

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008  
FOR  
G C NETHERTON LIMITED**

THURSDAY



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# **G C NETHERTON LIMITED**

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**G C NETHERTON LIMITED**

**COMPANY INFORMATION**  
**for the year ended 30 June 2008**

**DIRECTORS:**

A C Gallagher  
G H Gosling  
J G Downer  
P A King  
P A Ryan  
Mrs M A Ryan

**SECRETARY:**

S A Burnett

**REGISTERED OFFICE:**

15 Hockley Court  
Stratford Road  
Hockley Heath  
Solihull  
West Midlands  
B94 6NW

**REGISTERED NUMBER:**

5859746 (England and Wales)

**INDEPENDENT  
AUDITORS:**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

# **G C NETHERTON LIMITED**

## **REPORT OF THE DIRECTORS for the year ended 30 June 2008**

The directors present their report with the audited financial statements of the company for the year ended 30 June 2008.

### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of property development.

### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

### **DIVIDENDS**

No dividends were paid for the year ended 30 June 2008 (period ended 30 June 2007: £nil).

### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2007 to the date of this report.

A C Gallagher  
G H Gosling  
J G Downer  
P A King  
P A Ryan  
Mrs M A Ryan

A C Gallagher controls Gallagher UK Limited, whose subsidiary J J Gallagher Limited holds one third of the shares, J G Downer controls Countrywide Property Holdings PLC, which holds one third of the shares, and P A Ryan and M A Ryan control Mar City Developments Limited, which hold the remaining one third of the shares.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

# **G C NETHERTON LIMITED**

## **REPORT OF THE DIRECTORS (continued) for the year ended 30 June 2008**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS (continued)**

The directors are responsible for keeping proper accounting records which 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 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.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **AUDITORS**

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

### **ON BEHALF OF THE BOARD:**

.....

G H Gosling – Director

28 April 2009

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G C NETHERTON LIMITED

We have audited the financial statements of G C Netherton Limited for the year ended 30 June 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 Annual Report and 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Company Information and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

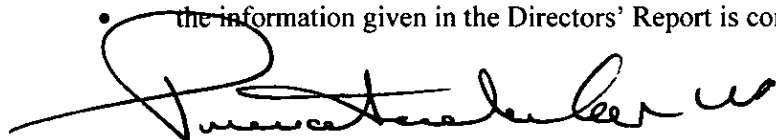
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

### 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 30 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham  
Date: 30 April 2009

# G C NETHERTON LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008

	Notes	Year Ended 30.6.08 £	Period 27.6.06 to 30.6.07 £
<b>TURNOVER</b>		-	-
Cost of sales		<u>(12,480)</u>	<u>(64,682)</u>
<b>GROSS LOSS</b>		(12,480)	(64,682)
Administrative expenses		<u>(1,133)</u>	<u>(1,033)</u>
<b>OPERATING LOSS</b>	3	(13,613)	(65,715)
Interest receivable and similar income		<u>648</u>	<u>392</u>
		(12,965)	(65,323)
Interest payable and similar charges	4	<u>(59,443)</u>	<u>(35,392)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(72,408)	(100,715)
Tax on loss on ordinary activities	5	<u>-</u>	<u>30,215</u>
<b>LOSS FOR THE FINANCIAL YEAR/ PERIOD AFTER TAXATION</b>	10	<u>(72,408)</u>	<u>(70,500)</u>

### CONTINUING OPERATIONS

All of the company's activities relate to continuing operations.

### TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous period.

### NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The notes form part of these financial statements

# G C NETHERTON LIMITED

## BALANCE SHEET 30 June 2008

	Notes	30.6.08 £	30.6.07 £
<b>CURRENT ASSETS</b>			
Stocks	6	879,487	819,408
Debtors	7	705	8,622
Cash at bank		<u>3,142</u>	<u>193</u>
		883,334	828,223
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>(1,026,233)</u>	<u>(898,714)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(142,899)</u>	<u>(70,491)</u>
<b>NET LIABILITIES</b>		<u>(142,899)</u>	<u>(70,491)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	9	9
Profit and loss account	10	<u>(142,908)</u>	<u>(70,500)</u>
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	11	<u>(142,899)</u>	<u>(70,491)</u>

The financial statements were approved by the Board of Directors on 28 April 2009 and were signed on its behalf by:

.....   
G H Gosling - Director



**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Cash flow statement**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

**Cost of sales**

In addition to the costs originally stocked in work in progress attributable to each sales transaction, included within cost of sales are expenses relating to fees expended in promoting developments through the planning system which are written off to the profit and loss account until the viability of such a development is reasonably secure, after which such costs are capitalised in accordance with the stocks accounting policy.

**Stocks**

Work in progress, which includes land held for development, is valued at the lower of cost and net realisable value. Cost initially includes the purchase of land and acquisition expenses. Directly attributable development costs are expensed until the viability of a development is considered reasonably secure. Provision is made against stock where circumstances indicate that recovery is unlikely.

**Deferred tax**

Full provision is made on a non-discounted basis for deferred tax assets and liabilities arising due to timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation at the current rate of tax. Deferred tax assets are only recognised when it is considered more likely than not that they will be realised.

