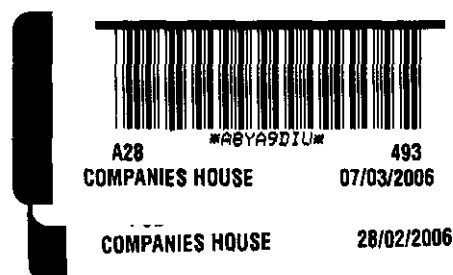


**Cotswoldgate Ventures Limited (formerly
Cotswoldgate Faringdon Limited)**

**Directors' report and financial
statements**

Registered number 04941077

30 April 2005



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2005.

Principal activities and business review

On 28 April 2005 the company changed its name to Cotswoldgate Ventures Limited.

The company's principal activity is construction and sale of residential housing.

The results for the year are set out on page 4. The results are in line with management's expectations.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

JS Taylor
MJ Taylor
SJ Rodden
RC Perrill
S Faulkner
D O'Connor

None of the directors who held office during the year had any interest in the ordinary shares of the company.

The interests of directors in the share capital of the immediate parent company, Cotswoldgate Limited, are disclosed in the directors' report of that company.

Political and charitable contributions

The company made no political or charitable contributions during the year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

on order of the board



SJ Rodden
Company Secretary

Priory House
Priory Street
Usk
NP15 1BJ

10 February 2006

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Marlborough House
Fitzalan Road
Cardiff
CF24 0TE
United Kingdom

**Independent auditors' report to the members of Cotswoldgate Ventures Limited
(formerly Cotswoldgate Faringdon Limited)**

We have audited the financial statements on pages 4 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs as at 30 April 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditor

2006

Profit and loss account
for the year ended 30 April 2005

	<i>Note</i>	Year ended 30 April 2005 £000	7 months ended 30 April 2004 £000
Turnover	<i>1</i>	980	-
Cost of sales	<i>2</i>	(1,012)	-
		<hr/>	<hr/>
Gross loss		(32)	-
Administrative expenses		(1)	(37)
		<hr/>	<hr/>
Operating loss		(33)	(37)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	<i>3-4</i>	(33)	(37)
Tax on loss on ordinary activities	<i>5</i>	10	11
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(23)	(26)
		<hr/>	<hr/>
Loss for the financial year, being retained loss for the year		(23)	(26)
		<hr/>	<hr/>

The results shown above relate wholly to continuing operations.

No other gains and losses have been recognised in these financial statements other than the loss for the financial periods shown above. Accordingly, a separate statement of total recognised gains and losses has not been presented.

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

Balance sheet

at 30 April 2005

	Note	2005 £000	2004 £000
Current assets			
Stocks – work in progress	6	-	580
Debtors	7	21	63
Cash at bank and in hand		-	7
		<u>21</u>	<u>650</u>
Creditors' amounts falling due within one year	8	(70)	(676)
		<u>(49)</u>	<u>(26)</u>
Net liabilities			
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		(49)	(26)
		<u>(49)</u>	<u>(26)</u>
Deficit on equity shareholders' funds			
		<u>(49)</u>	<u>(26)</u>

These financial statements were approved by the board of directors on 10 February 2006 and were signed on its behalf by:


 RG Perrill
 Director

Reconciliation of movements in shareholders' funds
for the year ended 30 April 2005

	Year ended 30 April 2005	7 months ended 30 April 2004
	£000	£000
Loss for the financial period	(23)	(26)
Net reduction in shareholders' funds	(23)	(26)
Opening deficit on shareholders' funds	(26)	-
Closing deficit on shareholders' funds	(49)	(26)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and the Companies Act 1985, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to present a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities where more than 90% of the voting rights are held within the group.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Cotswoldgate Limited, a company under common ownership.

Cotswoldgate Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it intends to make available such funds as are needed by the company should they arise. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover comprises the sales value of residential properties sold in the year, net of incentives offered on sale. Turnover is recognised when legal completion of each property sale takes place.

