

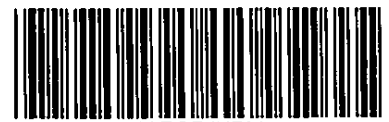
CLEVEDON INVESTMENT LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31st OCTOBER 2010

Registered No 454327

TUESDAY



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COMPANIES HOUSE

CLEVEDON INVESTMENT LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the audited accounts for the year ended 31st October 2010

Principal Activities and Business Review

The Company acts as an investment holding company. There has been no material change in the Company's affairs since the balance sheet date.

Results and dividend

The profit for the financial year after taxation amounted to £nil (2009 £2). The Directors do not propose the payment of a dividend (2009 £nil).

Directors

The Directors during the year were

Mr P J Bergin
Mr D P Darby (Resigned 19th January 2011)
Mr N C Tinker
Mr S Stone

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

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.

Crest House
Pycroft Road
Chertsey
Surrey KT16 9GN

18 APRIL 2011

By order of the Board



K Maguire
Secretary

CLEVEDON INVESTMENT LIMITED

**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.

**REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF
CLEVEDON INVESTMENT LIMITED**

We have audited the financial statements of Clevedon Investment Limited for the year ended 31st October 2010 set out on pages 4 to 7. 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 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, 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.fic.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 31 October 2010 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

Opinion on other matter 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



W E J Holland (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
London

18 April 2011

CLEVEDON INVESTMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st OCTOBER 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		£	£
Income from investments	1(c)	-	2
Taxation	2	-	-
Profit for the financial year		-	2
Retained profit brought forward		246	244
Retained profit carried forward		246	246

The profit for the year arose solely from continuing activities
There are no recognised gains or losses during the current or previous year other than those shown above


BALANCE SHEET AT 31st OCTOBER 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		£	£
<u>Fixed assets</u>			
Investments	3	411	411
<u>Current assets</u>			
Debtors - amounts owed by parent company		98,755	98,755
Debtors - other		-	-
Cash at bank and in hand		680	680
		99,435	99,435
Creditors - amounts owed to subsidiary company		(100)	(100)
Net current assets		99,335	99,335
Total net assets		99,746	99,746
<u>Capital and reserves</u>			
Called up share capital	4	82,500	82,500
Share premium account		17,000	17,000
Profit and loss account		246	246
		99,746	99,746

The notes on pages 5 to 7 form part of these financial statements

Approved by the Board of Directors and signed on its behalf on

18 APRIL 2011 by


P J Bergin
Director

CLEVEDON INVESTMENT LIMITED**NOTES TO THE ACCOUNTS****1 ACCOUNTING POLICIES****(a) Basis of Accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose related party transactions with Crest Nicholson Holdings Limited and its subsidiary undertakings on the grounds that it is a wholly owned subsidiary undertaking of Crest Nicholson Holdings Limited.

(b) Going concern

Following the financial restructuring of the Crest Nicholson Holdings Limited group in March 2009, the business has been dependent for its working capital requirements on funds provided to it through senior bank facilities totalling £500 million, which are scheduled for repayment in March 2012. The Directors have prepared cash flow projections for the period to maturity of the senior facilities in March 2012, which show that the group is capable of operating within the bank facilities currently available and meeting the financial covenant tests. The nature of the group's business is such that there can be unpredictable variations in the timing of cash inflows and performance. The Directors recognise that in the current economic environment, risks exist regarding the amount and timing of cash flows from future sales and future building costs and have considered the effect of reasonably possible variations on their ability to trade.

During the year, the Directors commenced discussions with its lenders about a further financial restructuring of the group, to increase the equity on the group balance sheet and extend bank facilities for a further three to four years. After the balance sheet date, Varde Partners, together with certain market associates and partners, progressively acquired the debt of other group lenders in order to facilitate a financial restructuring of the group.

