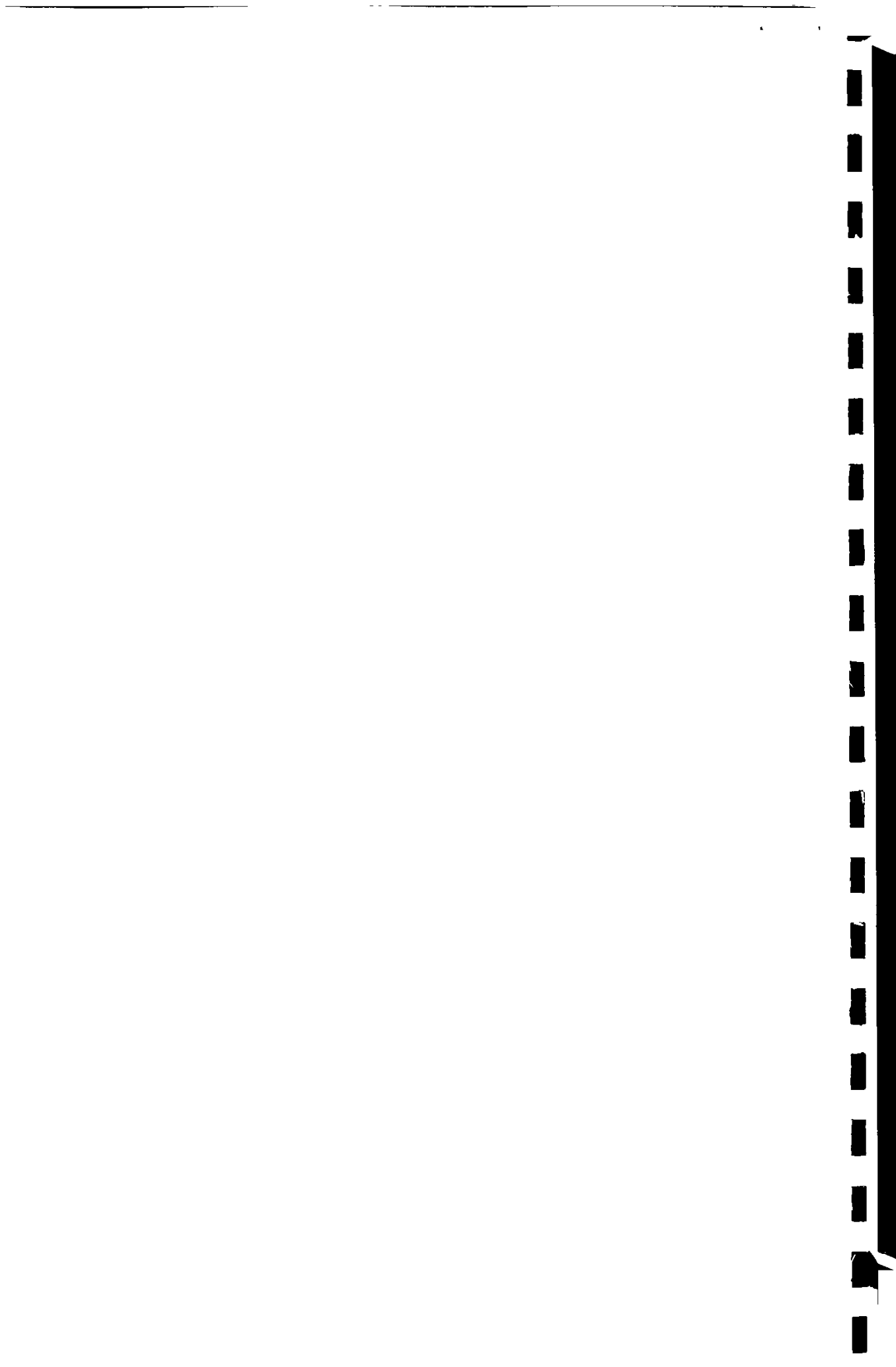


Cotswoldgate Malmesbury Limited
Directors' report and financial
statements
Registered number 05041024
30 April 2010

AMENDING





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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2010

Principal activities and business review

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

Ultimate parent undertaking

On 31 July 2009 Aurelian Property Finance Limited acquired 100% of the ordinary share capital

Proposed dividend

The directors do not recommend the payment of a dividend for the year (2009 £Nil)

Directors

The directors who held office during the year were as follows

JS Taylor
MJ Taylor
SJ Rodden
R Perrill (Resigned 17 July 2009)
D O'Connor (Resigned 31 January 2010)

Political and charitable contributions

The company made no political or charitable contributions during the year (2009 £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

Prory House
Prory Street
Usk
Monmouthshire
NP15 1BJ

28 February 2011

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 auditors' report to the members of Cotswoldgate Malmesbury Limited

We have audited the financial statements of Cotswoldgate Malmesbury Limited for the year ended 30 April 2010 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 2010 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 the parent 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.

