

Registered number: 02314160

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## FAIRGATE GROUP LIMITED

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### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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**FAIRGATE GROUP LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A Akindele (appointed 21 July 2021) R A Akindele A Alex-Duduyemi (appointed 21 July 2021) O O Isemede (appointed 8 January 2021) S C Stevenson (appointed 24 August 2020) Sir (Chief) L O Akindele (resigned 29 June 2020)
<b>Registered number</b>	02314160
<b>Registered office</b>	22-24 Ely Place London EC1N 6TE
<b>Independent auditors</b>	Adler Shine LLP Chartered Accountants & Statutory Auditor Aston House Cornwall Avenue London N3 1LF

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**FAIRGATE GROUP LIMITED**

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**FAIRGATE GROUP LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Directors present their report and the financial statements for the year ended 31 December 2020

**Directors' responsibilities statement**

The Directors are responsible for preparing the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies for the Group'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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors**

The Directors who served during the year were:

R A Akindele  
S C Stevenson (appointed 24 August 2020)  
Sir (Chief) L O Akindele (resigned 29 June 2020)

**Disclosure of information to auditors**

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 and the Group's auditors are 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 and the Group's auditors are aware of that information.

**Auditors**

The auditors, Adler Shine LLP, were appointed during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**FAIRGATE GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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 and signed on its behalf



**S C Stevenson**  
Director

Date: 23 December 2021

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**FAIRGATE GROUP LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIRGATE GROUP LIMITED**

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**Opinion**

We have audited the financial statements of Fairgate Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss 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 Group 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**

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 Group's or the parent 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.

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**FAIRGATE GROUP LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIRGATE GROUP LIMITED (CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual 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.

**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 Group and the parent 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 Group Strategic Report.

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## **FAIRGATE GROUP LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIRGATE GROUP LIMITED (CONTINUED)**

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#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out 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 Group's and the parent 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 Group or the parent 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 Auditors' 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 Group 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 identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have:

- considered the nature of the industry and sectors, control environment and business performance;
- made enquiries of management about their own identification and assessment of the risk of irregularities;
- performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- undertaken appropriate sample based testing of bank transactions;
- identified and evaluated compliance with relevant laws and regulations and made enquiries of any instances of non-compliance;
- discussed matters among the audit engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.



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**FAIRGATE GROUP LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIRGATE GROUP LIMITED (CONTINUED)**

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**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 Auditors' 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.

Alexander Chrysapiades FCA (Senior Statutory Auditor)

for and on behalf of  
**Adler Shine LLP**

Chartered Accountants  
Statutory Auditor

Aston House  
Cornwall Avenue  
London  
N3 1LF  
Date

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**FAIRGATE GROUP LIMITED**


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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Note	2020 £	2019 £
Turnover		4,596,961	4,961,632
<b>Gross profit</b>		<b>4,596,961</b>	<b>4,961,632</b>
Administrative expenses		(1,682,005)	(1,194,959)
Other operating income		7,317	6,148
Fair value movements		(10,290,000)	2,088,240
<b>Operating (loss)/profit</b>		<b>(7,367,727)</b>	<b>5,861,061</b>
Interest receivable and similar income		6,988	7,343
Interest payable and similar expenses		(922,936)	(1,184,655)
<b>(Loss)/profit before taxation</b>		<b>(8,283,675)</b>	<b>4,683,749</b>
Tax on (loss)/profit		579,249	(11,006)
<b>(Loss)/profit for the financial year</b>		<b>(7,704,426)</b>	<b>4,672,743</b>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the parent Company		(7,704,426)	4,672,743
		<b>(7,704,426)</b>	<b>4,672,743</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income

There was no other comprehensive income for 2020 (2019: £NIL)

