

Birchlake Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2012



Company Registration No 04151787

Birchlake Limited

COMPANY INFORMATION

DIRECTORS	R Tchenguiz V A Tchenguiz
COMPANY NUMBER	04151787 (England & Wales)
REGISTERED OFFICE	5th Floor Leconfield House Curzon Street London W1J 5JA
AUDITORS	Baker Tilly UK Audit LLP 3rd Floor One London Square Cross Lanes Guildford Surrey GU1 1UN
SOLICITORS	Osborne Clarke One London Wall London EC2Y 5EB

Birchlake Limited

DIRECTORS' REPORT

For the year ended 31 May 2012

The directors present their report and the financial statements of Birchlake Limited for the year ended 31 May 2012

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company, which has remained unchanged during the financial year, was that of an intermediate holding company

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2012 were satisfactory given the support of Rotch Property Group Limited

DIVIDENDS

The directors do not recommend payment of a dividend

DIRECTORS

The following directors have held office since 1 June 2011

R Tchenguiz
V A Tchenguiz

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

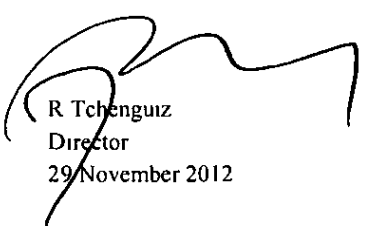
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITORS

The auditor Baker Tilly UK Audit LLP Chartered Accountants has indicated its willingness to continue in office

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

On behalf of the board



R Tchenguiz
Director
29 November 2012

Birchlake Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 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 those financial statements the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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.

Birchlake Limited

INDEPENDENT AUDITOR'S REPORT

To The Members Of Birchlake Limited

We have audited the financial statements on pages 4 to 10. 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 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 auditor

As more fully explained 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 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 May 2012 and of its result 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.

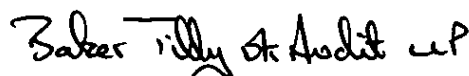
Opinion on other matter prescribed by the Companies Act 2006

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.

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 directors' report.



David Worrow FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP Statutory Auditor
Chartered Accountants

3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

29/11/12

Birchlake Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2012

	Notes	2012 £	2011 £
Other operating expenses	1	(4,328)	(3,821)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(4,328)	(3,821)
Taxation	4	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	10	(4,328)	(3,821)

All amounts derive from continuing activities

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

Birchlake Limited

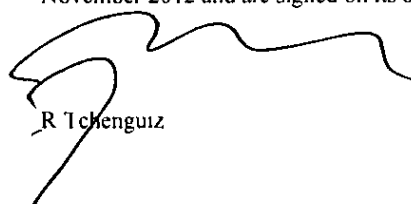
BALANCE SHEET

As at 31 May 2012

Company registration No 04151787

	Notes	2012 £	2011 £
FIXED ASSETS			
Investments	5	<u>6</u>	<u>6</u>
CURRENT ASSETS			
Debtors amounts falling due within one year	6	268,402	1
Cash at bank and in hand	7	<u>438,813</u>	<u>711,542</u>
		707,215	711,543
CREDITORS Amounts falling due within one year	8	<u>(750,976)</u>	<u>(750,976)</u>
NET CURRENT LIABILITIES		<u>(43,761)</u>	<u>(39,433)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(43,755)</u>	<u>(39,427)</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account	10	<u>(43,756)</u>	<u>(39,428)</u>
SHAREHOLDERS' FUNDS	11	<u>(43,755)</u>	<u>(39,427)</u>

The financial statements on pages 4 to 10 were approved by the board of directors and authorised for issue on 29 November 2012 and are signed on its behalf by



R Tchenguiz

Director

Birchlake Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards

The financial statements have been prepared under the historical cost convention

The accounts contain information on the company only and not the group. Group accounts are not prepared since the company is itself a subsidiary of a United Kingdom holding company for which group accounts are prepared.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

GOING CONCERN

The company is party to a cross-collateralised funding structure effected via a £100 million loan to a fellow group company, Greenflat Limited. The structure has been set up to be principally self-funding.

The directors have assessed the operation of the structure and the continuation and availability of support being provided by Rotch Property Group Limited (see note 14), a related company, and have determined that the company has, or can expect to have sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any impairment in value.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

CASH FLOW STATEMENT

The company is exempt from the requirement to prepare a cash flow statement, as more than 90% of the voting rights are controlled within the group and consolidated financial statements in which the company is included are publicly available.