Cost of sales

Cost of sales includes those elements of land cost, site development and construction expenses, finance costs and attributable costs to complete, apportioned to each residential unit included within the development.

Interest

Finance costs that are directly attributable to the development of residential housing is capitalised within work in progress. Other finance costs are expensed as incurred.

Work in progress

Work in progress is stated at the lower of cost and net realisable value, and comprises land, site development and construction costs, and finance costs.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19. Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2 Cost of sales

	Year ended 30 April 2005	7 months ended 30 April 2004
	£000	£000
Site development and contribution costs	919	-
Interest payable on property finance loans	93	-
	<hr/>	<hr/>
	1,012	-
	<hr/>	<hr/>

Finance costs directly attributable to the construction of each property are initially capitalised into work in progress, and expenses within cost of sales on the sale of each property included in the residential development.

3 Loss on ordinary activities before taxation

	Year ended 30 April 2005	7 months ended 30 April 2004
	£000	£000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	-	-
Management charge payable to Cotswoldgate Limited	-	35
	<hr/>	<hr/>

Auditors' remuneration was paid by Cotswoldgate Limited.

4 Directors and employees

The directors did not receive any emoluments from the company during either period.

The company does not have any employees.

Notes (continued)

5 Taxation

Analysis of tax credit in year / period

	Year ended 30 April 2005	7 months ended 30 April 2004
	£000	£000
<i>UK corporation tax</i>		
Current tax on loss for the year / period	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	10	11
Tax credit on loss on ordinary activities	10	11

Factors affecting the tax credit for the year / period

The current tax credit for the year / period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	Year ended 30 April 2005	7 months ended 30 April 2004
	£000	£000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(33)	(37)
Current tax at 30%	(10)	(11)
<i>Effects of:</i>		
Trading losses on which deferred tax has been recognised	10	11
Total current tax credit (see above)	-	-

The following deferred tax asset has been recognised in the financial statements:

	2005 £000	2004 £000
Trading losses available for relief in future periods	21	11

The deferred tax asset has been recognised as future taxable profits are forecast, against which the losses can be offset. This will have a consequence on the future tax charge.

Notes (continued)

6 Stocks - work in progress

	2005 £000	2004 £000
Site development and construction costs	-	553
Finance costs	-	27
	<u>-</u>	<u>580</u>

Directly attributable finance costs in the period totalled £66,000 (2004: £27,000). £93,000 (2004: £Nil) has been expensed to the profit and loss account.

7 Debtors

	2005 £000	2004 £000
Amounts owed by group undertakings	-	48
Taxation and social security	-	4
Deferred tax asset (See note 5)	21	11
	<u>21</u>	<u>63</u>

8 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Operating loans	-	589
Trade creditors	31	44
Amounts owed to group undertakings	39	35
Accruals and deferred income	-	8
	<u>70</u>	<u>676</u>

The operating loans are secured against the company's work in progress, and are repayable in stages as each development is completed and sold, and the security discharged.

Notes *(continued)*

9 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
Equity: 1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: 1 Ordinary share of £1	1	1
	<hr/>	<hr/>

10 Related party disclosures

Aurelian Property Finance Limited is a related party by virtue of the companies being under common ownership. The period end balance owing to Aurelian Property Finance Limited in respect of operating loans was £nil (2004: £589,000). During the year, interest of £56,000 (2004: £23,000) and fees of £10,000 (2004: £4,000) accrued to Aurelian Property Finance Limited.

11 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary undertaking of Cotswoldgate Limited, a company incorporated in England and Wales.

Cotswoldgate Limited is the smallest and largest group for which consolidated financial statements are prepared. The consolidated financial statements of Cotswoldgate Limited are available to the public and may be obtained from Priory House, Priory Street, Usk, NP15 1BJ.

Cotswoldgate Limited is controlled by its directors.