REGISTERED NUMBER: 05740852 (England and Wales)

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

FOR

G & C FINANCE PLC

CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

G & C FINANCE PLC

COMPANY INFORMATION
for the year ended 30 June 2011

DIRECTORS:	J G Downer G H Goslıng
SECRETARY:	S A Burnett
REGISTERED OFFICE:	15 Hockley Court Stratford Road Hockley Heath Solıhull West Mıdlands B94 6NW
REGISTERED NUMBER:	05740852 (England and Wales)
INDEPENDENT AUDITORS:	Deloıtte LLP Chartered Accountants and Statutory Audıtors Bırmıngham Unıted Kıngdom

G & C FINANCE PLC (REGISTERED NUMBER: 05740852)

REPORT OF THE DIRECTORS
for the year ended 30 June 2011

The directors present their report with the financial statements of the company for the year ended 30 June 2011

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of G & C Finance plc is predominantly engaged in the provision of finance to property developers

REVIEW OF BUSINESS
The directors consider the key measurement of effectiveness is profit before interest and tax The profit and loss account is set out on page 8 and shows the result for the period For the year ended 30 June 2011, the loss before tax is £2,041,843 which compares to a loss before tax of £1,525,995 last year The principal reason for the loss is exceptional bad debts of £184,641 (2010 £931,215) caused by the prevailing economic conditions set out below and an exceptional bad debt provision of £1,434,516 relating to the amount due from parent undertaking, G & C Property Development Consultancy Limited

The company is in a net liabilities position In September 2011, the company received signed confirmation of continued support from its related party funder, Countywide Developments Limited In particular one funder has committed to making funds available to the company in the future to enable it to meet its obligations as and when they fall due, although these commitments are not legally binding

DIVIDENDS
The directors do not recommend the payment of a dividend (2010 £nil)

DIRECTORS
The directors shown below have held office during the whole of the period from 1 July 2010 to the date of this report

J G Downer
G H Gosling

PRINCIPAL RISKS AND UNCERTAINTIES
The principal risks of the business relate to the performance of the developers in terms of their ability to build out and sell the development within the terms of the original loan in terms of both cost and timescales This risk is managed by the detailed due diligence and sensitivity analysis carried out before accepting any new funding opportunities and the close ongoing monitoring of all developments throughout the life of the development from construction to sales However, the prevailing economic conditions as a result of the recent recession and credit crunch has resulted in falls in property values and a lack of mortgage funding for purchasers which in turn has had a severe adverse impact on our business and the resultant loss for the period

All sales are made in the UK in sterling and therefore the company has no foreign exchange exposure

G & C FINANCE PLC (REGISTERED NUMBER: 05740852)

REPORT OF THE DIRECTORS (continued)
for the year ended 30 June 2011

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The company's activities expose it to a number of financial risks including price risk, liquidity risk and credit risk No financial derivatives are used to manage any of these risks

PRICE RISK
The company is fundamentally affected by the level of UK house prices These in turn are affected by factors such as employment levels, interest rates, supply of land with planning and consumer confidence Whilst it is not possible for the company to mitigate such risks on a national macroeconomic basis, the company is working with the developers to maximise sales at realistic levels to ensure maximum returns

LIQUIDITY RISK
Liquidity risk reflects the risk that the company will have insufficient resources to meet its financial obligations as they fall due The company has assessed its cash flow requirements for the year ahead which in conjunction with the continued support of the related party funders would mean that the company has sufficient liquid funds to meet all its potential liabilities as they fall due

CREDIT RISK
The company's principal financial assets are bank balances and trade receivables The credit risk is primarily attributable to the trade receivables in the current climate as explained above The amounts presented in the balance sheet are net of allowances for doubtful receivables This position is continuously monitored by the directors

All sales are made in the UK in sterling and therefore the company has no foreign exchange exposure

GOING CONCERN
The company is in a net liabilities position In September 2011, the company received signed confirmation of continued support from its related party funder, Countywide Developments Limited In particular one funder has committed to making funds available to the company in the future to enable it to meet its obligations as and when they fall due, although these commitments are not legally binding The company is reliant on this support to continue as a going concern Because the supporting company operates to a different financial reporting timetable recent audited financial statements for that company are not available The directors have made due enquiries of the directors of the supporting company and believe that it is able to provide the necessary support The company providing the support holds various fixed asset investments and therefore is subject to the uncertainty to the valuation of such investments in current markets The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future For this reason the directors continue to adopt the going concern basis in preparing the financial statements

