

REGISTERED NUMBER: 00830036 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021
FOR
FAIRHOLME ESTATES (HOLDINGS) LIMITED**



**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Statement of Income and Retained Earnings	8
Statement of Financial Position	9
Notes to the Financial Statements	10
Detailed Profit and Loss Account	16

FAIRHOLME ESTATES (HOLDINGS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2021**

DIRECTORS:

S S Potel
G Potel
B Barbarash
O H Hermes
M D Paisner
D Potel

SECRETARY:

G Potel

REGISTERED OFFICE:

Suite 8
58 Acacia Road
St John's Wood
London
NW8 6AG

REGISTERED NUMBER:

00830036 (England and Wales)

AUDITORS:

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

BANKERS:

HSBC UK Bank Plc
Private Banking
8 Cork Street
London
W1S 3LJ

SOLICITORS:

Payne Hicks Beach
10 New Square
Lincoln's Inn
London
WC2A 3QG

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2021**

The directors present their report with the financial statements of the company for the year ended 31 August 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of investors.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 September 2020 to the date of this report.

S S Potel
G Potel
B Barbarash
O H Hermes
M D Paisner
D Potel

CHARITABLE DONATIONS AND EXPENDITURE

During the year, the company made charitable donations totalling £100,000 (2020 £100,000).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

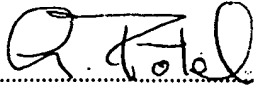
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

FAIRHOLME ESTATES (HOLDINGS) LIMITED (REGISTERED NUMBER: 00830036)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2021**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
G Potel - Secretary

Date: 10TH MARCH 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FAIRHOLME ESTATES (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Fairholme Estates (Holdings) Limited (the 'company') for the year ended 31 August 2021 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position and Notes to the Financial Statements, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2021 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 Auditors' 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 directors' 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 directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FAIRHOLME ESTATES (HOLDINGS) LIMITED

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 Report of the Directors.

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 from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FAIRHOLME ESTATES (HOLDINGS) LIMITED

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 a Report of the Auditors 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.

We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations - this responsibility lies with management with the oversight of the directors.

Based on our understanding of the company and its industry together with discussions with management and directors, we identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- o completing a risk-assessment process during our planning for this audit that specifically considered the risk of fraud;
- o enquiry of management about the company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- o examining supporting documents for all material balances, transactions and disclosures;
- o review, where applicable, of minutes of meetings of the board of directors;
- o enquiry of management, about any litigations and claims and inspection of relevant correspondence
- o analytical procedures to identify any unusual or unexpected relationships;
- o specific audit testing on and review of areas that could be subject to management override of controls and potential bias, most notably around the key judgments and estimates;
- o considering management override of controls outside of the normal operating cycles including testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements including evaluating the business rationale of significant transactions, outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

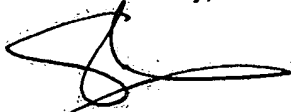
The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FAIRHOLME ESTATES (HOLDINGS) LIMITED**

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 a Report of the Auditors 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.



Stephen Bullock (Senior Statutory Auditor)
for and on behalf of Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Date: 15 March 2022

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	31.8.21 £	31.8.20 £
TURNOVER		1,316,626	1,834,897
Administrative expenses		(856,256)	(1,029,985)
		460,370	804,912
Other operating income		-	104,797
OPERATING PROFIT		460,370	909,709
Interest receivable and similar income		1,048	1,992
		461,418	911,701
Gain/loss on revaluation of assets		10,035,973	341,951
		10,497,391	1,253,652
Interest payable and similar expenses		(58,187)	(82,137)
PROFIT BEFORE TAXATION		10,439,204	1,171,515
Tax on profit	4	(2,258,812)	(553,139)
PROFIT FOR THE FINANCIAL YEAR		8,180,392	618,376
Retained earnings at beginning of year		85,212,779	85,003,403
Dividends		(409,000)	(409,000)
RETAINED EARNINGS AT END OF YEAR		<u>92,984,171</u>	<u>85,212,779</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 AUGUST 2021

