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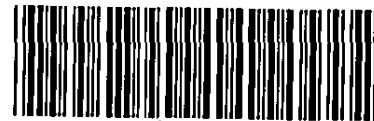
GCP Nominees Limited

Report and Financial Statements

Year Ended

24 March 2008

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GCP Nominees Limited

Annual report and financial statements for the year ended 24 March 2008

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Directors

Trafalgar Officers Limited
M Benady
C White

Secretary and registered office

REIT (Corporate Services) Limited, 5 Wigmore Street, London, W1U 1PB.

Company number

3744679

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU.

GCP Nominees Limited

Report of the directors for the year ended 24 March 2008

The directors present their report together with the audited financial statements for the year ended 24 March 2008.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year.

The directors do not recommend the payment of a dividend (2007 - £Nil).

Principal activities, trading review and future developments

The company's principal activity is property investment.

The directors believe that the company will continue to perform satisfactorily in the future.

Directors

The directors of the company during the year were:

Trafalgar Officers Limited (appointed 10 November 2008)

M Benady (appointed 10 November 2008)

C White (appointed 10 November 2008)

REIT (Corporate Directors) Limited (resigned 10 November 2008)

Directors' responsibilities

The directors are responsible for preparing the annual report and 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 affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 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.

GCP Nominees Limited

Report of the directors for the year ended 24 March 2008 (*Continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



REIT (Corporate Services) Limited
Secretary

Date 23/1/08

GCP Nominees Limited

Report of the independent auditors

To the shareholders of GCP Nominees Limited

We have audited the financial statements of GCP Nominees Limited for the year ended 24 March 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information contained in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgments 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.

GCP Nominees Limited

Report of the independent auditors (*Continued*)

Qualified opinion arising from disagreement about accounting treatment

As explained in note 1, investment properties have been included in the financial statements at cost rather than at open market value as required by Statement of Standard Accounting Practice No. 19 'Accounting for investment properties'. We are unable to quantify the effect, if any, on reserves and tangible fixed assets of this non-compliance with accounting standards.

Except for the failure to include the investment property at open market value, in our opinion:

- the financial statements give a true and fair view of the state of the company's affairs at 24 March 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information in the directors report is consistent with the financial statements

Emphasis of matter – going concern

Without qualifying our opinion we draw attention to note 16 to the financial statements in relation to a material uncertainty which may cast doubt over the company's ability to remain a going concern. The company's fixed assets are secured under the debenture held by its immediate parent, Ashpol plc. The company is aware of a loan to value covenant default on the debenture. The directors of the immediate parent are in negotiations with the trustees of the Debenture Stock to address the default. Should satisfactory agreement not be achieved in relation to this matter then the company's ability to remain a going concern would be significantly adversely impacted. The financial statements do not include any adjustment should the company cease to be a going concern.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors
London*

Date *23 January 2009*

GCP Nominees Limited**Profit and loss account for the year ended 24 March 2008**

	Note	2008 £	2007 £
Rental income	2	463,424	485,327
Property outgoings		227,725	169,534
		<hr/>	<hr/>
Gross profit		235,699	315,793
Administrative expenses		16,429	7,597
		<hr/>	<hr/>
Operating profit	5	219,270	308,196
Interest payable and similar charges	6	260,339	310,847
		<hr/>	<hr/>
Loss on ordinary activities before and after taxation	7	(41,069)	(2,651)
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 7 to 12 form part of these financial statements.

GCP Nominees Limited**Balance sheet at 24 March 2008**

	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	8		3,864,614		3,864,614
Current assets					
Debtors	9	927,071		945,718	
Creditors: amounts falling due within one year	10	(1,244,342)		(1,114,302)	
Net current liabilities			(317,271)		(168,584)
Total assets less current liabilities			3,547,343		3,696,030
Creditors: amounts falling due in more than one year	10		(3,775,670)		(3,883,288)
Net liabilities			(228,327)		(187,258)
Capital and reserves					
Called up share capital	11		2		2
Profit and loss account	12		(228,329)		(187,260)
Shareholders' deficit	13		(228,327)		(187,258)

The financial statements were approved by the Board and authorised for issue on 23/01/09


Trafalgar Officers Limited
Director

The notes on pages 7 to 12 form part of these financial statements.

GCP Nominees Limited

Notes forming part of the financial statements for the year ended 24 March 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention and, except as indicated below, are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Going concern

As at 24 March 2008 the company had net liabilities of £228,327. The company is dependant on the continued support of its parent company, Ashpol plc, who at the year end was owed £3,775,670 by the company.

The directors of Ashpol plc have confirmed that they do not intend to demand repayment of the loan until the company is in a financial position to do so. As a result the directors have prepared the accounts on a going concern basis.

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards except as detailed below:

Statement of Standard Accounting Practice No. 19 ("SSAP 19") requires investment properties to be included in the financial statements at their year end open market value. The directors do not believe the additional information this would provide justifies the cost of the valuation and have therefore included investment properties in the financial statements at historic cost.

Investment properties

Properties held for investment are held at cost. As explained above this is not in compliance with SSAP 19.

