

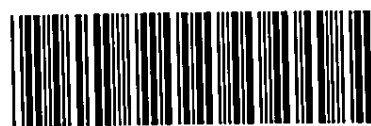
GN TOWER LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2008

Registration: England 05234879

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GN TOWER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activity of the company is that of property development.

RESULTS

The company's profit for the financial year is £137,000 (2007: £4,185,000).

A dividend on the ordinary share of £1,500,000 (2007: £3,000,000) was paid during the year. The directors do not recommend the payment of a further dividend for the year (2007: £Nil).

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's profit before taxation for the financial year is £154,000 (2007: £5,979,000). Operating profit is £84,000 compared with £6,061,000 in 2007.

Following completion of the final unit and the sale of the freehold the company will continue to operate until the maintenance period is complete.

The net assets of the company at 31 December 2008 were £670,000 (2007: £2,033,000).

Business risks have been considered by the directors and appropriate processes have been put in place to monitor and mitigate them. The principal business risks facing the Company are those associated with the safety and security of customers and employees.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the period are given below. None of the directors had a beneficial interest in the shares of the company.

S J Brown (appointed 18/11/2008)

G Chilver

H W Cooke (resigned 04/07/2008)

G J Dodds (resigned 30/05/2008)

I R Gelley (appointed 16/10/2008)

R W Hays (appointed 30/05/2008, resigned 18/11/2008)

B E Jarvis

R A Peacock (resigned 16/10/2008)

M A Southcombe (appointed 31/08/2007, resigned 31/12/2008)

D S Spayne (appointed 04/07/2008)

R J Woolsey (appointed 26/02/2009)

No director was materially interested during the period in any contract which was significant in relation to the business of the company.

GN TOWER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

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 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;
- 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, 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.

The directors are responsible for keeping proper accounting records that 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.

Audit information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. This information is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

By order of the board



**I R Gelley
Director**

20 October 2009

GN TOWER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GN TOWER LIMITED

We have audited the financial statements of GN Tower Limited for the year ended 31 December 2008 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 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). 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 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 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 31 December 2008 and of its profit and cash flows 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
London

22 October 2009

GN TOWER LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £'000	2007 £'000
Turnover		1,106	28,738
Cost of sales		(835)	(22,634)
Gross profit		<u>271</u>	<u>6,104</u>
Administrative expenses		(187)	(43)
Operating profit		<u>84</u>	<u>6,061</u>
Interest payable and similar charges	3	-	(251)
Interest receivable and similar income	3	70	169
Profit on ordinary activities before taxation		<u>154</u>	<u>5,979</u>
Tax on profit on ordinary activities	4	(17)	(1,794)
Profit for the year		<u>137</u>	<u>4,185</u>

There are no recognised gains and losses for the current or prior year other than as stated in the profit and loss account above.

GN TOWER LIMITED**BALANCE SHEET AT 31 DECEMBER 2008**

	Notes	2008 £'000	2007 £'000
Current assets			
Stock	5	-	831
Debtors	6	18	62
Cash at bank and in hand		1,478	3,388
		<u>1,496</u>	<u>4,281</u>
Creditors: amounts falling due within one year	7	<u>(826)</u>	<u>(2,248)</u>
Net assets		<u>670</u>	<u>2,033</u>
Capital and reserves			
Share capital	8	-	-
Profit and loss account	9	<u>670</u>	<u>2,033</u>
Total equity shareholders' funds		<u>670</u>	<u>2,033</u>

The accounts on pages 4 to 9 were approved by the board of directors on 20 October 2009 and were signed on its behalf by:



I R Gelley
Director

GN TOWER LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Net cash inflow from operating activities (see below)		414		26,323
Returns on investments and servicing of finance				
Interest paid		-		(904)
Interest received		70		-
Taxation		(894)		(1,237)
Financing				
Decrease in borrowings	-		(18,507)	
Dividends paid	(1,500)		(3,000)	
		(1,500)		(21,507)
Net (decrease)/increase in cash		(1,910)		2,675
Net cash at start of period		3,388		713
Net cash at end of period		<u>1,478</u>		<u>3,388</u>

Reconciliation of operating profit to net cash flows from operating activities

	2008 £'000	2007 £'000
Operating profit	84	6,061
Decrease in stock	831	20,937
Decrease in debtors	44	272
Decrease in creditors	(545)	(947)
	<u>414</u>	<u>26,323</u>

GN TOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards.

Turnover

Turnover from housing sales is recognised as the fair value of the consideration received or receivable on legal completion, net of incentives.

Finance Income and Costs

Interest receivable and payable on bank deposits and borrowings is credited or charged to finance costs as incurred.

Transaction costs relating to the arrangement of long term borrowing facilities are capitalised and amortised over the life of the facility.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

Land inventory is recognised at the time a liability is recognised – generally after exchange of unconditional contracts.

2. Operating profit and Parent Company

During the year auditors' remuneration of £8,000 (2007: £8,000) has been borne by the company.

Directors' remuneration paid by the company in the year amounted to £Nil. All directors remuneration is borne by the joint venture partners.

The company is a wholly owned subsidiary of GW City Ventures Limited, a company registered in England. GW City Ventures Limited is a joint venture, equally owned by Taylor Wimpey UK Limited and Barclays Unquoted Property Investments Limited, therefore there is no ultimate or controlling party.

GN TOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

3. Interest payable and similar charges

	2008 £'000	2007 £'000
Interest paid	-	251
	<u>-</u>	<u>251</u>
Interest received and similar income	2008 £'000	2007 £'000
Interest received	70	169
	<u>70</u>	<u>169</u>

4. Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax: UK Corporation tax on profits	43	1,794
Corporation tax prior year adjustments	(26)	-
Tax on profit on ordinary activities	<u>17</u>	<u>1,794</u>
	2008 £'000	2007 £'000
Profit on ordinary activities before tax	<u>154</u>	<u>5,979</u>
Profit on ordinary activities multiplied by the weighted average of the standard rate in the UK of 28.5% (2007: 30%)	43	1,794
Adjustment to prior year tax charge	(26)	-
Total current tax	<u>17</u>	<u>1,794</u>

5. Stock

	2008 £'000	2007 £'000
Land held for development	-	58
Construction work in progress	-	261
Other stock	-	512
	<u>-</u>	<u>831</u>

GN TOWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

6. Debtors

	2008 £'000	2007 £'000
Other debtors	18	62
	<u>18</u>	<u>62</u>

Other debtors are VAT debtors.

7. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	32	1,328
Accruals	751	-
Current tax	43	920
	<u>826</u>	<u>2,248</u>

8. Share Capital

	2008 £	2007 £
Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid: 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

9. Profit and loss account

	2008 £'000	2007 £'000
Opening reserves at 1 January	2,033	848
Retained profit for the year	137	4,185
Dividend paid	(1,500)	(3,000)
Closing reserves at 31 December	<u>670</u>	<u>2,033</u>

10. Related Party Transactions

The company paid interest on borrowings from its joint venture partners and other related parties as detailed below:

	2008 £'000	2007 £'000
Wimpey Finance Plc	-	1,033
Barclays Capital	<u>-</u>	<u>40</u>