REPORT OF THE DIRECTORS (continued)
for the year ended 30 June 2011

FUTURE OUTLOOK

The company has decided to cease new lending until the market conditions have improved significantly This position is continuously being assessed The directors believe that this measure, in conjunction with the continued support of the funders, would ensure the future going concern of the business

ENVIRONMENT

The company recognises the importance of its environmental responsibilities Initiatives designed to minimise the company's impact on the environment include recycling and reducing energy consumption The company is also pleased to have been involved in the funding of a number of former contaminated land sites for use in residential developments

EMPLOYEES

There are no employees, or directors that are directly employed by the company

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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 (as defined by Section 418 of the Companies Act 2006) 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

REPORT OF THE DIRECTORS (continued)
for the year ended 30 June 2011

AUDITORS
The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

G H Gosling - Director
5 October 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G & C FINANCE PLC

We have audited the financial statements of G & C Finance PLC for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Qualified opinion arising from limitation in audit scope

The audit evidence available to us was limited because the related party company that is providing support to the company operates to a different financial reporting timetable and therefore recent audited financial statements for that company are unavailable, as explained in note 1 Therefore, we are unable to conclude on the appropriateness of the going concern basis of preparation of these financial statements Had this information been available to us we might have formed a different opinion on the financial statements

Except for the financial effects of any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the appropriateness of the going concern basis of preparation of the financial statements, in our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G & C FINANCE PLC (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Jonathan Dodworth

Jonathan Dodworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham
United Kingdom

5 October 2011

G & C FINANCE PLC (REGISTERED NUMBER: 05740852)

PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2011

	Notes	30 6 11 £	30 6 10 £
TURNOVER		18,000	40,735
Administrative expenses (including exceptional bad debt expense of £1,619,157 (2010 £931,215))	14	(1,625,743)	(949,491)
OPERATING LOSS	3	(1,607,743)	(908,756)
Interest receivable and similar income	4	1	464
Interest payable and similar charges	5	(434,101)	(617,703)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,041,843)	(1,525,995)
Tax on loss on ordinary activities	6	-	21,122
LOSS FOR THE FINANCIAL YEAR	10,12	(2,041,843)	(1,504,873)

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 year

The notes form part of these financial statements

G & C FINANCE PLC (REGISTERED NUMBER: 05740852)

BALANCE SHEET
30 June 2011

	Notes	30 6 11 £	30 6 10 £
CURRENT ASSETS			
Debtors	7	165,870	1,616,816
Cash at bank		603	17,307
		166,473	1,634,123
CREDITORS			
Amounts falling due within one year	8	(25,459,383)	(24,885,190)
NET CURRENT LIABILITIES		(25,292,910)	(23,251,067)
TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET LIABILITIES		(25,292,910)	(23,251,067)
CAPITAL AND RESERVES			
Called up share capital	9	50,000	50,000
Profit and loss account	10	(25,342,910)	(23,301,067)
TOTAL SHAREHOLDERS' DEFICIT	12	(25,292,910)	(23,251,067)

The financial statements were approved by the Board of Directors on 5 October 2011 and were signed on its behalf by

G H Gosling - Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

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 in both periods, is set out below

Going concern
The company is in a net liabilities position In September 2011, the company received signed confirmation of continued support from its related party funder, Countywide Developments Limited In particular one funder has committed to making funds available to the company in the future to enable it to meet its obligations as and when they fall due, although these commitments are not legally binding The company is reliant on this support to continue as a going concern Because the supporting company operates to a different financial reporting timetable recent audited financial statements for that company are not available The directors have made due enquiries of the directors of the supporting company and believe that it is able to provide the necessary support The company providing the support holds various fixed asset investments and therefore is subject to the uncertainty to the valuation of such investments in current markets The directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future For this reason the directors continue to adopt the going concern basis in preparing the financial statements

Cash flow statement
Exemption has been taken from preparing a cash flow statement under FRS 1 for subsidiary undertakings where consolidated financial statements in which the subsidiary undertakings are included are publicly available

Turnover
Turnover comprises the value of sales excluding value added tax Income from financing is accrued over the life of the loan Fees arising from consultancy are recognised over the life of the development loan Profit shares arising from consultancy are recognised on completion of the development

