

# Financial Statements

## Freehold Securities Limited

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For the year ended 31 October 2017



**Registered number: 02928601**

**Freehold Securities Limited**

## Company Information

<b>Directors</b>	D I Pither R Steinhouse J K E Jackson
<b>Company secretary</b>	J K E Jackson
<b>Registered number</b>	02928601
<b>Registered office</b>	353 Kentish Town Road London NW5 2TJ
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG
<b>Solicitors</b>	Stevensons Gorgate Chambers Gorgate Drive Hoe Dereham Norfolk NR20 4HB

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## **Directors' report**

**For the year ended 31 October 2017**

The directors present their report and the financial statements for the year ended 31 October 2017.

### **Principal activity**

The principal activity of the company during the year was that of dealing in ground rents and freehold reversions.

### **Directors**

The directors who served during the year were:

D I Pither  
R Steinhouse  
J K E Jackson

### **Directors' responsibilities statement**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

### **Going concern**

The directors have assessed, that the company has adequate resources to meet the ongoing costs of the business for the foreseeable future. For this reason the financial statements have been prepared on a going concern basis which presumes the realisation of the assets and liabilities in the normal course of business.

## **Directors' report (continued)**

**For the year ended 31 October 2017**

### **Disclosure of information to auditor**

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### **Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 23 April 2018 and signed on its behalf.



**J K E Jackson**  
Secretary

## Independent auditor's report to the members of Freehold Securities Limited

### **Opinion**

We have audited the financial statements of Freehold Securities Limited (the 'company') for the year ended 31 October 2017, which comprise the Statement of comprehensive income, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2017 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Independent auditor's report to the members of Freehold Securities Limited (continued)

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.



## Independent auditor's report to the members of Freehold Securities Limited (continued)

### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

*Grant Thornton UK LLP*

Elizabeth Collins BSc(Hons) ACA (Senior statutory auditor)  
for and on behalf of

**Grant Thornton UK LLP**  
Chartered Accountants  
Statutory Auditor  
London

23 April 2018

# Statement of comprehensive income

For the year ended 31 October 2017

	Note	2017 £	2016 £
Turnover		1,890,373	1,525,601
Cost of sales		(310,753)	(266,537)
<b>Gross profit</b>		<b>1,579,620</b>	<b>1,259,064</b>
Administrative expenses		(146,269)	(242,267)
<b>Operating profit</b>		<b>1,433,351</b>	<b>1,016,797</b>
Net profit on sale of tangible fixed assets		-	6,543
<b>Profit on ordinary activities before interest</b>		<b>1,433,351</b>	<b>1,023,340</b>
Interest receivable and similar income		1,299	930
Interest payable and expenses		(4,082)	(1,000)
<b>Profit before tax</b>		<b>1,430,568</b>	<b>1,023,270</b>
Tax on profit		(324,796)	(256,932)
<b>Profit for the financial year</b>		<b>1,105,772</b>	<b>766,338</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016: £Nil).

The notes on pages 8 to 13 form part of these financial statements.

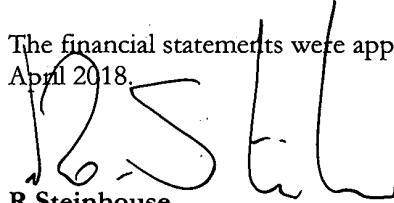
## Statement of financial position

As at 31 October 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	6	-	86
Investments	7	938	938
		<u>938</u>	<u>1,024</u>
<b>Current assets</b>			
Stocks	8	1,254,419	1,309,899
Debtors	9	675,778	880,805
Cash at bank	10	2,796,550	1,463,135
		<u>4,726,747</u>	<u>3,653,839</u>
Creditors: amounts falling due within one year	11	(430,087)	(463,037)
<b>Net current assets</b>		<u>4,296,660</u>	<u>3,190,802</u>
<b>Total assets less current liabilities</b>		<u>4,297,598</u>	<u>3,191,826</u>
<b>Net assets</b>		<u><u>4,297,598</u></u>	<u><u>3,191,826</u></u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account		4,297,498	3,191,726
		<u><u>4,297,598</u></u>	<u><u>3,191,826</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 April 2018.

  
**R Steinhouse**  
 Director

The notes on pages 8 to 13 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 October 2017

## **1. General information**

Freehold Securities Limited is a private company limited by shares and registered in England and Wales. Registered number 02928601. Its registered head office is located at 353 Kentish Town Road, London, NW5 2TJ

## **2. Accounting policies**

### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling (£).

