

Cotswoldgate Ventures Limited

**Directors' report and financial
statements**

Registered number 04941077

30 April 2009

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29/01/2010

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2009.

Principal activities and business review

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

Proposed dividend

The directors do not recommend the payment of a dividend for the year (2008: £Nil).

Directors

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

JS Taylor
MJ Taylor
SJ Rodden
RG Perrill
D O'Connor

Political and charitable contributions

The company made no political or charitable contributions during the year (2008: £Nil).

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

Pursuant to Section 487 of the Companies Act 2006, the auditors 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

29 January 2010

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

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 2009 set out on pages 5 to 13. 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 auditors' 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

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 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/UKNP.

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 2009 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 qualified, 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 a related undertaking, 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.

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.

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

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.



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

Chartered Accountants
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE

29/12 January 2010

Profit and loss account
for the year ended 30 April 2009

| | <i>Note</i> | 2009 £000 | 2008 £000 |
|--|-------------|----------------------------|----------------------------|
| Turnover | <i>1-2</i> | 489 | 501 |
| Cost of sales | <i>3</i> | (656) | (913) |
| Gross loss | | (167) | (412) |
| Administrative expenses | | (87) | - |
| Loss on ordinary activities before taxation | <i>2-5</i> | (254) | (412) |
| Tax on loss on ordinary activities | <i>6</i> | - | (72) |
| Loss for the financial year | <i>11</i> | (254) | (484) |

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.

Balance sheet
at 30 April 2009

| | <i>Note</i> | 2009 £000 | 2008 £000 |
|---|-------------|----------------------------|----------------------------|
| Current assets | | | |
| Stocks – work in progress | 7 | 387 | 970 |
| Debtors | 8 | 9 | 14 |
| | | <u>396</u> | <u>984</u> |
| Creditors: amounts falling due within one year | 9 | <u>(1,265)</u> | <u>(1,599)</u> |
| Net liabilities | | <u>(869)</u> | <u>(615)</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | - | - |
| Profit and loss account | 11 | (869) | (615) |
| Deficit on shareholders' funds | | <u>(869)</u> | <u>(615)</u> |

These financial statements were approved by the board of directors on *29 January* 2010 and were signed on its behalf by:


Director
M TAYLOR

Reconciliation of Movement in Shareholders' Funds
for the year ended 30 April 2009

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Loss for the financial year | (254) | (484) |
| Net reduction in shareholders' funds | (254) | (484) |
| Opening deficit on shareholders' funds | (615) | (131) |
| Closing deficit on shareholders' funds | (869) | (615) |

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 Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is entitled to the filing exemptions available to small companies under section 444 of the Companies Act 2006.

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

The company is dependent for its business and working capital requirements on its related undertaking, Aurelian Property Finance Limited ("APF"), which following the year end acquired 100% of the share capital of Cotswoldgate Ventures Limited (see note 14). APF 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. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

However, due to difficult trading conditions associated with the weak UK housing market, APF suffered a loss for the financial year ended 30 April 2009 of £20,445,000 following the impairment of property development loans and investments held. As a result of this loss, at 30 April 2009, APF had a deficit of shareholders' funds of £21,844,000.

APF is funded by means of a £43,000,000 revolving credit facility from HBoS which was renegotiated post year end and expires on 30 April 2010 and by £7,665,000 of directors' loans. The terms and conditions of the agreement include HBoS having a first and only debenture over the assets of APF and its subsidiaries, a first and only legal charge over each development site and the subordination of all loan stock and directors' loans. The key banking covenant within the new facility measures the ability of the business to meet its cash flow forecasts.

The directors of APF consider that the requirement to renew banking facilities in the near future represents a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and it may therefore be unable to continue realising its assets and discharging its liabilities as they fall due in the normal course of business.

Nevertheless, after making enquiries, and considering the uncertainties described above, the directors of APF have concluded that they foresee no reasons why existing facilities should not be extended, or that the bank will withdraw support for the current strategy of trading through the existing part-built sites and developing the land sites once market conditions improve sufficiently, enabling them to continue in operational existence for the foreseeable future. For these reasons, the directors of APF consider it appropriate to continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Notes (continued)

1 Accounting Policies (continued)

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 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

| | 2009 £000 | 2008 £000 |
|---|--------------|--------------|
| Site development and construction costs | 507 | 519 |
| Impairment provision against work in progress | 149 | 210 |
| Finance costs | - | 184 |
| | <u>656</u> | <u>913</u> |

4 Loss on ordinary activities before taxation

| | 2009 £000 | 2008 £000 |
|---|--------------|--------------|
| <i>Loss on ordinary activities before taxation is stated after charging</i> | | |
| Auditors' remuneration: | | |
| Audit of these financial statements | - | - |
| | <u>-</u> | <u>-</u> |

Auditors' remuneration was borne by a related undertaking, Aurelian Property Finance Limited.

