

# **Fairview Holdings Limited**

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

**Registered number: 04081726**

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# **Fairview Holdings Limited**

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

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# Fairview Holdings Limited

## Strategic report

The Fairview Holdings Limited group (“the Group”) is a residential property development business. The Group specialises in the unconditional purchase of brownfield sites, securing the necessary planning consents and building a full range of homes from studio apartments to large family houses according to location. The Group’s core focus is on the first time buyer and second stepper markets in Greater London and the south east of England. No change is anticipated to this business model.

### Results for 2022

Turnover for the year was £274.2 million (2021: £223.2 million) including 522 legal completions (2021: 629 completions). With the inclusion of share of joint ventures, turnover for the year was £317.5 million (2021: £275.0 million) including 792 legal completions (2021: 977 completions).

The year has been adversely affected by the uncertainties and cost increases arising directly and indirectly from Russia’s invasion of Ukraine and the volatile political environment in the UK as well as the continuing impact of COVID on supply chains. Rising energy costs and increases in interest rates affected purchaser confidence, particularly in the final quarter of the year. This coincided with closure of the government’s Help to Buy scheme to new reservations from the end of October 2022, which significantly reduced access to the housing market for first-time buyers. Across the year as a whole sales prices showed a marginal increase on the prior period as the majority of reservations were secured in the first nine months.

Availability of sub-contract labour in certain trades remains below the desired level and, in some instances, this together with delays to material supplies led to minor deferrals in build programmes. Overall, build cost inflation during the year was around 9%.

Profit before corporate bonuses and tax for the year was £46.2 million (2021: £49.1 million). Included within the results for 2022 is an increase of £20.4 million (2021: £20.8 million) in the provision for costs of fire safety remediation works associated with legacy developments. The increase reflects signature by the Group on 1 April 2022 of 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.

After corporate bonuses the profit before tax was £0.9 million (2021: loss of £10.7 million). Detailed results are set out in the consolidated profit and loss account on page 12. Overall, the results are considered satisfactory.

Shareholder’s funds were £270.4 million at 31 December 2022 (2021: £277.0 million). Cash at the year-end was £119.0 million (2021: £88.3 million).

The Group renewed its £90m revolving credit facility for a further 4 years on 28 December 2022 extendable by agreement to 5 years after the first 12 months.

### Land and planning

The land market remained highly competitive throughout the year. The continued shortage of sites and increasing planning challenges meant that viable opportunities were keenly contested with deals agreed by others at values incompatible with our required returns. Expenditure on new land was therefore below target for a second year, although acquisitions were contracted during 2022 for the development of 925 new homes (2021: 503).

Only two developments (including a joint venture) to deliver 473 new homes obtained planned consents during the year. A second joint venture application for 538 new homes was refused at planning committee and subsequently rejected at appeal.

At 31 December 2022 the land bank for the Group comprised over 3,400 plots (2021: 3,200 plots), of which over 3,100 benefitted from full planning permission (2021: 1,800).

### Future prospects

Following expiry of the Help to Buy scheme and increases in interest rates, affordability for our 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.

# **Fairview Holdings Limited**

## **Strategic report (continued)**

### **Future prospects (continued)**

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 in 'Future prospects' above, the principal risks and uncertainties affecting the Group 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.

### **Stakeholder engagement**

In carrying out their duties under s172(1) (a) to (f), the Directors have 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 Group's business model 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 its 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.

# Fairview Holdings Limited

## Strategic report (continued)

### Stakeholder engagement (continued)

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 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 Group has a subsidiary board, whose meetings are attended by at least two Group Board directors, and which typically meets four times a year.

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.

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

### Energy and carbon reporting

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Group reports on greenhouse gas ('GHG') emissions which it is responsible for as part of this Strategic Report.

The Group has followed the 2019 UK Government environmental reporting guidance and have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019 to calculate the following disclosures.

GHG emissions and energy usage data:

	2022 Tonnes of CO <sub>2</sub> e	2021 Tonnes of CO <sub>2</sub> e
Emissions from combustion of fuel (Scope 1)	286	337
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2)	41	130
Total emissions	327	467
Total kWh consumed	1,346,828	2,015,405
Emissions intensity: Tonnes of CO <sub>2</sub> e per employee	1.4	2.0

During the year the Group's has installed a number of electric car charging points at its head office and enhanced waste recycling measures have been introduced. A programme of upgrading to more energy-efficient office lighting and computer equipment continues. Video conferencing continues to be used where appropriate with a consequent reduction in travel emissions.

# **Fairview Holdings Limited**

## **Strategic report (continued)**

Approved by the Board and signed on its behalf by:



G A Malton  
Chairman

29 March 2023

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

# Fairview Holdings Limited

## Directors' report

The directors present their annual report and the audited consolidated 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

M Calladine, R B Davies, S J Garrett, G A Malton, D L McCormack, J A Spring and R K Williams are eligible as beneficiaries of the Fairview Holdings Limited Employee Benefit Trust.

### Directors' indemnities

The Group 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.

### Company's interest in own shares

The Fairview Holdings Limited Employee Benefit Trust owns 100% of the called up share capital. The Trust is an employees' share scheme under section 1166 Companies Act 2006. Further details of the trust are given in note 21.

### Dividends

No dividends were paid or proposed during the current or preceding year.

