

**REGISTERED NUMBER: 05859746 (England and Wales)**

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012  
FOR  
G C NETHERTON LIMITED**

**TUESDAY**



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**COMPANIES HOUSE**

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for the year ended 30 June 2012**

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**G C NETHERTON LIMITED**

**COMPANY INFORMATION**  
**for the year ended 30 June 2012**

**DIRECTORS:** A C Gallagher  
G H Gosling  
P A Ryan  
Mrs M A Ryan

**SECRETARY:** S A Burnett

**REGISTERED OFFICE:** 15 Hockley Court  
Stratford Road  
Hockley Heath  
Solihull  
West Midlands  
B94 6NW

**REGISTERED NUMBER:** 05859746 (England and Wales)

**INDEPENDENT  
AUDITORS:** Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
United Kingdom

**REPORT OF THE DIRECTORS  
for the year ended 30 June 2012**

The directors present their report with the financial statements of the company for the year ended 30 June 2012

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of property development

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2011 to the date of this report

A C Gallagher  
G H Gosling  
P A Ryan  
Mrs M A Ryan

**GOING CONCERN**

The financial statements have been prepared on a going concern basis because the company has received letters of financial support from its shareholders. The company also continues to have available a loan with HSBC Bank plc. The company is in a net liabilities position of £500,722 at 30 June 2012 and so has obtained confirmation from the company's shareholders that financial support is available to the company to enable it to meet its obligations as they fall due for a period of not less than 12 months from the date of signing of these financial statements.

**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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

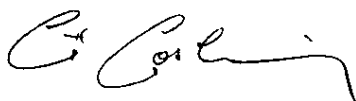
**REPORT OF THE DIRECTORS (continued)  
for the year ended 30 June 2012**

**AUDITORS**

Deloitte LLP were re-appointed as auditors during the year and have indicated their willingness to be re-appointed for another term. Appropriate arrangements have been put in place for them to be re-appointed as auditors in the absence of an Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'G H Gosling', written in a cursive style.

G H Gosling - Director

4 October 2012

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G C NETHERTON LIMITED**

We have audited the financial statements of G C Netherton Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Balance Sheet and related notes 1 to 15. 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.

### **Opinion on 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 2012 and of its profit 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**

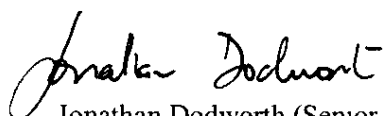
In our opinion the information given in the Report of the Directors' for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G C NETHERTON LIMITED (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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Report of the Directors



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

4 October 2012

**G C NETHERTON LIMITED (REGISTERED NUMBER: 05859746)**

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 June 2012**

	Notes	30 6 12 £	30 6 11 £
<b>TURNOVER</b>		-	-
Cost of sales (including exceptional reversal of impairment of £74,737 (2011 impairment of £134,527))	6, 15	<u>74,660</u>	<u>(135,027)</u>
<b>GROSS PROFIT/(LOSS)</b>		74,660	(135,027)
Administrative expenses		<u>(2,544)</u>	<u>(2,321)</u>
<b>OPERATING PROFIT/(LOSS)</b>	3	72,116	(137,348)
Interest payable and similar charges	4	<u>(23,439)</u>	<u>(23,375)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		48,677	(160,723)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	11, 13	<u><u>48,677</u></u>	<u><u>(160,723)</u></u>

**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

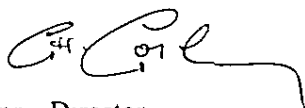
The notes form part of these financial statements

**G C NETHERTON LIMITED (REGISTERED NUMBER: 05859746)**

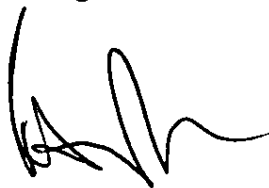
**BALANCE SHEET**  
**30 June 2012**

	Notes	30 6 12 £	30 6 11 £
<b>CURRENT ASSETS</b>			
Stocks	6	637,760	563,023
Debtors	7	200	63
Cash at bank		<u>150</u>	<u>460</u>
		638,110	563,546
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>(1,138,832)</u>	<u>(1,112,945)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(500,722)</u>	<u>(549,399)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET LIABILITIES</b>		<u>(500,722)</u>	<u>(549,399)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	9	9
Profit and loss account	11	<u>(500,731)</u>	<u>(549,408)</u>
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	13	<u>(500,722)</u>	<u>(549,399)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4 October 2012 and were signed on its behalf by



G H Gosling - Director



P A Ryan - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

**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.

**Cash flow statement**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

**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 initially includes the purchase of land and acquisition expenses. Directly attributable development costs are expensed until the viability of a development is considered reasonably secure. Provision is made against stock where circumstances indicate that recovery is unlikely.

