

**Edenstone Ventures Limited (formerly
Cotswoldgate Ventures Limited)**

**Directors' report and financial
statements**

Registered number 04941077

30 April 2011

TUESDAY



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2011

Principal activities and business review

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

The year to 30 April 2011 has seen the continuation of the challenging market conditions in the housing sector, driven primarily by a restricted mortgage supply and a restriction in the supply of development finance. However, the housing market appears to have stabilised and there have been some signs of improvement, although both prices and activity remain well below the peak levels seen in the market in 2007

At 30 April 2011 the company had a deficit of shareholders' funds of £376,000

Proposed dividend

The directors do not recommend the payment of a dividend for the year (2010 £Nil)

Directors

The directors who held office during the year were as follows

JS Taylor
MJ Taylor
SJ Rodden

Political and charitable contributions

The company made no political or charitable contributions during the year (2010 £Nil)

Disclosure of information to auditor

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 auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish the company's auditor is aware of such information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



SJ Rodden
Company Secretary

Priory House
Priory Street
Usk
Monmouthshire
NP15 1BJ

31 January 2012

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 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 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

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

**Independent auditor's report to the members of Edenstone Ventures Limited
(formerly Cotswoldgate Ventures Limited)**

We have audited the financial statements of Edenstone Ventures Limited (formerly Cotswoldgate Ventures Limited) for the year ended 30 April 2011 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern.

The reliance on the parent undertaking, Edenstone Holdings Limited (formerly Aurelian Property Finance Limited), to provide continued financial support, along with the other matters in note 1, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

**Independent auditor's report to the members of Edenstone Ventures Limited
(formerly Cotswoldgate Ventures Limited) *(continued)***

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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

**E Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

31st January 2012

Profit and loss account
for the year ended 30 April 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	<i>1-2</i>	-	489
Cost of sales	<i>3</i>	-	(400)
		<hr/>	<hr/>
Gross profit		-	89
Administrative expenses		(5)	(1)
Waiver of parent undertaking loan	<i>4</i>	-	410
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	<i>2-5</i>	(5)	498
Tax on (loss)/profit on ordinary activities	<i>6</i>	-	-
		<hr/>	<hr/>
(Loss)/profit for the financial year	<i>11</i>	(5)	498
		<hr/>	<hr/>

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

Balance sheet

at 30 April 2011

	<i>Note</i>	2011 £000	2010 £000
Current assets			
Debtors	7	-	5
Creditors amounts falling due within one year	8	(376)	(376)
Net current liabilities being net liabilities		<u>(376)</u>	<u>(371)</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	(376)	(371)
Deficit on shareholders' funds		<u>(376)</u>	<u>(371)</u>

These financial statements were approved by the board of directors on 31 January 2012 and were signed on its behalf by



SJ Rodden
 Director

Reconciliation of movement in shareholders' funds
for the year ended 30 April 2011

	2011 £000	2010 £000
(Loss)/profit for the financial year	(5)	498
Net movement in shareholders' funds	(5)	498
Opening deficit on shareholders' funds	(371)	(869)
Closing deficit on shareholders' funds	(376)	(371)

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 2006 and under the historical cost accounting rules

Under FRS 1 the company is exempt from the requirement to prepare 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 FRS 8 and has therefore not disclosed transactions or balances with entities where 100% of the voting rights are held within the group

Going concern

At 30 April 2011 the company had net liabilities of £376,000

The company is dependent for its business and working capital requirements on its parent undertaking, Edenstone Holdings Limited (formerly Aurelian Property Finance Limited). Edenstone Holdings Limited has indicated that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the company. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Accordingly, the financial statements have been prepared on a going concern basis. However, as with any company placing reliance on other group entities for financial support the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, due to difficult trading conditions associated with the weak UK housing market Edenstone Holdings Limited suffered a loss for the financial year ended 30 April 2011 of £4.2m and has net liabilities of £39.7m and net current liabilities of £31.5m at that date.

The group is largely funded by means of a £43m revolving credit facility from Lloyds Banking Group (LBG). The weak housing market and the fall in residential property values has resulted in there being insufficient security to support the current level of group borrowing and the need for a major restructuring of the debt.

