

**Company Registration No 04284802**

## **Fairview Ventures Limited**

### **Report and Financial Statements**

**31 December 2011**



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# **Fairview Ventures Limited**

## **Report and financial statements 2011**

<b>Contents</b>	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Statement of directors' responsibilities</b>	<b>3</b>
<b>Independent auditor's report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the accounts</b>	<b>7</b>

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# Fairview Ventures Limited

## Directors' report

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

### Principal activities

The Company carries on the business of residential property development and is also the holding company of a group specialising in the provision of low to medium cost housing mainly in London and the south east of England. There has not been any change in the Company's activities.

### Change in ultimate parent company

On 19 August 2011 Fairview New Homes Limited, which is part of the Fairview Holdings Limited group (the "Group"), purchased 50% of the ordinary shares of the Company, increasing its shareholding to 100%.

### Business review

Turnover for the year was £37.0 million (2010: £12.1 million). During the year the Company received dividends of £4.2 million (2010: £nil). The pre-tax profit for the year was £5.5 million (2010: £3.2 million loss). Detailed results for the Company are set out in the profit and loss account on page 5.

No dividends were paid during the current or preceding year.

Shareholder's funds were £5.7 million at 31 December 2011 (2010: £0.1 million deficit).

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

### Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are inextricably linked to those affecting the Group. These are considered to be the impact of changes in the economic environment on the demand for and pricing of new homes, including the impact of unemployment, buyer confidence, the availability of mortgages and interest rates, the availability of bank finance, the impact of new regulations, the unpredictable nature and time scales associated with the planning system and competition from other developers for land, personnel, subcontractors and in the sales market. Further details of interest rate risk and liquidity risk are given in note 11.

### Going concern

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

### Directors

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

A R Benton	(appointed 2 September 2011)
M Blakey	(appointed 26 September 2011)
C P Cobb	(appointed 26 September 2011)
N M Dulcken	(appointed 26 September 2011)
A J Hepburn	(resigned 24 May 2011)
A J N Hewitt	(appointed 24 May 2011, resigned 19 August 2011)
J T Holliday	(appointed 1 November 2011)
G A Malton	
R J Paterson	(appointed 26 September 2011)
M J Sidders	

### Directors indemnities

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

## Fairview Ventures Limited

### Directors' report (continued)

#### Auditor

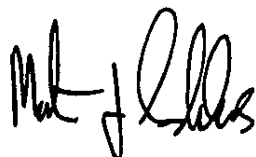
In the case of each of the persons who are directors at the time when the Directors' Report is approved, the following apply

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

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

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

By order of the board



M J Sidders  
Secretary

25 April 2012

Registered office  
50 Lancaster Road  
Enfield  
Middlesex  
EN2 0BY

## **Fairview Ventures Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of Fairview Ventures Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

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

### **Opinion on other matter prescribed in the Companies Act 2006**

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

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

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

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



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

26/4/ 2012

## Fairview Ventures Limited

### Profit and loss account Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	1	37,007	12,072
Cost of sales		(36,503)	(11,778)
Release/(cost) of impairment of land and buildings in course of development		1,611	(1,205)
<b>Gross profit/(loss)</b>		<b>2,115</b>	<b>(911)</b>
Administrative expenses		(74)	(116)
Other operating income	3	7	-
<b>Operating profit/(loss)</b>	4	<b>2,048</b>	<b>(1,027)</b>
Income from shares in subsidiary companies		4,248	-
Reduction/(increase) in provision against investments and loans to subsidiary companies		227	(444)
Net interest and finance charges payable	5	(1,071)	(1,752)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>5,452</b>	<b>(3,223)</b>
Tax credit/(charge) on profit/(loss) on ordinary activities	6	322	(4)
<b>Profit/(loss) for the financial year</b>	13, 14	<b>5,774</b>	<b>(3,227)</b>

All amounts relate to continuing activities

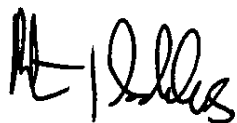
There are no recognised gains or losses in either the current or preceding year other than those stated in the profit and loss account and accordingly no statement of total recognised gains and losses is present

# Fairview Ventures Limited

## Balance sheet 31 December 2011

	Note	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Investments	7	-	217
<b>Current assets</b>			
Land and buildings in course of development	8	4,523	20,597
Debtors			
Due within one year	9	10,294	10,949
Due after one year	9	1,867	1,063
Cash at bank and in hand		2,526	1,915
<b>Creditors: amounts falling due within one year</b>	10	19,210 (13,496)	34,524 (8,185)
<b>Net current assets</b>		5,714	26,339
<b>Total assets less current liabilities</b>		5,714	26,556
<b>Creditors amounts falling due after more than one year</b>	11	-	(26,616)
<b>Net assets/(liabilities)</b>		5,714	(60)
<b>Capital and reserves</b>			
Called up share capital	12	200	200
Profit and loss account	13	5,514	(260)
<b>Shareholder's funds/(deficit)</b>	14	5,714	(60)

The financial statements of Fairview Ventures Limited (registered number 04284802) were approved by the board of directors on 25 April 2012



**M J Sidders**  
Director



# **Fairview Ventures Limited**

## **Notes to the accounts**

### **Year ended 31 December 2011**

#### **1. Accounting policies**

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

##### **Accounting convention**

These financial statements are prepared under the historical cost convention.

