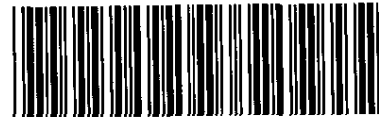

FAIRGATE GROUP LIMITED

FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2021

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FAIRGATE GROUP LIMITED
REGISTERED NUMBER: 02314160

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	138,596	150,647
Investment property	6	78,895,000	78,895,000
		<u>79,033,596</u>	<u>79,045,647</u>
Current assets			
Debtors	7	25,210,819	22,989,194
Cash at bank and in hand	8	5,182,391	13,808,652
		<u>30,393,210</u>	<u>36,797,846</u>
Creditors: amounts falling due within one year	9	(48,777,118)	(49,774,540)
Net current liabilities		<u>(18,383,908)</u>	<u>(12,976,694)</u>
Total assets less current liabilities		<u>60,649,688</u>	<u>66,068,953</u>
Creditors: amounts falling due after more than one year	10	(27,082,500)	(28,282,500)
Provisions for liabilities			
Deferred taxation	12	(1,395,375)	(1,395,375)
		<u>(1,395,375)</u>	<u>(1,395,375)</u>
Net assets		<u><u>32,171,813</u></u>	<u><u>36,391,078</u></u>
Capital and reserves			
Called up share capital	13	3,650,000	3,650,000
Investment property reserve	14	17,461,877	17,914,136
Profit and loss account	14	11,059,936	14,826,942
Equity attributable to owners of the parent Company		<u><u>32,171,813</u></u>	<u><u>36,391,078</u></u>

FAIRGATE GROUP LIMITED
REGISTERED NUMBER: 02314160

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the consolidated statement of comprehensive income in accordance with 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:



S C Stevenson

Director

Date: 23.09.2022

The notes on pages 5 to 17 form part of these financial statements.

FAIRGATE GROUP LIMITED
REGISTERED NUMBER: 02314160

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	6,596	9,847
Investments	5	652,251	652,251
		<u>658,847</u>	<u>662,098</u>
Current assets			
Debtors	7	78,412,419	73,261,211
Cash at bank and in hand	8	3,897,094	10,116,361
		<u>82,309,513</u>	<u>83,377,572</u>
Creditors: amounts falling due within one year	9	(52,093,893)	(51,715,874)
Net current assets		<u>30,215,620</u>	<u>31,661,698</u>
Total assets less current liabilities		<u>30,874,467</u>	<u>32,323,796</u>
Creditors: amounts falling due after more than one year	10	(27,082,500)	(28,282,500)
Net assets		<u>3,791,967</u>	<u>4,041,296</u>
Capital and reserves			
Called up share capital	13	3,650,000	3,650,000
Profit and loss account brought forward		391,296	751,125
Profit/(loss) for the year		5,170,671	(359,829)
Other changes in the profit and loss account		(5,420,000)	-
		<u>141,967</u>	<u>391,296</u>
Profit and loss account carried forward		<u>3,791,967</u>	<u>4,041,296</u>

FAIRGATE GROUP LIMITED
REGISTERED NUMBER: 02314160

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the consolidated statement of comprehensive income in accordance with 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:



S C Stevenson
Director

Date: 23.9.2022

The notes on pages 5 to 17 form part of these financial statements.

FAIRGATE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Fairgate Group Limited is a private company limited by shares and registered in England and Wales. The registered office address is 22-24 Ely Place, London, EC1N 6TE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

2.3 Going concern

The financial statements have been prepared on a going concern basis which assumes that the Group and the Company will be able to continue trading for the foreseeable future.

The Group has net current liabilities at the balance sheet date as the Group is funded by group and related company loans included in current liabilities. The ultimate controlling party has stated that it intends, without creating a contractual obligation, to provide such support as it may be necessary. The directors are therefore satisfied that the going concern basis is appropriate for the preparation of these financial statements.

FAIRGATE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

Temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised on a systematic basis over the periods that the change in lease income is intended to compensate. This is conditional on:

- the change in lease income resulting in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease income affecting only income originally due on or before 30 June 2022;
- there being no significant change to other terms and conditions of the lease.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

FAIRGATE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Interest charges

Interest charged is to the profit & loss account as it falls due.

Interest due on bank loans where group companies are party to the loan agreement is recognised in the profit & loss account of the group company to the extent that the loan amount is attributable to that company.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

FAIRGATE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	-	25% straight-line method
Fixtures and fittings	-	4% straight-line method
Computer equipment	-	25% straight-line method

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

FAIRGATE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

FAIRGATE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 5 (2020 - 2).

4. Tangible fixed assets

Group

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2021	193,008	220,000	35,298	448,306
At 31 December 2021	193,008	220,000	35,298	448,306
Depreciation				
At 1 January 2021	190,038	79,200	28,421	297,659
Charge for the year on owned assets	1,531	8,800	1,720	12,051
At 31 December 2021	191,569	88,000	30,141	309,710
Net book value				
At 31 December 2021	1,439	132,000	5,157	138,596
At 31 December 2020	2,970	140,800	6,877	150,647

FAIRGATE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Tangible fixed assets (continued)

Company

	Motor vehicles £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2021	193,008	35,298	228,306
At 31 December 2021	193,008	35,298	228,306
Depreciation			
At 1 January 2021	190,038	28,421	218,459
Charge for the year on owned assets	1,531	1,720	3,251
At 31 December 2021	191,569	30,141	221,710
Net book value			
At 31 December 2021	1,439	5,157	6,596
At 31 December 2020	2,970	6,877	9,847

The net book value of land and buildings may be further analysed as follows:

5. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	652,251
At 31 December 2021	652,251

FAIRGATE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Fixed asset investments (continued)

