

Company Registration No. 05740852

G&C Finance Plc

Report and Financial Statements

30 June 2009

THURSDAY



ASFMSG2G

A18

24/12/2009

215

COMPANIES HOUSE

G&C Finance Plc

Report and financial statements 2009

Contents	Page
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

G&C Finance Plc

Report and financial statements 2009

Officers and professional advisers

Directors

J G Downer
G H Gosling

Secretary

S A Burnett

Registered Office

15 Hockley Court
Stratford Road
Solihull
West Midlands
B94 6NW

Auditors

Deloitte LLP
Chartered Accountants
Birmingham
United Kingdom

G&C Finance Plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2009.

Principal Activities and review of business.

G&C Finance Plc is predominantly engaged in the provision of finance to property developers.

The directors consider the key measurement of effectiveness is profit before interest and tax. The profit and loss account is set out on page 7 and shows the result for the period. For the year ended 30 June 2009, the loss before tax is £4,829,177 which compares to a loss before tax of £17,037,508 last year. The principal reason for the loss is bad debts of £3,940,662 (2008: £17,379,929) caused by the current economic conditions as set out below.

The directors do not recommend the payment of a dividend.

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 current economic conditions as a result of the current 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.

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.

G&C Finance Plc

Directors' report (continued)

Going Concern

In December 2009, the company received signed confirmation of continued support from its related party funders. 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.

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.

Directors

The directors of the company during the period are set out below.

A C Gallagher (resigned 4 February 2009)

J G Downer

G H Gosling

P A King (resigned 4 February 2009)

None of the directors held any shares in the company. A C Gallagher's and J G Downer's shareholding in the accounts of the parent company are disclosed in the accounts of that company. No other director held any shares in the parent company.

G&C Finance Plc

Directors' report (continued)

Directors' Responsibilities statement

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). 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 judgments 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.

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.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP 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.

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



G H Gosling
Director
22 December 2009

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 2009 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 sections 495 and 496 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 Directors' Responsibilities Statement, 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 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 (APB'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 group's and the parent 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.

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 and on the recoverability of the debtor held by the company with its parent company, G&C Property Development Consultancy Limited. 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 2009 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 Directors' Report 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

In respect solely of the limitation on our work relating to the assessment of the appropriateness of the going concern basis of preparation of the financial statements, described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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.



Peter Gallimore FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham, United Kingdom

22 December 2009

G&C Finance Plc

Profit and loss account Year ended 30 June 2009

	Note	30 June 2009 £	30 June 2008 £
Turnover	2	-	2,205,836
Gross profit		-	2,205,836
Administrative expenses (including exceptional bad debt expense of £3,940,662 (2008: £17,379,929))	14	(4,056,534)	(17,782,934)
Operating Loss	3	(4,056,534)	(15,577,098)
Interest receivable on bank deposits		5,018	31,611
Interest payable and similar charges	5	(777,661)	(1,492,021)
Loss on ordinary activities before taxation		(4,829,177)	(17,037,508)
Tax on loss on ordinary activities	6	-	21,147
Loss on ordinary activities after taxation for the financial period		<u>(4,829,177)</u>	<u>(17,016,361)</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account, therefore no statement of recognised gains and losses has been prepared.

There are no movements in shareholders' funds apart from the loss for the period.

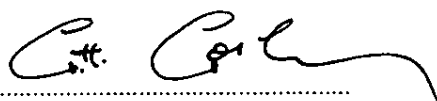
G&C Finance Plc

Balance sheet 30 June 2009

	Note	2009 £	2008 £
Current assets			
Debtors			
- due within one year	7	3,365,095	5,302,632
Cash at bank and in hand		<u>166,260</u>	<u>643,095</u>
		3,531,355	5,945,727
Creditors: amounts falling due within one year	8	<u>(25,277,549)</u>	<u>(22,862,744)</u>
Net liabilities		<u>(21,746,194)</u>	<u>(16,917,017)</u>
Capital and reserves			
Called up share capital	9	50,000	50,000
Profit and loss account	10	<u>(21,796,194)</u>	<u>(16,967,017)</u>
Total shareholders' deficit	11	<u>(21,746,194)</u>	<u>(16,917,017)</u>

The financial statements of G & C Finance Plc, company number 05740852 were approved by the Board of Directors and authorised for issue on 22 December 2009.

