007

**ASHFLAME CROMER LIMITED****PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 2007**

	Notes	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
<b>TURNOVER</b>	2	31,728	92,274
Administrative expenses		<u>(7,819)</u>	<u>(570)</u>
<b>OPERATING PROFIT</b>	4	23,909	91,704
Profit on disposal of freehold investment property		<u>265,343</u>	<u>-</u>
		289,252	91,704
Interest receivable and similar income		<u>19,301</u>	<u>1,124</u>
		308,553	92,828
Interest payable and similar charges	5	<u>(30,515)</u>	<u>(69,266)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		278,038	23,562
Tax on profit on ordinary activities	6	<u>(231,539)</u>	<u>(7,099)</u>
<b>PROFIT FOR THE FINANCIAL YEAR/ PERIOD AFTER TAXATION</b>	12	<u>46,499</u>	<u>16,463</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous period

The notes form part of these financial statements

**ASHFLAME CROMER LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 March 2007**

	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	46,499	16,463
Unrealised gain on revaluation of investment property	<u>-</u>	<u>114,867</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>46,499</u>	<u>131,330</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
for the year ended 31 March 2007**

	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
<b>REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	278,038	23,562
Realisation of property revaluation	<u>114,867</u>	<u>-</u>
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>392,905</u>	<u>23,562</u>
<b>HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION</b>	<u>161,366</u>	<u>16,463</u>

The notes form part of these financial statements



# ASHFLAME CROMER LIMITED

## BALANCE SHEET

31 March 2007

	Notes	31 3 07 £	31 3 06 £
<b>FIXED ASSETS</b>			
Tangible assets	7	-	2,500,000
<b>CURRENT ASSETS</b>			
Debtors	8	150,817	3,623
Cash at bank		<u>24,171</u>	<u>116,527</u>
		174,988	120,150
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>(1,500)</u>	<u>(1,078,661)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>173,488</u>	<u>(958,511)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		173,488	1,541,489
<b>CREDITORS</b>			
Amounts falling due after more than one year	10	<u>-</u>	<u>(1,414,500)</u>
<b>NET ASSETS</b>		<u>173,488</u>	<u>126,989</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	2	2
Revaluation reserve	12	-	114,867
Profit and loss account	12	<u>173,486</u>	<u>12,120</u>
<b>SHAREHOLDERS' FUNDS</b>	14	<u>173,488</u>	<u>126,989</u>

The financial statements were approved by the Board of Directors on 29 November 2007 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 2007

### 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 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 2007 nor for the period ended 31 March 2006.

**ASHFLAME CROMER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2007**

**3 STAFF COSTS - continued**

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

	Year Ended 31 3 07	Period 1 8 05 to 31 3 06
Directors	<u>2</u>	<u>2</u>

**4 OPERATING PROFIT**

The operating profit is stated after charging

	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
Auditors' remuneration	<u>1,500</u>	<u>2,100</u>
Directors' emoluments	<u>-</u>	<u>-</u>

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
Bank interest	20,178	56,261
Interest payable on loans from group undertakings	<u>10,337</u>	<u>13,005</u>
	<u>30,515</u>	<u>69,266</u>

**ASHFLAME CROMER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2007**

**6 TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year/period was as follows

	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
Current tax		
Group relief	<u>231,539</u>	<u>7,099</u>
Tax on profit on ordinary activities	<u>231,539</u>	<u>7,099</u>

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

	Year Ended 31 3 07 £	Period 1 8 05 to 31 3 06 £
Profit on ordinary activities at the standard rate of 30%	83,411	7,069
Expenses not deductible for tax purposes	31	30
Capital transactions	<u>148,097</u>	<u>-</u>
	<u>231,539</u>	<u>7,099</u>

Tax of £227,700 relates to the profit on disposal of property

**7 TANGIBLE FIXED ASSETS**

	Freehold investment property £
<b>COST</b>	
At 1 April 2006	2,500,000
Disposals	<u>(2,500,000)</u>
At 31 March 2007	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 March 2007	<u>-</u>
At 31 March 2006	<u>2,500,000</u>

**ASHFLAME CROMER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 March 2007**

**8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 3 07	31 3 06
	£	£
Amounts owed by group undertakings	150,817	-
Other debtors	<u>-</u>	<u>3,623</u>
	<u>150,817</u>	<u>3,623</u>

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 3 07	31 3 06
	£	£
Bank loan	-	25,500
Amounts owed to group undertakings	-	996,151
VAT payable	-	6,257
Other creditors	1,500	18,729
Accruals and deferred income	<u>-</u>	<u>32,024</u>
	<u>1,500</u>	<u>1,078,661</u>

**10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31 3 07	31 3 06
	£	£
Bank loan	<u>-</u>	<u>1,414,500</u>

The bank loan was repaid on the sale of the freehold investment property during the year. The bank loan was previously repayable in instalments as follows

	31 3 07	31 3 06
	£	£
Within one year	-	25,500
In 1 to 2 years	-	34,000
In 2 - 5 years	-	102,000
In more than 5 years	<u>-</u>	<u>1,278,500</u>
	<u>-</u>	<u>1,440,000</u>

**ASHFLAME CROMER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 March 2007**

**11 CALLED UP SHARE CAPITAL**

Authorised Number	Class	Nominal value £1	31 3 07 £ <u>1,000</u>	31 3 06 £ <u>1,000</u>
1,000	Ordinary			

Allotted, issued and fully paid Number	Class	Nominal value £1	31 3 07 £ <u>2</u>	31 3 06 £ <u>2</u>
2	Ordinary			

**12 RESERVES**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 April 2006	12,120	114,867	126,987
Profit for the year	46,499	-	46,499
Reserve realised on disposal	<u>114,867</u>	<u>(114,867)</u>	-
At 31 March 2007	<u>173,486</u>	<u>-</u>	<u>173,486</u>

**13 RELATED PARTY DISCLOSURES**

At 31 March 2007, Ashflame Cromer Limited was owed £150,817 from (2006 owed £996,151 to) 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 loan was repaid in full on 29 September 2006.

## ASHFLAME CROMER LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2007

#### 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 3 07	31 3 06
	£	£
Profit for the financial year/period	46,499	16,463
Other recognised gains and losses relating to the year (net)	-	<u>114,867</u>
<b>Net addition to shareholders' funds</b>	46,499	131,330
Opening shareholders' funds/deficit	<u>126,989</u>	<u>(4,341)</u>
<b>Closing shareholders' funds</b>	<u>173,488</u>	<u>126,989</u>

#### 15 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

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