

FAIRGATE ESTATES LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2019

FAIRGATE ESTATES LIMITED

COMPANY INFORMATION

Directors	R A Akindele S C Stevenson (appointed 24 August 2020) Sir (Chief) L O Akindele (deceased 29 June 2020)
Registered number	02314954
Registered office	22-24 Ely Place London EC1N 6TE
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors 6th Floor 2 London Wall Place London EC2Y 5AU

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Investment property	5	24,537,820	21,667,008
		<u>24,537,820</u>	<u>21,667,008</u>
Current assets			
Debtors: amounts falling due within one year	6	3,648,329	3,662,242
Cash at bank and in hand	7	121,761	116,423
		<u>3,770,090</u>	<u>3,778,665</u>
Creditors: amounts falling due within one year	8	(12,565,183)	(13,004,228)
Net current liabilities		<u>(8,795,093)</u>	<u>(9,225,563)</u>
Total assets less current liabilities		<u>15,742,727</u>	<u>12,441,445</u>
Provisions for liabilities			
Deferred tax	10	(2,203,941)	(2,538,170)
		<u>(2,203,941)</u>	<u>(2,538,170)</u>
Net assets		<u>13,538,786</u>	<u>9,903,275</u>
Capital and reserves			
Called up share capital		100,000	100,000
Revaluation reserve	11	15,597,284	12,392,243
Profit and loss account	11	(2,158,498)	(2,588,968)
		<u>13,538,786</u>	<u>9,903,275</u>

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

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 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: 21 December 2020

The notes on pages 3 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Fairgate Estates Limited is a private company, limited by shares, incorporated in England and Wales. The address of the registered office 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 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.

The financial statements are presented in £ sterling, the functional currency, rounded to the nearest

£1.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue trading for the foreseeable future. The Company has net current liabilities of £8,795,093 at the balance sheet date. The Company is funded by group loans of £11,902,009 included in current liabilities. The ultimate parent company 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.

In reaching their conclusion about the Company's ability to continue as a going concern, the directors have also considered the effects of the global pandemic and subsequent government measures, and do not believe that these will have a significant impact on the Company's ability to continue in operational existence as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company 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.

2.4 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.5 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.6 Investment property

Investment property is carried at fair value determined annually by external valuers or the directors 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 the Statement of profit or loss, net of relevant taxation.

2.7 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.

2.8 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.

2.9 Interest Charge

Interest charged is recognised in the Statement of Comprehensive Income as it falls due.

Interest due on bank loans where the group companies are party to the loan agreement is recognised in the Statement of Comprehensive Income of the group company to the extent that the loan amount is attributable to that company.

2.10 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.

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 the Statement of Comprehensive Income in the year that the Company 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.12 Financial instruments

The Company 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 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 Company 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.

3. Employees

Wages and salaries included in the financial statements represent the recharge of expenses relating to wages and salaries of company personnel paid through Fairgate Group Limited, the immediate parent company.

The directors of the company are also directors of other companies within the group to which the company belongs. The directors are remunerated by Fairgate Group Limited, the parent company.

The average monthly number of employees, including directors, during the year was 2 (2018 - 2).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	307,189	336,078
	<u>307,189</u>	<u>336,078</u>

5. Investment property

	Freehold investment property £
Valuation	
At 1 January 2019	21,667,008
Surplus on revaluation	2,870,812
At 31 December 2019	<u><u>24,537,820</u></u>

The 2019 valuations were made by the directors at 31 December 2019, on an open market value for existing use basis.

6. Debtors

	2019 £	2018 £
Trade debtors	134,966	196,660
Amounts owed by group undertakings	3,454,338	3,454,338
Other debtors	37,948	-
Prepayments and accrued income	21,077	11,244
	<u><u>3,648,329</u></u>	<u><u>3,662,242</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	121,761	116,423
	<u>121,761</u>	<u>116,423</u>

8. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	76,015	20,144
Amounts owed to group undertakings	11,902,009	12,385,696
Corporation tax	109,057	67,506
Other taxation and social security	7,350	7,350
Other creditors	124,994	156,773
Accruals and deferred income	345,758	366,759
	<u>12,565,183</u>	<u>13,004,228</u>

9. Other financial commitments

The company is party to the group's loan agreement with Barclays Bank plc. A bank loan of £31,132,500 (2018 - £32,632,500) reflected in the financial statements of the parent company are due, secured and guaranteed by way of fixed and floating charges over the assets held by subsidiary companies. The bank loan is included in the financial statements of the parent company, Fairgate Group Limited, the principal borrower.

The terms of the agreement express the amount of the loan allocated to each subsidiary company. As set out in note 2.10, interest is recognised as a charge to the Statement of Comprehensive Income in each of the subsidiary companies in accordance with this allocation. As a result, interest of £307,189 (2018 - £336,078) was recognised by the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Deferred taxation

	2019 £	2018 £
At beginning of year	(2,538,170)	(2,538,170)
Charged to profit or loss	334,229	-
At end of year	(2,203,941)	(2,538,170)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
On revalued property	(2,203,941)	(2,538,170)
	(2,203,941)	(2,538,170)

11. Reserves

Revaluation reserve

The revaluation reserve is the amount arising on the revaluation of investment property, being the difference between the amount of these assets determined under the historical cost convention and the amount determined by the fair value of the assets. The revaluation reserve relates to non-distributable reserves.

Profit and loss account

The profit and loss account is represented by retained earnings. Changes in reserves are set out in the Statement of Changes in Equity.

12. Related party transactions

The Company was charged a management charge of £118,238 (2018 - £148,147) by its parent company, Fairgate Group Limited, in respect of services provided for the year. As at the year end, the company owed £7,553,056 (2018 - £8,036,743) to Fairgate Group Limited.

During the year, Fairgate Group Limited, paid interest on bank loans secured on properties held by its subsidiaries. This interest has been apportioned to the subsidiaries. The amount apportioned to Fairgate Estates Limited was £307,189 (2018 - £336,078).

Amounts owed to / from fellow subsidiaries of Fairgate Group Limited are included in notes 5 and 7 of the accounts. The loans are unsecured, interest free and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Ultimate parent undertaking and ultimate controlling party

The company is a subsidiary of Fairgate Group Limited, incorporated in England and Wales. The immediate parent company of Fairgate Group Limited is Fairgate Group Holdings Limited, incorporated in the British Virgin Islands. The ultimate controlling party is Lurego Trust, established under Guernsey Law.

The largest and smallest group in which the results of the company are consolidated is that headed by Fairgate Group Holdings Limited. The consolidated accounts for this group are not available to the public.

14. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2019 was unqualified.

The audit report was signed on 23 December 2020 by Atul Kariya FCCA (Senior Statutory Auditor) on behalf of MHA MacIntyre Hudson.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.