
FAIRHOLD TROIS GR LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



FAIRHOLD TROIS GR LIMITED

COMPANY INFORMATION

Directors	W K Procter C C McGill P Hallam M D Watson
Company secretary	D T Lau
Registered number	08739301
Registered office	Berkeley House 304 Regents Park Road London N3 2JX
Independent auditor	RSM UK Audit LLP Chartered Accountants 3rd Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

FAIRHOLD TROIS GR LIMITED

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FAIRHOLD TROIS GR LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Principal activity

The principal activity of the company during the year was that of property investment.

Results and dividends

The profit for the year, after taxation, amounted to £75,940 (2021 - £159,439).

The statement of comprehensive income is set out on page 10 and shows the results of the year. The directors do not recommend the payment of a dividend for the current year and no dividend was paid in the prior year.

Business review and future developments

The directors are satisfied with the financial position of the company at the year end subject to the potential legislative changes disclosed in the critical accounting estimates and assumptions section of note 2.10 which potentially could lead to a significant adverse impact on the business such that it may impair the company's ability to continue as a Going Concern.

Considering the general uncertainty surrounding leasehold reform, the impact of building safety legislation and its effect on leaseholder behaviour referred to in that note, no adjustments have been made to the financial statements to reflect this.

Investment properties

In previous years, ground rents acquired by the company were classified as stock, which was accounted for at the lower of purchase cost and estimated selling price. It has been identified by management during the current year that these ground rents should have been classified as investment properties to reflect their intended use. Therefore, we have recognised prior period adjustments to reflect this change. Please see note 17 for further details.

Directors

The directors who served during the year were:

W K Procter
C C McGill
P Hallam
M D Watson

Statement as to disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Insurance of company officers

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

FAIRHOLD TROIS GR LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

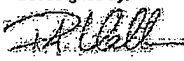
Auditor

The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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P Hallam
Director

Date: 27 March 2024

FAIRHOLD TROIS GR LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

FAIRHOLD TROIS GR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRHOLD TROIS GR LIMITED

Opinion

We have audited the financial statements of Fairhold Trois GR Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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.

Basis for opinion

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

FAIRHOLD TROIS GR LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRHOLD TROIS GR LIMITED
(CONTINUED)**

Emphasis of matter - Loss on sale and fair value gain and losses on investment properties

We draw attention to the disclosures made in the accounting policies on page 16 and in note 8 to the financial statements concerning the carrying values of the company's investment properties at 31 December 2021 and the potential impact of this on the loss on sale and the fair value loss on the investment properties in the year ended 31 December 2022

At 31 December 2021 the investment properties totalled £170k and were valued by the directors on the basis of a discounted cash flow of the projected income streams generated by those assets. As indicated in the notes, considerable volatility existed in that valuation and given the wider impact of leasehold reform and changes to building safety legislation the ultimate outcome of these matters could not be determined, and no provision for any impairment in the carrying value of the investment properties that might have resulted was made in the financial statements at 31 December 2021.

Additionally, as noted in the accounting policies, the directors also recognised when they determined the valuation of the investment properties at 31 December 2021 that given the lack of a regular market for significant portfolios of such assets the carrying value of investment property would not be realised in full should the group seek to dispose of any or all of the properties. The investment properties were sold for £95k in the year ended 31 December 2022 resulting in a loss on disposal of £17k. Because of the uncertainties that existed in relation to the valuation of the investment properties at 31 December 2021 there is an uncertainty about whether this loss of £17k should have been recognised in whole or part as a revaluation loss in the year ended 31 December 2021 or a loss on disposal in 2022. Our opinion is not modified in respect of this matter.