### Going concern

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. Further details of the going concern basis are given in note 1c.

### Financial risk management objectives and policies

The Group'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 Group's policies approved by the board of directors. The Group does not use derivative financial instruments for speculative purposes.

#### *Cash flow risk*

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

#### *Credit risk*

The Group's principal financial assets are bank balances, cash, trade receivables and shared equity debtors. Credit risk on cash deposits is limited because the counterparties are banks with strong investment grade credit ratings.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for existing and future developments, the Company uses a revolving credit facility provided by its primary relationship banks.

# **Fairview Holdings Limited**

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

### **Business outlook**

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

### **Stakeholder engagement, employee engagement and energy and carbon reporting**

Details of stakeholder engagement, employee engagement and energy and carbon reporting can be found in the Strategic report on pages 2 and 3 and form part of this report by cross-reference.

### **Disabled employees**

The Group operates an equal opportunities employment policy. Applications for employment by disabled persons are considered on their merits with due regard to individual skills and abilities. Where disability occurs during an individual's employment the Group will seek to enable the employee to continue working. It is Group policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Auditor**

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

- so far as the director is aware, there is no relevant audit information of which the Group'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 Group'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 Holdings 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 United Kingdom 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 and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and of the Group 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 Group 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 Holdings Limited**

## **Independent auditor's report to the members of Fairview Holdings Limited**

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

#### **Opinion**

In our opinion the financial statements of Fairview Holdings Limited (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2022 and of the Group's loss 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 consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 24.

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 Group and the parent 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 Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## **Fairview Holdings Limited**

### **Independent auditor's report to the members of Fairview Holdings Limited (continued)**

#### **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.

#### **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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **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 Group's industry and its control environment, and reviewed the Group'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 Group's business sector.

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

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

## **Fairview Holdings Limited**

### **Independent auditor's report to the members of Fairview Holdings Limited (continued)**

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

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

- Revenue on construction contracts is recognised based on the percentage complete at the year end and therefore there is judgement involved in estimating contract progress. We assessed the percentage complete against certifications of works provided by surveyors.
- Gross profit is recognised for completed private properties based on the latest whole site gross margin which is generated from the site appraisal. The estimates made in the site appraisals could be subject to bias. We tested and challenged the inputs and assumptions in the site appraisals to supporting evidence to assess the accuracy and completeness of these appraisals.

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.

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 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 have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

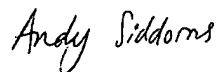
We have nothing to report in respect of these matters.

## **Fairview Holdings Limited**

### **Independent auditor's report to the members of Fairview Holdings Limited (continued)**

#### **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 Holdings Limited

## Consolidated profit and loss account Year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover: group and share of jointly-controlled entities		317,490	275,046
Less share of jointly-controlled entities		<u>(43,296)</u>	<u>(51,883)</u>
<b>Group turnover</b>	3	274,194	223,163
Cost of sales		<u>(231,142)</u>	<u>(181,255)</u>
<b>Gross profit</b>		43,052	41,908
Administrative expenses - other		(12,109)	(11,485)
Administrative expenses - corporate bonuses	4	<u>(45,261)</u>	<u>(59,876)</u>
Administrative expenses - total		(57,370)	(71,361)
Other operating income		<u>3,541</u>	<u>3,715</u>
<b>Operating loss</b>		(10,777)	(25,738)
Share of results of jointly-controlled entities	6	12,696	16,116
Finance costs (net)	7	(979)	(1,110)
<b>Profit before corporate bonuses and taxation</b>		46,201	49,144
<b>Profit/(loss) before taxation</b>	8	940	(10,732)
Tax on profit/(loss)	9	<u>(7,302)</u>	<u>4,616</u>
<b>Loss for the financial year</b>		<u><u>(6,362)</u></u>	<u><u>(6,116)</u></u>
Attributable to:			
Equity shareholders of the Company		(6,584)	(5,863)
Non-controlling interests		<u>222</u>	<u>(253)</u>
		<u><u>(6,362)</u></u>	<u><u>(6,116)</u></u>

All amounts relate to continuing operations.

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

# Fairview Holdings Limited

## Consolidated balance sheet 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Tangible assets	10	957	872
Investments	11	53,437	36,107
		<u>54,394</u>	<u>36,979</u>
<b>Current assets</b>			
Stocks	13	208,090	249,096
Debtors:			
Due within one year	14	11,176	17,131
Due after one year	14	1,220	1,184
Cash at bank and in hand		119,000	88,293
		<u>339,486</u>	<u>355,704</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(61,613)</u>	<u>(73,060)</u>
<b>Net current assets</b>		<u>277,873</u>	<u>282,644</u>
<b>Total assets less current liabilities</b>		332,267	319,623
<b>Creditors: amounts falling due after more than one year</b>	16	(4,200)	(1,912)
<b>Provisions for liabilities</b>	17	<u>(45,593)</u>	<u>(28,875)</u>
<b>Net assets</b>		<u>282,474</u>	<u>288,836</u>
<b>Capital and reserves</b>			
Called up share capital	21	500	500
Capital redemption reserve	21	2,000	2,000
Investment in own shares	21	(500)	(500)
Profit and loss account	21	268,465	275,049
		<u>270,465</u>	<u>277,049</u>
<b>Shareholder's funds</b>		270,465	277,049
Non-controlling interests		12,009	11,787
<b>Total capital employed</b>		<u>282,474</u>	<u>288,836</u>