	Notes	31.8.21 £	31.8.20 £
FIXED ASSETS			
Tangible assets	5	2,715	5,563
Investments	6	87,461,939	73,159,232
Investment property	7	4,200,000	4,200,000
		<u>91,664,654</u>	<u>77,364,795</u>
CURRENT ASSETS			
Debtors	8	82,342	353,666
Cash at bank and in hand		6,172,247	10,482,807
		<u>6,254,589</u>	<u>10,836,473</u>
CREDITORS			
Amounts falling due within one year	9	(528,269)	(263,106)
NET CURRENT ASSETS		<u>5,726,320</u>	<u>10,573,367</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>97,390,974</u>	<u>87,938,162</u>
CREDITORS			
Amounts falling due after more than one year	10	(1,697,500)	(1,966,000)
PROVISIONS FOR LIABILITIES	11	(2,294,155)	(344,235)
NET ASSETS		<u><u>93,399,319</u></u>	<u><u>85,627,927</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	409,000	409,000
Share premium		6,148	6,148
Retained earnings		92,984,171	85,212,779
SHAREHOLDERS' FUNDS		<u><u>93,399,319</u></u>	<u><u>85,627,927</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 10th March 2022 and were signed on its behalf by:



S S Potel - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

1. STATUTORY INFORMATION

Fairholme Estates (Holdings) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements are prepared under the historical cost basis except investment properties and listed investments that have been measured at their fair value. The financial statements are prepared in sterling which is the functional currency and no rounding has been applied.

Preparation of consolidated financial statements

The financial statements contain information about Fairholme Estates (Holdings) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Turnover

Rental income is recognised on a straight-line basis over the period of the rental agreement. Incentives for tenants to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the company's benefit from the leased asset is diminished.

Interest is recognised on an effective interest basis.

Dividend income is recognised when the company has a legal entitlement to the income.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Fixtures and fittings - 20% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Investment property

The company carries its investment property at fair value, with changes in fair value being recognised in profit or loss.

Investments

Listed investments are stated at fair value with changes in fair value recognised in profit or loss. Losses and gains on investments are included within changes in fair value

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The financial statements have been prepared on a going concern basis. The directors consider this to be appropriate as they have a reasonable expectation that the company has adequate resources to continue in operational existence for the twelve months from the date the financial statements have been approved. This assessment has also paid due regard to the ongoing global Covid 19 pandemic and its impact on the company.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 6 (2020 - 4).

4. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.8.21 £	31.8.20 £
Current tax:		
UK corporation tax	308,892	-
Deferred tax	1,949,920	553,139
Tax on profit	<u>2,258,812</u>	<u>553,139</u>

UK corporation tax has been charged at 19% (2020 - 19%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021

5. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 September 2020	41,906
Additions	95
Disposals	(8,898)
At 31 August 2021	33,103
DEPRECIATION	
At 1 September 2020	36,343
Charge for year	1,743
Eliminated on disposal	(7,698)
At 31 August 2021	30,388
NET BOOK VALUE	
At 31 August 2021	2,715
At 31 August 2020	5,563

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Listed investments £	Totals £
COST			
At 1 September 2020	1,652	73,157,580	73,159,232
Reclassification/transfer	-	14,302,707	14,302,707
At 31 August 2021	1,652	87,460,287	87,461,939
NET BOOK VALUE			
At 31 August 2021	1,652	87,460,287	87,461,939
At 31 August 2020	1,652	73,157,580	73,159,232

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Fairholme Estates Limited
Registered office: England and Wales
Nature of business: non-trading

	% holding		
Class of shares:	100.00		
Ordinary and Preference		31.8.21	31.8.20
		£	£
Aggregate capital and reserves		1	1

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021

6. **FIXED ASSET INVESTMENTS - continued**

Fairholme Management Limited
Registered office: England and Wales
Nature of business: Investment

Class of shares:	% holding		
Ordinary	100.00	31.8.21	31.8.20
		£	£
Aggregate capital and reserves		<u>1,650</u>	<u>1,650</u>

7. **INVESTMENT PROPERTY**

	Total £
FAIR VALUE	
At 1 September 2020 and 31 August 2021	<u>4,200,000</u>
NET BOOK VALUE	
At 31 August 2021	<u>4,200,000</u>
At 31 August 2020	<u>4,200,000</u>

The Company's freehold property was valued as at 31 August 2021 by the directors. The valuation of the property was on the basis of Market Value taking account of the income stream and yield profile of the tenants.

