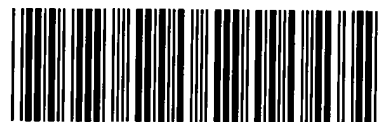


# **Fairview New Homes Limited**

**Annual report and financial statements  
for the year ended 31 December 2022**

**Registered number: 04081723**

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# **Fairview New Homes Limited**

## **Annual report and financial statements for the year ended 31 December 2022**

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# Fairview New Homes Limited

## Strategic report

Fairview New Homes Limited is a subsidiary of Fairview Holdings Limited and is the intermediate holding company of the Fairview Group (“the Group”).

The Group specialises in the unconditional purchase of brownfield sites and develops a full range of homes from studio apartments to luxury family houses according to location. The Group’s core focus is on the first time buyer and second stepper market in London and the south east of England.

### Results for 2022

The Company has performed in line with the expectations of shareholders. Turnover for the year was £4.7 million (2021: £4.9 million) consisting of charges for management services to Group companies. Operating loss for the year was £25.4 million (2021: £36.5 million). The Company received dividends of £47.0 million (2021: £62.5 million). Provisions against investments and loans to subsidiary and joint venture companies increased by £7.6 million (2021: £21.9 million). The pre-tax profit for the year was £13.5 million (2021: £2.9 million). Detailed results for the Company are set out in the profit and loss account on page 10.

On 1 April 2022 the Group signed a pledge committing to remediate at no cost to leaseholders life-critical fire-safety defects in buildings over 11 metres developed in the last 30 years and to reimburse government for monies already spent on similar work. Necessary works have already completed at some developments and are ongoing at a number of other sites. The Group is in active negotiation with management companies and their advisers in all other known cases to agree the scope and a programme of works. In March 2023 the Group entered into a contractual arrangement with the Department of Levelling Up Homes and Communities which incorporates the pledge commitments.

Shareholders’ funds were £152.1 million at 31 December 2022 (2021: £145.5 million).

### Future prospects

Following expiry of the Help to Buy scheme and increases in interest rates, affordability for the Group’s customers has been significantly impacted. However, since the beginning of 2023 there has been a stabilisation and modest reduction in mortgage rates and more lenders and products have returned to the market. This has supported an improvement in customer enquiries, but sales rates are expected to remain below 2022 with some pressure on pricing at certain sites.

Availability of construction materials has improved, but build cost inflation remains a challenge and any sustained easing is more likely to occur in the second half of the year. The planning system remains under-resourced and increasingly politicised, with the government’s recent relaxation in the application of targets for delivery of new homes likely to result in significantly fewer new homes being built. However over 95% of sales completions forecast for the next two years already benefit from the necessary planning approvals.

Whilst provision has been made for known fire-safety remediation costs at legacy developments there remains a risk that further cases may be identified as the Group continues its review of developments potentially affected.

Overall, it is anticipated that the next two years will be challenging for sales and margins as a result of purchaser affordability constraints affecting sales prices and continued build cost inflation.

The Group activated its registration with the New Homes Quality Board with effect from 7th March 2023.

### Principal risks and uncertainties

In addition to the specific risks referred to above, the principal risks and uncertainties affecting the Group and Company are considered to be the impact of changes or uncertainties in the economic or political environment on the demand for and pricing of new homes, including the level of employment, buyer confidence, availability of mortgages and interest rates, availability of bank finance, the impact of new government policies and 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. The directors monitor these risks through regular assessment of their potential impact on the Group’s performance and adopt policies and procedures considered appropriate to mitigate their effect.

## **Fairview New Homes Limited**

### **Strategic report (continued)**

#### **Stakeholder engagement**

The Company is a subsidiary of the Group and in carrying out their duties under s172(1) (a) to (f), the Directors contribute to the Group as a whole in having regard to both the short- and long-term impact of their decisions, the interests of the Group's employees, its sub-contractors, suppliers, consultants and purchasers of new homes developed by the Group, the impact of its activities on the communities in which it operates and the environment. Other key business relationships are with land vendors and their agents, planning authorities, new home warranty providers and building control, housing association purchasers of affordable homes, the New Homes Quality Board, the Group's bank lenders, taxation authorities and The Fairview Holdings Limited Employee Benefit Trust, the Group's sole shareholder.

