

Fairview (Strategic Land) Limited

Report and Financial Statements

31 December 2008

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Fairview (Strategic Land) Limited
Report and financial statements 2008

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Fairview (Strategic Land) Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2008. The directors' report has been prepared in accordance with the special provision relating to small companies under section 246(4) of the Companies Act 1985.

Principal activities

The company's principal activity is that of residential property development. The company is a 50% partner in the Fairfield Partnership, an entity engaged in the development of land. The directors do not foresee that there will be any change in the company's activities in the foreseeable future.

Business review and financial activities

Detailed results are set out in the profit and loss account on page 4. No dividends were paid during the current or preceding year.

Directors

The directors who served the company during the year and to date are set out below.

S C Casey
G A Malton

Auditors

In the case of each of the persons who are directors at the time when the directors' report is approved, the following apply:

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Pursuant to section 386 of the Companies Act 1985 an elective resolution has been passed to dispense with the requirement to reappoint auditors annually, therefore Deloitte LLP remain as auditors.

By order of the board



D K Tipping
Secretary

31 July 2009

Registered office:
50 Lancaster Road
Enfield
Middlesex
EN2 0BY

Fairview (Strategic Land) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; 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 proper accounting records which 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 1985. 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 auditors' report to the members of Fairview (Strategic Land) Limited

We have audited the financial statements of Fairview (Strategic Land) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

31 July 2009

Fairview (Strategic Land) Limited

Profit and loss account

Year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Share of partnership (losses)/profits	1	(404)	710
Operating (loss)/profit	3	(404)	710
Net interest receivable	4	248	208
(Loss)/profit on ordinary activities before taxation		(156)	918
Tax credit/(charge) on (loss)/profit on ordinary activities	5	133	(281)
(Loss)/profit for the financial year	10	(23)	637

All amounts relate to continuing activities.

There are no recognised gains or losses in either the current or preceding year other than as stated in the profit and loss account.

Fairview (Strategic Land) Limited

Balance sheet 31 December 2008

	Note	2008 £'000	2007 £'000
Current assets			
Debtors	6	9,217	6,408
Creditors: amounts falling due within one year	7	(6,580)	(4,432)
Net current assets		2,637	1,976
Provisions for liabilities	8	(1,369)	(685)
Net assets		1,268	1,291
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	1,268	1,291
Shareholder's funds	11	1,268	1,291

These financial statements were approved by the board of directors on 31 July 2009.


G A Malton
Director

Fairview (Strategic Land) Limited

Notes to the accounts

Year ended 31 December 2008

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Share of partnership (losses)/profit

The company is a 50% partner in the Fairfield Partnership, an entity engaged in the development of land. The company's share of the partnership's profits and losses are included within the profit and loss account and the company's share of the partnership's assets and liabilities are shown in the balance sheet on an equity basis.

Interest

All interest is taken directly to the profit and loss account and included within net interest and finance charges payable.

Deferred taxation

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Going concern

The company's business activities are set out in the Directors Report on page 1.

The principal risks and uncertainties affecting the company relate to the performance of the Fairfield Partnership. Funding for the company is provided by the Fairview Holdings Limited Group therefore the company is also affected by the risk and uncertainties affecting the Fairview Holdings Limited Group.

Current economic conditions create uncertainties across many business sectors including the housebuilding industry. In particular the availability of mortgage finance and provision of bank lending to the sector have both been significantly curtailed and the terms on which each is made available have become markedly more stringent. The company regularly reviews the performance of the Fairfield Partnership. The company receives regular reports regarding the assets and liabilities of the partnership and periodically meets with the management of the partnership to consider such reports.

The Fairview Holdings Limited Group regularly updates its trading and financial projections, which make allowance for anticipated market conditions. These show that the Group should be able to work within the terms and covenants of its committed borrowing facilities, which have recently been renewed through to January 2012.

However, if demand from purchasers, house prices or mortgage availability were to deteriorate significantly further, then there are scenarios in which the financial covenants within those facilities could be breached. The Group has identified management actions that can be taken to mitigate against the effects of further adverse market conditions and believe that in these circumstances covenants could be renegotiated with the lenders in line with the changed market environment.