Emphasis of matter - Amounts due from the parent and related party undertakings

We draw attention to the disclosures made in the notes to the financial statements concerning the accounting for amounts due from the parent and related party undertakings. As set out in notes 2.10 and 9, the company has significant debtors totalling £941,663 (2021: £708,284) with the parent and related party undertakings. As disclosed, the ultimate holding company of the parent and related party undertakings, Euro Investments Overseas Incorporated (BVI), has confirmed in writing that it will ensure that none of the balances will be called for a period of at least 12 months from the date of approval of these financial statements if hardship would be caused to the counterparties by so doing. Therefore, the parent and related party debtors are not expected to be received in the short term and this has been considered in the directors assessment of going concern in note 2.3. Our opinion is not modified in respect of this matter.

Emphasis of matter - Contingent liabilities

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

FAIRHOLD TROIS GR LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRHOLD TROIS GR LIMITED
(CONTINUED)**

Material uncertainty related to going concern

We draw your attention to the going concern accounting policy in note 2.3 of these financial statements, which indicates that the company may be adversely affected by the uncertainty surrounding enacted changes to legislation and potential future changes to legislation as a result of the Leasehold Reform (Ground Rent) Act 2022, the Leasehold and Freehold Reform Bill 2022 and The Building Safety Act 2022 and the potential impact on the company and its future cashflows. As stated in the going concern accounting policy, these events or conditions, along with the other matters as set forth in the going concern accounting policy, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

FAIRHOLD TROIS GR LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRHOLD TROIS GR LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

FAIRHOLD TROIS GR LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRHOLD TROIS GR LIMITED
(CONTINUED)**

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations and property laws and regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing tax computations and financial statement disclosures, making inquiries regarding external tax correspondences, and reviewing client information with respect to ongoing legal matters and reviewing and monitoring government releases regarding leasehold reforms and Building Safety legislation. Potential changes to property laws and regulations and their impact on these financial statements are further discussed in the accounting policies on pages 13 to 15.

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

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

FAIRHOLD TROIS GR LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRHOLD TROIS GR 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.

Adam Gage

Adam Gage ACA (Senior Statutory Auditor)

for and on behalf of
RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN
Date: 27/03/24

FAIRHOLD TROIS GR LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 <i>restated</i> £
Turnover	3	159,608	216,599
Administrative expenses		(64,036)	(64,308)
Operating profit		95,572	152,291
Loss on sale of investment properties		(16,607)	-
Fair value (loss)/gain on investment property	8	(57,971)	11,642
Interest receivable and similar income	4	17,888	6,612
Profit before tax	5	38,882	170,545
Tax on profit	7	37,058	(11,106)
Profit for the financial year		75,940	159,439

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 13 to 25 form part of these financial statements.

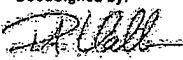
FAIRHOLD TROIS GR LIMITED
REGISTERED NUMBER: 08739301

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 restated £
Fixed assets			
Investment property	8	-	169,577
Current assets			
Debtors: amounts falling due within one year	9	966,294	754,634
Current liabilities			
Creditors: amounts falling due within one year	10	(20,368)	(17,167)
Net current assets		<u>945,926</u>	<u>737,467</u>
Total assets less current liabilities		<u>945,926</u>	<u>907,044</u>
Provisions for liabilities			
Deferred tax	11	-	(37,058)
Net assets		<u><u>945,926</u></u>	<u><u>869,986</u></u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		945,826	869,886
Total equity		<u><u>945,926</u></u>	<u><u>869,986</u></u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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P Hallam
 Director

Date: 27 March 2024

The notes on pages 13 to 25 form part of these financial statements.

FAIRHOLD TROIS GR LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021 (as previously stated)	100	598,167	598,267
Prior year adjustment - change in accounting policy	-	112,280	112,280
	<u>100</u>	<u>710,447</u>	<u>710,547</u>
At 1 January 2021 (as restated)			
Profit and total comprehensive income for the year (previously £158,903 profit)	-	159,439	159,439
	<u>100</u>	<u>869,886</u>	<u>869,986</u>
At 31 December 2021 (as restated)			
Profit and total comprehensive income for the year	-	75,940	75,940
	<u>100</u>	<u>945,826</u>	<u>945,926</u>
At 31 December 2022			
	<u>100</u>	<u>945,826</u>	<u>945,926</u>

The notes on pages 13 to 25 form part of these financial statements.