The notes on pages 14 to 26 form part of these financial statements

**FAIRGATE GROUP LIMITED**  
**REGISTERED NUMBER: 02314160**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	5	150,647	163,781
Investment property	7	78,895,000	89,185,000
		<u>79,045,647</u>	<u>89,348,781</u>
<b>Current assets</b>			
Debtors	8	22,989,194	20,696,528
Cash at bank and in hand	9	13,808,652	15,925,632
		<u>36,797,846</u>	<u>36,622,160</u>
Creditors amounts falling due within one year	10	(49,774,540)	(49,823,463)
<b>Net current liabilities</b>		<u>(12,976,694)</u>	<u>(13,201,303)</u>
<b>Total assets less current liabilities</b>		<u>66,068,953</u>	<u>76,147,478</u>
Creditors amounts falling due after more than one year	11	(28,282,500)	(29,632,500)
<b>Provisions for liabilities</b>			
Deferred taxation		(1,395,375)	(2,419,474)
		<u>(1,395,375)</u>	<u>(2,419,474)</u>
<b>Net assets</b>		<u><u>36,391,078</u></u>	<u><u>44,095,504</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	3,650,000	3,650,000
Investment property reserve	15	17,914,136	27,130,685
Profit and loss account	15	14,826,942	13,314,819
<b>Equity attributable to owners of the parent Company</b>		<u><u>36,391,078</u></u>	<u><u>44,095,504</u></u>

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**FAIRGATE GROUP LIMITED**  
**REGISTERED NUMBER: 02314160**

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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

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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 by



**S C Stevenson**  
Director  
Date 23 December 2021

The notes on pages 14 to 26 form part of these financial statements

**FAIRGATE GROUP LIMITED**  
**REGISTERED NUMBER: 02314160**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	5	9,847	14,181
Investments	6	652,251	652,251
		<u>662,098</u>	<u>666,432</u>
<b>Current assets</b>			
Debtors	8	73,261,211	72,440,010
Cash at bank and in hand	9	10,116,361	12,213,844
		<u>83,377,572</u>	<u>84,653,854</u>
Creditors: amounts falling due within one year	10	(51,715,874)	(51,286,661)
<b>Net current assets</b>		<u>31,661,698</u>	<u>33,367,193</u>
<b>Total assets less current liabilities</b>		<u>32,323,796</u>	<u>34,033,625</u>
Creditors: amounts falling due after more than one year	11	(28,282,500)	(29,632,500)
<b>Net assets</b>		<u>4,041,296</u>	<u>4,401,125</u>
<b>Capital and reserves</b>			
Called up share capital	14	3,650,000	3,650,000
Profit and loss account brought forward		751,125	847,369
Loss for the year		(359,829)	(96,244)
Profit and loss account carried forward		391,296	751,125
		<u>4,041,296</u>	<u>4,401,125</u>

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**FAIRGATE GROUP LIMITED**  
**REGISTERED NUMBER: 02314160**

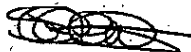
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**COMPANY BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

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

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



**S C Stevenson**  
Director

Date: 23 December 2021

The notes on pages 14 to 26 form part of these financial statements

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**FAIRGATE GROUP LIMITED**


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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Called up share capital	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 January 2019</b>	<b>3,650,000</b>	<b>24,773,448</b>	<b>10,999,313</b>	<b>39,422,761</b>
Profit for the year	-	-	4,672,743	4,672,743
Transfer between reserves - movement on fair value revaluation and associated deferred tax	-	2,357,237	(2,357,237)	-
<b>At 1 January 2020</b>	<b>3,650,000</b>	<b>27,130,685</b>	<b>13,314,819</b>	<b>44,095,504</b>
Loss for the year	-	-	(7,704,426)	(7,704,426)
Transfer between reserves - movement on fair value revaluation and associated deferred tax	-	(9,216,549)	9,216,549	-
<b>At 31 December 2020</b>	<b>3,650,000</b>	<b>17,914,136</b>	<b>14,826,942</b>	<b>36,391,078</b>

The notes on pages 14 to 26 form part of these financial statements

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**FAIRGATE GROUP LIMITED**


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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 1 January 2019</b>	<b>3,650,000</b>	<b>847,369</b>	<b>4,497,369</b>
Loss for the year	-	(96,244)	(96,244)
<b>At 1 January 2020</b>	<b>3,650,000</b>	<b>751,125</b>	<b>4,401,125</b>
Loss for the year	-	(359,829)	(359,829)
<b>At 31 December 2020</b>	<b>3,650,000</b>	<b>391,296</b>	<b>4,041,296</b>

The notes on pages 14 to 26 form part of these financial statements.



