

Company Registration No. 05523522

GC Europe Limited

Report and Financial Statements

30 June 2006



GC Europe Limited

Report and financial statements 2006

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GC Europe Limited

Report and financial statements 2006

Officers and professional advisers

Directors

J G Downer
A C Gallagher
G H Gosling
PA King

Secretary

S A Burnett

Registered Office

15 Hockley Court
Stratford Road
Solihull
West Midlands
B94 6NW

Auditors

Deloitte & Touche LLP
Chartered Accountants
Birmingham

GC Europe Limited

Directors' report

The directors present their annual report and the audited financial statements for the 11 months from 1 August 2005 (date of incorporation) to 30 June 2006.

Activities

The company's principal activity is that of property consultancy, trading and development. The directors are satisfied with the result for the period and are optimistic about future prospects.

Incorporation

The company was newly incorporated on 1 August 2005 and commenced trading on this date.

Results and Dividends

The profit and loss account is set out on page 5 and shows the loss for the year. The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the period and their interests in the ordinary share capital of the company were:

	2006
A C Gallagher	1
J G Downer	1
G H Gosling	-
P A King	-

Auditors

In the case of each of the persons who are directors of the company at the date when this report is approved:

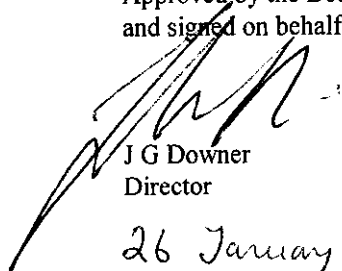
- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- Each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This provision is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP were appointed as auditors during the period and have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

The above report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board



J G Downer
Director

26 January 2007

GC Europe Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period and comply with United Kingdom Generally Accepted Accounting Practice and the Companies Act 1985. 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 accounting standards have been followed; 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. The directors are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of GC Europe Limited

We have audited the financial statements of GC Europe Limited for the 11 month period from 1 August 2005 (date of incorporation) to 30 June 2006 which comprise profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members 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 United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given 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 the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.

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 2006 and of its loss for the period then ended; and
- 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.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham, United Kingdom

1 February 2007

GC Europe Limited

Profit and Loss Account 11 months ended 30 June 2006

	Note	11 months ended 30 June 2006 £
Administrative expenses		(180,164)
Other operating income		-
Operating loss	3	(180,164)
Interest payable and similar charges	5	(64,567)
Loss on ordinary activities before taxation		(244,731)
Tax on loss on ordinary activities	6	-
Loss on ordinary activities after taxation for the financial period		<u>(244,731)</u>

All amounts relate to continuing activities.

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

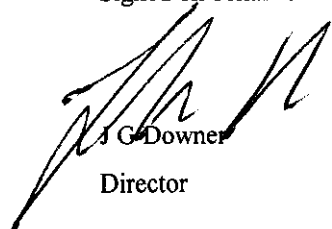
There are no movements in shareholders' funds other than the result for the period.

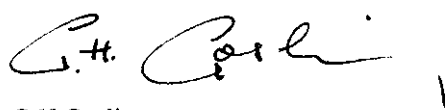
GC Europe Limited

Balance sheet 30 June 2006

	Note	2006 £
Fixed assets	7	3,588
Current assets		
Stocks	8	2,165,766
Debtors	9	31,578
Cash at bank and in hand		24,793
		<u>2,222,137</u>
Creditors: amounts falling due within one year	10	<u>(670,454)</u>
Net current assets		<u>1,551,683</u>
Total assets less current liabilities		<u>1,555,271</u>
Creditors: amounts falling due after more than one year	11	<u>(1,800,000)</u>
Net liabilities		<u><u>(244,729)</u></u>
Capital and reserves		
Called up share capital	12	2
Profit and loss account	13	<u>(244,731)</u>
Total equity shareholders' deficit		<u><u>(244,729)</u></u>

These financial statements were approved by the Board of Directors on 26 January 2007.
Signed on behalf of the Board of Directors


J G Downer
Director


G H Gosling
Director

GC Europe Limited

Notes to the accounts

Period ending 30 June 2006

1. Accounting convention

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

Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) on the grounds of being a small company.

Turnover

Turnover represents the invoiced value of work done resulting from consultancy and property development activities.

Other operating income

Other operating income represents rental income receivable from development land.

Cost of sales

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, as and when incurred, in accordance with the work in progress accounting policy.

Tangible fixed assets

Tangible fixed assets are valued at cost less provision for depreciation and impairment. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated at the following rates:

Fixtures and fittings	20% reducing balance
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Stock and Work in Progress

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 the developments are expensed until the viability of that development is reasonably secure. Work in progress is reduced to net realisable value where changes in circumstances indicate full recovery is uncertain.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 that not that they will be realized.

2. Turnover

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

GC Europe Limited

Notes to the accounts Period ending 30 June 2006

3. Operating loss

	11 months ended 30 June 2006 £
Operating loss is after charging	
Depreciation	480
Auditor's remuneration – audit services	1,000
	<u>1,480</u>

4. Employees

Staff costs consist of:

	11 months ended 30 June 2006 £
Wages and salaries	78,953
Social security costs	9,316
	<u>88,269</u>

The average number of employees (including directors) during the period was 2. No directors received any remuneration in the period.

5. Interest payable and similar charges

	11 months ended 30 June 2006 £
Bank loans, overdrafts	64,567
	<u>64,567</u>

6. Tax on loss on ordinary activities

	2006 £
UK Corporation Tax	
Tax on loss on ordinary activities	-
Total current tax	<u>-</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

GC Europe Limited

Notes to the accounts Period ending 30 June 2006

6. Tax on profit on ordinary activities (continued)

	2006 £
Loss on ordinary activities before tax	<u>244,731</u>
Tax on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 – 30%)	(73,420)
Effect of:	
Expenses not deductible for tax	882
Capital allowances in excess of depreciation	(136)
Losses carried forward	<u>72,672</u>
Current tax charge for period	<u>-</u>

7. Tangible fixed assets

	Fixtures, fittings, tools and equipment £
Cost	
Additions	4,068
At 30 June 2006	<u>4,068</u>
Accumulated depreciation	
Provided for the period	480
At 30 June 2006	<u>480</u>
Net book value	
At 30 June 2006	<u>3,588</u>

8. Stocks

	2006 £
Work-in-progress	<u>2,165,766</u>

9. Debtors

	2006 £
Other debtors	<u>31,578</u>

GC Europe Limited

Notes to the accounts Period ending 30 June 2006

10. Creditors: amounts falling due within one year

	2006 £
Trade creditors	52,417
Accruals and deferred income	18,856
Loans from related undertakings	598,692
Other tax and social security	489
	<u>670,454</u>

11. Creditors: amounts falling due after more than one year

	2006 £
Bank loans	<u>1,800,000</u>
Maturity of debt:	
	Bank loans 2006 £
In more than one year but not more than two years	<u>1,800,000</u>

Bank borrowings are secured by a charge over stock and work in progress.

12. Called up share capital

	2006 £
Authorised, allotted and fully paid	
During the year 2 ordinary shares of £1 each were allotted for £2	<u>2</u>

13. Profit and loss account

	2006 £
Loss for the period	<u>(244,732)</u>
Balance at 30 June 2006	<u>(244,732)</u>

GC Europe Limited

Notes to the accounts Period ending 30 June 2006

14. Related party transactions

The company has borrowed the following amounts from the parties as described below;

	2006
	£
J J Gallagher Limited	299,346
Countrywide Homes Limited	299,346

There were no further related party transactions during the period or balances at the period end.