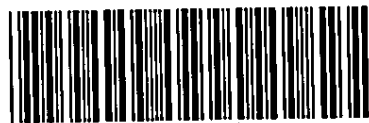


Cotswoldgate Ventures Limited
Directors' report and financial
statements
Registered number 04941077
30 April 2007

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2007

Principal activities and business review

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

The results for the year are set out on page 5. The results are in line with management's expectations

Proposed dividend

The directors do not recommend the payment of a dividend (2006 £Nil)

Directors and directors' interests

The directors who held office during the year were as follows

JS Taylor

MJ Taylor

SJ Rodden

RG Perrill

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 undertaking, 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

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each 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 to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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

By order of the board



SJ Rodden
Company Secretary

Priory House
Priory Street
Usk
NP15 1BJ

21 November 2007

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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

We have audited the financial statements of Cotswoldgate Ventures Limited for the year ended 30 April 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

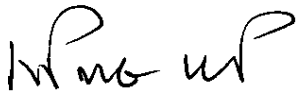
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report to the members of Cotswoldgate Ventures Limited
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 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



Chartered Accountants
Registered Auditor

22 November 2007

Profit and loss account
for the year ended 30 April 2007

	<i>Note</i>	2007 £000	2006 £000
Turnover	<i>1-2</i>	2,604	-
Cost of sales	<i>3</i>	(2,490)	-
		<hr/>	<hr/>
Gross profit		114	-
Administrative expenses		(60)	(171)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	<i>2-5</i>	54	(171)
Tax on profit/(loss) on ordinary activities	<i>6</i>	(16)	51
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation, being profit/(loss) for the year	<i>11</i>	38	(120)
		<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 years shown above. Accordingly, a separate statement of total recognised gains and losses has not been presented.

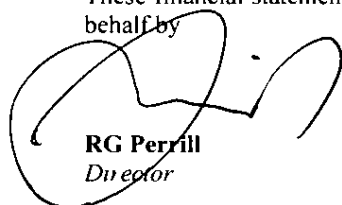
There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

Balance sheet

at 30 April 2007

	Note	2007 £000	2006 £000
Current assets			
Stocks – work in progress	7	673	1,621
Debtors	8	72	371
Cash at bank and in hand		-	-
		<u>745</u>	<u>1,992</u>
Creditors amounts falling due within one year	9	(876)	(2,161)
Net liabilities		<u>(131)</u>	<u>(169)</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	(131)	(169)
Deficit on shareholders' funds		<u>(131)</u>	<u>(169)</u>

These financial statements were approved by the board of directors on 21 November 2007 and were signed on its behalf by



RG Perrill
 Director

Reconciliation of movement in shareholders' funds
for the year ended 30 April 2007

	2007 £000	2006 £000
Profit/(loss) for the financial year	38	(120)
Net increase/(reduction) in shareholders' funds	38	(120)
Opening deficit on shareholders' funds	(169)	(49)
Closing deficit on shareholders' funds	(131)	(169)

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

Interest

Finance costs that are directly attributable to the development of residential housing are capitalised within work in progress and expensed within cost of sales on the sale of each property included in the residential development. 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 for those properties which have not yet completed

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the result 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 Segmental information

Turnover is derived solely from the sale of residential property within the UK.

3 Cost of sales

	2007 £000	2006 £000
Site development and construction costs	2,176	-
Finance costs	314	-
	<hr/> 2,490 <hr/>	<hr/> - <hr/>

4 Profit/(loss) on ordinary activities before taxation

	2007 £000	2006 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
Audit of these financial statements	-	-
	<hr/>	<hr/>

Auditors' remuneration was paid by the immediate parent undertaking, Cotswoldgate Limited.

5 Directors and employees

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

The company does not have any employees.

Notes (continued)

6 Taxation

Analysis of tax charge/(credit) in year

	2007 £000	2006 £000
UK corporation tax		
Group relief	16	(15)
Adjustment in respect of prior year	15	-
	<hr/>	<hr/>
Total current tax	31	(15)
Deferred tax		
Origination and reversal of timing differences	(15)	(36)
	<hr/>	<hr/>
Tax charge/(credit) on profit/(loss) on ordinary activities	16	(51)
	<hr/>	<hr/>

Factors affecting the tax charge/(credit) for the year

The current tax charge/(credit) for the year is higher (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	2007 £000	2006 £000
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	54	(171)
	<hr/>	<hr/>
Current tax at 30%	16	(51)
Effects of		
Trading losses on which deferred tax has been recognised	-	36
Adjustment in respect of prior year	15	-
	<hr/>	<hr/>
Total current tax charge/(credit) (see above)	31	(15)
	<hr/>	<hr/>

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

	2007 £000	2006 £000
Trading losses available for relief in future periods	72	57
	<hr/>	<hr/>

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

Factors that may affect future tax charges

It has been announced that the corporation tax rate applicable to the company will change from 30% to 28% from 1 April 2008. This has no impact on the current year.

Notes (continued)

7 Stocks - work in progress

	2007 £000	2006 £000
Site development and construction costs (including land)	637	1,479
Finance costs	36	142
	<u>673</u>	<u>1,621</u>

Directly attributable finance costs in the period totalled £208,000 (2006 £142,000) £314,000 (2006 £Nil) has been expensed to the profit and loss account in proportion to the value of residential units sold

8 Debtors

	2007 £000	2006 £000
Amounts owed by group undertakings	-	259
Other taxes	-	15
Other debtors	-	40
Deferred tax asset (note 6)	72	57
	<u>72</u>	<u>371</u>

9 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Bank overdraft	1	4
Operating loans	706	2,002
Trade creditors	45	153
Amounts owed to group undertakings	124	-
Accruals and deferred income	-	2
	<u>876</u>	<u>2,161</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, at which point the security is discharged

Notes (continued)

10 Called up share capital

	2007 £	2006 £
<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/>

11 Profit and loss account

	2007 £000	2006 £000
Profit/(loss) for the financial year	38	(120)
Retained losses brought forward	(169)	(49)
	<hr/>	<hr/>
Retained losses carried forward	(131)	(169)
	<hr/>	<hr/>

12 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 £706,000 (2006 £2,002,000) (note 9). During the year, interest of £188,000 (2006 £128,000) and fees of £20,000 (2006 £14,000) accrued to Aurelian Property Finance Limited.

13 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 and registered 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.