The financial statements of Fairview Holdings Limited were approved by the board of directors and authorised for issue on 29 March 2023. They were signed on its behalf by:



**G A Malton**  
Chairman

## Fairview Holdings Limited

### Parent company balance sheet 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Investments	11	172,959	173,188
<b>Creditors: amounts falling due within one year</b>	15	(112)	(108)
<b>Total assets less current liabilities</b>		<u>172,847</u>	<u>173,080</u>
<b>Net assets</b>		<u>172,847</u>	<u>173,080</u>
<b>Capital and reserves</b>			
Called up share capital	21	500	500
Capital redemption reserve	21	2,000	2,000
Investment in own shares	21	(500)	(500)
Profit and loss account	21	<u>170,847</u>	<u>171,080</u>
<b>Shareholder's funds</b>		<u>172,847</u>	<u>173,080</u>

The Company has taken advantage of the exemption available under s408 of the Companies Act 2006 not to publish the profit and loss account of the parent company, Fairview Holdings Limited. The loss for the financial year dealt with in the financial statements of the parent company was £233,000 (2021: profit of £82,832,000).

The financial statements of Fairview Holdings Limited (registered number 04081726) were approved by the board of directors and authorised for issue on 29 March 2023. They were signed on its behalf by:



G A Malton  
Chairman



## Fairview Holdings Limited

### Consolidated statement of changes in equity Year ended 31 December 2022

	Equity attributable to equity shareholders of the Company					Non-Controlling interests	Total
	Called up share capital £'000	Capital redemption reserve £'000	Investment in own shares £'000	Profit and loss account £'000	Total £'000	£'000	£'000
<b>At 1 January 2021</b>	500	2,000	(500)	280,912	282,912	12,040	294,952
Loss for the financial year, being total comprehensive expense	-	-	-	(5,863)	(5,863)	(253)	(6,116)
<b>At 31 December 2021</b>	500	2,000	(500)	275,049	277,049	11,787	288,836
(Loss)/profit for the financial year, being total comprehensive expense	-	-	-	(6,584)	(6,584)	222	(6,362)
<b>At 31 December 2022</b>	500	2,000	(500)	268,465	270,465	12,009	282,474

## Fairview Holdings Limited

### Parent company statement of changes in equity Year ended 31 December 2022

	Called up share capital £'000	Capital redemption reserve £'000	Investment in own shares £'000	Profit and loss account £'000	Total £'000
<b>At 1 January 2021</b>	500	2,000	(500)	88,248	90,248
Profit for the financial year, being total comprehensive income	-	-	-	82,832	82,832
<b>At 31 December 2021</b>	500	2,000	(500)	171,080	173,080
Loss for the financial year, being total comprehensive expense	-	-	-	(233)	(233)
<b>At 31 December 2022</b>	500	2,000	(500)	170,847	172,847

# Fairview Holdings Limited

## Consolidated cash flow statement Year ended 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Sales income		271,614	234,441
Site purchases		(84,848)	(19,810)
Development expenditure		(137,767)	(145,492)
Other operating cash flows		7,267	(4,639)
Income taxes (paid)/received		(67)	557
Net cash inflow from operating activities before corporate bonuses		56,199	65,057
Corporate bonuses		(40,525)	(66,228)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>15,674</b>	<b>(1,171)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		117	71
Purchases of tangible fixed assets		(489)	(206)
Disposal of subsidiaries		5,278	544
Investment in jointly-controlled entity		(7,922)	-
Distributions received from jointly-controlled entity		30,669	8,345
Interest received		609	37
<b>Net cash inflow from investing activities</b>		<b>28,262</b>	<b>8,791</b>
<b>Cash flows from financing activities</b>			
Interest paid		(2,182)	(940)
Loans advanced to jointly-controlled entities		(60,500)	(27,919)
Loans repaid by jointly-controlled entities		49,453	46,961
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(13,229)</b>	<b>18,102</b>
<b>Net increase in cash and cash equivalents</b>		<b>30,707</b>	<b>25,722</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>88,293</b>	<b>62,571</b>
<b>Cash and cash equivalents at end of year</b>		<b>119,000</b>	<b>88,293</b>
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand, being cash and cash equivalents		119,000	88,293

# **Fairview Holdings 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 Holdings 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 Group's operations and its principal activities are set out in the Strategic report on page 4.

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 Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

Fairview Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. 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. Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired, sold or derecognised are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The acquisition of companies which are not considered to be businesses are accounted for as asset purchases in accordance with paragraph 19.2(b) of FRS102. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### **c. Going concern basis**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. In addition, notes 15 and 16 to the financial statements includes details of the Group's bank loan facilities and its liquidity and interest rate risk policies. 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.

The Group 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.

# Fairview Holdings Limited

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

### 1. Accounting policies (continued)

#### c. Going concern basis (continued)

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 Group'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 Group will be able to work within the terms and covenants of its committed borrowing facilities for the foreseeable future.

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 of accounting in preparing the annual report and financial statements.

#### d. Jointly-controlled entities

In the Group financial statements investments in jointly-controlled entities are accounted for using the equity method. Investments in jointly-controlled entities are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the jointly-controlled entity.