The Company contributes to the Group's business model which is based on providing purchasers with value-for-money new homes, built to a good standard, delivered on programme, generally on previously-developed land. The Group aims to optimise the development potential of sites in consultation with planning authorities and local communities; provide a well-ordered and safe working environment for employees and sub-contractors; make prompt payment to all members of its supply chain (except in the case of dispute); operate in compliance with applicable laws and regulations; and conduct its business in an open and direct manner with all stakeholders. From contact with the Group's various stakeholders over many years, these are considered to be the most important factors in our engagement with them.

The principal means of engaging with stakeholders are:

- direct line management and team meetings with employees as well as appraisals;
- regular dialogue between the Company's land acquisition team, land vendors and their agents;
- pre-application meetings with planning authorities and public exhibitions & consultations on new development proposals;
- regular contact with suppliers and sub-contractors, consultants and warranty providers, both at corporate and site level;
- on-site and head office sales teams communicating closely with purchasers and potential purchasers during the course of marketing and progression of sales reservations through to completion, supported by a dedicated post-completion customer service team;
- monthly reporting and regular dialogue with the Group's bank lenders.

The Company's business model has remained unchanged over the course of the year. Individual developments and the Group's operations have continued to be carried out in line with these principles.

#### **Employee engagement**

The principal means of employee engagement to which the Company contributes is through the Group's clearly-defined line management structure. As is typical for a business of this size, directors and senior management are closely involved in operational matters providing ample opportunity for engagement with employees at all levels. There is an open-door culture affording all employees the opportunity to raise matters with directors and senior management in addition to their direct line manager. More formally, the Company's board typically meet twelve times a year and whose directors are also on the Group board.

Formal policies and procedures applicable to employees are included in a staff handbook and health & safety requirements and responsibilities are advised in a manual that is updated annually.

Decisions to acquire new sites and the optimisation of development proposals are carried out in "round-robin" format with reporting and representation from employees of all departments within the business integral to the development process.

## **Fairview New Homes Limited**

### **Strategic report (continued)**

#### **Employee engagement (continued)**

Employees participate in various incentive schemes designed to align their interests with those of the business more widely.

Approved by the Board and signed on its behalf by:



R K Williams  
Director

29 March 2023

Registered office:  
50 Lancaster Road  
Enfield,  
Middlesex.  
EN2 0BY

# **Fairview New Homes Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

### **Directors**

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

M Calladine  
R B Davies  
S J Garrett  
G A Malton (Chairman)  
D L McCormack  
J A Spring  
R K Williams

### **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.

### **Dividends**

No dividends were paid during the year (2021: £125,000,000).

### **Going concern**

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 1b.

### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors. The Company does not use derivative financial instruments for speculative purposes.

#### ***Cash flow risk***

The Company's activities expose it to the financial risks of changes in interest rates. The Company has the ability to use interest rate swap contracts to reduce these exposures.

#### ***Credit risk***

The Company's principal financial assets are bank balances, cash and amounts owed by group undertakings. Credit risk on bank balances is limited because amounts are held with banks with strong investment grade credit ratings.

#### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available to provide the services to other group companies the Company uses a revolving credit facility provided by its primary relationship banks.

# **Fairview New Homes Limited**

## **Directors' report (continued)**

### **Business outlook**

Details of business outlook can be found in the Strategic report on page 1 and form part of this report by cross-reference.

### **Stakeholder engagement and employee engagement**

Details of stakeholder engagement and employee engagement can be found in the Strategic report on page 2 and form part of this report by cross-reference.

### **Auditor**

Each of the persons who are directors at the date of approval of this report confirm:

- 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 section 418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed.

Approved by the Board and signed on its behalf by:



R K Williams  
Director

29 March 2023

Registered office:  
50 Lancaster Road  
Enfield,  
Middlesex.  
EN2 0BY

## **Fairview New Homes Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the annual 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), including FRS 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 of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions



# **Fairview New Homes Limited**

## **Independent auditor's report to the member of Fairview New Homes Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Fairview New Homes Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

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).

