

Registered number: 00712408

FAIRHOOD PROPERTIES LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021**



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Directors

A C Ford
P R Holcroft
A E Fanshawe
D W Byam-Cook

Company Secretary

M C Kitto

Registered Number

00712408

Registered Office

1-3 College Hill
London
EC4R 2RA

Independent Auditor

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London
E14 4HD

Bankers

Royal Bank of Scotland
4th Floor
Regents House
42 Islington High Street
London
N1 8XL

Solicitors

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

The Directors present their report and the audited financial statements for the year ended 31 March 2021.

Results and dividends

The loss for the year, after taxation, amounted to £4,966 (2020 - loss of £150,000).

Directors

The Directors who served during the year were:

A C Ford
P R Holcroft
A E Fanshawe
D W Byam-Cook

Future developments

The Company will continue to rent property and return the profits to the parent each year.

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 that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The report of the Directors has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

This report was approved by the Board on 27 October 2021 and signed on its behalf:



M C Kitto
Company Secretary

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 prepared 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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.

Independent Auditor's Report to the Members of Fairhood Properties Limited**Opinion**

We have audited the financial statements of Fairhood Properties Limited (the 'company') for the year ended 31 March 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its deficit 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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions 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.

Responsibilities of directors

As explained more fully 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, 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.

Auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the charity in this regard to be those arising from the Companies Act 2006 and Financial Reporting Standard 102.

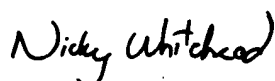
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the valuation of investment properties. We addressed this through review of the valuation reports prepared by management's expert, testing the accuracy and completeness of inputs to their calculation, and challenging any assumptions applied in the valuations for example by agreement to third party metrics.
- We also identified potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- We also identified potential for management bias in the timing of recognition of rental income. We addressed this through detailed review of signed rental agreements, forming an expectation of the level of income to be recognised in the financial year, and comparison to actual.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our auditor's report.

Use of our report

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.



Nicky Whitehead (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 6/12/21

FAIRHOOD PROPERTIES LIMITED
**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	4	29,312	51,187
Cost of sales		-	-
Gross profit		29,312	51,187
Administrative expenses		(33,164)	(32,525)
Revaluation of investment property		-	(150,000)
Operating profit	5	(3,852)	(131,338)
Payment under Deed of Covenant		-	(12,444)
Interest payable and expenses	8	(1,114)	(6,218)
(Loss) / profit before and after tax		(4,966)	(150,000)
Total comprehensive expenditure for the year		(4,966)	(150,000)

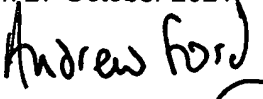
All amounts relate to continuing operations

The notes on pages 9 to 14 form part of these financial statements.

	Note	2021 £	£	2020 £	£
Fixed assets					
Investment property	9	650,000		650,000	
		650,000		650,000	
Current assets					
Debtors: amounts falling due within one year	10	1,550,607		1,566,641	
Cash at bank and in hand	11	2,824		1,531	
		1,553,431		1,568,172	
Creditors: amounts falling due within one year	12	(1,063,135)		(1,072,910)	
Net current assets		490,296		495,262	
Total assets less current liabilities		1,140,296		1,145,262	
Net assets		1,140,296		1,145,262	
Capital and reserves					
Called up share capital	13	11,000		11,000	
Investment property reserve	14	192,500		192,500	
Profit and loss account	14	936,796		941,762	
		1,140,296		1,145,262	

The Company's 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 27 October 2021


Sir Andrew C Ford
Director

The notes on pages 9 to 14 form part of these financial statements.

FAIRHOOD PROPERTIES LIMITED
**STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2021**

	Share capital £	Investment property reserve £	Profit and Loss account £	Total equity £
At 1 April 2020	11,000	192,500	941,762	1,145,262
Comprehensive income for the year				
Result for the year	-	-	(4,966)	(4,966)
Revaluation loss	-	-	-	-
Total comprehensive income for the year	-	-	(4,966)	(4,966)
Total transactions with owners	-	-	-	-
At 31 March 2021	11,000	192,500	936,796	1,140,296
At 1 April 2019	11,000	342,500	941,762	1,295,262
Comprehensive income for the year				
Result for the year	-	-	-	-
Revaluation loss	-	(150,000)	-	(150,000)
Total comprehensive income for the year	-	(150,000)	-	(150,000)
Total transactions with owners	-	-	-	-
At 31 March 2020	11,000	192,500	941,762	1,145,262

The notes on pages 9 to 14 form part of these financial statements.