#### e. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Improvements to leasehold property	5 years
Fixtures and fittings, computers and site equipment	3-4 years
Motor vehicles	4 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### f. Stocks

Stocks comprise land and buildings in course of development and land upon which development has not yet commenced and 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 the net realisable value of development sites it is assumed that the sites will be fully developed and the completed units sold in the ordinary course of the Group's business, and that the sites would not be placed on the market for immediate sale in their existing state.

#### g. Financial instruments

Financial assets and financial liabilities are recognised when the Group 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 Group after deducting all of its liabilities.

# Fairview Holdings Limited

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

### 1. Accounting policies (continued)

#### g. Financial instruments (continued)

##### (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.

##### *Shared equity debtors*

The Group has sold a number of residential units where a proportion of the purchase price remains outstanding secured by a second legal charge over the individual unit. These amounts are repayable prior to maturity on certain events including sale of the unit by the purchaser.

Shared equity debtors are recognised at the fair value of future anticipated cash receipts discounted to present value, taking into account assumptions which include future house price movements, the expected timing of receipts and the likelihood that a purchaser defaults on a repayment. The assumptions are revisited at the end of each reporting period with any decreases/(increases) being credited/(debited) to turnover.

##### (ii) Investments

In the Company balance sheet, investments are measured at cost less accumulated impairment losses.

##### (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.

##### (v) Non-controlling interests

Where the Group purchases a non-controlling interest, on consolidation it is treated as an apportionment of profit for the year and a reduction in reserves.

#### h. 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.

# Fairview Holdings Limited

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

### 1. Accounting policies (continued)

#### h. Impairment of assets (continued)

##### *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.

#### i. Turnover

Turnover is stated net of VAT and discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer and comprises:

- (i) the fair value of the consideration received or receivable for the sale of properties developed by the Group and partially developed and undeveloped sites. Sales of units and undeveloped sites are recognised at the time of legal completion;
- (ii) the fair value of work performed under construction contracts. Where the outcome of a construction contract can be reliably estimated, turnover is recognised by reference to the stage of completion of the contract at the balance sheet date.

Where the outcome of a construction contract cannot be reliably estimated, turnover is recognised to the extent of contract costs incurred that it is probable will be recoverable. When it is probable that total development costs will exceed total development revenue, the expected loss is recognised as an expense immediately; and

- (iii) the fair value of consideration received or receivable for the sale of the freehold title in respect of units sold under leasehold terms. Turnover is recognised at the time of legal completion of the freehold sale.

#### j. Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### k. Leases

##### *The Group as lessee*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

##### *The Group as lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

# Fairview Holdings Limited

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

### 1. Accounting policies (continued)

#### 1. 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 Group'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.

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.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less than the value at which it is recognised, a deferred tax liability is recognised for the additional tax that will be paid in respect of that difference.

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 Group 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 Group 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 Group'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 Group's accounting policies*

There were no critical judgements that the directors have made in the process of applying the Group's accounting policies.

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future 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.



## Fairview Holdings Limited

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

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

##### *Key sources of estimation uncertainty (continued)*

##### **Valuation of stocks**

Land and buildings in the course of development in respect of current and future development sites are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Estimates of the cost to complete a site and estimates of anticipated revenues are required to enable a development profit to be determined. The directors are required to employ judgement in estimating the profitability of a site and in assessing any impairment provisions that may be required.

It is in the nature of the Group's business activities that negotiations with local authorities to obtain planning consent often continue for a number of months and delays in the resolution of these negotiations can occur. The directors have assessed the status of negotiations with local authorities on 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 (see note 13).

##### **Gross profit recognition**

Gross profit is recognised for completed private properties based on the latest whole site gross margin which is generated from the site appraisal. These appraisals, which are updated at frequent intervals throughout the life of the site, use actual and forecast selling prices, land costs and construction costs and are sensitive to future movements in both the estimated cost to complete and expected selling prices. Forecast selling prices are inherently uncertain due to changes in market conditions.

##### **Fire safety remediation works**

In March 2023 the Group has entered into a contractual arrangement with the Department of Levelling Up Homes and Communities 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. Uncertainty exists in terms of identifying and quantifying any further potential fire safety remedial costs for the Group.

Based on the review through 2022 costs of £45.6 million (2021: £28.9 million) have been provided in respect of fire safety defects that were known about at 31 December 2022.

#### 3. Turnover

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

	2022 £'000	2021 £'000
Sale of residential dwellings, commercial properties and land	239,456	164,800
Construction of residential dwellings	34,738	53,375
Sale of ground rents	-	4,988
	<u>274,194</u>	<u>223,163</u>

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

# Fairview Holdings 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:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Site staff	78	76
Administrative and other staff	163	160
	<u>241</u>	<u>236</u>

Their aggregate remuneration comprised:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	19,815	19,285
Corporate bonuses (excluding social security costs)	39,461	52,325
Social security costs	8,158	9,718
Other pension costs	742	811
	<u>68,176</u>	<u>82,139</u>

The directors believe that the separate presentation of corporate bonuses is relevant to the understanding of the Group's financial performance. This is consistent with the way that financial performance is measured by management and is reported to the Board. Corporate bonuses including applicable social security costs were £45.3 million (2021: £59.9 million). The Company does not have any employees.