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

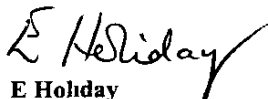
Opinion on other matters prescribed by the Companies Act 2006

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

Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

28th February 2011

Profit and loss account
for the year ended 30 April 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	<i>1</i>	-	-
Cost of sales	<i>2</i>	(590)	-
		<hr/>	<hr/>
Gross loss		(590)	-
Waiver of parent undertaking loan	<i>3</i>	495	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation	<i>3-4</i>	(95)	-
Tax on loss on ordinary activities	<i>5</i>	-	-
		<hr/>	<hr/>
Loss for the financial year	<i>10</i>	(95)	-
		<hr/>	<hr/>

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 2010

	<i>Note</i>	2010 £000	2009 £000
Current assets			
Stocks – work in progress	6	1,190	1,780
Debtors	7	13	13
		<u>1,203</u>	<u>1,793</u>
Creditors: amounts falling due within one year	8	(2,573)	(3,068)
Net liabilities		(1,370)	(1,275)
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account – accumulated losses	10	(1,370)	(1,275)
Deficit on shareholders' funds		(1,370)	(1,275)

These financial statements were approved by the board of directors on 28 February 2011 and were signed on its behalf by



S. Ross
Director

Reconciliation of movement in shareholders' funds
for the year ended 30 April 2010

	2010 £000	2009 £000
Loss for the financial year	(95)	-
Net reduction in shareholders' funds	(95)	-
Opening deficit on shareholders' funds	(1,275)	(1,275)
Closing deficit on shareholders' funds	(1,370)	(1,275)

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 parent undertaking, Aurelian Property Finance Limited ("APF"). 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. 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. 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 2010 of £13.7m, following the impairment of work in progress and the land bank of £9.7m. As a result of this loss, at 30 April 2010 APF had net liabilities of £35.5m and net current liabilities of £27.2m.

During the year APF was funded by means of a £43m revolving credit facility from Lloyds Banking Group ("LBG"), £0.6m of loans from other lenders that are expected to be repaid via the sale of certain properties, over which the lenders have a first legal charge, and £7.7m of directors' loan notes due in 2021.

As a result of the significant fall in residential property values since 2007 APF's ability to repay the LBG facility has been adversely impacted. The fall in asset values has resulted in there being insufficient security to support the current level of borrowing. In addition, the credit facility with LBG expired on 30 April 2010.

On 22 February 2011, the directors of APF secured a new agreement with LBG, which comprises a facility of £47.4m, expiring on 30 September 2011, and a plan to restructure the company's debt in the medium term.

The terms and conditions of the revised facility agreement include LBG having fixed and floating charge security and the subordination of all directors' loans. The key banking covenant within the revised facility is the ability of the group to meet the cash flow forecasts agreed with its lenders.

In respect of the medium term debt restructuring, LBG has 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. Under this agreement certain stock will be developed and sold as completed units, certain other developments will be marketed in their current state and other sites will remain undeveloped in the short term.

Notes (continued)

1 Accounting policies (continued)

Going concern (continued)

The revised facility expires on 30 September 2011 and the directors intend to begin negotiations for its extension in June 2011, in line with the expectations of the group's bankers. The cash flow forecasts agreed with the bank as part of the recent facility negotiations extend to June 2012 and, in addition, the debt restructuring agreement described above covers the period up to March 2013. Consequently, and in conjunction with their regular communication with the group's lenders, at the date of approval of these financial statements the directors believe that the existing facility will be extended when it expires, on the assumption that the group will continue to achieve its cash flow forecasts, which is dependent on operational and property market performance.

The intention of both the group and its lenders is that successful fulfilment of the group's plans as described above will allow it to achieve final settlement of its debts with LBG via the development and sale of its existing stock. In the longer term, the directors intend to seek new financing to continue the group's activities.

Accordingly, the directors have concluded that the bank's ongoing support for the current strategy of building through certain of the existing sites whilst actively marketing certain other sites, will enable APF 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 2010. For this reason, they consider it appropriate to continue to adopt the going concern basis of preparation.

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. Therefore, they may be unable to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a going concern.

Turnover

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

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.

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.

Taxation

The (charge)/credit for taxation is based on the loss 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.

Notes *(continued)*

2 Cost of sales

	2010 £000	2009 £000
Impairment provision against work in progress	(590)	-

3 Loss on ordinary activities before taxation

	2010 £000	2009 £000
<i>Loss on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration	-	-
Audit of these financial statements	-	-
Waiver of parent undertaking loan	(495)	-

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

During the year the company was acquired by Aurelian Property Finance 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

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

	2010 £000	2009 £000
<i>UK corporation tax</i>		
Group relief	-	-
Adjustment in respect of previous year	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous year	-	-
Total deferred tax	-	-
Tax charge on loss on ordinary activities	-	-

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

The current tax (credit)/charge for the year is lower than (2009 the same as) the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(95)	-
Current tax at 28% (2009 28%)	(27)	-
<i>Effects of</i>		
Utilisation of losses brought forward	(56)	-
Deemed release of liabilities (see below)	222	-
Non taxable income	(139)	-
Total current tax	-	-

During the period 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.

No deferred tax asset has been recognised in respect of the tax losses carried forward of £977,000 (2009 £1,177,000) due to uncertainty regarding recoverability.

Notes (continued)

6 Stocks - work in progress

	2010 £000	2009 £000
Land, site development and construction costs	1,190	1,780

7 Debtors

	2010 £000	2009 £000
Amounts owed by group undertakings	13	13

8 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Operating loans	2,573	2,573
Amounts owed to group undertakings	-	495
	2,573	3,068

The operating loans are due to 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

	2010 £	2009 £
<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

	2010 £000	2009 £000
Loss for the financial year	(95)	-
Retained losses brought forward	(1,275)	(1,275)
Retained losses carried forward	(1,370)	(1,275)

Notes *(continued)*

11 Ultimate parent undertaking

On 31 July 2009 the company became a wholly owned subsidiary undertaking of Aurelian Property Finance Limited, a company incorporated and registered in England and Wales

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 Aurelian Property Finance Limited. The consolidated financial statements of Aurelian Property Finance Limited are available to the public and may be obtained from Priory House, Priory Street, Usk, Monmouthshire, NP15 1BJ