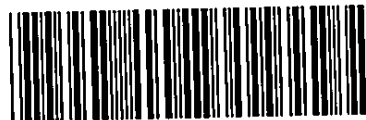


G. C. HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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COMPANIES HOUSE

G. C. HOLDINGS LIMITED

COMPANY INFORMATION

Directors

C Candler
G Griffiths

Secretary

C Candler

Company number

5113658

Registered office

10 Dudley Road
Oldbury
Warley
West Midlands
B69 3DN

Auditors

PKF (UK) LLP
45 Great Charles Street
Queensway
Birmingham
B3 2LX

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G. C. HOLDINGS LIMITED

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G. C. HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the financial statements for the year ended 31 December 2008.

Principal activities and review of business

The principal activity of the company in the period under review was that of a holding company.

On 31 October 2008 107,500 share options were exercised giving rise to an increase in issued share capital of £1,075.

On 31 October 2008 the company was purchased by GC Paper Limited and on the same date the shares in its subsidiary Beswick Paper Limited were sold to Premier Paper Group Limited and its loans were repaid. The company became dormant from this date.

Results

The loss for the year, after taxation, amounted to £33,000 (2007 - profit £NIL).

Directors

The directors who served during the year were:

C Candler
G Griffiths

Financial instruments

The company's financial risk management has been broadly to seek to make neither profit or loss from exposure to interest rate risks. It's policy has been to finance fixed asset investments through inter group borrowings and through long term bank borrowings at prevailing market interest rates. The company does not use hedge accounting.

The company's exposure to the price risk of financial instruments has been minimal. As the counterparty to all financial instruments was its banker, it also has been exposed to minimal credit and liquidity risks in respect of these instruments.

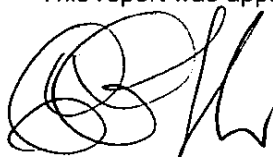
The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 30th March 2009 and signed on its behalf.



C Candler
Director

G. C. HOLDINGS LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2008**

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). The financial statements are required to give a true and fair view of the state of the 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;
- 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 that 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 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. HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G. C. HOLDINGS LIMITED

We have audited the financial statements of G. C. Holdings Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. The 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

The directors' responsibilities for preparing the annual report and 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 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.

G. C. HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G. C. HOLDINGS LIMITED

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 31 December 2008 and of its loss 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.

PKF(UK)LLP

PKF (UK) LLP

Registered auditors

Birmingham, UK

Date: **16 April 2009**

G. C. HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
Amounts written off investments		(33,000)	-
Interest receivable	3	80,091	88,155
Interest payable	4	(80,091)	(88,155)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(33,000)	-
Tax on loss on ordinary activities		-	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	11	(33,000)	-
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to discontinued operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the profit and loss account.

The notes on pages 7 to 11 form part of these financial statements.

G. C. HOLDINGS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Fixed asset investments	6		-		2,110,841
CURRENT ASSETS					
Debtors due after more than one year	7	88,500		-	
CREDITORS: amounts falling due within one year	8	-		(857,743)	
NET CURRENT ASSETS/(LIABILITIES)			88,500		(857,743)
TOTAL ASSETS LESS CURRENT LIABILITIES			88,500		1,253,098
CREDITORS: amounts falling due after more than one year	9		-		(1,239,098)
NET ASSETS			88,500		14,000
CAPITAL AND RESERVES					
Called up share capital	10		15,075		14,000
Share premium account	11		2,688		-
Profit and loss account	11		70,737		-
SHAREHOLDERS' FUNDS	12		88,500		14,000

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30th March 2009



C Candler
Director

The notes on pages 7 to 11 form part of these financial statements.

G. C. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provisions for their impairment.

2. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration through this company (2007 - £NIL).

3. INTEREST RECEIVABLE

	2008 £	2007 £
Interest receivable from group companies	<u>80,091</u>	<u>88,155</u>

4. INTEREST PAYABLE

	2008 £	2007 £
On bank loans and overdrafts	<u>80,091</u>	<u>88,155</u>

5. AUDITORS' REMUNERATION

The provision of audit services have been paid on behalf of the company by Beswick Paper Limited.

G. C. HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2008	2,077,841	33,000	2,110,841
Additions	103,737	-	103,737
Transfers intra group	(2,181,578)	-	(2,181,578)
	<u>-</u>	<u>33,000</u>	<u>33,000</u>
At 31 December 2008	-	33,000	33,000
Impairment			
At 1 January 2008	-	-	-
Charge for the year	-	33,000	33,000
	<u>-</u>	<u>33,000</u>	<u>33,000</u>
At 31 December 2008	-	33,000	33,000
Net book value			
At 31 December 2008	-	-	-
	<u>2,077,841</u>	<u>33,000</u>	<u>2,110,841</u>
At 31 December 2007	2,077,841	33,000	2,110,841

On 31 October 2008 the company sold the shares in Beswick Paper Limited to its fellow subsidiary, Premier Paper Group Limited, a subsidiary of GC Paper Limited, the company's parent company from that same date. The shares were sold at book value and no profit or loss on disposal was made.