##### **Turnover**

Turnover comprises:

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

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

##### **Land and buildings in course of development**

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

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

##### **Borrowing and loan arrangement costs**

Debt has been stated at the fair value of consideration received after deduction of loan arrangement costs. The loan arrangement costs are being charged to the profit and loss account at a constant rate in proportion to the total available facility.

##### **Interest**

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

##### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment in value.

##### **Shared equity debtors**

The Company 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 cost less any provision for impairment and are discounted to reflect the time value of money.



# Fairview Ventures Limited

## Notes to the accounts

Year ended 31 December 2011

### 1. Accounting policies (continued)

#### Taxation

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

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

#### Group accounts

The Company has taken advantage of section 400 of the Companies Act 2006 not to prepare group accounts because it is a wholly owned subsidiary of a group which prepares group accounts (note 17)

#### Cash flow statement

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

#### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and financial position, including principal risks and uncertainties, are set out in the Directors' Report on page 1

As stated in the Directors' Report the principal risks and uncertainties affecting the Company are inextricably linked to those affecting the Group

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

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

### 2. Employees and directors

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

### 3 Other operating income

	2011 £'000	2010 £'000
Net rental income	4	-
Profit on redemption of shared equity debtors	3	-
	<u>7</u>	<u>-</u>

# Fairview Ventures Limited

## Notes to the accounts

### Year ended 31 December 2011

#### 4. Operating profit/(loss)

	2011 £'000	2010 £'000
<b>Operating profit/(loss) is after charging:</b>		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	5	6
Fees payable to the Company's auditor for other services	5	7
Audit of the Company's subsidiaries pursuant to legislation	7	5
Tax compliance services		

#### 5. Net interest and finance charges payable

	2011 £'000	2010 £'000
<b>Interest payable</b>		
Bank loans	480	1,134
Other loans	369	369
	849	1,503
<b>Interest receivable</b>		
Bank and other interest	(6)	(12)
<b>Net interest payable</b>	843	1,491
<b>Finance charges</b>		
Amortisation of loan arrangement costs	167	115
Bank commitment fees	61	146
	1,071	1,752

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

	2011 £'000	2010 £'000
United Kingdom corporation tax on profit/(loss) for the year at 26.5% (2010 28%)	-	-
Adjustment in respect of prior years	322	(4)
	322	(4)

A deferred tax asset of £16,000 (2010 £614,000) in respect of unrelieved losses of £64,000 (2010 £2,273,000) has not been recognised due to uncertainty in the amount and timing of taxable profits

# Fairview Ventures Limited

## Notes to the accounts

Year ended 31 December 2011

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

#### Reconciliation of current tax credit/(charge)

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

	2011 £'000	2010 £'000
Profit/(loss) on ordinary activities before taxation	5,452	(3,223)
Tax (charge)/credit on profit/(loss) on ordinary activities at 26.5% (2010 28%)	(1,445)	902
Factors affecting credit/(charge)		
Non-taxable dividend income	1,126	-
Reduction/(increase) in provisions against investments and loans in subsidiary undertakings that are not deductible for tax purposes	60	(124)
Allowance in respect of contaminated land	21	3
Notional interest on intra-group balances	(50)	(145)
Tax losses carried forward	-	(636)
Utilisation of tax losses	288	-
Prior period adjustments	322	(4)
Current tax credit/(charge)	322	(4)

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

### 7. Investment in subsidiaries

	£'000
<b>Cost</b>	
At 31 December 2010 and 31 December 2011	217
<b>Provision for impairment</b>	
At 31 December 2010	-
Increase in provision during the year	217
At 31 December 2011	217
<b>Net book value</b>	
At 31 December 2011	-
At 31 December 2010	217

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

Fairview Ventures Crawley No 1 Limited  
 Fairview Ventures Crawley No 2 Limited  
 Fairview Ventures Crawley No 3 Limited  
 Fairview Ventures Crawley No 4 Limited  
 Okus Properties Limited  
 Rialto No 5 Limited



# Fairview Ventures Limited

## Notes to the accounts

### Year ended 31 December 2011

#### 7 Investment in subsidiaries (continued)

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

The principal activity of all subsidiaries is residential development and related activities and they operate in Great Britain and are registered in England and Wales

#### 8. Land and buildings in course of development

During the year the Company released provisions for impairment of £1 6 million (2010 £1 2 million provision)