**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 realised.

**Going concern**

The financial statements have been prepared on a going concern basis because the company has received letters of financial support from its shareholders. The company also continues to have available a loan with HSBC Bank plc. The company is in a net liabilities position of £500,722 at 30 June 2012 and so has obtained confirmation from the company's shareholders that financial support is available to the company to enable it to meet its obligations as they fall due for a period of not less than 12 months from the date of signing of these financial statements.

**2 STAFF COSTS**

There are no employees other than the directors in the current or prior year. No remuneration was paid in the current or prior year. The directors received no remuneration for their services to the Company in either year.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 30 June 2012**

**3 OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging

	30 6 12	30 6 11
	£	£
Auditors' remuneration - fees payable to the Company's auditors for the audit of the Company's annual accounts	<u>1,286</u>	<u>1,050</u>

There were no non-audit services provided to this company in either year

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	30 6 12	30 6 11
	£	£
Bank interest	<u>23,439</u>	<u>23,375</u>

**5 TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2012 nor for the year ended 30 June 2011

The current corporation tax credit differs from the standard UK corporation tax rate of 25.5% (2011 27.5%) applied to the profit/(loss) for the year. The differences are

	30 6 12	30 6 11
	£	£
Profit/(loss) for the year at 25.5% (2011 27.5%)	12,413	(44,199)
Losses (utilised)/carried forward	<u>(12,413)</u>	<u>44,199</u>
	<u>-</u>	<u>-</u>

The company has tax losses of £103,255 at 24% (2011 £124,516 at 26%) 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 to 24% with effect from 1 April 2012 was substantively enacted on 29 March 2012. Accordingly, the current year tax charge has been provided for at an effective rate of 25.5% and deferred tax assets and liabilities have been provided for at a rate of 24% in these financial statements.

An additional reduction in the main rate of corporation tax from 24% to 23% with effect from 1 April 2013 was enacted within the Finance Act 2012 on 17 July 2012. As this reduction was not substantively enacted by the balance sheet date, its effect has not been reflected in these financial statements.

A further reduction in the main rate of corporation tax of 1% to 22% on 1 April 2014 has been announced by the Government but has not yet been substantively enacted and therefore its effect has not been reflected in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 30 June 2012**

**6 STOCKS**

	30 6 12	30 6 11
	£	£
Work in progress	<u>637,760</u>	<u>563,023</u>

During the year ended 30 June 2012, there was a reversal of a previous impairment to the carrying value of stock of £74,737 (2011 impairment of £134,527) due to the availability of new third party evidence

**7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 6 12	30 6 11
	£	£
Other debtors	137	-
VAT recoverable	<u>63</u>	<u>63</u>
	<u>200</u>	<u>63</u>

**8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 6 12	30 6 11
	£	£
Bank loan (see note 9)	850,000	850,000
Amounts owed to related undertakings	281,684	256,034
Accruals and deferred income	<u>7,148</u>	<u>6,911</u>
	<u>1,138,832</u>	<u>1,112,945</u>

At 30 June 2012, £127,994 (2011 £110,894) was owed to J J Gallagher Limited and £93,895 (2011 £85,345) to Mar City Developments Limited, the shareholders £59,795 (2011 £59,795) was owed to Countrywide Homes Limited (in Administration), a former shareholder

The bank loan, which is repayable on demand, is on normal commercial terms and is secured by way of a fixed and floating charge over the assets of the company

**9 LOAN**

An analysis of the maturity of the loan is given below

	30 6 12	30 6 11
	£	£
Amounts falling due within one year or on demand		
Bank loan	<u>850,000</u>	<u>850,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 30 June 2012**

**10 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value	30 6 12 £	30 6 11 £
3	Ordinary A	£1	3	3
3	Ordinary B	£1	3	3
3	Ordinary C	£1	<u>3</u>	<u>3</u>
			<u>9</u>	<u>9</u>

Each class of shares rank equally in all respects

**11 RESERVES**

	Profit and loss account £
At 1 July 2011	(549,408)
Profit for the financial year	<u>48,677</u>
At 30 June 2012	<u>(500,731)</u>

**12 RELATED PARTY DISCLOSURES**

There are no further related party transactions other than those disclosed in the financial statements

**13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	30 6 12 £	30 6 11 £
Profit/(loss) for the financial year	<u>48,677</u>	<u>(160,723)</u>
Net reduction/(addition) to shareholders' deficit	48,677	(160,723)
Opening shareholders' deficit	<u>(549,399)</u>	<u>(388,676)</u>
Closing shareholders' deficit	<u>(500,722)</u>	<u>(549,399)</u>

**14 CONTROLLING PARTY**

The company is jointly controlled by J J Gallagher Limited, Gosling Consulting Limited (formerly Hockley Court Investments Limited) and Mar City Developments Limited. All of the shareholders are incorporated in England and Wales.

**15 EXCEPTIONAL ITEM**

Cost of sales includes a reversal of a previous impairment to the carrying value of stock of £74,737 (2011 impairment of £134,527) due to the availability of new third party evidence.