

**Fairthatch GR Limited**

**Annual Report and Financial Statements  
for the period 15 March 2013 (incorporation) to  
31 December 2013**



Company Number: 08447905

# **Fairthatch GR Limited**

## **Report of the Directors**

### **For the period 15 March 2013 (incorporation) to 31 December 2013**

The directors submit their report together with the audited financial statements of Fairthatch GR Limited ("the Company") for the period 15 March 2013 (date of incorporation) to 31 December 2013

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

#### **Incorporation and activity in the period**

The Company was formed on 15 March 2013 and commenced trading on this date. The Company's UK registration number is 08447905

During the period, the Company entered into a Purchase Pipeline and Funding Agreement dated 22 May 2013 with the John Lewis Partnership Pensions Trust ('JLPPT') that enables the Company to purchase various approved properties, as outlined in the agreement, using finance provided by JLPPT

On this date JLPPT also entered into a conditional purchase agreement with the seller Audpen GR Limited and Euro Investments Overseas Inc as Guarantor to buy the entire issued share capital of the Company at completion

This agreement grants JLPPT the rights to any dividend, monies due or assets paid or distributed in relation to the Company's issued share capital. The consideration provided was a payment of £1. Under the terms of the agreement the seller would sell the shares on the condition that the Company has acquired sufficient number of the approved properties, at any time on or after the second anniversary of the date of the agreement, such that the Company is entitled to receive 90% of ground rent generated by the total approved properties. If this condition has not been met the seller would also sell the shares if JLPPT notifies the seller in writing that it wishes to purchase the shares provided that there is no issue of default under the Pipeline Purchase agreement and Funding Agreement. In the event of a default JLPPT can inform the seller in writing that it wishes to purchase either the shares of the Company or the approved properties owned by the Company at that time, subject to tenant rights to acquire the properties. The acquisition price of the approved properties is specified under the agreement.

#### **Principal activities**

The results for the period are set out on page 6. The principal activity of the Company is that of property investment.

# **Fairthatch GR Limited**

## **Report of the Directors**

**For the period 15 March 2013 (incorporation) to 31 December 2013 (continued)**

### **Results and Dividends**

The loss for the period was £215,219 The directors do not recommend the payment of a dividend

### **Directors**

The directors of the Company who were in office during the period and up to the date of signing the financial statements were as follows

W K Procter	(appointed 15 March 2013)
C C McGill	(appointed 15 March 2013)

### **Secretary**

The secretary who served during the period was as follows

P Hallam	(appointed 15 March 2013)
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### **Independent auditors**

BDO Limited have been appointed as the Company's independent auditors

### **Registered office**

Molteno House  
302 Regents Park Road  
London  
N3 2JX  
United Kingdom

### **Directors Indemnity**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 The indemnity was in force throughout the last financial period and is currently in force The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors

### **Going concern basis**

The Company's total current liabilities exceeded its total current assets by £2,857 at the Balance Sheet date Although the Company has a net current liabilities position at the Balance Sheet date, the financial statements have been prepared on a going concern basis as the shareholder has agreed to provide financial support to meet its liabilities as and when they fall due

# **Fairthatch GR Limited**

## **Report of the Directors**

**For the period 15 March 2013 (incorporation) to 31 December 2013 (continued)**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date of the directors' report is approved, that

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

Approved by the board of directors and signed by order of the board



W K Procter  
Director

Date 31 March 2014



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRTHATCH GR LIMITED**

We have audited the financial statements of Fairthatch GR Limited for the period ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or



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

- 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 and the directors' report in accordance with the small companies regime

A handwritten signature in black ink, appearing to read 'P. Braun', with a long, wavy horizontal line extending to the right.

