

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007
FOR
G C NEWPORT LIMITED
5499095**

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for the year ended 30 June 2007**

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G C NEWPORT LIMITED

COMPANY INFORMATION
for the year ended 30 June 2007

DIRECTORS:

A C Gallagher
G H Gosling
J G Downer
P A King

SECRETARY:

S A Burnett

REGISTERED OFFICE:

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

REGISTERED NUMBER:

5499095 (England and Wales)

AUDITORS:

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

G C NEWPORT LIMITED

REPORT OF THE DIRECTORS for the year ended 30 June 2007

The directors present their report with the audited financial statements of the company for the year ended 30 June 2007

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

A dividend of £500,000 was paid in the year ended 30 June 2007 (period ended 30 June 2006 £600,000)

DIRECTORS

The directors during the year under review were

A C Gallagher
G H Gosling
J G Downer
P A King

The directors holding office at 30 June 2007 did not hold any direct beneficial interest in the issued share capital of the company at 1 July 2006 or 30 June 2007

A C Gallagher controls Gallagher UK Limited, whose subsidiary J J Gallagher Limited holds 50% of the shares and J G Downer controls Countrywide Property Holdings PLC, which holds the remaining 50% of the shares

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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.

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.

G C NEWPORT LIMITED

**REPORT OF THE DIRECTORS – (continued)
for the year ended 30 June 2007**

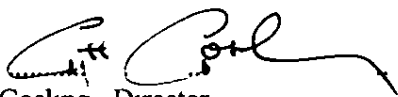
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) 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:

A handwritten signature in black ink, appearing to read 'G H Gosling', with a long horizontal flourish extending to the right.

G H Gosling - Director

14 March 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G C NEWPORT LIMITED

We have audited the financial statements of G C Newport Limited for the year ended 30 June 2007 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). 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

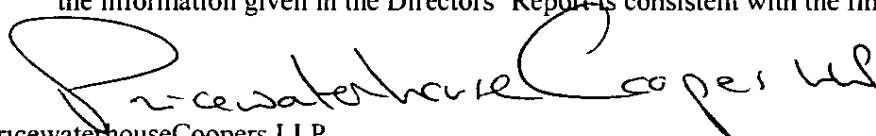
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 30 June 2007 and of its profit 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 20 March 2008

G C NEWPORT LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2007

| | | Year Ended 30 6 07 £ | Period 5 7 05 to 30.6 06 £ |
|---|-------|----------------------------|--|
| | Notes | | |
| TURNOVER | | - | 14,208,666 |
| Cost of sales | | <u>5,323</u> | <u>(11,916,680)</u> |
| GROSS PROFIT | | 5,323 | 2,291,986 |
| Administrative expenses | | <u>(974)</u> | <u>(1,635)</u> |
| | | 4,349 | 2,290,351 |
| Other operating income | | <u>213</u> | <u>-</u> |
| OPERATING PROFIT | 3 | 4,562 | 2,290,351 |
| Interest receivable and similar income | | <u>4,201</u> | <u>1,563</u> |
| | | 8,763 | 2,291,914 |
| Interest payable and similar charges | 4 | <u>-</u> | <u>(596,459)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 8,763 | 1,695,455 |
| Tax on profit on ordinary activities | 5 | <u>(1,670)</u> | <u>(508,637)</u> |
| PROFIT FOR THE FINANCIAL YEAR/ PERIOD AFTER TAXATION | 10 | <u>7,093</u> | <u>1,186,818</u> |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits 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 NEWPORT LIMITED

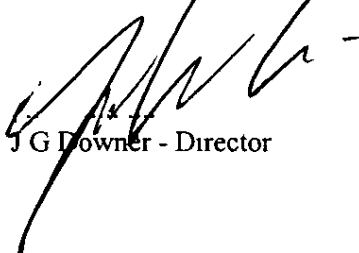
BALANCE SHEET

30 June 2007

| | Notes | 30 6 07 £ | 30 6 06 £ |
|--|-------|----------------|------------------|
| CURRENT ASSETS | | | |
| Debtors | 7 | 89,213 | 1,091,617 |
| Cash at bank | | <u>6,970</u> | <u>5,470</u> |
| | | 96,183 | 1,097,087 |
| CREDITORS | | | |
| Amounts falling due within one year | 8 | <u>(2,270)</u> | <u>(510,267)</u> |
| NET CURRENT ASSETS | | <u>93,913</u> | <u>586,820</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>93,913</u> | <u>586,820</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 9 | 2 | 2 |
| Profit and loss account | 10 | <u>93,911</u> | <u>586,818</u> |
| SHAREHOLDERS' FUNDS | 11 | <u>93,913</u> | <u>586,820</u> |

The financial statements were approved by the Board of Directors on 14 March 2008 and were signed on its behalf by


G H Gosling - Director


J G Downer - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

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

Turnover

Turnover represents the invoiced value of work done resulting from property development activities. Turnover from land sales is recognised on completion

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 includes the purchase of land and acquisition expenses. Promotional costs associated with developments are expensed until the viability of that development is reasonably secure. Work in progress is reduced to net realisable where changes in circumstances indicate full 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

