

Company Registration No. 03770488

Fairview New Homes (Colindale) Limited

Report and Financial Statements

31 December 2011

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Fairview New Homes (Colindale) Limited

Report and financial statements 2011

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Fairview New Homes (Colindale) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activity

The Company's principal activity is that of residential property development. There has not been any significant change in the Company's activities.

Business review

The Company is a wholly owned subsidiary of Fairview New Homes Limited within the Fairview Holdings Limited group (the "Group").

Turnover for the year was £15.7 million (2010: £0.01 million) consisting of sales of dwellings to individuals and housing associations. The pre-tax profit for the year was £0.1 million (2010: £1.4 million loss). Detailed results are set out in the profit and loss account on page 5.

The deficit of shareholder's funds at 31 December 2011 was £1.2 million (2010: £1.6 million). No dividends were paid during the current or preceding year.

Despite the continuing economic uncertainty, the residential markets in London and the south east were relatively stable during 2011, although at markedly lower levels of activity than before the banking crisis. The greatest single obstacle to sustained growth has remained the inadequate availability of mortgages on terms that enable more first time buyers to enter the market.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are inextricably linked to those affecting the Group. These are considered to be the impact of changes in the economic environment on the demand for and pricing of new homes, including the impact of unemployment, buyer confidence, the availability of mortgages and interest rates, the availability of bank finance, the impact of new regulations, the unpredictable nature and time scales associated with the planning system and competition from other developers for land, personnel, subcontractors and in the sales market. Further details of interest rate risk and liquidity risk are given in note 9.

Going concern

After making enquiries, the directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. Further details of the going concern basis are given in note 1.

Directors

The directors holding office during the year and, except where noted, to date are set out below.

A R Benton
M Blakey
C P Cobb
N M Dulcken
J T Holliday (appointed 1 November 2011)
G A Malton
R J Paterson
M J Sidders
M R Smith

Directors' indemnities

The Company had in place during the year qualifying third party indemnity provisions for the benefit of its directors. These remain in force at the date of this report.

Fairview New Homes (Colindale) Limited

Directors' report (continued)

Auditor

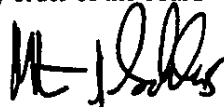
In the case of each of the persons who are directors at the time when the Directors' Report is approved, the following apply

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Pursuant to s485 of the Companies Act 2006 an elective resolution has been passed to dispense with the requirement to reappoint an auditor annually and therefore Deloitte LLP remain as auditor

By order of the board



M J Sidders

Secretary

25 April 2012

Registered office

50 Lancaster Road

Enfield

Middlesex

EN2 0BY

Fairview New Homes (Colindale) 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Fairview New Homes (Colindale) Limited

We have audited the financial statements of Fairview New Homes (Colindale) Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Paul Schofield FCA, (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
St Albans, United Kingdom

26/4/ 2012

Fairview New Homes (Colindale) Limited

Profit and loss account

Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	1	15,724	11
Cost of sales		(12,199)	(10)
Gross profit		<u>3,525</u>	<u>1</u>
Administrative expenses		(3,402)	(853)
Other operating income	2	<u>19</u>	<u>14</u>
Operating profit/(loss)	4	<u>142</u>	<u>(838)</u>
Interest payable	5	<u>(88)</u>	<u>(513)</u>
Profit/(loss) on ordinary activities before taxation		<u>54</u>	<u>(1,351)</u>
Tax credit/(charge) on profit/(loss) on ordinary activities	6	<u>285</u>	<u>(182)</u>
Profit/(loss) for the financial year	11,12	<u><u>339</u></u>	<u><u>(1,533)</u></u>

All amounts relate to continuing operations

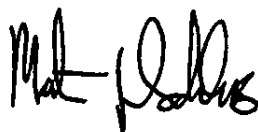
There are no recognised gains or losses in either the current or preceding year other than those stated in the profit and loss account and accordingly no statement of total recognised gains and losses is present

