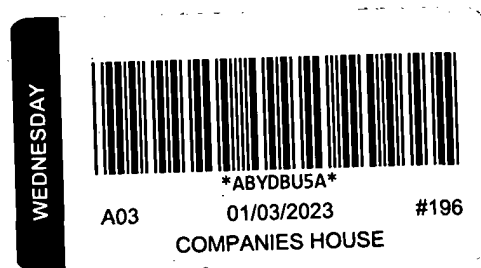


Company Registration No: 03244100

**ESTATES & MANAGEMENT LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**



ESTATES & MANAGEMENT LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

W K Procter
M J Gaston
P A Hallam
F Ahmad
T E Sandles
J J Woodcock
M D Watson

SECRETARY

D T Lau

REGISTERED OFFICE

Berkeley House
304 Regents Park Road
London
N3 2JX

AUDITOR

RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

ESTATES & MANAGEMENT LIMITED

STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2021.

Review of the business and future developments

The company provides property management services, including the collection and distribution of rents and ancillary income, to a large portfolio of ground rent owning property companies.

The results for the company show a loss for the year of £3,888,293 (2020: £4,168,266 loss).

The company had a cash balance of £3,945,262 (2020: £3,309,176) as at the balance sheet date, the majority of which is held on behalf of related and other parties (see note 8).

In the opinion of the directors, the result for the year and the financial position of the company at 31 December 2021 were satisfactory given the increases in operating costs and the increase in management fees earned during the year. The directors are confident that the company will continue as a going concern for the foreseeable future and meet all of its liabilities as they fall due.

The company, together with its related party property owning groups of companies, is looking to increase, by acquisition, its market share of ground rent assets owned and managed.

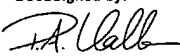
The directors do not expect there to be significant future developments which could adversely impact the business however notice should be taken of the enacted and potential legislative changes disclosed in the critical accounting estimates and assumptions section of note 1.8.

Public pledge for leaseholders

In June 2019 a number of residential real estate developers and freeholders signed a government-backed public pledge in relation to leaseholders. This pledge is a crucial step towards positive change in the residential leasehold market and reflects our commitment to promoting good practice. The company also signed this pledge.

The pledge sets out a number of principles which will assist existing and future leaseholders in ensuring the leasehold system is as fair and transparent as possible. It also includes undertakings to work with other freeholders and stakeholders to develop a comprehensive Code of Practice which establishes the responsibilities of freeholders and enshrines the highest standards for the management and maintenance of properties.

On behalf of the Board

DocuSigned by:

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P A Hallam
Director

Date: 28 February 2023

ESTATES & MANAGEMENT LIMITED,

DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Principal Activities

The principal activity of the company during the year was property management.

Results and dividends

The statement of comprehensive income is set out on page 8 and shows the results for the year. The loss for the year amounted to £3,888,293 (2020: £4,168,266 loss). The directors did not declare a dividend.

Directors

The following directors have held office during the year:

W K Procter
M J Gaston
P A Hallam
M D Watson (appointed: 22nd February 2021)
F Ahmad (appointed: 24th February 2021)
T E Sandles (appointed: 24th February 2021)
J J Woodcock (appointed: 24th February 2021)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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 auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

ESTATES & MANAGEMENT LIMITED

DIRECTORS' REPORT


Insurance of company officers

The company has maintained insurance throughout the year for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the company.

Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

On behalf of the board:

DocuSigned by:

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P A Hallam

Director

Date: 28 February 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESTATES & MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Estates & Management Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – contingent liabilities

We also draw attention to the disclosures in note 14, Contingent Liabilities, which details matters that could create additional liabilities in the future as a consequence of the Building Safety Act 2022. The ultimate outcome of these matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements. Our opinion is not modified in respect of this matter.