On 22 February 2011, the group directors secured a new agreement with LBG, which comprised a term loan facility of £47.4m. On 30 September 2011, this term loan facility was reduced to £45.5m and the expiry date was extended to 31 May 2012. LBG also agreed to a debt waiver (via a conditional settlement deed) over sufficient of the loan to enable repayment of the remaining loans provided by LBG through the sale of the group's development stock and land bank.

This facility and strategy is expected to support the group's business through to 2012/13 subject to the successful re-negotiation of a further extension to the existing facilities when they expire on 31 May 2012 and the delivery of the necessary cash flows to satisfy the requirements of the conditional settlement deed.

The group directors are in regular communication with the group's lenders, and at the date of approval of these financial statements the group directors believe that the existing facility will be extended when it expires on 31 May 2012. Accordingly, the directors have concluded that the bank's ongoing support for the current strategy will enable Edenstone Holdings Limited to continue in operational existence for the foreseeable future and for at least twelve months from the signing of their financial statements for the year ended 30 April 2011. For this reason they consider it appropriate to continue to adopt the going concern basis of preparation.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern *(continued)*

However, there can be no certainty in relation to these matters and, accordingly the matters referred to above represent a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern and the ability of the parent company to provide the requisite level of support to Edenstone Ventures Limited to enable it to continue as a going concern

These financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

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.

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 FRS 19. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Notes (continued)

2 Segmental information

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

3 Cost of sales

	2011 £000	2010 £000
Site development and construction costs	-	484
Release of provision against work in progress	-	(84)
	<u>-</u>	<u>400</u>

4 (Loss)/profit on ordinary activities before taxation

	2011 £000	2010 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration		
Audit of these financial statements	-	-
Waiver of parent undertaking loan	-	(410)
Write-off of intercompany receivables	5	-
	<u>5</u>	<u>(410)</u>

Auditors' remuneration was borne by a related undertaking, Edenstone Holdings Limited (formerly Aurelian Property Finance Limited)

During 2010 the company was acquired by Edenstone Holdings Limited. As part of that deal, the then parent undertaking, Cotswoldgate Limited (In Administration) agreed to waive all amounts due to it from the company.

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 in year

	2011 £000	2010 £000
<i>UK corporation tax</i>		
Group relief	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting the tax charge for the year

The current tax charge for the year is the same as (2010 lower than) the standard rate of corporation tax in the UK of 28% (2010 28%). The differences are explained below

	2011 £000	2010 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	(5)	498
	<hr/>	<hr/>
Current tax at 28% (2010 28%)	(1)	139
	<hr/>	<hr/>
<i>Effects of</i>		
Utilisation of losses brought forward	-	(131)
Non-taxable income	-	(115)
Deemed release of liabilities (see below)	-	107
Write-off of intercompany receivables	1	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

During 2010 the company became a subsidiary of Aurelian Property Finance Limited. For corporation tax purposes the company was deemed to release certain liabilities owed to Aurelian Property Finance Limited where the corresponding debt had been impaired in Aurelian Property Finance Limited, resulting in the above taxable income in 2010.

No deferred tax asset has been recognised in respect of the tax losses carried forward of £384,000 (2010 £384,000) due to uncertainty regarding recoverability.

Factors that may affect future tax charges

The corporation tax rate applicable to the company changed from 28% to 26% from 1 April 2011 and will change to 25% from 1 April 2012. This reduction will impact future tax charges and has had a small impact in 2011.

Notes (continued)

7 Debtors

	2011 £000	2010 £000
Amounts owed by group undertakings	-	5

8 Creditors' amounts falling due within one year

	2011 £000	2010 £000
Operating loans	376	376

The operating loans, due to Edenstone Holdings Limited (formerly Aurelian Property Finance Limited) 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.

9 Called up share capital

	2011 £	2010 £
<i>Authorised</i> 1,000 Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i> 1 Ordinary share of £1	1	1

10 Profit and loss account

	2011 £000	2010 £000
(Loss)/profit for the financial year	(5)	498
Retained losses brought forward	(371)	(869)
Retained losses carried forward	(376)	(371)

11 Ultimate parent undertaking

The parent undertaking of the company which heads the largest and smallest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is Edenstone Holdings Limited (formerly Aurelian Property Finance Limited). The consolidated financial statements of Edenstone Holdings Limited are available to the public and may be obtained from Priory House, Priory Street, Usk, Monmouthshire, NP15 1BJ.