In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold investment properties. This treatment is a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However these properties are not held for consumption but investment and therefore the directors consider that systematic annual depreciation would be inappropriate. Therefore the accounting policy adopted is necessary for the accounts to give a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified as it is impracticable and, in the opinion of the directors, would be misleading.

Cash flow statements

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Ashpol plc and the company is included in its consolidated financial statements.

Rental income

Rental income represents rent receivable from the letting of property in the United Kingdom, net of value added tax.

GCP Nominees Limited

Notes forming part of the financial statements for the year ended 24 March 2008 (*Continued*)

1 Accounting policies (*Continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Rental income

Rental income is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Employees

The company had no employees during the year (2007 - Nil).

4 Directors

No remuneration was paid to the directors during the year, nor during the prior year, in respect of their services in relation to the company.

5 Operating profit

	2008 £	2007 £
This has been arrived at after charging:		
Auditors' remuneration	2,000	3,000

GCP Nominees Limited

Notes forming part of the financial statements for the year ended 24 March 2008 (*Continued*)

6 Interest payable and similar charges

	2008 £	2007 £
Loans from group companies	260,339	310,847

7 Taxation on loss on ordinary activities

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £	2007 £
Loss on ordinary activities before tax	(41,069)	(2,651)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2007 – 30%)	(12,320)	(795)
Effects of:		
Losses surrendered to group companies	12,320	795
Current tax charge for year	-	-

8 Tangible assets

	Freehold investment property £
<i>Cost</i>	
At 24 March 2007 and at 24 March 2008	3,864,614

The company's freehold land is charged as security for loans held by other group companies.

GCP Nominees Limited**Notes forming part of the financial statements for the year ended 24 March 2008 (Continued)****9 Debtors**

	2008	2007
	£	£
Amounts owed by related undertakings	70,684	66,226
Other debtors	856,387	879,492
	<u>927,071</u>	<u>945,718</u>

All amounts shown under debtors fall due for payment within one year.

10 Creditors**Amounts falling due within one year**

	2008	2007
	£	£
Amounts owed to group undertakings	45,684	53,756
Amounts owed to related undertakings	80,030	-
Accruals and deferred income	9,975	15,977
Trade creditors	-	46,394
Other creditors	1,108,653	998,175
	<u>1,244,342</u>	<u>1,114,302</u>

Amounts falling due in more than one year

	2008	2007
	£	£
Amounts owed to parent undertaking	<u>3,775,670</u>	<u>3,883,288</u>

GCP Nominees Limited

Notes forming part of the financial statements for the year ended 24 March 2008 (Continued)

11 Share capital

	2008 Number	Authorised 2007 Number	2008 £	2007 £
Ordinary shares of £1 each	100	100	100	100

	Allotted, called up and fully paid			
	2008 Number	2007 Number	2008 £	2007 £
Ordinary shares of £1 each	2	2	2	2

12 Profit and loss account

	£
At 25 March 2007	(187,260)
Retained loss for year	(41,069)
At 24 March 2008	(228,329)

13 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Loss for the year	(41,069)	(2,651)
Opening shareholders' deficit	(187,258)	(184,607)
Closing shareholders' deficit	(228,327)	(187,258)

14 Related party disclosures

Included within amounts owed by related undertakings is an amount of £70,684 owed by Bleasedale Limited, and an amount of £80,029 owed to Brentwood Hotels Limited, both fellow subsidiaries of Trafalgar Overseas Limited..

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Ashpol plc on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in its consolidated financial statements.

GCP Nominees Limited

Notes forming part of the financial statements for the year ended 24 March 2008 (*Continued*)

14 Related party disclosures (Continued)

Related party transactions

	Property management charge for the year ended 24 March 2008 £	Amounts owed (to)/from related party as at 24 March 2008 £	Property management charge for the year ended 24 March 2007 £	Amounts owed (to)/from related party as at 24 March 2007 £
REIT Asset Management	13,903	-	10,982	-

Certain of the directors of REIT (Corporate Directors) Limited are also partners of REIT Asset Management, an entity that provides services to the company.

15 Contingent liabilities and guarantees

The company's freehold land is charged as security for loans held by other group companies (see note 8). At the year end the liabilities covered by the security totalled £75,000,000 (2007 - £75,000,000).

16 Post balance sheet events

The directors are aware of a covenant breach on the £75 million Debenture Stock 2025 held by its parent, Ashpol Plc. The covenant requires the properties secured to it to have a value of £125 million or higher. The company's investment property is held as a security of the Debenture Stock. An independent valuation was performed on the Ashpol Plc group investment properties at 30 June 2008 which valued the investment properties at £111 million, a deficiency of £14 million from the required level.

The Directors are in negotiations with the Trustees to address the covenant default. Should an agreement not be reached with the Trustees of the Debenture then the Trust Deed permits the Trustees to take control of the group's properties and appoint an administrator. If this occurred then the going concern status of the company and group would be adversely impacted. The financial statements do not include any adjustments should the company cease to be a going concern due to this material uncertainty.

17 Ultimate parent company

The smallest group in which the accounts of the company are consolidated is that headed by Ashpol plc, a company registered in England and Wales, whose ultimate controlling party, in the opinion of the directors, is Trafalgar Overseas Limited, a company registered in Gibraltar.

Copies of the financial statements of Ashpol plc can be obtained from Companies House.