#### 9. Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Trade debtors	124	539
Amounts owed by Fairview Ventures group companies	10,048	10,368
Group relief receivable	-	42
Other debtors	6	-
Prepayments and accrued income	116	-
	<u>10,294</u>	<u>10,949</u>
Amounts falling due after one year		
Shared equity debtors	1,867	1,063
	<u>12,161</u>	<u>12,012</u>

#### 10 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Loan stock - Uberior Ventures Limited (note 16)	4,100	-
Trade creditors	280	113
Amounts owed to Fairview Ventures group companies	5,804	4,647
Amounts owed to Fairview New Homes Limited (note 16)	614	831
Other creditors	-	4
Accruals and deferred income	2,698	2,590
	<u>13,496</u>	<u>8,185</u>

The loan stock is secured on the assets of the Fairview Ventures group and matures on 30 September 2012  
Interest is payable on the loan stock at a floating rate linked to the base lending rate of the Bank of Scotland





# Fairview Ventures Limited

## Notes to the accounts

### Year ended 31 December 2011

#### 11. Creditors, amounts falling due after more than one year

	2011 £'000	2010 £'000
Due in more than one but not more than two years		
Bank loan due to Bank of Scotland	-	18,500
Loan stock		
Fairview New Homes Limited	-	4,100
Uberior Ventures Limited	-	4,100
	-	26,700
Prepaid loan arrangement costs	-	(84)
	-	26,616

The bank loan was fully repaid on 30 December 2011. At 31 December 2010 the Company had secured bank loan facilities of £30.0 million of which £18.5 million was drawn.

At 31 December 2011 the Company had not entered into any interest rate swaps. At 31 December 2010 the Company had entered into £14 million of interest rate swaps to hedge the interest rate risk on variable rate borrowing. The interest rate swaps fixed borrowings at a rate of 2.03% for the period to 31 March 2011. The fair value of those swaps at 31 December 2010 was a liability of £60,000.

#### *Liquidity risk*

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

#### *Interest rate risk*

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

#### 12. Called up share capital

	Number	£'000
<b>Called up, allotted and fully paid:</b>		
At 31 December 2010 and 31 December 2011		
100,000 Ordinary 'A' shares of £1 each	100,000	100
100,000 Ordinary 'B' shares of £1 each	100,000	100
	200,000	200

The rights attached to the 'A' and 'B' shares are the same.

#### 13. Profit and loss account

	£'000
At 31 December 2010	(260)
Profit for the financial year	5,774
At 31 December 2011	5,514

# Fairview Ventures Limited

## Notes to the accounts

### Year ended 31 December 2011

#### 14. Reconciliation of movements in shareholder's funds/(deficit)

	2011 £'000	2010 £'000
Opening shareholder's (deficit)/funds	(60)	3,167
Profit/(loss) for the financial year	5,774	(3,227)
Closing shareholder's funds/(deficit)	5,714	(60)

#### 15. Guarantees and contingent commitments

The Company has entered into various counter indemnities for performance bonds arising in the normal course of business

At 31 December 2011 and 31 December 2010 Fairview Ventures group companies had given cross guarantees in respect of £4 1 million of loan stock issued by the Company

At 31 December 2010 Fairview Ventures group companies had given cross guarantees and charged their property and assets to secure bank loan facilities totalling £30 million available to the Company

#### 16. Transactions with related parties

During the year Fairview New Homes Limited made charges for development costs and fees totalling £2,618,000 (2010 £2,419,000) and received interest on loan stock of £117,000 (2010 £185,000)

Uberior Ventures Limited ('Uberior') was a related party up until 18 August 2011 as a consequence of it owning 50% of the issued share capital of the Company. During the year Uberior received interest on loan stock of £117,000 (2010 £185,000) and fees of £19,000 (2010 £29,000)

The Governor and Company of The Bank of Scotland was a related party up until 18 August 2011 as a consequence of it owning 100% of the issued share capital of Uberior Ventures Limited. The Company received bank interest of £3,000 (2010 £6,000) from The Bank of Scotland during the year. All of the bank interest payable and commitment fees disclosed in note 5 was paid to The Bank of Scotland.

Year end balances with Fairview group companies, Uberior, and The Governor and Company of The Bank of Scotland are shown in notes 10 and 11

#### 17. Ultimate parent company

Until 18 August 2011 the share capital of the Company was owned equally by Uberior Ventures Limited and Fairview New Homes Limited and as a result, in the directors' opinion, there was no ultimate controlling party.

On 19 August 2011 Fairview New Homes Limited, a subsidiary of Fairview Holdings Limited, increased its shareholding in the Company to 100%, and from this date Fairview Holdings Limited, a company incorporated in England and Wales, became the ultimate parent company and the Fairview Holdings Limited Employee Benefit Trust became the controlling party.

The largest and smallest group of undertakings for which group accounts to 31 December 2011 are drawn up and of which the Company is a member is Fairview Holdings Limited. Copies of the group accounts may be obtained from 50 Lancaster Road, Enfield, Middlesex EN2 0BY.