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 STAFF COSTS

There are no employees or directors that are directly employed by the company The directors received no remuneration for their services to the company in either year

continued

3 OPERATING LOSS

The operating loss is stated after charging

	30 6 11	30 6 10
	£	£
Auditors' remuneration - fees payable to the Company's auditors for the audit of the Company's annual accounts	3,000	5,000
Auditors' remuneration - taxation services	900	900

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	30 6 11	30 6 10
	£	£
Deposit account interest	1	-
Other interest receivable	-	464
	1	464

5 INTEREST PAYABLE AND SIMILAR CHARGES

	30 6 11	30 6 10
	£	£
Interest on related party loan	434,101	617,703

continued

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2011

6 TAXATION

Analysis of the tax credit

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

	30 6 11	30 6 10
	£	£
Current tax		
Prior year corporation tax	-	(21,122)
Tax on loss on ordinary activities	-	(21,122)

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

	30 6 11	30 6 10
	£	£
Loss on ordinary activities at the standard rate of 27 5% (2010 28%)	(561,507)	(427,278)
Expenses not deductible for tax	394,492	-
Tax losses not utilised	167,015	427,278
Adjustments in respect of prior years	-	21,122
Current tax credit for period	-	21,122

The company has tax losses of £6,197,839 at 26% (2010 £6,527,504 at 28%) is available to be carried forward No deferred tax asset has been recognised in respect of these as the directors are, as yet, uncertain of when they will be utilised

Legislation reducing the main rate of corporation tax from 28% to 26% with effect from 1 April 2011 was substantively enacted on 29 March 2011 Accordingly, the current year tax charge has been provided for at an effective rate of 27 5% At 30 June 2011, deferred tax assets and liabilities have been provided for at a rate of 26% in these financial statements

An additional reduction in the main rate of corporation tax from 26% to 25% with effect from 1 April 2012 was enacted within the Finance Act 2011 on 5 July 2011. As this reduction was not substantively enacted by the balance sheet date, its effect has not been reflected in these financial statements

Further reductions in the main rate of corporation tax of 1% per annum to 23% by 1 April 2014 have been announced by the Government but have not yet been substantively enacted and therefore their effect has not been reflected in these financial statements

continued

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2011

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 6 11	30 6 10
	£	£
Trade debtors	165,870	225,300
Amounts owed by parent undertakings	-	1,390,522
Prepayments and accrued income	-	994
	165,870	1,616,816

During the year ended 30 June 2011, a provision of £1,434,516 has been made against the amounts due from parent undertaking due to the uncertainty of the recoverability of the balance from G & C Property Development Consultancy Limited

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 6 11	30 6 10
	£	£
Loans due from related undertakings (note 11)	20,100,697	19,948,247
Accruals and deferred income	5,358,686	4,936,943
	25,459,383	24,885,190

9 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	30 6 11	30 6 10
			£	£
50,000	Ordinary	£1	50,000	50,000

10 RESERVES

	Profit and loss account
	£
At 1 July 2010	(23,301,067)
Loss for the financial year	(2,041,843)
At 30 June 2011	(25,342,910)

continued

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 30 June 2011

11 RELATED PARTY DISCLOSURES

The company has borrowed the following amounts from the parties as described below and the following balances were outstanding at the end of each period

	2011	2010
	£	£
Countywide Developments Limited	10,280,404	10,127,954
Countrywide Group of companies	9,820,293	9,820,293
	20,100,697	19,948,247

Mr A C Gallagher is a director of Countywide Developments Limited and Mr JG Downer is a director of the Countrywide Group of companies

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	30 6 11	30 6 10
	£	£
Loss for the financial year	(2,041,843)	(1,504,873)
Net addition to shareholders' deficit	(2,041,843)	(1,504,873)
Opening shareholders' deficit	(23,251,067)	(21,746,194)
Closing shareholders' deficit	(25,292,910)	(23,251,067)

13 CONTROLLING PARTY

The immediate and ultimate parent company is G & C Property Development Consultancy Limited a company incorporated within the United Kingdom in which the results of this company are consolidated Copies of their financial statements are available from 15 Hockley Court, Stratford Road, Solihull, West Midlands, B94 6NW This is the smallest and largest group within which this company's results are consolidated The parent company is under joint control of Mr A C Gallagher and Mr J G Downer

14 EXCEPTIONAL ITEMS

Administration expenses include an exceptional bad debt provision of £184,641 (2010 £931,215) made against amounts due from developers and an exceptional bad debt provision of £1,434,516 (2010 £nil) relating to the amount due from parent undertaking, G & C Property Development Consultancy Limited