#### **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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The 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.

## **Fairview New Homes Limited**

### **Independent auditor's report to the member of Fairview New Homes Limited (continued)**

#### **Responsibilities of directors**

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, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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 considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included environmental regulations, Bribery Act 2010, planning and health and safety law.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue on group recharges is recognised using an agreed mechanism based on agreed percentage margins, which could be subject to override. We have challenged the mechanism assumptions and recalculated the recharges to ensure they were in accordance with the mechanism.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

## **Fairview New Homes Limited**

### **Independent auditor's report to the member of Fairview New Homes Limited (continued)**

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

#### **Report on other legal and regulatory requirements**

##### **Opinion on other matter 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 have been prepared in accordance with applicable legal requirements.

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

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

##### **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.



Andy Siddorns FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

30 March 2023

## Fairview New Homes Limited

### Profit and loss account Year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	3	4,704	4,875
Administrative expenses - other		(4,116)	(4,414)
Administrative expenses - corporate bonuses	4	<u>(25,630)</u>	<u>(36,968)</u>
Administrative expenses - total		<u>(29,746)</u>	<u>(41,382)</u>
Operating loss		(25,042)	(36,507)
Income from shares in subsidiary companies		16,351	59,113
Income from joint ventures		30,669	3,345
Increase in provision against cost of investments in subsidiary and jointly-controlled entities		(7,593)	(22,284)
(Increase)/decrease in provision against loans to subsidiary and jointly-controlled entities		(1)	416
Finance costs (net)	6	<u>(765)</u>	<u>(1,220)</u>
Profit before taxation	7	13,619	2,863
Tax on profit	8	<u>(6,936)</u>	<u>4,352</u>
Profit for the financial year		<u><u>6,683</u></u>	<u><u>7,215</u></u>

All amounts relate to continuing operations and are wholly attributable to the equity holders of the Company.


There are no other comprehensive income or expenses in either year other than as stated in the profit and loss account above. Accordingly no statement of comprehensive income has been presented.

## Fairview New Homes Limited

### Balance sheet 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Investments	10	100,824	85,996
<b>Current assets</b>			
Debtors	11	178,044	183,751
Cash at bank and in hand		118,979	88,165
<b>Creditors: amounts falling due within one year</b>	12	297,023 (245,693)	271,916 (212,441)
<b>Net current assets</b>		51,330	59,475
<b>Net assets</b>		152,154	145,471
<b>Capital and reserves</b>			
Called up share capital	15	12,001	12,001
Share premium account	15	750	750
Profit and loss account	15	139,403	132,720
<b>Shareholder's funds</b>		152,154	145,471

The financial statements of Fairview New Homes Limited (registered number 04081723) were approved by the board of directors and authorised for issue on 29 March 2023. They were approved on its behalf by:

  
R K Williams  
Director

## Fairview New Homes Limited

### Statement of changes in equity 31 December 2022

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
<b>At 1 January 2021</b>	12,001	750	250,505	263,256
Profit for the financial year, being total comprehensive expense	-	-	7,215	7,215
Dividends paid (note 9)	-	-	(125,000)	(125,000)
<b>At 31 December 2021</b>	12,001	750	132,720	145,471
Profit for the financial year, being total comprehensive income	-	-	6,683	6,683
<b>At 31 December 2022</b>	12,001	750	139,403	152,154

# **Fairview New Homes Limited**

## **Notes to the financial statements** **Year ended 31 December 2022**

### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### **a. General information and basis of accounting**

Fairview New Homes Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office and the nature of the Company's operations and its principal activities are set out in the Strategic report on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Fairview New Homes Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The financial statements present information about the Company as an individual undertaking and not as a group. The Company is exempt from the obligations to prepare and deliver group accounts under section 400 of the Companies Act 2006 as it is a greater than 50% owned subsidiary undertaking of Fairview Holdings Limited and is included in the parent company's consolidated accounts, which are available from 50 Lancaster Road, Enfield, EN2 0BY.