7. DEBTORS

	2008 £	2007 £
Due after more than one year		
Amounts owed by group undertakings	88,500	-
	<u>88,500</u>	<u>-</u>

**8. CREDITORS:
Amounts falling due within one year**

	2008 £	2007 £
Bank loans and overdrafts	-	20,298
Amounts owed to group undertakings	-	837,445
	<u>-</u>	<u>857,743</u>
	<u>-</u>	<u>857,743</u>

G. C. HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

9. CREDITORS:
Amounts falling due after more than one year

	2008 £	2007 £
Bank loans	-	1,239,098

Creditors include amounts not wholly repayable within 5 years as follows:

	2008 £	2007 £
Repayable by instalments	-	1,165,632

The bank borrowings were secured by a fixed charge over freehold and leasehold property, a first fixed charge over book and other debts, chattels, goodwill and uncalled capital and a floating charge on the other assets of the company and its subsidiary, together with a cross guarantee agreement by the company and its subsidiary.

10. SHARE CAPITAL

	2008 £	2007 £
Authorised		
2,000,000 Ordinary shares shares of 1p each	20,000	20,000
Allotted, called up and fully paid		
1,507,500 (2007 - 1,400,000) Ordinary shares shares of 1p each	15,075	14,000

At 31 December 2007 a maximum of 532,500 ordinary shares of 1p, dependent on certain conditions, were available for allotment under the terms of the company's EMI share option schemes in the period to September 2015 for between 1p and 3.5p per share. Given that the shares did not vest until certain conditions were met, in accordance with FRS 20 no effects of the share options had been made in either the books of the company nor its subsidiary Beswick Paper Limited as at that date.

On 28 October 2008 the company issued 107,500 ordinary 1p shares for consideration of 3.5p each in settlement of the EMI share option agreement dated 19 September 2005. The market value of the shares was determined to be £1 each, being the value at which the shares were subsequently purchased by GC Paper Limited on 31 October 2008.

The difference between market value of the shares and issue price has been accounted for as a cost in the financial statements of the company's subsidiary company at that time, Beswick Paper Limited as the share option holders were employees of that company. The company has therefore included the cost of the share issue, being £103,737 as an increase in the investment in Beswick Paper Limited and the credit has been taken directly to reserves in accordance with FRS 20.

The remaining options over 425,000 shares lapsed on 31 October 2008 on the sale of the company.

G. C. HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

11. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2008	-	-
Loss for the year	-	(33,000)
Share based payment credit (note 10)	-	103,737
Premium on shares issued during the year	2,688	-
	<u>2,688</u>	<u>70,737</u>
At 31 December 2008	<u>2,688</u>	<u>70,737</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Opening shareholders' funds	14,000	14,000
Loss for the year	(33,000)	-
Shares issued during the year	1,075	-
Share based payment credit	103,737	-
Share premium on shares issued	2,688	-
	<u>88,500</u>	<u>14,000</u>
Closing shareholders' funds	<u>88,500</u>	<u>14,000</u>

13. CONTINGENT LIABILITIES

The company has given cross guarantees and indemnities supported by an all assets debenture over all of the borrowings of the GC Paper Limited group in favour of Lloyds TSB Commercial Finance Limited. Total group borrowings as at the year end secured by these guarantees and indemnities amounted to £27,912,000.

14. RELATED PARTY TRANSACTIONS

The following information is provided in accordance with Financial Reporting Standard 8 as being the material transactions with related parties. The related parties represent the parties outside of the group headed by GC Paper Limited for which consolidated accounts are prepared and for which the exemption from disclosure has been taken for transactions occurring post acquisition. The related party transactions therefore represent transactions with Beswick Paper Limited, its subsidiary up to 31 October 2008 and with companies within the GC Paper Limited group prior to acquisition of GC Holdings Limited and Beswick Paper Limited by that company. All transactions are conducted under normal commercial terms.

The company received interest from its subsidiary, Beswick Paper Limited of £80,091 (2007 - £88,155).

G. C. HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 December 2008 the ultimate parent undertaking was GC Paper Limited, a company incorporated in the United Kingdom.

The parent undertaking of the smallest and largest group for which consolidated accounts are prepared is GC Paper Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors this is the ultimate parent company and the ultimate controlling party.