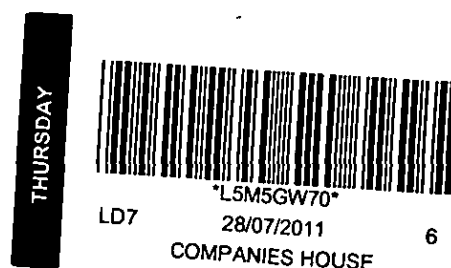




Financial statements Brightsplit Limited

For the Year Ended 31 October 2010



Company No. 02281648

Officers and professional advisers

Company registration number	02281648
Registered office	353 Kentish Town Road London NW5 2TJ
Directors	G M Dow R Steinhilber JKE Jackson
Secretary	G M Dow
Bankers	HSBC 246 Kentish Town Road Kentish Town London NW5 2BS
Solicitors	Stevensons Gosgate Chambers Gosgate Drive Hoe Dereham Norfolk NR20 4HB
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 October 2010

Principal activities

The principal activity of the company during the year continued to be that of dealing in ground rents and freehold reversions

Directors

The directors who served the company during the year were as follows

G M Dow
R Steinhouse
JKE Jackson

Directors' responsibilities

The directors are responsible for preparing the Directors' 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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,
- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

BY ORDER OF THE BOARD



G M Dow
Secretary

27 July 2011

Independent auditor's report to the members of Brightsplit Limited

We have audited the financial statements of Brightsplit Limited for the year ended 31 October 2010 which comprise the accounting policies, profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditor's 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 set out on page 3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 31 October 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 auditor's report to the members of Brightsplit 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report



HAROLD WILSON (Senior Statutory Auditor)
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS

27 July 2011

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

Turnover represents rents receivable and proceeds of ground rent and freehold reversion sales

Stocks

Stocks of ground rents are acquired and held with the intention of resale and are valued at the lower of cost and net realisable value

Net realisable value is based on estimated selling price less further costs to completion and disposal

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2010 £	2009 £
Turnover		59,078	57,717
Cost of sales		(5,651)	—
Gross profit		53,427	57,717
Other operating charges	1	(11,392)	(22,070)
Operating profit	2	42,035	35,647
Interest receivable		258	112
Interest payable and similar charges		(13,730)	(15,147)
Profit on ordinary activities before taxation		28,563	20,612
Tax on profit on ordinary activities	4	(6,893)	(5,671)
Profit for the financial year	10	21,670	14,941

All transactions arise from continuing operations

There were no recognised gains or losses other than the results for the financial year set out as above.

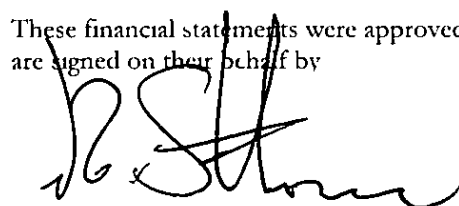
The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Investments	5	<u>1,122,096</u>	<u>—</u>
Current assets			
Stocks		108,419	108,419
Debtors	6	196,835	734,633
Cash at bank		<u>426,350</u>	<u>101,616</u>
		731,604	944,668
Creditors amounts falling due within one year	7	<u>(1,661,985)</u>	<u>(774,623)</u>
Net current (liabilities)/assets		<u>(930,381)</u>	<u>170,045</u>
Total assets less current liabilities		<u>191,715</u>	<u>170,045</u>
Capital and reserves			
Called-up equity share capital	9	100	100
Profit and loss account	10	191,615	169,945
Shareholders' funds		<u>191,715</u>	<u>170,045</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 27 July 2011 and are signed on their behalf by



R Steinhouse
 Director

Company Registration Number 02281648

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Other operating charges

	2010	2009
	£	£
Administrative expenses	<u>11,392</u>	<u>22,070</u>

2 Operating profit

Operating profit is stated after charging

	2010	2009
	£	£
Directors' remuneration	—	—
Auditor's fees	<u>3,420</u>	<u>3,420</u>

3 Liability limitation agreement with the auditor

The company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 October 2010. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements.

4 Taxation on ordinary activities

Analysis of charge in the year

	2010	2009
	£	£
Current tax		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	<u>6,893</u>	<u>5,671</u>
Total current tax	<u>6,893</u>	<u>5,671</u>

5 Investments

Shares in group undertakings

	£
Cost	
Additions	1,122,096
At 31 October 2010	<u>1,122,096</u>
Net book value	
At 31 October 2010	<u>1,122,096</u>
At 31 October 2009	<u>-</u>

During the year the company acquired 100% of the issued share capital of Freehold Investments Limited for £1,122,096

The company owns 100% of the issued ordinary share capital of the company listed below (incorporated in the UK)

	2010 £	2009 £
Aggregate capital and reserves		
Freehold Investments Limited	(176,606)	-
Profit for the period		
Freehold Investments Limited	34,349	-

Under the provision of section 398 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity

6 Debtors

	2010 £	2009 £
Trade debtors	61,610	79,448
Amounts owed by group undertakings	127,000	631,394
Other debtors	8,225	23,791
	<u>196,835</u>	<u>734,633</u>

7 Creditors: amounts falling due within one year

	2010	2009
	£	£
Bank loans	227,893	226,769
Trade creditors	557,504	464,510
Amounts owed to group undertakings	498,520	—
Corporation tax	12,565	14,081
Other creditors	365,503	69,263
	<u>1,661,985</u>	<u>774,623</u>

The bank loan is secured by a fixed and floating charge over the assets of the company. Interest is charged at the higher of 2.75% above LIBOR and 6%.

8 Related party transactions

The following companies are related as the director, R Steinhouse, controls the companies by virtue of his shareholdings. The transactions with these companies are as shown below.

	2010 £	2009 £
Amounts owed by group undertakings		
Freehold Securities Limited	–	504,394
The Freehold Group Limited	127,000	127,000
	<u>127,000</u>	<u>631,394</u>

	2010 £	2009 £
Included in other debtors		
Freehold Estates Limited	391	391
Gray's Inn Estates Limited	2,234	2,234
	<u>2,625</u>	<u>2,625</u>

	2010 £	2009 £
Amounts owed to group undertakings		
Freehold Securities Limited	158,262	–
Talkfree Design Limited	330,000	–
Freehold Investment Limited	10,258	–
	<u>498,520</u>	<u>–</u>

	2010 £	2009 £
Included in other creditors		
Leasehold Property Management Limited	363,400	64,591
Freehold Investment Limited	–	1,161
	<u>363,400</u>	<u>65,752</u>

	2010 £	2009 £
Management fees paid		
Leasehold Property Management Limited	7,854	18,557

Included in trade debtors are amounts totalling £52,971 (2009 £79,321) due from Residents.

8 Related party transactions (continued)

Insurance Services Limited (RIS) relating to insurance commission collected on behalf of the company

Included in trade creditors are amounts totalling £18,826 (2009 £460,510) due to RIS relating to insurance balances R Steinhouse is the controlling party of RIS

9 Share capital

Authorised share capital

	2010	2009
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid

	2010		2009	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

10 Profit and loss account

	2010	2009
	£	£
Balance brought forward	169,945	155,004
Profit for the financial year	<u>21,670</u>	<u>14,941</u>
Balance carried forward	<u>191,615</u>	<u>169,945</u>

11 Ultimate parent company

The immediate and ultimate parent company is The Freehold Group Limited

R Steinhouse, the director, controls the company by virtue of his majority shareholding in the ultimate parent company