**Amortisation of loan issue**

Costs incurred in respect of obtaining loan finance are included in other debtors and the costs are amortised over the period of repayment of the loan in proportion to the outstanding loan.

**Going concern**

The financial statements have been prepared on a going concern basis as, in addition to its own funding, the directors believe the bank loan will continue to be available and have also obtained confirmation that financial support is available to the company from Gallagher UK Limited, a related company, to enable it to continue as a going concern. The financial statements of Gallagher UK Limited contain information setting out the following basis for the directors' view. "The group operates using its own cash reserves but also has significant specific and general banking facilities available. In the ordinary course of business the group's general banking facilities are subject to renewal in the next year. The directors believe that the current position of the group is strong, with a diverse portfolio of property interests and significant unencumbered assets, and are also confident, based on information available to them, that the facilities will be renewed on acceptable terms to the group. Accordingly, the directors believe that it is appropriate to prepare the financial statements of the group and company on a going concern basis."

# G C NETHERTON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 30 June 2008

### 2. STAFF COSTS

There were no staff costs for the year ended 30 June 2008 nor for the period ended 30 June 2007.

The average monthly number of employees during the year/period was as follows:

	Year Ended 30.6.08 Number	Period 27.6.06 to 30.6.07 Number
Directors	<u>6</u>	<u>6</u>

### 3. OPERATING LOSS

The operating loss is stated after charging:

	Year Ended 30.6.08 £	Period 27.6.06 to 30.6.07 £
Auditors' remuneration	<u>1,050</u>	<u>1,000</u>
Directors' emoluments	<u>-</u>	<u>-</u>

The directors receive no emoluments for their services to the company in accordance with the shareholders' agreement.

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30.6.08 £	Period 27.6.06 to 30.6.07 £
Bank interest	57,105	32,119
Amortisation of loan issue costs	<u>2,338</u>	<u>3,273</u>
	<u>59,443</u>	<u>35,392</u>

# G C NETHERTON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 30 June 2008

### 5. TAXATION

#### Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year/period was as follows:

	Year Ended 30.6.08 £	Period 27.6.06 to 30.6.07 £
Current tax:		
Consortium relief	-	(30,215)
Tax on loss on ordinary activities	-	(30,215)

The current corporation tax credit differs from the standard UK corporation tax rate applied to the loss for the year/period. The differences are:

	Year Ended 30.6.08 £	27.6.06 to 30.6.07 £
Loss for the year at 29.5% (2007: 30%)	(21,360)	(30,215)
Consortium relief not paid	21,360	-
	-	(30,215)

The standard rate of UK corporation tax changed to 28% with effect from 1 April 2008 and will impact future tax charges.

### 6. STOCKS

	30.6.08 £	30.6.07 £
Work in progress	<u>879,487</u>	<u>819,408</u>

### 7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.08 £	30.6.07 £
Trade debtors	-	2,691
Other debtors	-	2,338
VAT recoverable	<u>705</u>	<u>3,593</u>
	<u>705</u>	<u>8,622</u>

# G C NETHERTON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 30 June 2008

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.08	30.6.07
	£	£
Bank loan	850,000	850,000
Trade creditors	1,789	-
Amounts owed to shareholders	164,384	32,384
Accruals and deferred income	<u>10,060</u>	<u>16,330</u>
	<u>1,026,233</u>	<u>898,714</u>

The bank loan is on normal commercial terms and is secured by way of a fixed and floating charge over the assets of the company. Associated interest is payable at commercial rates linked to the bank's base rate.

At 30 June 2008, £54,795,(2007: £10,794) was owed to J J Gallagher Limited, a subsidiary of Gallagher UK Limited, £54,795 (2007: £10,794) to Countrywide Homes Limited, a subsidiary of Countrywide Property Holdings PLC and £54,794 (2007: £10,794) to MarCity Developments Limited, the shareholders. The loans are interest free and subordinated to the bank loan.

### 9. CALLED UP SHARE CAPITAL

Authorised:			30.6.08	30.6.07
Number:	Class:	Nominal value:	£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:			30.6.08	30.6.07
Number:	Class:	Nominal value:	£	£
9	Ordinary	£1	<u>9</u>	<u>9</u>

### 10. RESERVES

	Profit and loss account £
At 1 July 2007	(70,500)
Loss for the financial year	<u>(72,408)</u>
At 30 June 2008	<u>(142,908)</u>

# **G C NETHERTON LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - continued** **for the year ended 30 June 2008**

### **11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	30.6.08	30.6.07
	£	£
Loss for the financial year/period	(72,408)	(70,500)
Issue of shares	<u>-</u>	<u>9</u>
<b>Net addition to shareholders' deficit</b>	<b>(72,408)</b>	<b>(70,491)</b>
Opening shareholders' deficit	<u>(70,491)</u>	<u>-</u>
<b>Closing shareholders' deficit</b>	<b><u>(142,899)</u></b>	<b><u>(70,491)</u></b>

### **12. CONTROLLING PARTY**

There is no single controlling party.