Fairview New Homes Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

#### **b. Going concern basis**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The Directors' report further describes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

The Company regularly updates its trading and financial projections, which make allowance for anticipated market conditions. In preparing the projections, the Directors have considered the ability of customers to secure mortgage funding.

In addition to the current projections the directors have considered what they believe to be a severe but plausible downside scenario incorporating a reduction in sales prices, volumes, cost increases and delays in construction activities as well as other changes.

In addressing this scenario the Directors have considerable discretion over the Company's operational commitments and any payment of future corporate bonuses, a limited overhead base and a largely subcontract workforce. This alternative scenario, together with the baseline projections, show that the Company will be able to work within the terms and covenants of its committed borrowing facilities for the foreseeable future.

## **Fairview New Homes Limited**

### **Notes to the financial statements (continued)** **Year ended 31 December 2022**

#### **1. Accounting policies (continued)**

##### **b. Going concern basis (continued)**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **c. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### **(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost using the effective interest method.

##### **(ii) Investments**

Investments (including investments in jointly controlled entities) are measured at cost less impairment.

##### **(iii) Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash received.

##### **(iv) Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.



# Fairview New Homes Limited

## Notes to the financial statements (continued) Year ended 31 December 2022

### 1. Accounting policies (continued)

#### d. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### e. Turnover

Turnover represents the value of services provided to group companies. Turnover is recognised as earned and is derived wholly in the United Kingdom. The Company operates as a single business segment, which is the provision of management services in the United Kingdom, and therefore no segmental analysis is required.

#### f. 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

# Fairview New Homes Limited

## Notes to the financial statements (continued) Year ended 31 December 2022

### 1. Accounting policies (continued)

#### f. Taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Critical judgement in applying the Company's accounting policies*

The following is the critical judgement that the directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

#### **Carrying value of investments**

Investments in subsidiary undertakings are carried at cost less any provision for impairment. The directors are required to determine whether there have been indicators of impairment and to estimate any impairment provision which may be required (see note 10).

#### *Key sources of estimation uncertainty*

The directors do not consider there to be any key sources of estimation uncertainty.

### 3. Turnover

An analysis of the Company's turnover by class of business is set out below.

	2022 £'000	2021 £'000
Management services fees	<u>4,704</u>	<u>4,875</u>

The Company's turnover is wholly realised in the United Kingdom.

# Fairview New Homes Limited

## Notes to the financial statements (continued) Year ended 31 December 2022

### 4. Staff costs and numbers

The average monthly number of employees (including directors) was:

	2022 Number	2021 Number
Administrative and other staff	<u>7</u>	<u>8</u>

Their aggregate remuneration comprised:

	2022 £'000	2021 (restated) £'000
Wages and salaries	3,554	3,833
Corporate bonuses (excluding social security costs)	37,564	61,453
Social security costs	<u>6,085</u>	<u>9,017</u>
	<u>47,203</u>	<u>74,303</u>

Corporate bonuses includes bonuses paid on behalf of certain subsidiaries of the Company, which have been excluded from the total presented on the face of the profit and loss account.

#### Defined contribution retirement benefit schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2022 was £nil (2021: £nil).

### 5. Directors' remuneration and transactions

	2022 £'000	2021 £'000
<b>Directors' remuneration</b>		
Emoluments	3,823	4,001
Corporate bonuses	<u>8,991</u>	<u>13,730</u>
	<u>12,814</u>	<u>17,731</u>

	2022 £'000	2021 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	449	164
Corporate bonuses	<u>1,992</u>	<u>10,780</u>
	<u>2,441</u>	<u>10,944</u>

# Fairview New Homes Limited

## Notes to the financial statements (continued)

Year ended 31 December 2022

### 6. Finance costs (net)

	2022 £'000	2021 £'000
<b>Interest payable and similar charges</b>		
Interest payable to group undertakings	29	163
Amortisation of loan arrangement costs	720	260
Bank commitment fees	870	870
	<u>1,619</u>	<u>1,293</u>
<b>Investment income</b>		
Interest receivable from group undertakings	(246)	(42)
Interest received from Montgomery's Wharf LLP	(76)	-
Bank and other interest receivable	(532)	(31)
	<u>(853)</u>	<u>(73)</u>
<b>Finance costs (net)</b>	<u>765</u>	<u>1,220</u>