Therefore, after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Fairview (Strategic Land) Limited

Notes to the accounts

Year ended 31 December 2008

Cash flow statement

The company has taken advantage of the exemption provided under Financial Reporting Standard 1 (Revised 1996) not to provide a cash flow statement, as it is a greater than 90% owned subsidiary undertaking.

2. Directors and employees

The company had no employees during the current or preceding year, other than directors. None of the directors received any emoluments or other benefits during the current or preceding year.

3. Operating (loss)/profit

Auditors' fees of £1,500 (2007: £1,500) has been borne by another group company in both the current and preceding years.

4. Net interest receivable

	2008 £'000	2007 £'000
Interest due from partnership	528	453
Share of partnership interest payable	(280)	(245)
	<u>248</u>	<u>208</u>

5. Tax credit/(charge) on (loss)/profit on ordinary activities

	2008 £'000	2007 £'000
United Kingdom corporation tax on (loss)/profits for the year at 28.5% (2007: 30%)	19	(232)
Adjustment in respect of prior years	114	(49)
	<u>133</u>	<u>(281)</u>

A deferred tax asset of £63,000 in respect of short term timing differences has not been recognised due to the uncertainty and timing of taxable profits.

Reconciliation of current tax credit/(charge)

The standard rate of current tax for the year is the UK standard rate of corporation tax of 28.5% (2007: 30%). The tax credit/(charge) for both the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation.

	2008 £'000	2007 £'000
(Loss)/profit on ordinary activities before taxation	<u>(156)</u>	<u>918</u>
Tax credit/(charge) on (loss)/profit on ordinary activities at 28.5% (2007: 30%)	44	(275)
Factors affecting credit/(charge):		
Notional interest on intra-group balances	37	43
Rate change	1	-
Movement in short term timing differences:		
Taxation of partnership profits	(63)	-
Prior period adjustment	114	(49)
Current tax credit/(charge)	<u>133</u>	<u>(281)</u>

Fairview (Strategic Land) Limited

Notes to the accounts Year ended 31 December 2008

6. Debtors

	2008 £'000	2007 £'000
Amount due from partnership	9,198	6,408
Corporation tax	19	-
	<u>9,217</u>	<u>6,408</u>

7. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Amounts owed to group undertakings	6,580	4,200
Corporation tax	-	232
	<u>6,580</u>	<u>4,432</u>

8. Provisions for liabilities

	£'000
At 31 December 2007	685
Share of increase in net liabilities of partnership	684
At 31 December 2008	<u>1,369</u>

The provision represents the company's share of the Fairfield Partnership's net liabilities.

9. Called up share capital

	Number	£
Authorised share capital:		
At 31 December 2007 and 31 December 2008	<u>100</u>	<u>100</u>
Called up, allotted and fully paid:		
At 31 December 2007 and 31 December 2008	<u>2</u>	<u>2</u>

10. Profit and loss account

	£'000
At 31 December 2007	1,291
Loss for the financial year	(23)
At 31 December 2008	<u>1,268</u>

Fairview (Strategic Land) Limited

Notes to the accounts

Year ended 31 December 2008

11. Reconciliation of movements in shareholder's funds

	2008	2007
	£'000	£'000
Opening shareholder's funds	1,291	654
(Loss)/profit for the financial year	(23)	637
Closing shareholder's funds	<u>1,268</u>	<u>1,291</u>

12. Related party transactions

The company is a 50% partner in the Fairfield Partnership, an entity engaged in the development of land. Interest receivable from the partnership is disclosed in note 4 and the balance due from the partnership is disclosed in note 6. The company has taken advantage of the exemption granted by paragraph 3 (c) of FRS 8 not to disclose related party transactions with greater than 90% owned companies within the group.

13. Ultimate parent company

At 31 December 2008 the ultimate parent company and controlling party was Fairview Holdings Limited, a company incorporated in Great Britain. The immediate parent company is Fairview New Homes Limited, a company incorporated in Great Britain.

The largest and smallest group of undertakings for which group accounts to 31 December 2008 are drawn up and of which the company is a member is Fairview Holdings Limited. Copies of the group accounts may be obtained from 50 Lancaster Road, Enfield, Middlesex EN2 0BY.