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**FAIRGATE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. General information**

Fairgate Group Limited is a private company limited by shares and registered in England and Wales. The registered office address is 22-24 Ely Place, London, EC1N 6TE.

**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 Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

**2.3 Going concern**

The financial statements have been prepared on a going concern basis which assumes that the group and the company will be able to continue trading for the foreseeable future.

The group has net current liabilities at the balance sheet date as the company is funded by group and related company loans included in current liabilities. The ultimate parent company has stated that it intends, without creating a contractual obligation, to provide such support as it may be necessary. The directors are therefore satisfied that the going concern basis is appropriate for the preparation of these financial statements.

In reaching their conclusion about the group and company's ability to continue as a going concern, the directors have also considered the effects of the global pandemic and subsequent government measures, and do not believe that these will have a significant impact on the company's ability to continue in operational existence as a going concern.

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**FAIRGATE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group 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.

**2.5 Operating leases: the Group as lessor**

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive 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 lessor's benefit from the leased asset is diminished.

Temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised on a systematic basis over the periods that the change in lease income is intended to compensate. This is conditional on:

- the change in lease income resulting in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease income affecting only income originally due on or before 30 June 2021;
- there being no significant change to other terms and conditions of the lease.

**2.6 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.7 Finance costs**

Finance costs are charged to profit or loss 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.

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**FAIRGATE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.8 Interest charges**

Interest charged is to the profit & loss account as it falls due.

Interest due on bank loans where group companies are party to the loan agreement is recognised in the profit & loss account of the group company to the extent that the loan amount is attributable to that company.

**2.9 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.10 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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**FAIRGATE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.12 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:

Motor vehicles	-	25% straight-line method
Fixtures and fittings	-	4% straight-line method
Computer equipment	-	25% straight-line method

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 profit or loss.

**2.13 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 profit or loss

**2.14 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment

**2.15 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.

**2.16 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.

**2.17 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

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**FAIRGATE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.19 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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**FAIRGATE GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**3. Auditors' remuneration**

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>23,750</u>	<u>52,500</u>

**4. Employees**

The average monthly number of employees, including directors, during the year was 2 (2019 - 6)

**5. Tangible fixed assets****Group**

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	193,008	220,000	35,298	448,306
At 31 December 2020	<u>193,008</u>	<u>220,000</u>	<u>35,298</u>	<u>448,306</u>
<b>Depreciation</b>				
At 1 January 2020	187,996	70,400	26,129	284,525
Charge for the year on owned assets	2,042	8,800	2,292	13,134
At 31 December 2020	<u>190,038</u>	<u>79,200</u>	<u>28,421</u>	<u>297,659</u>
<b>Net book value</b>				
At 31 December 2020	<u>2,970</u>	<u>140,800</u>	<u>6,877</u>	<u>150,647</u>
At 31 December 2019	<u>5,012</u>	<u>149,600</u>	<u>9,169</u>	<u>163,781</u>

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**FAIRGATE GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**5. Tangible fixed assets (continued)****Company**

	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 January 2020	<b>193,008</b>	<b>35,298</b>	<b>228,306</b>
At 31 December 2020	<b>193,008</b>	<b>35,298</b>	<b>228,306</b>
<b>Depreciation</b>			
At 1 January 2020	<b>187,996</b>	<b>26,129</b>	<b>214,125</b>
Charge for the year on owned assets	<b>2,042</b>	<b>2,292</b>	<b>4,334</b>
At 31 December 2020	<b>190,038</b>	<b>28,421</b>	<b>218,459</b>
<b>Net book value</b>			
At 31 December 2020	<b>2,970</b>	<b>6,877</b>	<b>9,847</b>
At 31 December 2019	<b>5,012</b>	<b>9,169</b>	<b>14,181</b>