### 7. Profit before taxation

Profit before taxation is stated after charging:

	2022 £'000	2021 £'000
Increase in provision against cost of investments in subsidiary and jointly-controlled entities	7,593	22,284
Increase/(decrease) in provision against loans to subsidiary and jointly-controlled entities	1	(416)
	<u>7,594</u>	<u>21,868</u>

The increase/(decrease) in provisions arises due to changes in the net assets of the subsidiary companies.

Auditor's fees for the audit of the Company's accounts of £8,000 (2021: £7,000) have been borne by another Group company. There were no non-audit fees paid to the Company's auditor during the current or preceding year.

# Fairview New Homes Limited

## Notes to the financial statements (continued) Year ended 31 December 2022

### 8. Tax charge/(credit) on profit

The tax charge/(credit) comprises:

	2022 £'000	2021 £'000
<b>Current tax on profit</b>		
UK corporation tax at 19% (2021: 19%)	-	-
<b>Total current tax</b>	-	-
<b>Deferred taxation</b>		
Decrease/(increase) in estimate of recoverable deferred tax asset	6,936	(4,352)
<b>Total deferred tax</b>	6,936	(4,352)
<b>Total tax charge/(credit) on profit</b>	6,936	(4,352)

An increase in the rate of UK corporation tax to 25% with effect from 1 April 2023 was substantively enacted in the Finance Act 2021 on 24 May 2021. Existing timing differences may therefore unwind in periods subject to this increased rate.

There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total tax charge/(credit) and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2022 £'000	2021 £'000
Profit before taxation	13,619	2,863
Tax charge on profit at 19% (2021: 19%)	2,588	544
Effects of:		
Increase in provisions against investments and loans in subsidiary undertakings that are not deductible	1,442	4,155
Dividend income not taxable	(8,933)	(11,867)
Share of partnership profits and losses	2,669	3,062
Notional interest on intra-group balances	625	490
Group relief surrendered	1,612	3,718
Utilisation of brought forward losses	(3)	(102)
Change in recognised deferred tax assets	6,936	(4,352)
<b>Total tax charge/(credit) for the year</b>	6,936	(4,352)

# Fairview New Homes Limited

## Notes to the financial statements (continued) Year ended 31 December 2022

### 9. Dividends

No dividends were paid in the year (2021: £125,000,000).

### 10. Investments

	2022 £'000	2021 £'000
Subsidiary undertakings	82,124	80,496
Jointly controlled entities	18,700	5,500
<b>Total</b>	<b>100,824</b>	<b>85,996</b>

	Subsidiary undertakings £'000	Jointly controlled entities £'000	Total £'000
<b>Cost</b>			
At 1 January 2022	441,622	5,500	447,122
Additions	7,872	13,200	21,072
Disposals	-	-	-
<b>At 31 December 2022</b>	<b>449,494</b>	<b>18,700</b>	<b>468,194</b>
<b>Provisions for impairment</b>			
At 1 January 2022	361,126	-	361,126
Charged to profit and loss	6,244	-	6,244
<b>At 31 December 2022</b>	<b>367,370</b>	<b>-</b>	<b>367,370</b>
<b>Carrying value</b>			
At 31 December 2022	82,124	18,700	100,824
At 31 December 2021	80,496	5,500	85,996

## **Fairview New Homes Limited**

### **Notes to the financial statements (continued)** **Year ended 31 December 2022**

#### **10. Investments (continued)**

The Company holds 100% of the issued share capital and controls 100% of the voting rights of the following active subsidiaries:

Anglia Secure Homes (South East) Limited	Fairview New Homes (Harrow) Limited
Bronte Energy Limited	Fairview New Homes (Lawn Road) Limited
Brycken Limited	Fairview New Homes (Newham) Limited
Cricklewood Developments Limited	Fairview New Homes (Properties) Limited
Elmsleigh Street Limited	Fairview New Homes (Puckeridge) Limited
Fairview Enfield Limited	Fairview New Homes (Queensbury) Limited
Fairview Estates (Housing) Limited	Fairview New Homes (Watford) Limited
Fairview Homes Limited	Fairview New Homes (Willow Way) Limited
Fairview Land Limited	Fairview Property Trading Limited
Fairview Limited	Fairview Ventures Limited
Fairview New Homes (Charlton) Limited	Generator (Eastgate Street) Limited
Fairview New Homes (Chase Road) Limited	Hadley Goodmayes LLP
Fairview New Homes (Chequers Way) Limited	Parkhurst Road Limited
Fairview New Homes (Colindale) Limited	Westprize Limited
Fairview New Homes (Developments) Limited	

The Company holds 50% of the issued share capital and controls 50% of the voting rights of Fairview New Homes (South East) Limited. The holdings are of Ordinary shares with the exception of Anglia Secure Homes (South East) Limited (Ordinary shares and Deferred shares), Fairview New Homes (Properties) Limited (A shares and B shares), Fairview Ventures Limited (A shares and B shares) and Westprize Limited (A shares and B shares).

Anglia Secure Homes (South East) Limited holds 100% of the issued share capital and controls 100% of the voting rights of Anglia Secure Homes (Properties) Limited, which holds 100% of the issued share capital and controls 100% of the voting rights of Anglia Secure Homes (Developments) Limited.

Fairview Ventures Limited holds 100% of the issued share capital and controls 100% of the voting rights of the following companies:

Fairview Ventures Crawley No. 1 Limited	Fairview Ventures Crawley No. 4 Limited
Fairview Ventures Crawley No. 2 Limited	Okus Properties Limited
Fairview Ventures Crawley No. 3 Limited	Enfield (JKL) Limited

Okus Properties Limited owns 100% of the issued share capital and controls 100% of the voting rights of Okus Developments Limited.

Fairview New Homes (Puckeridge) Limited holds 100% of the issued share capital and controls 100% of the voting rights of Fairview New Homes (Management Company) Limited.

The Company holds 80% of the issued share capital and controls 80% of the voting rights of Fairview New Homes (London) Limited, Fairview New Homes (London) No.2 Limited, Fairview New Homes (Epping Forest) No.1 Limited and Fairview New Homes (Epping Forest) No.2 Limited.

Fairview New Homes Limited holds 100% of the issued share capital and controls 100% of the voting rights of the following dormant subsidiaries:

Cabot Housing Limited	Fairview New Homes (Hoddesdon) Limited
Crossways Property Limited	Fairview New Homes (Kingsley) Limited
Enfield (MNO) Limited	Fairview New Homes (Northgate) Limited
Fairview New Homes (Beeston) Limited	Fairview New Homes (Westminster Drive) Limited
Fairview New Homes (Hindhead) Limited	Fairview Realty Limited

## Fairview New Homes Limited

### Notes to the financial statements (continued) Year ended 31 December 2022

#### 10. Investments (continued)

##### Jointly controlled entities

Fairview New Homes Limited holds 50% of the partner capital and controls 50% of the voting rights of each of Fairview L&Q P R LLP, Citystyle Fairview VQ LLP and Montgomery's Wharf LLP. Fairview New Homes Limited also holds 50% of the issued share capital and controls 50% of the voting rights of Markhome Limited.

##### Principal activity and jurisdiction

The principal activity of all subsidiaries and joint ventures is residential development and related activities and they operate in Great Britain. All subsidiaries and joint ventures are registered at the same address as the Company, given on page 1.

#### 11. Debtors

	2022 £'000	2021 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by subsidiaries	148,641	169,544
Amounts owed by jointly controlled entities	26,941	6,191
Corporation tax paid on behalf of group undertakings	1,182	202
Capitalised loan facility fees	1,010	652
Other debtors	247	203
Prepayments	23	23
Deferred tax asset (note 14)	-	6,936
	<u>178,044</u>	<u>183,751</u>

Amounts owed by subsidiaries and amounts owed by jointly controlled entities are unsecured, interest free and repayable on demand with the exception of £10,856,395 (2021: £nil) owed by Montgomery's Wharf LLP which is secured against the assets of the LLP and bears interest at the rate of SONIA plus 5.5%.