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESTATES & MANAGEMENT LIMITED (continued)

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESTATES & MANAGEMENT LIMITED (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations and property laws & regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, evaluating advice received from tax advisors, reviewing client information with respect to ongoing legal matters and reviewing and monitoring government releases regarding leasehold reforms. Potential changes to property laws and regulations and their impact on these financial statements are further discussed in the accounting policies on page 14.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Colin Roberts FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Date: 28/02/23

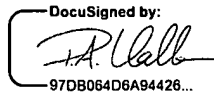
ESTATES & MANAGEMENT LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Turnover	2	12,222,710	11,277,979
Administrative expenses		(16,111,112)	(15,448,801)
Operating loss		<u>(3,888,402)</u>	<u>(4,170,822)</u>
Interest receivable and similar income	3	109	2,556
Loss before taxation	4	<u>(3,888,293)</u>	<u>(4,168,266)</u>
Taxation	6	-	-
Loss for the financial year		<u><u>(3,888,293)</u></u>	<u><u>(4,168,266)</u></u>

ESTATES & MANAGEMENT LIMITED**STATEMENT OF FINANCIAL POSITION (Company Registration Number: 03244100)****AT 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Current assets			
Debtors	7	4,771,240	9,654,409
Cash at bank and in hand	8	3,945,262	3,309,176
		<u>8,716,502</u>	<u>12,963,585</u>
Creditors: amounts falling due within one year	9	(1,283,178)	(1,641,968)
Net assets		<u>7,433,324</u>	<u>11,321,617</u>
Capital and reserves			
Called up share capital	10	2,000,000	2,000,000
Profit and loss account		5,433,324	9,321,617
Total equity		<u>7,433,324</u>	<u>11,321,617</u>

The financial statements on pages 8 to 18 were approved by the board of directors and authorised for issue and are signed on its behalf by:

DocuSigned by:

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P A Hallam
 Director

Date: 28 February 2023

ESTATES & MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Profit and loss account £	Total £
Balance at 1 January 2020	2,000,000	13,489,883	15,489,883
Loss and total comprehensive income	-	(4,168,266)	(4,168,266)
Balance at 31 December 2020	<u>2,000,000</u>	<u>9,321,617</u>	<u>11,321,617</u>
Loss and total comprehensive income	-	(3,888,293)	(3,888,293)
Balance at 31 December 2021	<u>2,000,000</u>	<u>5,433,324</u>	<u>7,433,324</u>

ESTATES & MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

Company information

Estates & Management Limited ("the company") is a private company limited by shares, domiciled and incorporated in England. The address of the company's registered office and principal place of business is Berkeley House, 304 Regents Park Road, London, N3 2JX. The principal activity of the company during the year was that of property management.

1.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

1.2 Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Fairhold Services Limited. The consolidated financial statements of Fairhold Services Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

1.3 Going concern

In preparing the accounts on the going concern basis the directors have given consideration to the company's result for the year and the company's net asset position.

The directors have determined that the company has, or can expect to have, sufficient working capital for its needs for at least 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate for the financial statements to be prepared on a going concern basis.

In addition to the matters described above, in arriving at their conclusion the directors have also considered Building Safety legislation.

ESTATES & MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2021**

1.3 Going concern (continued)

The Building Safety Act has been introduced by parliament in April 2022 and is intended to strengthen and improve different elements of the building safety regime. It is also intended to create a framework for allocating responsibility for funding liabilities arising from certain building safety defects. It is understood that Parliament's intention is that in creating clarity on the funding of such liabilities it will ameliorate the problems faced by leaseholders in affected properties. Whilst Estates & Management Limited does not own any properties, as set out in note 14 to these financial statements, there is a potential contingent liability for the funding of the remediation of building defects works by property owning related parties within the Euro Investments Overseas Incorporated group of which the company is a member.