The net book value of land and buildings may be further analysed as follows:

**6. Fixed asset investments****Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2020	<b>652,251</b>
At 31 December 2020	<b>652,251</b>

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**FAIRGATE GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**6. Fixed asset investments (continued)****Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the Company

<b>Name</b>	<b>Registered number</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Fairgate Developments Limited	02297681	Investment property *1	Ordinary	100%
Fairgate Estates Limited	02314954	Investment property *1	Ordinary	100%
Fairgate Finance Limited	02281127	Dormant	Ordinary	100%
Fairgate International Limited	02317862	Investment property *1	Ordinary	100%
Fairgate Investments Limited	02317867	Investment property *1	Ordinary	100%
Fairgate Property Trading Limited	04919314	Dormant	Ordinary	100%
Fairgate Realty Limited	04919304	Dormant	Ordinary	100%
Fairgate Securities Limited	02290941	Investment property *1	Ordinary	100%

**Indirect subsidiary undertaking**

The following was an indirect subsidiary undertaking of the Company.

<b>Name</b>	<b>Registered number</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Fairgate Enterprises Limited	02280392	Investment property *1	Ordinary	100%

\*1 = The company has provided a guarantee under section 479 of the Companies Act 2006. These subsidiaries have therefore taken exemption from the requirement of audit of their individual accounts under section 479A of the Companies Act 2006.



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**FAIRGATE GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**7. Investment property****Group**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 January 2020	89,185,000
Surplus on revaluation	(10,290,000)
<b>At 31 December 2020</b>	<b>78,895,000</b>

The 2020 valuations were made by the directors, on an open market value for existing use basis.

**8. Debtors**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
<b>Due after more than one year</b>				
Other debtors	441,084	435,964	-	-
	<b>441,084</b>	<b>435,964</b>	<b>-</b>	<b>-</b>
<b>Due within one year</b>				
Trade debtors	968,769	528,608	73,006	82,856
Amounts owed by group undertakings	20,491,856	18,745,688	72,723,911	71,735,873
Other debtors	936,626	774,989	445,351	602,724
Prepayments and accrued income	150,859	211,279	10,496	10,110
Deferred taxation	-	-	8,447	8,447
	<b>22,989,194</b>	<b>20,696,528</b>	<b>73,261,211</b>	<b>72,440,010</b>

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**FAIRGATE GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**9. Cash and cash equivalents**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Cash at bank and in hand	<b>13,808,652</b>	<b>15,925,632</b>	<b>10,116,361</b>	<b>12,213,844</b>
	<b>13,808,652</b>	<b>15,925,632</b>	<b>10,116,361</b>	<b>12,213,844</b>

**10. Creditors: Amounts falling due within one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Bank loans	<b>1,800,456</b>	<b>2,022,964</b>	<b>1,350,000</b>	<b>1,500,000</b>
Trade creditors	<b>726,095</b>	<b>280,307</b>	<b>7,327</b>	<b>23,750</b>
Amounts owed to group undertakings	<b>44,816,187</b>	<b>44,852,429</b>	<b>50,028,842</b>	<b>49,444,388</b>
Corporation tax	<b>326,226</b>	<b>451,351</b>	<b>90,265</b>	<b>51,828</b>
Other taxation and social security	<b>239,157</b>	<b>256,949</b>	<b>228,349</b>	<b>244,059</b>
Other creditors	<b>421,844</b>	<b>428,756</b>	<b>944</b>	<b>490</b>
Accruals and deferred income	<b>1,444,575</b>	<b>1,530,707</b>	<b>10,147</b>	<b>22,146</b>
	<b>49,774,540</b>	<b>49,823,463</b>	<b>51,715,874</b>	<b>51,286,661</b>