Fairview New Homes (Colindale) Limited

Balance sheet 31 December 2011

	Note	2011 £'000	2010 £'000
Current assets			
Land and buildings in course of development	7	45,936	35,095
Debtors	8	309	83
		<u>46,245</u>	<u>35,178</u>
Creditors: amounts falling due within one year	9	<u>(47,478)</u>	<u>(36,750)</u>
Net current liabilities		<u>(1,233)</u>	<u>(1,572)</u>
Net liabilities		<u>(1,233)</u>	<u>(1,572)</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>(1,233)</u>	<u>(1,572)</u>
Shareholder's deficit	12	<u>(1,233)</u>	<u>(1,572)</u>

The financial statements of Fairview New Homes (Colindale) Limited (registered number 03770488) were approved by the board of directors on **25 April** 2012



M J Sidders
Director

Fairview New Homes (Colindale) Limited

Notes to the accounts

Year ended 31 December 2011

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

These financial statements are prepared under the historical cost convention.

Turnover

Turnover comprises

- (i) the fair value of the consideration received or receivable for the sale of properties developed by the Company and partially developed and undeveloped sites. Sales of units and undeveloped sites are recognised at the time of legal completion, and
- (ii) the value of the freehold title in respect of units sold under leasehold terms. This is recognised at the time of legal completion of the individual leasehold units occupying the respective freehold.

The Company operates as a single business segment, which is that of residential property development in the United Kingdom, and therefore no segmental analysis is required.

Interest

All interest is charged directly to the profit and loss account and included within interest payable.

Land and buildings in course of development

Land and buildings in course of development and land upon which development has not yet commenced are valued at the lower of cost and net realisable value. Cost includes the cost of acquiring land, development expenditure to date and an appropriate proportion of overhead expenditure.

In considering net realisable value, it is assumed that sites will be fully developed and completed units sold in the ordinary course of the Company's business and that sites will not be placed on the market for immediate sale in their existing state.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 are inextricably linked to those affecting the Group.

The Group has significant financial resources and as a consequence the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Group regularly updates its trading and financial projections, which make allowances for anticipated market conditions. These show that the Group will be able to work within the terms and covenants of its committed borrowing facilities that run through to June 2013.

Fairview New Homes (Colindale) Limited

Notes to the accounts

Year ended 31 December 2011

1. Accounting policies (continued)

Going concern (continued)

The Company relies on the support of its parent company Fairview New Homes Limited. Fairview New Homes Limited has advised the board that it will continue where necessary to support the Company's current activities to enable it to meet its liabilities as they fall due, at least until 30 April 2013.

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

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 Other operating income

	2011 £'000	2010 £'000
Net rental income	19	14

3 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.

4 Operating profit/(loss)

Auditor's fees of £750 (2010: £1,000) have been borne by another group company in both the current and preceding year.

5 Interest payable

	2011 £'000	2010 £'000
Other interest	(88)	(513)

6 Tax (credit)/charge on profit/(loss) on ordinary activities

	2011 £'000	2010 £'000
United Kingdom corporation tax on profit/(loss) for the year at 26.5% (2010: 28%)	(285)	-
Adjustment in respect of prior years	-	182
	(285)	182

A deferred tax asset of £957,000 (2010: £1,032,000) in respect of unrelieved losses of £3,827,000 (2010: £3,822,000) has not been recognised due to the uncertainty in the amount and timing of taxable profits.

Fairview New Homes (Colindale) Limited

Notes to the accounts

Year ended 31 December 2011

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

Reconciliation of current tax charge

The standard rate of current tax for the year is the United Kingdom standard rate of corporation tax of 26.5% (2010: 28%). The tax (credit)/charge for the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation

	2011 £'000	2010 £'000
Profit/(loss) on ordinary activities before taxation	54	(1,351)
Tax charge/(credit) on profit/(loss) on ordinary activities at 28% (2010: 28%)	14	(378)
Factors affecting (credit)/charge		
Allowance in respect of contaminated land	(1)	-
Notional interest on intra-group balances	(300)	(136)
Tax losses carried forward	2	514
Prior period adjustments	-	182
Current tax (credit)/charge	(285)	182

The UK corporation tax rate was reduced from 28% to 26% with effect from 1 April 2011 and from 26% to 24% with effect from 1 April 2012. The current tax for the year ended 31 December 2011 takes into account the change in the rate to 26% during the year.