Notes (continued)

5 Directors and employees

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

The company does not have any employees.

6 Taxation

Analysis of tax charge in year

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| UK corporation tax | | |
| Group relief | - | - |
| Adjustment in respect of prior year | - | - |
| | <hr/> | <hr/> |
| Total current tax | - | - |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 72 |
| | <hr/> | <hr/> |
| Tax charge on loss on ordinary activities | - | 72 |
| | <hr/> | <hr/> |

Factors affecting the tax charge for the year

The current tax charge for the year is higher (2008: higher) than the standard rate of corporation tax in the UK of 28% (2008: 29.80%). The differences are explained below.

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Current tax reconciliation | | |
| Loss on ordinary activities before tax | (254) | (412) |
| | <hr/> | <hr/> |
| Current tax at 28% (2008: 29.8%) | (71) | (123) |
| | <hr/> | <hr/> |
| Effects of: | | |
| Trading losses carried forward | 71 | 123 |
| | <hr/> | <hr/> |
| Total current tax charge (see above) | - | - |
| | <hr/> | <hr/> |

Notes (continued)

6 Taxation (continued)

Deferred tax

| | 2009 £000 | 2008 £000 |
|---|--------------|--------------|
| At beginning of year | - | 72 |
| Charge for the year in the profit and loss account | - | (72) |
| At end of year | - | - |
| Analysed as follows: | | |
| | 2009 £000 | 2008 £000 |
| Trading losses available for relief in future periods | - | - |

No deferred tax asset has been recognised in respect of the tax losses carried forward of £857,000 (2008: £603,000) due to uncertainty regarding recoverability.

7 Stocks - work in progress

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Site development and construction costs (including land) | 387 | 970 |

Directly attributable finance costs in the period totalled £Nil (2008: £184,000) of which £Nil (2008: £184,000) has been expensed to the profit and loss account.

8 Debtors

| | 2009 £000 | 2008 £000 |
|------------------------------------|--------------|--------------|
| Prepayments | - | 14 |
| Other debtors | 5 | - |
| Amounts owed by group undertakings | 4 | - |
| | 9 | 14 |

Notes (continued)

9 Creditors: amounts falling due within one year

| | 2009 £000 | 2008 £000 |
|------------------------------------|--------------|--------------|
| Bank loans and overdrafts | - | 86 |
| Operating loans | 854 | 1,195 |
| Other creditors | 1 | - |
| Amounts owed to group undertakings | 410 | 318 |
| | <u>1,265</u> | <u>1,599</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.

10 Called up share capital

| | 2009 £ | 2008 £ |
|---|--------------|--------------|
| <i>Authorised</i> | | |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| <i>Allotted, called up and fully paid</i> | | |
| 1 Ordinary share of £1 | <u>1</u> | <u>1</u> |

11 Profit and loss account

| | 2009 £000 | 2008 £000 |
|--|--------------|--------------|
| Loss for the financial year | (254) | (484) |
| Retained losses brought forward | (615) | (131) |
| Retained losses carried forward | <u>(869)</u> | <u>(615)</u> |

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 and associated interest and fees was £854,000 (2008: £1,195,000) (note 9). During the year, interest of £Nil (2008: £184,000) accrued to Aurelian Property Finance Limited. Debtors includes an amount of £4,000 which is due from a fellow subsidiary undertaking Cotswoldgate Chalford Limited and creditors includes an amount of £410,000 which is due to the parent undertaking Cotswoldgate Limited.

13 Ultimate parent undertaking

At 30 April 2009 the company was a wholly owned subsidiary undertaking of Cotswoldgate Limited (In Administration), a company incorporated and registered in England and Wales.

Notes *(continued)*

14 Post balance sheet events

Aurelian Property Finance Limited acquired 100% of the share capital of Cotswoldgate Ventures Limited in July 2009. At that point the administrators of Cotswoldgate Limited agreed to waive all inter company indebtedness. This resulted in a credit to the profit and loss account of Cotswoldgate Ventures Limited of £409,755.