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

2 STAFF COSTS

There were no staff costs for the year ended 30 June 2007 nor for the period ended 30 June 2006

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

| | Year Ended 30 6 07 | Period 5 7 05 to 30 6 06 |
|-----------|-----------------------|-----------------------------------|
| Directors | <u>4</u> | <u>4</u> |

G C NEWPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 30 June 2007

3 OPERATING PROFIT

The operating profit is stated after charging

| | Year Ended 30 6 07 £ | Period 5 7 05 to 30 6 06 £ |
|---|----------------------------|--|
| Auditors' remuneration | 850 | 1,250 |
| Auditors' remuneration for non audit work | <u>-</u> | <u>180</u> |
| Directors' emoluments | <u>-</u> | <u>-</u> |

4 INTEREST PAYABLE AND SIMILAR CHARGES

| | Year Ended 30 6 07 £ | Period 5 7 05 to 30 6 06 £ |
|----------------------------------|----------------------------|--|
| Bank interest | - | 444,296 |
| Amortisation of loan issue costs | <u>-</u> | <u>152,163</u> |
| | <u>-</u> | <u>596,459</u> |

G C NEWPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 30 June 2007

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year/period was as follows

| | Year Ended 30 6 07 £ | Period 5 7 05 to 30 6 06 £ |
|--------------------------------------|----------------------------|--|
| Current tax | | |
| UK corporation tax | <u>1,670</u> | <u>508,637</u> |
| Tax on profit on ordinary activities | <u>1,670</u> | <u>508,637</u> |

The current corporation tax charge differs from/equates to the standard UK corporation tax rate applied to the profit for the year/period. The differences are

| | Year Ended 30 6 07 £ | Period 5 7 05 to 30 6 06 £ |
|---------------------------------|----------------------------|--|
| Profit for the year at 30% | 2,629 | 508,637 |
| Expenses not deductible for tax | 8 | - |
| Effect of small companies rate | <u>(967)</u> | <u>-</u> |
| | <u>1,670</u> | <u>508,637</u> |

6 DIVIDENDS

| | Year Ended 30 6 07 £ | Period 5 7 05 to 30 6 06 £ |
|---------------------|----------------------------|--|
| Final dividend paid | <u>500,000</u> | <u>600,000</u> |

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30 6 07 £ | 30 6 06 £ |
|------------------------------|---------------|------------------|
| Trade debtors | - | 74,435 |
| Amounts owed by shareholders | 88,360 | 988,360 |
| VAT recoverable | <u>853</u> | <u>28,822</u> |
| | <u>89,213</u> | <u>1,091,617</u> |

£44,180 (2006 £494,180) is owed by J J Gallagher Limited, a subsidiary of Gallagher UK and £44,180 (2006 £494,180) by Countrywide Homes Limited, a subsidiary of Countrywide Property Holdings PLC, the shareholders. No interest is receivable.

G C NEWPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 30 June 2007

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30 6 07 | 30 6 06 |
|-----------------|--------------|----------------|
| | £ | £ |
| Corporation tax | 1,670 | 508,637 |
| Other creditors | <u>600</u> | <u>1,630</u> |
| | <u>2,270</u> | <u>510,267</u> |

9 CALLED UP SHARE CAPITAL

| Authorised Number | Class | Nominal value | 30 6 07 | 30 6 06 |
|----------------------|------------|------------------|--------------|--------------|
| | | | £ | £ |
| 500 | Ordinary A | £1 | 500 | 500 |
| 500 | Ordinary B | £1 | <u>500</u> | <u>500</u> |
| | | | <u>1,000</u> | <u>1,000</u> |

| Allotted, issued and fully paid Number | Class | Nominal value | 30 6 07 | 30.6 06 |
|---|------------|------------------|----------|----------|
| | | | £ | £ |
| 1 | Ordinary A | £1 | 1 | 1 |
| 1 | Ordinary B | £1 | <u>1</u> | <u>1</u> |
| | | | <u>2</u> | <u>2</u> |

10 RESERVES

| | Profit and loss account £ |
|---------------------|------------------------------------|
| At 1 July 2006 | 586,818 |
| Profit for the year | 7,093 |
| Dividends paid | <u>(500,000)</u> |
| At 30 June 2007 | <u>93,911</u> |

G C NEWPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 30 June 2007

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | | |
|--|----------------------|-----------------------|
| | 30 6 07 | 30 6 06 |
| | £ | £ |
| Profit for the financial year/period | 7,093 | 1,186,818 |
| Dividends | <u>(500,000)</u> | <u>(600,000)</u> |
| | (492,907) | 586,818 |
| Issue of shares | <u>-</u> | <u>2</u> |
| Net (reduction)/addition to shareholders' funds | (492,907) | 586,820 |
| Opening shareholders' funds | <u>586,820</u> | <u>-</u> |
| Closing shareholders' funds | <u>93,913</u> | <u>586,820</u> |

12 CONTROLLING PARTY

The company is jointly controlled by J J Gallagher Limited and Countrywide Property Holdings PLC
Each of the shareholders is incorporated in England and Wales