### Defined contribution retirement benefit schemes

The Group 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 £742,000 (2021: £811,000). Pension contributions not paid at the year-end are shown in note 15.

### 5. Directors' remuneration and transactions

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors' remuneration</b>		
Emoluments	3,823	4,001
Corporate bonuses	8,991	13,730
	<u>12,814</u>	<u>17,731</u>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Remuneration of the highest paid director:</b>		
Emoluments	449	164
Corporate bonuses	1,992	10,780
	<u>2,441</u>	<u>10,944</u>

# Fairview Holdings Limited

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

### 6. Share of results of jointly-controlled entities

	2022 £'000	2021 £'000
Fairview L&Q P R LLP	15,205	16,703
Citystyle Fairview VQ LLP	(703)	(586)
Montgomery's Wharf LLP	(1,805)	-
Markhome Limited	(1)	(1)
	<u>12,696</u>	<u>16,116</u>

### 7. Finance costs (net)

	2022 £'000	2021 £'000
<b>Interest payable and similar expenses</b>		
Amortisation of loan arrangement costs	720	260
Bank commitment fees	870	870
Other interest payable	2	18
	<u>1,592</u>	<u>1,148</u>
<b>Interest receivable and similar income</b>		
Bank and other interest receivable	(537)	(38)
Interest received from Montgomery's Wharf LLP	(76)	-
	<u>(613)</u>	<u>(38)</u>
<b>Finance costs (net)</b>	<u>979</u>	<u>1,110</u>

### 8. Profit/(loss) before taxation

Profit/(loss) before taxation is stated after charging/(crediting):

	2022 £'000	2021 £'000
Depreciation of tangible fixed assets (note 10)	382	446
Operating lease rentals	332	302
Profit on disposal of fixed assets	(91)	(59)
	<u>623</u>	<u>689</u>

# Fairview Holdings Limited

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

### 8. Profit/(loss) before taxation (continued)

The analysis of the auditor's remuneration is as follows:

	2022 £'000	2021 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	112	106
Fees payable to the Company's auditor for other services to the Group:		
Audit of the Company's subsidiaries	96	75
Audit related assurance services	4	4
<b>Total audit fees</b>	<b>212</b>	<b>185</b>
Taxation compliance services	54	66
Other taxation advisory services	39	44
<b>Total non-audit fees</b>	<b>93</b>	<b>110</b>

No services were provided pursuant to contingent fee arrangements.

### 9. Tax charge/(credit) on profit/(loss)

The tax charge/(credit) comprises:

	2022 £'000	2021 £'000
<b>Current tax on profit/(loss)</b>		
UK corporation tax at 19% (2021: 19%)	-	-
Adjustment in respect of prior years	(913)	709
<b>Total current tax</b>	<b>(913)</b>	<b>709</b>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(242)	(88)
Decrease/(increase) in estimate of recoverable deferred tax asset	8,457	(4,421)
Effect of increase in tax rate on opening asset	-	(816)
<b>Total deferred tax</b>	<b>8,215</b>	<b>(5,325)</b>
<b>Total tax on profit/(loss)</b>	<b>7,302</b>	<b>(4,616)</b>

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.

A deferred tax asset of £13,284,000 (2021: £4,954,000) in respect of unrelieved tax losses of £53,128,000 (2021: £26,066,000) has not been recognised due to uncertainty in the amount and timing of taxable profits.

# Fairview Holdings Limited

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

### 9. Tax charge/(credit) on profit/(loss) (continued)

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

	2022 £'000	2021 £'000
Profit/(loss) before taxation	940	(10,732)
Tax charge/(credit) on profit/(loss) at 19% (2021: 19%)	179	(2,039)
Effects of:		
Costs and expenses not deductible	700	74
Depreciation higher than capital allowances	11	32
Movement in short term timing differences	(7)	55
Allowance in respect of contaminated land	(24)	(26)
Utilisation of brought forward tax losses	(844)	(119)
Change in recognised deferred tax assets	8,200	(3,302)
Adjustment in respect of prior years	(913)	709
Total tax charge/(credit) for the year	7,302	(4,616)

### 10. Tangible fixed assets

	Freehold land £'000	Improvements to leasehold property £'000	Fixtures, fittings, computers and site equipment £'000	Motor vehicles £'000	Total £'000
<b>Group</b>					
<b>Cost</b>					
At 1 January 2022	191	49	1,235	1,141	2,616
Additions	-	64	109	315	488
Disposals	-	-	(266)	(310)	(576)
At 31 December 2022	191	113	1,078	1,146	2,528
<b>Depreciation</b>					
At 1 January 2022	-	15	828	901	1,744
Charge for the year	-	19	202	161	382
Disposals	-	-	(266)	(289)	(555)
At 31 December 2022	-	34	764	773	1,571
<b>Net book value</b>					
At 31 December 2022	191	79	314	373	957
At 31 December 2021	191	34	407	240	872

## Fairview Holdings Limited

### Notes to the financial statements (continued)

Year ended 31 December 2022

#### 11. Investments

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Subsidiary undertakings	-	-	172,959	173,188
Jointly-controlled entities	53,437	36,107	-	-
Total	53,437	36,107	172,959	173,188

The Company holds 100% of the issued Ordinary share capital and controls 100% of the voting rights of Fairview New Homes Limited.