**11. Creditors: Amounts falling due after more than one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Bank loans	<b>28,282,500</b>	<b>29,632,500</b>	<b>28,282,500</b>	<b>29,632,500</b>
	<b>28,282,500</b>	<b>29,632,500</b>	<b>28,282,500</b>	<b>29,632,500</b>

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**FAIRGATE GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**12. Loans**

The company and its subsidiaries are party to a loan agreement with Barclays Bank plc. A bank loan of £29,632,500 (2019 - £31,132,500), representing capital amounts due under this agreement, are included in the financial statements of the company, the principal borrower. The bank loan is due, secured and guaranteed by way of fixed and floating charges over the assets of the subsidiary companies.

The terms of the agreement express the amount of the loan allocated to each subsidiary company. As set out in the 'Interest charge' accounting policy, interest is recognised as a charge to the profit & loss account in each of the subsidiary companies in accordance with this allocation. No interest is recognised in the company in respect of this loan. During the year, interest of £898,039 (2019 - £939,082) was recognised by the company.

The loan was due for repayment in April 2021. Since the balance sheet date, the company has re-negotiated the terms of the agreement and the term has been extended to April 2023. The new repayment terms have been reflected in the table below.

A subsidiary company is party to a loan agreement with Principality Building Society. A loan of £450,456 (2019 - £522,964) is secured over one of the investment properties held by the group.

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2020</b>	<i>2019</i>	<b>2020</b>	<i>2019</i>
	<b>£</b>	<i>(as restated)</i>	<b>£</b>	<i>(as restated)</i>
		<b>£</b>		<b>£</b>
<b>Amounts falling due within one year</b>				
Bank loans	<b>1,800,456</b>	<i>2,022,964</i>	<b>1,350,000</b>	<i>1,500,000</i>
	<b>1,800,456</b>	<i>2,022,964</i>	<b>1,350,000</b>	<i>1,500,000</i>
<b>Amounts falling due 1-2 years</b>				
Bank loans	<b>1,200,000</b>	<i>1,500,000</i>	<b>1,200,000</b>	<i>1,500,000</i>
	<b>1,200,000</b>	<i>1,500,000</i>	<b>1,200,000</b>	<i>1,500,000</i>
<b>Amounts falling due 2-5 years</b>				
Bank loans	<b>27,082,500</b>	<i>28,132,500</i>	<b>27,082,500</b>	<i>28,132,500</i>
	<b>27,082,500</b>	<i>28,132,500</i>	<b>27,082,500</b>	<i>28,132,500</i>
	<b>30,082,956</b>	<i>31,655,464</i>	<b>29,632,500</b>	<i>31,132,500</i>

The prior year balances has been restated in respect of the split of the loan amount falling due 1-2 years (£3,000,000 previously stated) and amounts falling due 2-5 years (£26,632,500 previously stated). There is no change to the amount stated as falling due more than one year in note 11 above.

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**FAIRGATE GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**13. Deferred taxation****Group**

	2020 £	2019 £
At beginning of year	(2,419,474)	(3,258,734)
Charged to profit or loss	1,024,099	839,260
<b>At end of year</b>	<b>(1,395,375)</b>	<b>(2,419,474)</b>

**Company**

	2020 £	2019 £
At beginning of year	8,447	9,592
Charged to profit or loss	-	(1,145)
<b>At end of year</b>	<b>8,447</b>	<b>8,447</b>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	(19,977)	(19,977)	8,447	8,447
Revaluation of investment property	(1,375,398)	(2,399,497)	-	-
	<b>(1,395,375)</b>	<b>(2,419,474)</b>	<b>8,447</b>	<b>8,447</b>

**14. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
3,650,000 (2019 - 3,650,000) Ordinary shares of £1.00 each	<b>3,650,000</b>	<b>3,650,000</b>

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**FAIRGATE GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**15. Reserves**

**Investment property revaluation reserve**

The investment property revaluation reserve relates to amount arising on the revaluation of the group's investment property, net of deferred tax. The reserve is not distributable.