1. General information

The principal activity of the Company continued throughout the year to be that of the management and letting of properties.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 1-3 College Hill, London, EC4R 2RA.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by investment properties measured at fair value through profit and loss and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

The Company has net current assets of £490,296 at the balance sheet date (2020 - net current assets £495,262). The Directors believe that the Company has sufficient resources to meet its liabilities as they fall due because they can call upon the Parent Company or other group companies, for short term working capital, as and when required. The Financial Statements have therefore been prepared on the basis that the Company is a going concern.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting Policies (continued)**2.4 Investment property**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and Loss Account.

2.5 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.

2.6 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.

2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.8 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.

2.9 Finance costs

Finance costs are charged to the Profit and loss account 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.

2.10 Expenditure

All expenditure is accounted for on an accruals basis.

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Valuation of investment properties

The Company makes an estimate of the fair value of the investment property. When assessing the fair value, the Board seeks the help of an expert in this area and considers, amongst other things the expected rental yields, the length of the term of the lease, the valuation of other properties in the immediate vicinity and the condition of the building.

4. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Rental income	29,312	51,187
	<hr/>	<hr/>
All turnover derives from the United Kingdom.		

5. Operating profit

The operating profit is stated after charging:

Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	2,835	2,780
Fees payable to the Company's auditor and its associates for non-audit services (Fees shown net of VAT)	1,230	1,205
	<hr/>	<hr/>

6. Employees

Staff costs, including Director's remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	22,500	22,500
Social security costs	1,892	1,914
	<u>24,392</u>	<u>24,414</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No	2020 No
Directors	<u>4</u>	<u>4</u>

7. Director's remuneration

	2021 £	2020 £
Director's emoluments	<u>22,500</u>	<u>22,500</u>

The Directors are considered to be the key management personnel of the Company.

No post-employment or other benefits were paid to the Directors during the year (2020 - £nil).

8. Interest payable and similar charges

	2021 £	2020 £
Loans from group undertakings	<u>1,114</u>	<u>6,218</u>

Interest is charged on amounts due to fellow subsidiary undertakings in accordance with the terms included in note 12.

9. Investment property

	2021 £	2020 £
Valuation		
At 1 April	650,000	800,000
Revaluation	-	(150,000)
	<u>650,000</u>	<u>650,000</u>
At 31 March	650,000	650,000

9. Investment property (continued)

The 2021 valuation was made by Clive Thomas of Clive Thomas & Co Chartered Surveyors in conjunction with Robin Hanson of Brackenridge Hanson Tate, Chartered Surveyors and Property Consultants. Both Messrs Hanson and Thomas are Fellows of the Royal Institute of Chartered Surveyors. The valuation is determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

	2021 £	2020 £
Investment Property Reserve		
At 1 April	192,500	342,500
Loss on revaluation of investment property	-	(150,000)
	<hr/>	<hr/>
At 31 March	192,500	192,500
	<hr/>	<hr/>

10. Debtors

Amounts owed by group undertakings	1,538,000	1,555,390
Other debtors	12,607	11,251
	<hr/>	<hr/>
	1,550,607	1,566,641
	<hr/>	<hr/>

The Directors can confirm that there is no intention to recall any outstanding loans at this stage.

11. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	2,824	1,531
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12. Creditors: Amounts falling due within one year

Amounts owed to group undertakings	1,056,798	1,055,684
Accruals and deferred income	6,337	4,782
Deed of Covenant	-	12,444
	<hr/>	<hr/>
	1,063,135	1,072,910
	<hr/>	<hr/>

The amount of £1,056,798 owed to a fellow subsidiary, included in amounts owed to group undertakings above, is unsecured, bears interest at an average bank rate for the year and is repayable on demand.

13. Share Capital	2021 £	2020 £
Allotted, called up and fully paid		
11,000 Ordinary shares of £1 each	11,000	11,000
	<hr/>	<hr/>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

14. Reserves

Investment property reserve

This represents the difference between fair value of the investment property and the original cost. This reserve is not distributable.

Profit & loss account

This comprises the accumulated profits and losses of the Company since incorporation.

15. Related party transactions

There have been no related party transactions in the year apart from those between the Company and other members of The Hedley Foundation Limited Group of Companies and the remuneration paid to the Director.

The Company has taken advantage of the exemptions available to 100% owned subsidiaries under Section 1AC.35 of FRS 102 (Section 1A) from disclosing transactions with other members of The Hedley Foundation Group of Companies.

16. Ultimate Controlling party

The Hedley Foundation Limited, a charitable company incorporated in England & Wales, is the ultimate Parent undertaking. The Hedley Foundation Limited prepares group financial statements and these are publicly available from Companies House, Cardiff, CF14 3UZ.

17. Post Balance Sheet Events

There were no post balance sheet events.