# Fairview New Homes Limited

## Notes to the financial statements (continued) Year ended 31 December 2022

### 12. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to parent company	120,265	120,496
Amounts owed to subsidiaries	109,694	84,901
Amounts owed to jointly controlled entities (note 17)	14,269	5,293
Other creditors	1	1
Accruals	1,464	1,750
	<u>245,693</u>	<u>212,441</u>

Amounts owed to parent company and amounts owed to subsidiaries are unsecured, interest free and repayable on demand except for £5,651,838 (2021: £9,357,885) which is unsecured, subject to a variable rate of interest and is repayable on demand.

### 13. Creditors: amounts falling due after more than one year

The Company had secured bank loan facilities of £90 million at 31 December 2022 (2021: £90 million) of which £nil (2021: £nil) were drawn. Loans under the facility are subject to interest at floating rates linked to SONIA. The facility expires in December 2026.

The Company has granted a fixed and floating charge on its assets to secure bank borrowings of £nil (2021: £nil).

### 14. Deferred tax assets

	2022 £'000	2021 £'000
Tax losses available	<u>-</u>	<u>6,936</u>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

	2022 £'000	2021 £'000
<b>Deferred tax assets</b>		
At 1 January	6,936	2,584
(Charged)/credited to profit and loss account	(6,936)	4,352
At 31 December	<u>-</u>	<u>6,936</u>

# Fairview New Homes Limited

## Notes to the financial statements (continued) Year ended 31 December 2022

### 15. Called-up share capital and reserves

	2022 £'000	2021 £'000
Allotted, called-up and fully paid:		
12,000,000 Ordinary Shares of £1 each	12,000	12,000
1,000 B Shares of £1 each	1	1

Fairview Holdings Limited holds all of the 12,000,000 Ordinary Shares.

Fairview Holdings Limited also holds all of the 1,000 B Shares. The B Shares have no voting rights.

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the re-measurement of derivative financial instruments, net of dividends paid and other adjustments.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

### 16. Contingent liabilities

At 31 December 2022 the Company had given a guarantee in respect of bank loan facilities totalling £90 million (2021: £90 million) available to the Company and a subsidiary company, Fairview Estates (Housing) Limited. There was £nil drawn under bank facilities at 31 December 2022 (2021: £nil).

The Company has entered into various counter indemnities for performance bonds relating to subsidiary company activities arising in the normal course of business.

### 17. Related party transactions

#### Funding of and from Fairview L&Q P R LLP

During the year the Fairview L&Q P R LLP made loan advances of £47,166,006 to the Company and £38,189,817 was repaid during the year. The loan outstanding at the year end was £14,268,935 (2021: £5,292,747). During the prior year the Company made partner loan advances of £22,406,340 to Fairview L&Q P R LLP and £45,903,222 was repaid during the year. Subsequently Fairview L&Q P R LLP has made a loan of £5,292,747 to the Company.

#### Funding of Citystyle Fairview VQ LLP

During the year the Company made partner loan advances of £11,454,303 (2021: £5,513,945) to Citystyle Fairview VQ LLP and £1,560,000 was repaid during the year (2021: £nil). The loan outstanding at 31 December 2022 was £16,084,821 (2021: £6,190,518).

#### Funding of Montgomery's Wharf LLP

During the year the Company made partner loan advances of £10,856,395 (2021: £nil) to Montgomery's Wharf LLP. The loan outstanding at 31 December 2022 was £10,856,395 (2021: £nil).

#### Other related party transactions

The Company has taken advantage of the exemption granted by paragraph 33.1A of FRS 102 not to disclose related party transactions with wholly owned subsidiaries within the Group.

### 18. Controlling party

At 31 December 2022 the immediate and ultimate parent company was Fairview Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales at 50 Lancaster Road, Enfield, Middlesex EN2 0BY.

The largest and smallest group of undertakings for which group accounts to 31 December 2022 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.