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**16. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £nil (2019 - £1,320). Contributions totalling £nil (2019 - £110) were payable to the fund at the balance sheet date and are included in creditors.

**17. Transactions with directors**

At the balance sheet date, £277,738 (2019 - £159,342) was due from the directors. This amount is interest free and repayable on demand.

**18. Related party transactions**

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

**19. Controlling party**

The immediate parent undertaking is Fairgate Group Holdings Limited, a company incorporated in the British Virgin Islands. The ultimate parent company is the Lurego Trust, a trust registered in Guernsey. In the opinion of the directors, the ultimate controlling party is the Lurego Trust. No consolidated financial statements are prepared for the trust.

The largest and smallest group in which the results of the company are included are the consolidated financial statements of Fairgate Group Holdings Limited. The consolidated accounts for this group are not available to the public.

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**FAIRGATE GROUP LIMITED**


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**CONSOLIDATED DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Note	2020 £	2019 £
Turnover		4,596,962	4,961,632
<b>Gross profit</b>		<b>4,596,962</b>	<b>4,961,632</b>
<b>Gross profit %</b>		<b>100.0 %</b>	<b>100.0 %</b>
Other operating income		7,317	6,148
<b>Less: overheads</b>			
Administration expenses		(1,682,006)	(1,194,959)
Fair value movements		(10,290,000)	2,088,240
<b>Operating (loss)/profit</b>		<b>(7,367,727)</b>	<b>5,861,061</b>
Interest receivable		6,988	7,343
Interest payable		(922,936)	(1,184,655)
Tax on (loss)/profit on ordinary activities		579,249	(11,006)
<b>(Loss)/Profit for the year</b>		<b>(7,704,426)</b>	<b>4,672,743</b>

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**FAIRGATE GROUP LIMITED**


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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	2020 £	2019 £
<b>Turnover</b>		
Sales - Domestic	57,083	57,082
Rent receivable - Domestic	4,514,365	4,812,448
Commissions receivable - Domestic	-	26,212
Fees receivable - Domestic	19,267	5,204
Other income - Domestic	6,247	60,686
	<u>4,596,962</u>	<u>4,961,632</u>
	2020 £	2019 £
<b>Other operating income</b>		
Other operating income	7,317	6,148
	<u>7,317</u>	<u>6,148</u>

## FAIRGATE GROUP LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
<b>Administration expenses</b>		
Directors salaries	37,927	60,000
Staff salaries	126,400	221,356
Staff pension costs - defined contribution schemes	-	1,320
Staff training	-	4,800
Motor running costs	6,145	10,072
Hotels, travel and subsistence	484	1,871
Printing and stationery	2,076	3,258
Telephone and fax	6,941	5,831
Advertising and promotion	-	375
Trade subscriptions	111	-
Legal and professional	283,877	303,070
Auditors' remuneration	23,750	52,500
Accountancy fees	31,250	-
Bank charges	129	171
Bad debts	462,259	-
Sundry expenses	336	99
Rent - non-operating leases	40,000	40,000
Rates	448,644	275,928
Light and heat	3,642	19,263
Cleaning	4,154	4,858
Service charges	70,848	619
Insurances	10,235	52,682
Repairs and maintenance	16,628	16,589
Sundry establishment expenses	93,035	103,060
Depreciation - motor vehicles	2,042	6,114
Depreciation - office equipment	2,293	2,323
Depreciation - fixtures and fittings	8,800	8,800
	<u>1,682,006</u>	<u>1,194,959</u>
	2020 £	2019 £
<b>Interest receivable</b>		
Bank interest receivable	6,988	7,343
	<u>6,988</u>	<u>7,343</u>



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**FAIRGATE GROUP LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	2020 £	2019 £
<b>Interest payable</b>		
Bank overdraft interest payable	4,049	2,157
Bank loan interest payable	918,895	967,012
Other loan interest payable	(8)	215,486
	<u>922,936</u>	<u>1,184,655</u>