On buildings over 18 meters in height, it is expected that either government or developer funding will be available to ensure necessary remediation of these properties can be undertaken. For buildings between 11 meters and 18 meters in height the developer is expected to be primarily responsible for funding the necessary remediation. Under secondary legislation introduced on 28 June 2022, the freeholder has been given responsibility to fund should the original developer not be available to provide funding. The operation of this secondary legislation is not yet clear. However, should this new requirement to fund the remediation of building defects create financial hardship to the freeholder, it will prevent the achievement of the government's policy objectives to resolve the building safety crisis. Further clarification is expected as the additional secondary legislation that is required is created under the delegated powers given to the relevant Minister of State.

The directors note that the Government is due to announce details of the application of funds expected to be raised by the Building Safety Levy for the remediation of buildings in this height range where the developer is unable to provide the necessary funding. It is expected that in order to ensure the remediation of such buildings in as timely a manner as possible that these funds will be available as a priority over freeholder contributions.

The directors, having given consideration to the provisions of the Act, the uncertainty over how and when these provisions will be implemented and their impact on the company do not believe that the Act has a material effect on the company's ability to meet its liabilities as they fall due for a reasonably foreseeable period of time.

1.4 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the company.

1.5 Turnover

Turnover comprises management charges and administration fees receivable in respect of property management.

Turnover is recognised at the fair value of the consideration received or receivable for services provided to customers in the ordinary nature of the business.

1.6 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

ESTATES & MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1.6 Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

ESTATES & MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1.8 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

In preparing these financial statements, the directors have made estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of amounts due from parent undertaking and potential legislative changes

A significant amount of judgement is taken by the directors in assessing the recoverability of any amounts due from the company's parent company. Where balances are not deemed fully recoverable provisions have been made.

Parliament has enacted legislation, the Leasehold Reform (Ground Rent) Act 2022, which prevents the inclusion of a ground rent in excess of a peppercorn on new residential long leases. The Act received Royal Assent after the Balance Sheet date on 8 February 2022. The Act came into force on 30 June 2022 for leases on non-retirement properties and it will come into effect on 1 April 2023 for leases on retirement properties. The legislation does not apply retrospectively although it does create restrictions on the ability of the group to generate rental income beyond the existing term of current leases as it impairs the ability of the freeholder and leaseholder to agree for the continuation of ground rent in the extension period when extending the lease beyond the current lease term.

In addition to the enacted legislation the Government, through the Department for Levelling Up, Housing and Communities (DLHC), made an announcement in January 2021 on a number of proposed changes to the law governing leasehold enfranchisement. These proposals, which have largely not yet been enacted but some of which are included in the Leasehold Reform (Ground Rent) Act 2022, include changes to the rights of leaseholders in relation to leasehold extensions and freehold purchases. These changes could reduce the level of premium received at the point of lease extension or enfranchisement and increase such incidence rates. It is unclear at this time to what extent this change will reduce the future cash flows of the group. The implementation of the legislative changes arising from these reforms could materially reduce the level of income generated by the portfolio of investment properties in related parties, from which this company and its parent company derive their main source of revenue.

The directors are of the view that the proposed changes, if introduced in total, would be very damaging to the residential property market and against the interests of consumers and other property owners. The directors have engaged, and continue to engage, actively in consultations with Government, other stakeholders and interested parties in order to convey the company's opposition to the current proposals. Public announcements by government and in the Law Commission's report have recognised that any proposals to make wholesale reforms retrospectively pose real problems with respect to the contravention of human rights legislation.

The leasehold reforms could potentially lead to a loss of business and adversely affect the company's ability to recover amounts due from its parent company. However, the financial consequences of any changes are too uncertain to enable the directors to reasonably estimate the impact of such changes on their forecasts. The accounts have been prepared on the assumption that any legislative changes will not materially reduce the ability of the related parties to repay these balances.

ESTATES & MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2. Turnover

An analysis of the company's turnover by class of business is as follows:

	2021	2020
	£	£
Continuing operations:		
Management charges	9,059,847	8,244,450
Administration fees	3,162,863	3,033,529
	<u>12,222,710</u>	<u>11,277,979</u>

The company's turnover and result before taxation have been derived from its principal activity wholly undertaken in the United Kingdom.