Fairview New Homes Limited 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
Bencasco Limited	Fairview New Homes (Lawn Road) Limited
Bronte Energy Limited	Fairview New Homes (Newham) Limited
Brycken Limited	Fairview New Homes (Properties) Limited
Cricklewood Developments Limited	Fairview New Homes (Puckeridge) Limited
Elmsleigh Street Limited	Fairview New Homes (Queensbury) Limited
Fairview Enfield Limited	Fairview New Homes (South East) 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	Geminiri Limited
Fairview New Homes (Chase Road) Limited	Generator (Eastgate Street) Limited
Fairview New Homes (Chequers Way) Limited	Hadley Goodmayes LLP
Fairview New Homes (Colindale) Limited	Parkhurst Road Limited
Fairview New Homes (Developments) Limited	Westprize 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 Holdings Limited**

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

#### **11. Investments (continued)**

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.

Fairview New Homes Limited 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

#### **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.

# Fairview Holdings Limited

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

### 11. Investments (continued)

#### Principal activity and jurisdiction

The principal activity of all group companies and joint ventures is residential development and related activities and they operate in Great Britain. All group companies and joint ventures are registered in England and Wales at 50 Lancaster Road, Enfield, Middlesex, EN2 0BY.

#### Subsidiary undertakings - Company

	2022 £'000	2021 £'000
<b>Cost</b>		
At 1 January	218,868	94,622
Additions	-	124,246
Disposals	(229)	-
At 31 December	218,639	218,868
<b>Impairment</b>		
At 1 January	(45,680)	-
Charged to profit and loss	-	(45,680)
At 31 December	(45,680)	(45,680)
<b>Carrying value</b>	172,959	173,188

Included in the carrying value at 31 December 2022 are amounts owed from subsidiaries of £120,265,803 (2021: £120,496,459).

#### Jointly-controlled entities - Group

	2022 £'000	2021 £'000
<b>Carrying value</b>		
Fairview L&Q P R LLP	12,581	28,044
Citystyle Fairview VQ LLP	17,255	8,063
Montgomery's Wharf LLP	23,601	-
Markhome Limited	-	-
At 31 December	53,437	36,107
<b>Movement in carrying value</b>		
At 1 January	36,107	41,319
Investment in partner capital	13,200	-
Loans advanced/(repaid) (net)	22,102	(17,984)
Share of retained profits/(losses) for the year (note 6)	12,696	16,116
Dividends received	(30,669)	(3,345)
Increase of provision against carrying value	1	1
At 31 December	53,437	36,107



## Fairview Holdings Limited

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

#### 11. Investments (continued)

There are no impairments recorded against the cost of investment in jointly-controlled entities with the exception of Markhome Limited where an impairment of £0.7 million has been recorded (2021: £0.7 million).

#### 12. Acquisitions and disposals

##### Acquisition of Elmsleigh Street Ltd

On 25 March 2022 a subsidiary undertaking, Fairview New Homes Limited, acquired 100% of the issued share capital of Elmsleigh Street Ltd, a company whose primary activity is residential property development. Total outflows for the acquisition were £12,045,000, being a combination of purchase of share capital, repayment of loans to previous owners and repayment of creditors as shown below.

The acquisition has been accounted for as an asset purchase under paragraph 19.2(b) of FRS 102. The following table sets out the book values of the identifiable assets and liabilities acquired and the allocation of the purchase price paid:

	Book value £'000	Allocation of purchase price £'000	Total £'000
<b>Current assets</b>			
Stocks	9,976	1,613	11,589
Debtors	456	-	456
<b>Total assets</b>	<b>10,432</b>	<b>1,613</b>	<b>12,045</b>
<b>Creditors</b>			
Creditors	2,796	-	2,796
Loans	7,636	-	7,636
<b>Total liabilities</b>	<b>10,432</b>	<b>-</b>	<b>10,432</b>
<b>Net assets</b>	<b>-</b>	<b>1,613</b>	<b>1,613</b>
<b>Satisfied by</b>			
Purchase of share capital			1,613
Repayment of loans to previous owners			7,636
Repayment of creditors			2,796
<b>Total cash consideration paid</b>			<b>12,045</b>

Stocks represents the value of the development site, being the principal asset owned by Elmsleigh Street Ltd.

## Fairview Holdings Limited

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

#### 12. Acquisitions and disposals (continued)

##### Acquisition of Hadley Goodmayes LLP

On 6 June 2022 subsidiary undertakings, Fairview New Homes Limited and Fairview New Homes (Chequers Way) Limited, each subscribed for partner capital representing 50% of the partner capital of Hadley Goodmayes LLP, a limited liability partnership whose primary activity is residential property development. Loans to the partnership provided in equal amount by the previous owners were assigned to Fairview New Homes Limited and Fairview New Homes (Chequers Way) Limited. Total outflows for the acquisition were £37,125,000, being a combination of subscription for partner capital and assignment of partner loans as shown below.