7. Land and buildings in course of development

At 31 December 2011 the Company held approximately £1.3 million of land included within land and buildings in the course of development which had not received appropriate residential planning consent. In 2010, all land had received appropriate residential planning consent. Of this amount £1.3 million of land had, by the date of approval of these accounts, been the subject of resolutions to grant consent subject to the signing of a section 106 agreement.

It is the nature of the Company's business activities that negotiations with local authorities to obtain planning consent often continue for a number of months and delays in resolution of these negotiations can occur. The directors have assessed the status of negotiations with local authorities on the sites currently without planning permission and are of the opinion that the value of the sites is at least equal to the value shown in the financial statements.

At 31 December 2011 land and buildings in course of development is shown after deduction of £22.1 million (2010: £16.1 million) received from housing association customers in respect of housing units that had not yet reached practical completion.

8. Debtors

	2011 £'000	2010 £'000
Trade debtors	24	-
Group relief receivable	285	-
Prepayments and accrued income	-	83
	309	83

Fairview New Homes (Colindale) Limited

Notes to the accounts

Year ended 31 December 2011

9. Creditors amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	1,262	395
Amounts owed to group undertakings	40,563	22,961
Other creditors	999	10,440
Accruals and deferred income	4,654	2,954
	<u>47,478</u>	<u>36,750</u>

Liquidity risk

The Group's treasury policy is to maintain sufficient flexible bank and other loan facilities to cover anticipated borrowing requirements. A comprehensive cash flow forecast enables the Group to anticipate its future treasury needs. Short term cash surpluses are placed on deposit with leading banks thereby limiting credit risk.

Interest rate risk

The Group's banking facilities enable the Group to borrow for a variety of fixed length terms at interest rates linked to LIBOR. The Group does not trade in financial instruments.

10 Called up share capital

	Number	£
Called up, allotted and fully paid:		
At 31 December 2010 and 31 December 2011	<u>2</u>	<u>2</u>

11 Profit and loss account

	£'000
At 31 December 2010	(1,572)
Profit for the financial year	<u>339</u>
At 31 December 2011	<u>(1,233)</u>

12 Reconciliation of movements in shareholder's deficit

	2011 £'000	2010 £'000
Opening shareholder's deficit	(1,572)	(39)
Profit/(loss) for the financial year	<u>339</u>	<u>(1,533)</u>
Closing shareholder's deficit	<u>(1,233)</u>	<u>(1,572)</u>

13. Guarantees and contingent commitments

At 31 December 2011 the Company had given a guarantee in respect of bank loan facilities totalling £50 million (2010 £50 million) available to Fairview New Homes Limited, the immediate parent company and another group company. The amount drawn under this facility by Fairview New Homes Limited at 31 December 2011 was £19 million (2010 £4 million).

Other than the guarantee referred to above the Company has no contingent liabilities other than those arising in the normal course of business.

Fairview New Homes (Colindale) Limited

Notes to the accounts

Year ended 31 December 2011

14 Related party transactions

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with wholly owned companies within the group. There are no other related party transactions.

15 Ultimate parent company

At 31 December 2011, the ultimate parent company was Fairview Holdings Limited, a company incorporated in England and Wales. The immediate parent company was Fairview New Homes Limited, a company incorporated in England and Wales. The controlling party was the Fairview Holdings Limited Employee Benefit Trust.

The largest and smallest group of undertakings for which group accounts to 31 December 2011 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.