3. Interest receivable and similar income

	2021	2020
	£	£
Bank interest receivable	109	2,556
	<u>109</u>	<u>2,556</u>

4. Loss before taxation

	2021	2020
	£	£
The loss before taxation is stated after charging:		
- Auditor's remuneration	35,000	33,120
- Provision for group debtors	2,092,681	-
	<u>2,127,681</u>	<u>33,120</u>

5. Employees and directors

There were no employees during the year other than the directors (2020: nil). The directors are remunerated by the parent company Fairhold Services Limited. It is not possible to identify separately the amount of the directors' remuneration attributable to services performed for the company.

6. Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax	-	-
Total tax on loss	<u>-</u>	<u>-</u>

ESTATES & MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2021****6. Taxation (continued)**

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the effective rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Loss before tax	(3,888,293)	(4,168,266)
Loss multiplied by the effective rate of corporation tax in the UK of 19% (2020: 19%).	(738,776)	(791,971)
Effects of:		
Disallowable expenditure	397,639	19
Group relief surrendered without charge	326,732	768,542
UK transfer pricing	14,405	23,410
Total tax on loss	-	-

7. Debtors

	2021 £	2020 £
Other Receivables	-	764,843
Amounts owed by parent undertaking	4,771,240	8,889,566
	4,771,240	9,654,409

There are no fixed terms of repayment for the parent undertaking loans included within short term debtors. Even though these loans are repayable on demand it is not expected that these loans will be repaid within the foreseeable future as the counterparties have agreed not to call balances unless sufficient funds are available to enable payments to be made without causing hardship to the other party.

8. Cash at bank and in hand

Included within the company's cash at bank and in hand balance are amounts due to third parties totalling £1.46m (2020 £1.62m) in respect of amounts collected by the company in its capacity as a property managing agent. The majority of the remainder of the cash at bank and in hand relates to amounts similarly collected by the company for various related parties. These amounts are held in trust for those parties and are repayable immediately if demanded.

ESTATES & MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2021****9. Creditors: amounts falling due within one year**

	2021	2020
	£	£
Trade creditors	51,924	19,574
Other creditors	1,231,254	1,622,394
	<u>1,283,178</u>	<u>1,641,968</u>

10. Share capital and reserves**Share capital**

	2021	2020
	£	£
Allotted, issued and fully paid: 2,000,000 ordinary shares of £1	<u>2,000,000</u>	<u>2,000,000</u>

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Reserves

Reserves of the company represent the following:

Retained earnings

Cumulative profit and loss net of distributions to owners.

11. Parent company, ultimate parent company and ultimate controlling party

The immediate parent company is Fairhold Services Limited, a company incorporated in England and Wales. This undertaking is the holding company of both the largest and smallest group for which group accounts are prepared and of which the company is a member. Copies of the financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors regard the ultimate holding company to be Euro Investments Overseas Incorporated, a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

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12. Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

During the year the company had turnover of £8.47m (2020: £8.21m) in respect of property management and administrative services provided to related party property owning companies, not covered by the related party disclosures exemption. Of the total amount received from related parties in relation to these services, £2.4m (2020: £2.4m) was received from Proxima GR Properties Limited. The remaining individual companies have not been listed out due to the immaterial nature of the individual balances. These companies are related by virtue of common directors and/or common control.

13. Guarantees

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other participating group undertakings' unpaid debts in this connection.

14. Contingent liabilities

Building Safety Act 2022

The directors are currently assessing the potential impact of the Building Safety Act 2022, which received Royal Assent on 28 April 2022. Given the nature of the legislation (see pages 11 and 12), it is not currently clear what the likely probability or quantum of any potential liability to fund the remediation of building defects by related parties would be. Therefore, no provision has been included in these financial statements.