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime, and under the historical cost convention as modified to include the revaluation of investment properties. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

2.2 Change in accounting policy

In the current year, there has been a change in accounting policy to reclassify stock to investment property. Historically ground rents acquired by the company were classified as stock, which was accounted for at the lower of purchase cost and estimated selling price. It has been identified by management during the current year that these ground rents should have been classified as investment properties to reflect their intended use, initially measured at cost upon acquisition and subsequently measured at fair value where a reliable measure of fair value is available. Changes in fair value are recognised in the statement of comprehensive income. This has resulted in a prior period adjustment (see note 17 for further details).

2.3 Going concern

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

The directors have taken into account the enacted and potential legislative changes disclosed in the critical accounting estimates and assumptions section of note 2.10 and believe that the company has adequate financial resources to continue as a going concern for a period of one year from the date of signing the financial statements. If necessary, the ultimate holding company, Euro Investments Overseas Incorporated, has agreed to provide additional funding to enable the company to meet day to day running costs as they fall due within twelve months from the date of approval of these financial statements. Euro Investments Overseas Incorporated has confirmed in writing that it will ensure the balance with parent and related party undertaking shown in note 9 will not be called for a period of at least twelve months of the date of approval of the financial statements if hardship would be caused to the counterparties by doing so. To that extent, none of the balances with group and related party undertakings are expected to be received or paid in the short term.

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

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.3 Going concern (continued)***Leasehold Reform*

Parliament has enacted legislation, the Leasehold Reform (Ground Rent) Act 2022, which prevents the inclusion of a ground rent in excess of a peppercorn on new residential long leases. The Act came into force on 30 June 2022 for leases on non-retirement properties and on 1 April 2023 for leases on retirement properties. This legislation does not apply retrospectively although it does restrict the ability of the group, of which the company is a member, to generate rental income beyond the existing term of current leases.

As such, the impact of preventing the creation of future ground rents under the Act is not expected, on its own, to have a material effect on the ability of the group, of which this company is a member, to meet its liabilities as they fall due for a reasonably foreseeable period.

On 27 November 2023 the Leasehold and Freehold Reform Bill was introduced to Parliament. The element of the Bill as initially published that is likely to have the most significant financial effect on the company should it become enacted relates to the changes that reduce the premium that will be available to the property owner when leaseholders exercise their statutory rights to enfranchisement or lease extension. In addition, a consultation has been issued by the Government to obtain information relating to five options that have been proposed to cap the amount of ground rent that can be charged on a lease. The Government has stated that it is its intention to add provisions to the Bill to introduce a rent cap into law.

Due to uncertainties as to the final provisions to be included in the Bill, material aspects impacting the premium calculation that will only come into effect with secondary legislation under delegated authority to the Secretary of State and the impact on leaseholder behaviour it is not possible to determine the exact impact of the Bill should it pass into law. However, should the Bill pass into law the forecast cash flows that the company relies upon will be materially reduced.

The directors have also given consideration to media reports indicating that industry freeholders are likely to challenge the government through legal process claiming compensation for the expropriation of the freeholders' assets. Media reports indicate that across the industry, these compensation payments could amount to more than £30 billion payable by the government. Any compensation received by the company or its group through a legal process may materially improve the company's financial position.

Building Safety legislation

The Building Safety Act was given Royal Assent on 28 April 2022. The Act introduced the responsibility on the freeholder to fund the remediation of certain defects on relevant buildings should the original developer or other responsible party not be available to provide funding. While Fairhold Trois GR Limited does not own any properties, as set out in note 14 to these financial statements, there is a potential contingent liability for the funding of the remediation of building defects works by property owning related parties within the Euro Investments Overseas Incorporated group of which the company is a member.