At 23rd March 2011, Varde Partners, together with certain market associates and partners, had control over more than 80% of the senior debt of the group, which enables them to pursue the financial restructuring of the group, either by consent or through a scheme of arrangement. The precise terms of this restructuring have still to be agreed, but draft and indicative terms include the conversion of £350m to equity, restoring the group balance sheet to a net asset position, borrowing facilities being made available to the group on normal commercial terms and the extension of bank facilities through to 2015. Varde Partners have written to the Directors requesting that the company works with them to achieve this significant de-leveraging of the group balance sheet.

At the accounts signature date, the financial restructuring of the group has not been concluded, but the Directors are satisfied, having regard to current circumstances, that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors consider it appropriate to prepare the financial statements of the group on a going concern basis. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

(c) Income from investments

This represents amounts receivable in the year from quoted investments and profits on disposal of shares.

(d) Investments

Investments are stated at cost.

(e) Taxation

The charge for taxation is based on the profit 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 such timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

2 TAXATION

	<u>2010</u>	<u>2009</u>
	£	£
Current tax		
UK Corporation tax on profits for the year at 28.0% (2009 28.0%)	-	-
The current tax charge for the year is lower (2009 lower) than the standard rate of UK corporation tax of 28.0% (2009 28.0%). The differences are explained below		
Profit on ordinary activities before tax	-	2
Tax on profit on ordinary activities at 28.0%	-	1
Effects of		
Income not subject to corporation tax	-	(1)
	-	-

3 INVESTMENTS

	<u>Subsidiary</u>	<u>Quoted</u>	
	<u>Undertaking</u>	<u>Investments</u>	<u>Total</u>
	£	£	£
At 31 st October 2009	100	311	411
Additions	-	-	-
Disposals	-	-	-
At 31 st October 2010	100	311	411

Subsidiary company

The company owns 100% of the issued share capital of Clevedon Developments Limited which is incorporated in Great Britain and registered in England and Wales and no longer trades. In the opinion of the Directors the net realisable value of this investment is not less than the amount stated in these accounts.

Quoted investments

In the opinion of the Directors the market value of these investments is not less than the amount stated in these accounts.

4 CALLED UP SHARE CAPITAL

	<u>2010</u>	<u>2009</u>
	£	£
<u>Authorised, allotted and fully paid</u>		
75,000 Ordinary shares of 10p each	7,500	7,500
75,000 Deferred shares of £1 each	75,000	75,000
	<u>82,500</u>	<u>82,500</u>

The deferred shares are subject to the following terms

- No dividend or other distribution,
- No repayment on liquidation unless at least £10,000 has been paid out to Ordinary Shareholders for each 10p Ordinary share held and
- No notice or right to attend at general meetings

5	<u>RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</u>	<u>2010</u>	<u>2009</u>
		£	£
	Profit for the financial year	-	2
	Opening shareholders' funds	99,746	99,744
	Closing shareholders' funds	<u>99,746</u>	<u>99,746</u>

6 DIRECTORS AND EMPLOYEES

The Company had no employees during the year (2009 nil)

The Directors did not receive any remuneration for their services during the year (2009 £nil)

7 PARENT COMPANY

The immediate parent company is Crest Nicholson Plc, which is incorporated in Great Britain and registered in England and Wales

The ultimate parent company is Crest Nicholson Holdings Limited, the largest higher group of undertakings for which group accounts are drawn up, which is incorporated in Great Britain and registered in England and Wales. Crest Nicholson Holdings Limited is the only group entity in which the results of the group are consolidated. Copies of Crest Nicholson Holdings Limited Group accounts can be obtained from the Company's registered office which is shown in the Directors' Report.

8 POST BALANCE SHEET EVENT

After the balance sheet date, Varde Partners, together with certain market associates and partners, progressively acquired the debt and equity of other group lenders in order to facilitate a financial restructuring of the Crest Nicholson group. At 23rd March 2011, Varde Partners, together with certain market associates and partners, had control over more than 80% of the senior debt and equity of the group.