Information on the impact of first-time adoption of FRS 102 is given in note 14.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

### **2.2 Going concern**

The directors have assessed, that the company has adequate resources to meet the ongoing costs of the business for the foreseeable future. For this reason the financial statements have been prepared on a going concern basis which presumes the realisation of the assets and liabilities in the normal course of business.

### **2.3 Turnover**

Turnover represents the proceeds of ground rent, lease extensions, fees, insurance premiums and freehold sales. Ground rent and insurance premiums are recognised in the period to which they relate. Fees are recognised when the service is performed. Freehold sales and lease extensions are recognised when the transaction is completed.

## Notes to the financial statements

For the year ended 31 October 2017

### 2. Accounting policies (continued)

#### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	-	20% straight line
Computer equipment	-	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

#### 2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.6 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 estimate selling price less further costs to completion and disposal.

#### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Notes to the financial statements

For the year ended 31 October 2017

## 2. Accounting policies (continued)

### 2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.11 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

### 2.12 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty

No judgements have been made in preparing these financial statements.

## 4. Auditor's remuneration

For the year ended 31 October 2017 and 31 October 2016, the audit fees for the company were born by its parent The Freehold Group Limited.

## 5. Employees

The average monthly number of employees, including directors, during the year was 0 (2016: 0).

# Notes to the financial statements

For the year ended 31 October 2017

## 6. Tangible fixed assets

	Fixtures & fittings £
<b>Cost</b>	
At 1 November 2016	19,775
At 31 October 2017	<u>19,775</u>
<b>Depreciation</b>	
At 1 November 2016	19,689
Charge for the year on owned assets	86
At 31 October 2017	<u>19,775</u>
<b>Net book value</b>	
At 31 October 2017	<u>-</u>
At 31 October 2016	<u>86</u>

## 7. Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 November 2016	938
At 31 October 2017	<u>938</u>
<b>Net book value</b>	
At 31 October 2017	<u>938</u>
At 31 October 2016	<u>938</u>

The investment is comprised of 50,000 units in 'Holt Investment Trust 1' and was acquired on 3 September 2007 for £21,834.

The directors assessed the investment for the year and considered the revised fair value to be £938 (2016: £938), following the receipt of £Nil (2016: £4,433) in the year.

# Notes to the financial statements

For the year ended 31 October 2017

## 8. Stocks

	2017 £	2016 £
Freehold property stock	<u>1,254,419</u>	<u>1,309,899</u>

## 9. Debtors

	2017 £	2016 £
Trade debtors	40,898	28,818
Amounts owed by group undertakings	386,460	656,548
Amounts owed by related parties	122,197	27,098
Other debtors	126,223	168,341
	<u>675,778</u>	<u>880,805</u>

## 10. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>2,796,550</u>	<u>1,463,135</u>

## 11. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	3,247	-
Amounts owed to related parties	43,016	36,104
Corporation tax	236,409	193,682
Other creditors	147,415	233,251
	<u>430,087</u>	<u>463,037</u>

# Notes to the financial statements

For the year ended 31 October 2017

## 12. Related party transactions

The company has taken advantage of the exemption under FRS 102 Section 33.1a from disclosing transactions with other group companies wholly owned within the group.

The following companies are related as a director, R Steinhouse, controls these companies by virtue of his shareholdings. The balances due to and from these related companies are as shown below:

	2017 £	2016 £
<b>Amounts owed by related parties:</b>		
Residents Insurance Services Limited	<u>122,197</u>	<u>27,098</u>
	2017 £	2016 £
<b>Amounts owed to related parties:</b>		
Residents Insurance Services Limited	<u>43,016</u>	<u>36,104</u>

During the year the company paid £389,357 (2016: £367,370) to Residents Insurance Services Limited for insurance costs and received insurance commission of £150,409 (2016: £146,310) from Residents Insurance Services Limited.

During the year the company provided remuneration of £100,000 (2016: £25,000) to A Steinhouse. A Steinhouse is the spouse of a director, R Steinhouse, and the remuneration is in relation to management services provided to the company. At 31 October 2017 no amounts were due from or owed to A Steinhouse (2016: £Nil).

## 13. Controlling party

The immediate and ultimate parent company is The Freehold Group Limited. R Steinhouse, a director, controls the company by virtue of his majority shareholding in the ultimate parent company.

## 14. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.