On buildings over 11 metres or 5 storeys in height the developer is expected to be primarily responsible for funding the necessary remediation. Where the original developer is not available to meet this funding requirement the Government will provide funding to ensure the needed remediation of the external wall systems on any affected buildings. In these cases the freeholder may now be primarily responsible for funding remediation outside the scope of the Government funding with limited recourse to cost recovery from leaseholders.

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.3 Going concern (continued)**

It is not yet possible to establish the level of contribution that may be required by the group, of which the company is a member, across its portfolio. However, it is expected that a risk-based phasing of works will be required to ensure that both financial and non-financial resource will be available to successfully manage a programme of works. Should this new requirement on the freeholder to fund the remediation of building defects create financial hardship for the group and other freeholders, it will prevent the achievement of the Government's policy objectives to resolve the building safety crisis and further Governmental measures will be needed.

Conclusion

The directors have given consideration to the provisions of the Leasehold Reform (Ground Rent) Act 2022, the Leasehold and Freehold Reform Bill and The Building Safety Act 2022 and their potential impact on the company and its future cashflows. The directors acknowledge the fact that the enacted legislation and further potential legislative changes creates material uncertainty over future cash flows and therefore material uncertainty over the ability of the company to continue as a going concern in the future. Notwithstanding this, the directors believe that the company will continue to be able to meet its liabilities as they fall due for a reasonably foreseeable period of time, being as a minimum for a period of at least 12 months from the date of sign-off of these financial statements.

2.4 Functional and presentational currencies

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

2.5 Turnover

Turnover comprises rent receivable and other income arising from investment properties.

Rental income is recognised in accordance with the terms of the lease.

Turnover is recognised at the fair value of the consideration received or receivable for rental and other operating income charged to external customers in the ordinary nature of the business. Turnover is shown net of value added tax. Inflationary uplifts to rental income are recognised when received. Non-inflationary uplifts are also recognised when received as the directors are of the opinion that to recognise the impact of those uplifts on a straight line basis over such long term leases (up to 999 years) would not give a true and fair view as the period between recognition and the actual collection would be of sufficient length to cause uncertainty over the value to be collected.

2.6 Intangible fixed assets

The company has entered into Deed of Assignments whereby it obtained management rights and obligations for residential freehold properties. Intangible fixed assets represent the management rights and obligations on these properties generating income.

Intangible assets have been recognised at the historic cost which was £nil (2021: £nil).

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.7 Investment properties

The company's holding of investment properties, which was sold in the year, comprised of freehold reversionary interests and was initially measured at cost and subsequently measured at fair value where a reliable measure of fair value was available. Changes in fair value were recognised in the statement of comprehensive income.

These assets represented interests held in the freehold land on which third party developers had built and sold long leasehold properties. As such these assets generated income in the form of annual ground rents along with other ancillary income streams.

Recognising the nature of these investment properties and the lack of a regular market for significant portfolios of such assets, the directors were of the opinion that the best approximation to fair value for these properties was provided by a discounted cashflow valuation of the income streams generated by these assets. The valuation of the entire freehold reversionary interest portfolio was undertaken by the directors.

The directors also recognised, given the lack of a regular market for significant portfolios of such assets, that these values would not be realised should the company seek to dispose of any or all of the investment properties.

Further details are given in note 8.

2.8 Taxation

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

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

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

For investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

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

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

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

2.9 Financial instruments

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

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

*Financial assets***Debtors**

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

*Financial liabilities and equity***Creditors**

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

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derecognition of financial assets and liabilities

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

2.10 Critical accounting estimates and areas of judgement

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

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

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

Critical accounting estimates and assumptions

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

Recoverability of intercompany debtors

In reference to note 18, The company is part of a large group of companies, many of which hold assets that will be affected by the potential legislative changes set out in note 2.3. Should these changes become law the value of those assets held within the group will be materially impacted. The recoverability of balances from related parties and group undertakings is reliant upon the long-term cash flows generated by those assets and, as such, this recoverability becomes uncertain in the event that the proposed changes to the law are enacted and suitable compensation is not made available.

3. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Rent receivable	80,544	133,422
Other operating income	79,064	83,177
	<u>159,608</u>	<u>216,599</u>

All turnover arose within the United Kingdom.

4. Interest receivable

	2022 £	2021 £
Interest receivable from parent company	<u>17,888</u>	<u>6,612</u>

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Profit before taxation

The profit before taxation is stated after charging:

	2022	2021
	£	£
Auditor's remuneration	7,200	4,988
	<u><u>7,200</u></u>	<u><u>4,988</u></u>

6. Employees

There were no employees during the year other than the directors. The directors are remunerated by the related party Fairhold Services Limited and this is recharged to the company as part of the management charge from Estates & Management Limited. This management charge, which in 2022 amounted to £56,836 (2021: £59,321) also includes a recharge of administration costs borne by Fairhold Services Limited on behalf of the company and it is not possible to identify separately the amount relating to the director's remuneration.

7. Taxation

	2022	2021
	£	restated
		£
Current tax		
Total current tax	<u><u>-</u></u>	<u><u>-</u></u>
Deferred tax		
Movement on potential chargeable gain liability	(37,058)	11,106
Total deferred tax	<u><u>(37,058)</u></u>	<u><u>11,106</u></u>
Taxation on profit	<u><u>(37,058)</u></u>	<u><u>11,106</u></u>

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 <i>restated</i> £
Profit before tax	38,882	170,545
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	7,388	32,404
Effects of:		
Group relief received without charge	(21,557)	(30,191)
Fair value movement on investment properties	11,014	(2,213)
Movement on potential chargeable gain liability	(37,058)	11,106
Disposal of investment property	3,155	-
Total tax (credit)/charge for the year	(37,058)	11,106

Factors that may affect future tax charges

In the prior period, the Finance Act 2021 was enacted and included legislation to increase the main rate of tax to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, deferred tax has been recognised at 25% in the comparative period shown in these financial statements.

8. Investment property

	Freehold investment property £
At 1 January 2022 (as restated)	169,577
Disposals	(111,606)
Loss on revaluation	(57,971)
At 31 December 2022	-

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Investment property (continued)

The investment properties represented a portfolio of freehold reversionary interests that generate ground rents. The fair value of these properties at 31 December 2021 was calculated based on a discounted cash flow methodology which is reliant on the assumptions used to estimate the future cash flows (see note 2.7).

In the current year the directors have disposed of the entire portfolio of investment properties. In the prior year, this was valued by the directors at £169,577.

The basis of the valuation of the investment properties was to project and discount the income streams generated by the portfolio over 50 years. The principal assumptions used in these valuations were:

- Basis for inflation assumptions - the basis for inflation used was 3%;
- Discount rate - the discount rate applied was obtained from the Bank of England swap curve with a premium of 140 or 200 basis points added;
- Incidence rates for lease extensions and price charged - Projected according to historical incidence rates depending on the length of ownership and lease term remaining;
- Freehold reversionary interests - projection of discounted income generated by the portfolio over 50 years, together with an assessment of the residual value of the assets at the end of that 50-year term.
- Taxation - no allowance has been made for taxation in projecting the future revenue flow.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2022	2021
	£	£
Historic cost	-	19,703
	<u> </u>	<u> </u>

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Debtors

	2022 £	2021 £
Amounts due from parent undertaking	846,663	708,284
Amounts due from related party	95,000	-
Trade debtors	24,305	46,347
Prepayments	326	3
	<u>966,294</u>	<u>754,634</u>

There are no fixed terms of repayment of the parent company debtor, meaning this balance is repayable on demand. Interest is charged at 3-month SONIA +1.27% (2021: 3 month Libor +1%). Despite the balance being repayable on demand it is not the intention for it to be repaid within one year if hardship would be caused to the counterparties by doing so.