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered number	Principal activity	Class of shares	Holding
Fairgate Developments Limited	02297681	Investment property *1	Ordinary	100%
Fairgate Estates Limited	02314954	Investment property *1	Ordinary	100%
Fairgate Finance Limited	02281127	Dormant	Ordinary	100%
Fairgate International Limited	02317862	Investment property *1	Ordinary	100%
Fairgate Investments Limited	02317867	Investment property *1	Ordinary	100%
Fairgate Property Trading Limited	04919314	Dormant	Ordinary	100%
Fairgate Realty Limited	04919304	Dormant	Ordinary	100%
Fairgate Securities Limited	02290941	Investment property *1	Ordinary	100%

Indirect subsidiary undertaking

The following was an indirect subsidiary undertaking of the Company:

Name	Registered number	Principal activity	Class of shares	Holding
Fairgate Enterprises Limited	02280392	Investment property *1	Ordinary	100%

*1 = The company has provided a guarantee under section 479 of the Companies Act 2006. These subsidiaries have therefore taken exemption from the requirement of audit of their individual accounts under section 479A of the Companies Act 2006.

Since the balance sheet date, management have decided to wind-up Fairgate Realty Limited.

FAIRGATE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Investment property

Group

	Freehold investment property £
Valuation	
At 1 January 2021	78,895,000
At 31 December 2021	78,895,000

The 2021 valuations were made by the directors, on an open market value for existing use basis.

Investment properties include a property held for sale. A sale agreement was entered into on 2 November 2021 and the sale completed on 13 January 2022. At the balance sheet date, the property was valued and included in the financial statements at the agreed purchase price of £4,650,000.

7. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Other debtors	385,653	441,084	-	-
	385,653	441,084	-	-
Due within one year				
Trade debtors	731,948	968,769	-	73,006
Amounts owed by group undertakings	23,060,306	20,491,856	77,955,987	72,723,911
Other debtors	896,115	936,626	431,122	445,351
Prepayments and accrued income	136,797	150,859	16,863	10,496
Deferred taxation	-	-	8,447	8,447
	25,210,819	22,989,194	78,412,419	73,261,211

FAIRGATE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	5,182,391	13,808,652	3,897,094	10,116,361
	<u>5,182,391</u>	<u>13,808,652</u>	<u>3,897,094</u>	<u>10,116,361</u>

9. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	1,200,000	1,800,456	1,200,000	1,350,000
Trade creditors	467,544	726,095	17,312	7,327
Amounts owed to group undertakings	44,774,660	44,816,187	50,619,057	50,028,842
Corporation tax	155,362	326,226	-	90,265
Other taxation and social security	220,530	239,157	211,640	228,349
Other creditors	347,088	421,844	8,738	944
Accruals and deferred income	1,611,934	1,444,575	37,146	10,147
	<u>48,777,118</u>	<u>49,774,540</u>	<u>52,093,893</u>	<u>51,715,874</u>

10. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	27,082,500	28,282,500	27,082,500	28,282,500
	<u>27,082,500</u>	<u>28,282,500</u>	<u>27,082,500</u>	<u>28,282,500</u>

FAIRGATE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Loans

The company and its subsidiaries are party to a loan agreement with Barclays Bank plc. A bank loan of £28,282,500 (2020 - £29,632,500), representing capital amounts due under this agreement, are included in the financial statements of the company, the principal borrower. The bank loan is due, secured and guaranteed by way of fixed and floating charges over the assets of the subsidiary companies.

The terms of the agreement express the amount of the loan allocated to each subsidiary company. As set out in the 'Interest charge' accounting policy, interest is recognised as a charge to the profit & loss account in each of the subsidiary companies in accordance with this allocation. No interest is recognised in the company in respect of this loan. During the year, interest of £912,366 (2020 - £898,039) was recognised by the company.

The loan was due for repayment in April 2021. Since the balance sheet date, the company has re-negotiated the terms of the agreement and the term has been extended to April 2026. The new repayment terms have been reflected in the table below.

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within one year				
Bank loans	1,200,000	1,800,456	1,200,000	1,350,000
Amounts falling due 1-2 years				
Bank loans	1,200,000	1,200,000	1,200,000	1,200,000
Amounts falling due 2-5 years				
Bank loans	25,882,500	27,082,500	25,882,500	27,082,500
	<u>28,282,500</u>	<u>30,082,956</u>	<u>28,282,500</u>	<u>29,632,500</u>

FAIRGATE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Deferred taxation

Group

	2021 £	2020 £
At beginning of year	(1,395,375)	(2,419,474)
Charged to profit or loss	-	1,024,099
At end of year	(1,395,375)	(1,395,375)

Company

	2021 £	2020 £
At beginning of year	8,447	8,447
At end of year	8,447	8,447

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accelerated capital allowances	(19,977)	(19,977)	8,447	8,447
Revaluation of investment property	(1,375,398)	(1,375,398)	-	-
	(1,395,375)	(1,395,375)	8,447	8,447

13. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
3,650,000 (2020 - 3,650,000) Ordinary shares of £1.00 each	3,650,000	3,650,000

FAIRGATE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Reserves

Investment property revaluation reserve

The investment property revaluation reserve relates to amount arising on the revaluation of the group's investment property, net of deferred tax. The reserve is not distributable.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

15. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

16. Controlling party

The immediate parent undertaking is Fairgate Group Holdings Limited, a company incorporated in the British Virgin Islands. The ultimate controlling party is the Lurego Trust, a trust registered in Guernsey. No consolidated financial statements are prepared for the trust.

The largest and smallest group in which the results of the company are included are the consolidated financial statements of Fairgate Group Holdings Limited. The consolidated accounts for this group are not available to the public.

17. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 26 September 2022 by Alexander Chrysapiades FCA (Senior Statutory Auditor) on behalf of Adler Shine LLP.