The acquisition has been accounted for as an asset purchase under paragraph 19.2(b) of FRS 102. The following table sets out the book values of the identifiable assets and liabilities acquired and the allocation of the purchase price paid:

	Book value £'000	Allocation of purchase price £'000	Total £'000
<b>Current assets</b>			
Stocks	21,702	15,343	37,045
Debtors	39	-	39
Prepayments	42	-	42
<b>Total assets</b>	<b>21,783</b>	<b>15,343</b>	<b>37,126</b>
<b>Creditors</b>			
Accruals	1	-	1
Member loans	24,607	-	24,607
<b>Total liabilities</b>	<b>24,608</b>	<b>-</b>	<b>24,608</b>
<b>Net (liabilities)/assets</b>	<b>(2,825)</b>	<b>15,343</b>	<b>12,518</b>
<b>Satisfied by</b>			
Subscription for partner capital			12,518
Assignment of partner loans			24,607
<b>Total cash consideration paid</b>			<b>37,125</b>

Stocks represents the value of the development site, being the principal asset owned by Hadley Goodmayes LLP.

##### Disposal of 50% interest in Montgomery's Wharf LLP

On 8 June 2022 a subsidiary undertaking, Fairview New Homes (Chequers Way) Limited, sold its member's interest in Montgomery's Wharf LLP, a subsidiary, to Latimer Developments Limited for total consideration of £5,278,000. The Group's interest in Montgomery's Wharf LLP accordingly reduced from 100% to 50% and the LLP was accounted for as a joint venture from that date. Montgomery's Wharf LLP contributed £10,000 profit before tax to the Group in the period from 1 January 2022 to 8 June 2022 (2021: £nil). The net assets of Montgomery's Wharf LLP at the date of disposal were £10,566,000 and a loss on disposal of £10,000 was recognised.

## Fairview Holdings Limited

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

#### 13. Stocks

All stocks relate to work in progress. At 31 December 2022 the Group held £8.1 million (2021: £76.2 million) of land which had not received appropriate residential planning consent.

#### 14. Debtors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	4,003	992	-	-
Shared equity debtors	693	738	-	-
Amounts owed by jointly-controlled entities	232	2,463	-	-
Other debtors	721	159	-	-
Prepayments	1,416	1,205	-	-
Accrued income	1,919	2,263	-	-
Current tax receivable	1,182	202	-	-
Capitalised loan facility fees	1,010	652	-	-
Deferred tax assets (note 19)	-	8,457	-	-
	<u>11,176</u>	<u>17,131</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due after more than one year:</b>				
Shared equity debtors	272	478	-	-
Deferred tax assets (note 19)	948	706	-	-
	<u>1,220</u>	<u>1,184</u>	<u>-</u>	<u>-</u>
	<u>12,396</u>	<u>18,315</u>	<u>-</u>	<u>-</u>

In the Group accounts amounts owed by jointly-controlled entities are unsecured, interest free and repayable on demand.

Loan facility fees capitalised in the year were £1,077,809 (2021: £98,131).

# Fairview Holdings Limited

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

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

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	5,699	1,347	-	-
Other taxation and social security	7,223	2,431	-	-
Other creditors	3,933	36,707	-	-
Accruals	28,154	21,989	112	108
Deferred income	1,056	372	-	-
Amounts owed to subsidiaries	-	-	-	-
Amounts owed to jointly-controlled entities	15,384	9,984	-	-
Defined contribution pension scheme accrual	164	230	-	-
	<u>61,613</u>	<u>73,060</u>	<u>112</u>	<u>108</u>

In the Group accounts amounts owed to jointly-controlled entities are unsecured, interest free and repayable on demand. In the Company accounts amounts owed to subsidiaries are unsecured, interest free and repayable on demand. Included in other creditors at 31 December 2021 was an amount of £33,600,000 in respect of a deferred payment on a land purchase, the amount was paid during the year.

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

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Other creditors	<u>4,200</u>	<u>1,912</u>	<u>-</u>	<u>-</u>

The Group 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 Group renewed its £90m revolving credit facility for a further 4 years on 28 December 2022 extendable by agreement to 5 years after the first 12 months.

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

### 17. Provisions for liabilities

	2022	2021
	£'000	£'000
Fire safety remediation works	<u>45,593</u>	<u>28,875</u>

The increase reflects signature by the Group on 1 April 2022 of 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. The Group anticipates that the works will be completed within approximately 3 years.

# Fairview Holdings Limited

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

### 17. Provisions for liabilities (continued)

	2022 £'000	2021 £'000
At 1 January	28,875	9,995
Charged to profit and loss account	20,361	20,739
Utilisation of provision	(3,643)	(1,859)
At 31 December	<u>45,593</u>	<u>28,875</u>

### 18. Analysis of changes in net cash

	At 1 January 2022 £'000	Cash flows £'000	At 31 December 2022 £'000
Cash and cash equivalents	88,293	30,707	119,000
Net cash	<u>88,293</u>	<u>30,707</u>	<u>119,000</u>

### 19. Deferred tax assets/(liabilities)

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Decelerated capital allowances	175	113	-	-
Tax losses available	-	8,457	-	-
Other timing differences	773	593	-	-
	<u>948</u>	<u>9,163</u>	<u>-</u>	<u>-</u>

Deferred tax assets and liabilities are offset only where the Group 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.