No interest is charged on the amounts due from related party.

10. Creditors: Amounts falling due within one year

	2022 £	2021 £
Accruals and deferred income	<u>20,368</u>	<u>17,167</u>

11. Provisions for liabilities

	2022 £
Deferred taxation	
At 1 January 2022 (as restated)	37,058
Decrease in the provision in the year	(37,058)
At 31 December 2022	<u>-</u>

The deferred taxation balance is made up as follows:

	2022 £	2021 restated £
Deferred tax on assets measured at fair value	<u>-</u>	<u>37,058</u>

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Share capital and reserves

Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
100 (2021 - 100) Ordinary shares of £1.00 each	100	100

Ordinary share rights

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

Reserves

Reserves of the company represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

13. Guarantees

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

14. Contingent liabilities*Building Safety Act 2022*

The directors are currently assessing the potential impact of the Building Safety Act 2022, which received Royal Assent on 28 April 2022. Given the nature of the legislation (see note 2.3) and the lack of clarity at this time as to the extent that specific buildings may require funding it is not currently clear what the likely probability or quantum of any potential liability to fund the remediation of building defects would be. Therefore, no provision has been included in these financial statements.

15. Immediate parent company, ultimate parent company and ultimate controlling party

The company's immediate parent company is Moriarty Topco Limited, which is domiciled and incorporated in England.

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

The ultimate controlling party is the Tchenguiz Family Trust.

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Related party transactions

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

Management fees of £56,836 (2021: £59,321) were charged to the company in the year by a company related by virtue of common control and common directors.

During the year, the Company sold two of its investment properties to a related party for a total consideration of £95,000.

At 31 December 2022 the company was owed £95,000 (2021: £nil) by Twinleaf GR Limited.

17. Prior period errors

Historically ground rents acquired by the company were classified as stock, which was accounted for at the lower of purchase cost and estimated selling price. It has been identified by management during the current year that these ground rents should have been classified as investment properties to reflect their intended use, initially measured at cost upon acquisition and subsequently measured at fair value where a reliable measure of fair value is available. This had a corresponding deferred tax impact as the change in fair value creates a deferred tax liability. Changes in fair value and the corresponding deferred tax are recognised in the statement of comprehensive income. This change has also resulted in income relating to these ground rents being reclassified from other income to turnover.

	Previously reported £	Adjustment £	Restated £
Changes to the Statement of Comprehensive Income			
Turnover	-	216,599	216,599
Administrative expenses	(64,308)	-	(64,308)
Other operating income	216,599	(216,599)	-
Operating profit	152,291	-	152,291
Fair value gain on investment property	-	11,642	11,642
Interest receivable and similar income	6,612	-	6,612
Profit before taxation	158,903	-	170,545
Taxation	-	(11,106)	(11,106)
Profit for the financial year	158,903	539	159,439
Changes to the Statement of Financial Position			
Stock	19,703	(19,703)	-
Investment property	-	169,577	169,577
Deferred tax	-	(37,058)	(37,058)
Profit and loss account	757,070	112,816	869,886

FAIRHOLD TROIS GR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Post balance sheet events

Leasehold and Freehold Reform Bill

The Leasehold and Freehold Reform Bill was introduced to Parliament on 27 November 2023. The potential implications of the Bill on the company's cash flows are significant and are set out in note 2.3.

Should these changes become law, the value of the affected assets held within the wider group of which the company is a member will be materially reduced. The recoverability of balances due from group and related party undertakings is reliant upon the long term cash flows generated by those assets and, as such, this recoverability becomes uncertain in the event that the proposed changes to the law are enacted and suitable compensation is not made available.

Due to the uncertainty of the outcome of the proposed legislation and the timing of its introduction to Parliament no adjustments have been made to the financial statements.