Signed on behalf of the Board of Directors:



G H Gosling - Director

G&C Finance Plc

Notes to the financial statements 30 June 2009

1. 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 accounting periods, are set out below.

Going Concern

In December 2009, the company received signed confirmation of continued support from its related party funders. 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 included in FRS 1 for subsidiary undertakings where consolidated financial statements in which the subsidiary undertakings are publicly available.

Turnover

Turnover comprises the value of sales excluding value added tax. Interest receivable is accrued over the life of the loan.

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 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.

G&C Finance Plc

Notes to the financial statements (continued) 30 June 2009

3. Operating loss

	2009 £	2008 £
Operating loss is stated after charging		
Auditor's remuneration – fees payable to the company's auditors for the audit of the company's annual accounts	4,000	10,000
Auditor's remuneration – taxation services	1,750	-
	<u>5,750</u>	<u>10,000</u>

4. Employees

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.

5. Interest payable and similar charges

	2009 £	2008 £
Interest on related party loan	<u>777,661</u>	<u>1,492,021</u>

6. Tax on loss on ordinary activities

	2009 £	2008 £
Current tax		
UK corporation tax	-	(21,122)
Adjustment in respect of prior years		
UK corporation tax	-	(25)
Total current tax	<u>-</u>	<u>(21,147)</u>
Taxation on loss on ordinary activities	<u>-</u>	<u>(21,147)</u>

G&C Finance Plc

Notes to the financial statements (continued) 30 June 2009

6. Tax on loss on ordinary activities

The tax assessed for the period is different to the standard rate of corporation tax in the U.K.
The differences are explained below:

	2009 £	2008 £
Loss on ordinary activities before tax	<u>(4,829,177)</u>	<u>(17,037,508)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008: 29.5%)	(1,352,170)	(5,026,065)
Effect of:		
Tax losses not utilised	1,352,170	5,004,943
Prior period adjustment	-	(25)
Current tax credit for period	<u>-</u>	<u>(21,147)</u>

A deferred tax asset arising from losses of £6,541,433 (2008: £5,004,943) has not been provided due to the uncertainty of future profits.

7. Debtors

	2009 £	2008 £
Due within one year:		
Trade debtors	2,276,876	5,084,845
Amount due from parent company	1,088,219	214,898
Other debtors	-	2,889
	<u>3,365,095</u>	<u>5,302,632</u>

8. Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	35,139	8,656
Loans from related undertakings	20,929,144	19,399,586
Other taxation	5,621	-
Accruals and deferred income	4,307,64	3,454,502
	<u>25,277,549</u>	<u>22,862,744</u>

G&C Finance Plc

Notes to the financial statements (continued) 30 June 2009

9. Called up share capital

	2009 £	2008 £
Authorised, allotted and fully paid		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

10. Profit and loss account

	2009 £	2008 £
Balance at 1 July	(16,967,017)	49,344
Loss for the financial year	<u>(4,829,177)</u>	<u>(17,016,361)</u>
Balance at 30 June	<u>(21,796,194)</u>	<u>(16,967,017)</u>

11. Reconciliation of movement in shareholders' deficit

	2009 £	2008 £
Loss for the period	(4,829,177)	(17,016,361)
Net movement in shareholders' funds	<u>(4,829,177)</u>	<u>(17,016,361)</u>
Opening shareholders' (deficit)/funds	<u>(16,917,017)</u>	<u>99,344</u>
Closing shareholders' deficit	<u>(21,746,194)</u>	<u>(16,917,017)</u>

G&C Finance Plc

Notes to the financial statements (continued) **30 June 2009**

12. Ultimate 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.

13. Related party transactions

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

	2009	2008
	£	£
Countywide Developments Limited	11,108,851	9,699,793
Countrywide Group of companies	9,820,293	9,699,793

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

14. Exceptional items

Administration expenses include an exceptional bad debt provision of £3,940,662 (2008: £17,379,929) made against amounts due from developers.