# Fairview Holdings Limited

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

### 19. Deferred tax assets/(liabilities) (continued)

	2022 £'000	2021 £'000
<b>Deferred tax assets</b>		
At 1 January	9,163	3,838
(Charged)/credited to profit and loss account	(8,215)	5,325
At 31 December	<u>948</u>	<u>9,163</u>
<b>Classified as:</b>		
Falling due within one year	-	8,457
Falling due after one year	948	706
	<u>948</u>	<u>9,163</u>

### 20. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2022 £'000	2021 £'000
<b>Financial assets</b>		
Measured at fair value through profit or loss		
Shared equity debtors (note 14)	965	1,216
Measured at undiscounted amount receivable		
Trade debtors, other debtors and accrued income (note 14)	6,643	3,414
Amounts due from jointly-controlled entities (note 14)	232	2,463
	<u>6,875</u>	<u>5,877</u>
	<u>7,840</u>	<u>7,093</u>
<b>Financial liabilities</b>		
Measured at undiscounted amount payable		
Trade creditors, other creditors and accruals (notes 15,16)	37,950	62,184
Amounts owed to jointly-controlled entities (note 15)	15,384	9,984
	<u>53,334</u>	<u>72,168,044</u>

## Fairview Holdings Limited

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

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

	2022 £'000	2021 £'000
Allotted, called-up and fully paid: 500,000 Ordinary Shares of £1 each	500	500

The Company has one class of ordinary shares which carry no right to fixed income.

The Group and 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 investment in own shares represents the cost of 500,000 ordinary shares in the Company purchased by Fairview Holdings Limited Employee Benefit Trust ("the Trust") financed by a loan of £500,000 from the Company to the Trust.

The Trust is an employees' share scheme under section 1166 of the Companies Act 2006 and was established with the intention that eligible employees of the Company from time to time should benefit from the holding of shares in the Company by the trustees.

The trustee is Zedra Trust Company (Guernsey) Limited and was appointed by the Company. Under the trust deed no transfer or sale of the shares is permitted except under limited exceptional circumstances. At 31 December 2022 none of the assets of the Trust had been applied to any beneficiary.

The market value of the shares at 31 December 2022 is considered to be no less than the cost price. No dividend entitlement arose during the year.

The directors consider the Trust to be the ultimate controlling party of the Group.

A capital redemption reserve of £2 million is not distributable.

#### 22. Related party transactions

##### Amounts charged to Fairview L&Q P R LLP

During the year Fairview Estates (Housing) Limited, a subsidiary, charged £11,067,426 (2021: £33,351,046) to Fairview L&Q P R LLP, a jointly-controlled entity, for development costs and management services. Amounts due to Fairview L&Q P R LLP at 31 December 2022 were £39,441 (2021: £3,807,513). Amounts due from Fairview L&Q P R LLP at 31 December 2022 were £30,204 (2021: £1,417,703).

##### Amounts charged to Citystyle Fairview VQ LLP

During the year Fairview Estates (Housing) Limited, a subsidiary, charged £2,005,115 (2021: £1,445,049) to Citystyle Fairview VQ LLP for development costs and management services. Amounts due to Citystyle Fairview VQ LLP at 31 December 2022 were £223,724 (2021: £6,130). Amounts due from Citystyle Fairview VQ LLP at 31 December 2022 were £77,479 (2021: £167,012).

##### Amounts charged to Montgomery's Wharf LLP

During the year Fairview Estates (Housing) Limited, a subsidiary, charged £2,397,293 (2021: £nil) to Montgomery's Wharf LLP for development costs and management services. Amounts due to Montgomery's Wharf LLP at 31 December 2022 were £851,573 (2021: £nil). Amounts due from Montgomery's Wharf LLP at 31 December 2022 were £124,709 (2021: £nil).

## Fairview Holdings Limited

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

#### 22. Related party transactions (continued)

**Funding 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, a subsidiary, provides funding to 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 of which the group owns 80% of the issued share capital of each company. Interest payable to Fairview New Homes Limited for the year ended 31 December 2022 was £246,357 in aggregate (2021: £90,809 interest payable). Amounts due to Fairview New Homes Limited at 31 December 2022 were £5,651,838 (2021: £3,581,990). Interest is charged at base rate plus 3.5%.

#### **Other related party transactions**

The total remuneration for key management personnel for the year totalled £12,814,000 (2021: £17,731,000), being remuneration disclosed in note 5.

#### **Amounts owed by/to jointly-controlled entities at the reporting date**

Amounts owed by jointly-controlled entities at the reporting date were £232,023 (2021: £2,463,443).

Amounts owed to jointly-controlled entities at the reporting date were £15,383,784 (2021: £9,984,124).

#### 23. Financial commitments

##### **Operating lease commitments**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022 £'000	2021 £'000
Group:		
Within one year	308	292
Between one and five years	869	1,036
After more than five years	-	141
	<u>1,177</u>	<u>1,469</u>

#### 24. Contingent liabilities

The Company has granted a fixed and floating charge on its assets to secure borrowings available under the facility of £90 million (2021: £90 million). At 31 December 2022 there were no drawings under the facility (2021: £nil).

The Company and certain subsidiary undertakings have given cross guarantees in respect of bank loan facilities available to two subsidiary companies. At 31 December 2022, guarantees outstanding amounted to £90 million (2021: £90 million).

Group companies have entered into various counter-indemnities for performance bonds arising in the normal course of business.