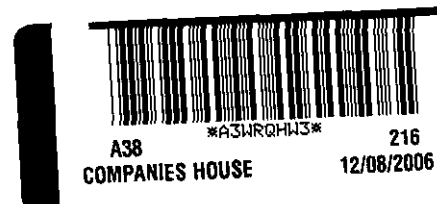


Registration number 03292261

Celtic Gold Jewellery Company Ltd
Directors' report and financial statements
for the year ended 31 December 2005



Celtic Gold Jewellery Company Ltd

Company information

Directors	Roland Frank Phelps Clayton Hugo Wynne Robson
Secretary	Mai Parry Roberts
Company number	03292261
Registered office	41 Frithwood Avenue Northwood Middlesex HA6 3LY
Auditors	Robert Gray Chartered Accountants Messina House 25 Portland Street Aberystwyth Ceredigion SY23 2DX
Business address	41 Frithwood Avenue Northwood Middlesex HA6 3LY
Bankers	Barclays Bank Plc 5 High Road Willesden Green London NW16 2TE

Celtic Gold Jewellery Company Ltd

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Celtic Gold Jewellery Company Ltd

Directors' report for the year ended 31 December 2005

The directors present their report and the financial statements for the year ended 31 December 2005.

Principal activity and review of the business

The principal activities of the group are the mining, manufacture and retail of gold and jewellery.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

- a) the financial risk management objectives and policies of the company including the policy for hedging each major type of forecasted transaction for which hedge accounting is used; and
 - b) the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk;
- unless such information is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Class of share	31/12/05	01/01/05
Roland Frank Phelps	Ordinary shares	-	-

The interests of the directors in the shares of the parent company, Welsh Gold plc, can be found in the Directors' Report within the accounts of the parent company.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Celtic Gold Jewellery Company Ltd

**Directors' report
for the year ended 31 December 2005**

..... continued

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Robert Gray Chartered Accountants be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 3 May 2006 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'R Phelps', is written over the printed name.

Roland Frank Phelps

Director

Celtic Gold Jewellery Company Ltd

Independent auditors' report to the shareholders of Celtic Gold Jewellery Company Ltd

We have audited the financial statements of Celtic Gold Jewellery Company Ltd for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)..

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

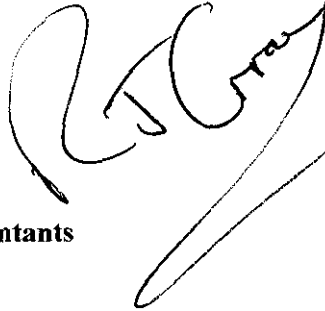
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Celtic Gold Jewellery Company Ltd

Independent auditors' report to the shareholders of Celtic Gold Jewellery Company Ltd continued

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'R Gray', is written over a large, thin, curved line that sweeps from the left towards the right.

**Robert Gray Chartered Accountants
and
Registered Auditor
3 May 2006**

**Messina House
25 Portland Street
Aberystwyth
Ceredigion
SY23 2DX**

Celtic Gold Jewellery Company Ltd

**Profit and loss account
for the year ended 31 December 2005**

		Continuing operations	
		2005	2004
	Notes	£	£
Administrative expenses		(1,215)	(1,194)
Loss on ordinary activities before taxation		(1,215)	(1,194)
Tax on loss on ordinary activities		-	-
Loss on ordinary activities after taxation		(1,215)	(1,194)
Loss for the year		(1,215)	(1,194)
Retained profit brought forward		10,673	11,867
Retained profit carried forward		<u>9,458</u>	<u>10,673</u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 10 form an integral part of these financial statements.

Celtic Gold Jewellery Company Ltd

**Balance sheet
as at 31 December 2005**

		2005		2004	
	Notes	£	£	£	£
Current assets					
Debtors	4	11,855		6,905	
Cash at bank and in hand		18,086		12,174	
		<u>29,941</u>		<u>19,079</u>	
Creditors: amounts falling due within one year	5	<u>(20,481)</u>		<u>(8,404)</u>	
Net current assets			<u>9,460</u>		<u>10,675</u>
Total assets less current liabilities			<u>9,460</u>		<u>10,675</u>
Net assets			<u>9,460</u>		<u>10,675</u>
Capital and reserves					
Called up share capital	6		2		2
Profit and loss account			<u>9,458</u>		<u>10,673</u>
Equity shareholders' funds	7		<u>9,460</u>		<u>10,675</u>

The financial statements were approved by the Board on 3 May 2006 and signed on its behalf by



Roland Frank Phelps
Director

The notes on pages 8 to 10 form an integral part of these financial statements.

Celtic Gold Jewellery Company Ltd

**Cash flow statement
for the year ended 31 December 2005**

Notes	2005 £	2004 £
Reconciliation of operating loss to net cash inflow from operating activities		
Operating loss	(1,215)	(1,194)
(Increase) in debtors	(4,950)	4,950
Increase in creditors	12,077	1,165
Net cash inflow from operating activities	<u>5,912</u>	<u>4,921</u>
 Cash flow statement		
Increase in cash in the year	<u>5,912</u>	<u>4,921</u>
 Reconciliation of net cash flow to movement in net funds (Note 11)		
Increase in cash in the year	5,912	4,921
Net funds at 1 January 2005	12,174	7,253
Net funds at 31 December 2005	<u>18,086</u>	<u>12,174</u>

Celtic Gold Jewellery Company Ltd

Notes to the financial statements for the year ended 31 December 2005

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

The company has consistently applied all relevant accounting standards.

1.2. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Operating loss

	2005	2004
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	1,200	1,150

The two employees of the company are the directors, who did not receive any remuneration during the year.

3. Employees

There were no employees during the year apart from the directors.

Celtic Gold Jewellery Company Ltd

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

4. Debtors	2005	2004
	£	£
Amounts owed by group undertakings	11,486	6,536
Other debtors	369	369
	<u>11,855</u>	<u>6,905</u>
5. Creditors: amounts falling due within one year	2005	2004
	£	£
Amounts owed to group undertaking	20,481	7,254
Accruals and deferred income	-	1,150
	<u>20,481</u>	<u>8,404</u>
6. Share capital	2005	2004
	£	£
Authorised equity		
1,000 Ordinary shares of 1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid equity		
2 Ordinary shares of 1 each	<u>2</u>	<u>2</u>
7. Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Loss for the year	(1,215)	(1,194)
Opening shareholders' funds	10,675	11,869
Closing shareholders' funds	<u>9,460</u>	<u>10,675</u>
8. Related party transactions		

During the year the company did not purchase or sell goods in the normal course of business from or to group companies. Amounts owed by Gold (Wales) Ltd and Gwynfynydd Gold Mines Ltd amounted to £11,464 and £22 respectively (same as 2004). Amounts owed to the parent company Welsh Gold plc amounted to £20,481(2004:£7254).

Celtic Gold Jewellery Company Ltd

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

9. Ultimate parent undertaking

The ultimate parent company is Welsh Gold plc which is incorporated in England & Wales. It owns both issued shares and has included the company in its group accounts, copies of which are available from its registered office.

11. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	12,174	5,912	18,086
Net funds	<u>12,174</u>	<u>5,912</u>	<u>18,086</u>