Fair value at 31 August 2021 is represented by:

	£
Valuation in 2018	1,231,697
Valuation in 2020	(400,000)
Cost	<u>3,368,303</u>
	<u>4,200,000</u>

If the freehold investment had not been revalued it would have been included at the following historical cost:

	31.8.21 £	31.8.20 £
Cost	<u>3,368,303</u>	<u>3,368,303</u>

8. **DEBTORS**

	31.8.21 £	31.8.20 £
Amounts falling due within one year:		
Trade debtors	6,099	1,868
Other debtors	204	4,224
Tax	-	50,182
VAT	3,630	-
Prepayments and accrued income	<u>68,661</u>	<u>220,212</u>
	<u>78,594</u>	<u>276,486</u>

NOTES TO THE FINANCIAL STATEMENTS - *continued*
FOR THE YEAR ENDED 31 AUGUST 2021

8. DEBTORS - *continued*

	31.8.21	31.8.20
	£	£
Amounts falling due after more than one year:		
Withholding tax	3,748	77,180
	<u> </u>	<u> </u>
Aggregate amounts	82,342	353,666
	<u> </u>	<u> </u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.21	31.8.20
	£	£
Trade creditors	7,290	33,943
Amounts owed to subsidiary undertakings	5,299	5,299
Taxation and social security	312,881	11,557
Other creditors	202,799	212,307
	<u> </u>	<u> </u>
	528,269	263,106
	<u> </u>	<u> </u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.8.21	31.8.20
	£	£
Other creditors	1,697,500	1,966,000
	<u> </u>	<u> </u>

11. PROVISIONS FOR LIABILITIES

	31.8.21	31.8.20
	£	£
Deferred tax	2,294,155	344,235
	<u> </u>	<u> </u>

	Deferred tax £
Balance at 1 September 2020	344,235
Charge to Statement of Income and Retained Earnings during year	1,949,920
	<u> </u>
Balance at 31 August 2021	2,294,155
	<u> </u>

The deferred tax balance is made up as follows:

	2021	2020
	£	£
Decelerated capital allowances	714,785	583,385
Revaluation of investments less capital losses c/f	(3,008,940)	(1,027,637)
Trading losses c/f	-	100,017
	<u> </u>	<u> </u>
	(2,294,155)	(344,235)
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	31.8.21 £	31.8.20 £
Number:	Class:			
409,000	Ordinary		<u>409,000</u>	<u>409,000</u>

13. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Included within Creditors: amounts falling due after 1 year:

	Loan repayments		Loan contributions		Year-end balance	
	£ 2021	£ 2020	£ 2021	£ 2020	£ 2021	£ 2020
S S Potel	525,000	271,000	197,000	180,000	1,146,000	1,474,000
B Barbarash	72,612	428,000	100,000	-	34,388	7,000
D Potel	67,500	364,000	100,000	-	517,500	485,000
					<u>1,697,888</u>	<u>1,966,000</u>

Interest payable on the above loans:

	1.9.2020 £	Earned during the year £	Paid during the year £	31.08.21 £
S S Potel		9,215	41,011	43,244
D Potel		3,641	16,704	17,358
B Barbarash		508	472	1,720
		<u>13,364</u>	<u>58,187</u>	<u>62,322</u>
				<u>9,229</u>

14. RELATED PARTY DISCLOSURES

During the year the company made charitable donations of £100,000 (2020 £100,000) to The Potel Charitable Trust, a registered charity. The Potel Charitable Trust is related by virtue of S S Potel, G Potel, M D Paisner and D Potel being directors of the company and trustees of the charity.

15. ULTIMATE CONTROLLING PARTY

There is no single controlling party.