

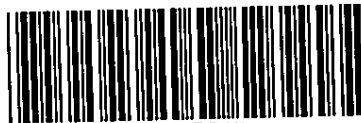
Edenstone Ventures Limited

**Directors' report and financial
statements**

Registered number 04941077

30 April 2012

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2012

Principal activities and business review

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

The year to 30 April 2012 has seen stable market conditions in the housing sector 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

The company did not trade in the year

At 30 April 2012 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 (2011 £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 (2011 £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 2013

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

We have audited the financial statements of Edenstone Ventures Limited for the year ended 30 April 2012 set out on pages 5 to 11. 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 2012 and of its result 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.

Independent auditor's report to the members of Edenstone 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

31 January 2013

Balance sheet
at 30 April 2012

	<i>Note</i>	2012 £000	2011 £000
Current assets			
Creditors: amounts falling due within one year	6	(376)	(376)
Net current liabilities being net liabilities		<u>(376)</u>	<u>(376)</u>
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account	8	(376)	(376)
Deficit on shareholders' funds		<u>(376)</u>	<u>(376)</u>

The notes on pages 8 to 11 form part of the financial statements.

These financial statements were approved by the board of directors on 31 January 2013 and were signed on its behalf by



SJ Rodden
Director

Reconciliation of movement in shareholders' funds
for the year ended 30 April 2012

	2012 £000	2011 £000
Profit/(loss) for the financial year	-	(5)
Net movement in shareholders' funds	-	(5)
Opening deficit on shareholders' funds	(376)	(371)
Closing deficit on shareholders' funds	376	(376)

The notes on pages 8 to 11 form part of the financial statements

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 2012, the company was dependent for its business and working capital requirements on its parent undertaking, Edenstone Holdings Limited. The group was funded largely by means of a revolving credit facility from Lloyds Banking Group ("LBG") and at 30 April 2012 the LBG loan balance was £39.7m. During 2011/12 the group secured an agreement with LBG which comprised an extended loan facility and a debt waiver (via conditional settlement deed) subject to the delivery of an agreed cash flow target. This cash flow target was successfully exceeded in July 2012 and, correspondingly, in September 2012 LBG confirmed a debt waiver over the remaining balance of its loan. In September 2012 LBG also released all fixed and floating charge security that it held over the company's and the group's assets.

The removal of this LBG liability has allowed the group to regain its longer term focus. The group can now, at the date of approval of these financial statements, look forward with no reliance on bank funding for its continued operational existence. The group has also secured projects which are forecast to be profitable and which will underpin the business in the coming years.

Edenstone Holdings 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 the need arise and will not require repayment of amounts owed to it by the company. Accordingly, the directors have concluded that Edenstone Ventures Limited will continue in operational existence for the foreseeable future and for at least 12 months from the signing of these financial statements. For this reason, they consider it appropriate to continue to adopt the going concern basis of preparation.

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.

Notes (continued)

1 Accounting policies (continued)

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

2 Segmental information

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

3 (Loss)/profit on ordinary activities before taxation

	2012 £000	2011 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration	-	-
Audit of these financial statements	-	-
Write-off of intercompany receivables	-	5
	<hr/>	<hr/>

Auditors' remuneration was borne by a related undertaking, Edenstone Holdings Limited

4 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)

5 Taxation

Analysis of tax charge in year

	2012 £000	2011 £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 (2011 the same as) the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	-	(5)
	<hr/>	<hr/>
Current tax at 26% (2011 28%)	-	(1)
	<hr/>	<hr/>
<i>Effects of</i>		
Utilisation of losses brought forward	-	-
Non-taxable income	-	-
Deemed release of liabilities (see below)	-	-
Write-off of intercompany receivables	-	1
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

No deferred tax asset has been recognised in respect of the tax losses carried forward of £384,000 (2011 £384,000) due to uncertainty regarding recoverability

Factors that may affect future tax charges

On 21 March 2012 the Chancellor announced a reduction in the corporation tax rate from 26% to 24% with effect from 1 April 2012. In addition, the Chancellor announced a further reduction in the rate by 1% per annum to 22% by 1 April 2014. These changes may affect future tax charges of the company.

Notes (continued)

6 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Intercompany loans	376	376

7 Called up share capital

	2012 £	2011 £
<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

8 Profit and loss account

	2012 £000	2011 £000
Profit/(loss) for the financial year	-	(5)
Retained losses brought forward	(376)	(371)
Retained losses carried forward	(376)	(376)

9 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. 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.