Birchlake Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2012

1	OTHER OPERATING EXPENSES	2012 £	2011 £
	Administrative expenses	<u>4,328</u>	<u>3,821</u>
2	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2012 £	2011 £
	Loss is stated after charging		
	Auditor's remuneration	<u>3,000</u>	<u>2,500</u>
3	EMPLOYEES		
	There were no employees during the year apart from the directors, who received no emoluments		
4	TAXATION	2012 £	2011 £
	UK Corporation tax		
	Current tax charge	<u>-</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(4,328)</u>	<u>(3,821)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2011 - 26.00%)	<u>(1,039)</u>	<u>(993)</u>
	Effects of		
	Group relief	3,259	3,073
	UK transfer pricing	<u>(2,220)</u>	<u>(2,080)</u>
		<u>1,039</u>	<u>993</u>
	Current tax charge	<u>-</u>	<u>-</u>

Birchlake Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2012

5 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £
Cost	
At 1 June 2011 and at 31 May 2012	6

In the opinion of the directors, the aggregate value of the company's investment in its subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Principal activity	Shares held	
			Class	%
Lanemore Limited	England	Property investment ^	Ordinary	100.00
Domecroft Limited	England	Holding company	Ordinary	100.00
Foldlane Limited	England	Holding company	Ordinary	100.00
Logways Limited	England	Property investment ^	Ordinary	100.00
Wallmanor Limited	England	Property investment	Ordinary	100.00
Charmglade Limited	England	Property investment	Ordinary	100.00
* City & County (Bath) Limited	England	Property investment	Ordinary	100.00
* Carpenter (Bath) Limited	England	Property investment	Ordinary	100.00

With exception of the companies marked with an asterisk all shareholdings are in the name of Birchlake Limited

^ These companies hold their property investment by way of finance leases

6 DEBTORS	2012 £	2011 £
Amounts owed by group undertakings	268,402	1

7 CASH AT BANK AND IN HAND

Included in the company's cash at bank is £438,813 (2011: £708,501) of funds lodged with financial institutions as part of the security arrangements for the borrowings from those institutions and which are not otherwise freely available for use

8 CREDITORS amounts falling due within one year	2012 £	2011 £
Amounts owed to group undertakings	750,976	750,976

Birchlake Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2012

9	SHARE CAPITAL	2012 £	2011 £
	Allotted, issued and fully paid		
	Equity		
	1 Ordinary share of £1	<u>1</u>	<u>1</u>
10	RESERVES		
			Profit and loss account
			£
	Balance at 1 June 2011		(39,428)
	Loss for the year		(4,328)
	Balance at 31 May 2012		<u>(43,756)</u>
11	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2012 £	2011 £
	Loss for the financial year	(4,328)	(3,821)
	Opening shareholders' funds	<u>(39,427)</u>	<u>(35,606)</u>
	Closing shareholders' funds	<u>(43,755)</u>	<u>(39,427)</u>

12 CONTINGENT LIABILITIES

The company's investment in its subsidiaries and bank funds (note 7) have been used as security against loans taken out by a group undertaking, Greenflat Limited. The loans are secured by a fixed and floating charge over the company's investments and by cross guarantees provided by fellow group companies and the cross-collateralisation of the properties owned by those fellow group companies. The total value of the loans subject to this arrangement as at 31 May 2012 was £102,240,113 (2011: £102,673,156) and the fair value of the financial instruments also subject to the cross-collateralisation is £(52,917,585) (2011: £(35,205,384)).

13 CONTROL

The immediate holding company is Greenflat Limited.

The parent undertaking of the smallest and largest group for which group accounts are prepared and of which the company is a member is Brookrain Limited, the company's ultimate United Kingdom holding company which is registered in England. Copies of these group accounts are available from Companies House, Crown Way, Mandy Cardiff CF14 3UZ.

The directors regard the ultimate holding company to be Sunnymist Limited, a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

Birchlake Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2012

14 RELATED PARTY TRANSACTIONS

The company is related to fellow subsidiaries of Sunnymist Limited with whom in many cases it has directors in common

One such company is Rotch Property Group Limited ("Rotch") Rotch provides management services to the company At the balance sheet date, and included within amounts owed by group undertakings, £268 401 (2011 £750,971 owed to) was due from that company Management fees payable for the year amounted to £1,200 (2011 £1,200)

Rotch has agreed to provide limited additional support to assist the company in meeting its operational costs as they arise should this be necessary

No interest accrues on this related party balance

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group