Philip Braun (Senior Statutory Auditor)  
For and on behalf of BDO Limited, statutory auditor  
Jersey, Channel Islands  
31 March 2014

# Fairthatch GR Limited

## Profit and Loss Account

For the period 15 March 2013 (incorporation) to 31 December 2013

	Notes	Period ended 31 December 2013 £
Turnover	2	78,534
Administrative expenses	3	(237,920)
<b>Operating profit</b>		<b>(159,386)</b>
Interest payable and similar charges	4	(55,833)
<b>Loss on ordinary activities before taxation</b>	5	<b>(215,219)</b>
Tax on loss on ordinary activities	7	-
<b>Loss for the financial period</b>		<b>(215,219)</b>

All losses arise from continuing activities

There is no difference between the loss on ordinary activities before taxation and the loss for the financial period as stated above and the historical cost equivalents

The notes on pages 9 to 16 form part of these financial statements

# **Fairthatch GR Limited**

## **Statement of Total Recognised Gains and Losses For the period 15 March 2013 (incorporation) to 31 December 2013**

	<b>Notes</b>	<b>Period ended 31 December 2013 £</b>
Loss for the financial period		<b>(215,219)</b>
Net unrealised surplus on revaluation of investments	<b>8</b>	<b>344,559</b>
<b>Total recognised gains related to the financial period</b>		<b>129,340</b>

The notes on pages 9 to 16 form part of these financial statements



# Fairthatch GR Limited

## Balance Sheet As at 31 December 2013 Company No. 08447905

	Notes	As at 31 December 2013 £	As at 31 December 2013 £
<b>Fixed assets</b>			<b>4,610,000</b>
Investments	8		
<b>Current assets</b>			
Cash in hand and at bank		<b>30,929</b>	
Debtors	9	<b>155,560</b>	
<b>Creditors</b> amounts falling due within one year	10	<b>(189,346)</b>	
<b>Net current liabilities</b>			<b>(2,857)</b>
<b>Total assets less current liabilities</b>			<b>4,607,143</b>
<b>Creditors</b> amounts falling due after more than one year	11		<b>(4,477,703)</b>
<b>Net assets</b>			<b>129,440</b>
<b>Capital and reserves</b>			
Called up share capital	12		<b>100</b>
Revaluation reserve	13		<b>344,559</b>
Profit and loss account	13		<b>(215,219)</b>
<b>Total shareholders' funds</b>	14		<b>129,440</b>

The accounts are prepared in accordance with the provisions applicable to entities subject to the small entities regime. The financial statements on pages 6 to 16 were approved and authorised for issue by the board of directors on 31 March 2014 and were signed on its behalf by

  
W K Procter  
Director

The notes on pages 9 to 16 form part of these financial statements

# Fairthatch GR Limited

## Notes to the Financial Statements

For the period 15 March 2013 (incorporation) to 31 December 2013

### 1. Principal accounting policies

#### Activities

Fairthatch GR Limited (the "Company") is engaged in the business of property investment. The Company was formed on 15 March 2013 and commenced trading at this date.

#### Going concern basis

The Company's total current liabilities exceeded its total current assets by £2,857 at the Balance Sheet date. Although the Company has a net current liabilities position at the Balance Sheet date, the financial statements have been prepared on a going concern basis as the shareholder has agreed to provide financial support to meet its liabilities as and when they fall due.

#### Basis of accounting

These financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of investments and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

#### Cash flow statement

The Company has taken advantage of the small company exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1.

#### Investments

The Company's holdings of freehold and long leasehold interests are classified as Investment Properties and accounted for in accordance with Statement of Standard Accounting Practice (SSAP 19) 'Accounting for Investment Properties'.

These assets represent interests held in the freehold or long leasehold land on which other third party developers have built and sold long leasehold properties. These assets therefore have some characteristics of financial investments, as they generate income in the form of annual ground rents and other ancillary income streams.

During the period, the Company entered into a Purchase Pipeline and Funding Agreement dated 22 May 2013 with the John Lewis Partnership Pensions Trust ('JLPPT') that enables the Company to purchase various approved properties, as outlined in the agreement, using finance provided by JLPPT.

On this date JLPPT also entered into a conditional purchase agreement with the seller Audpen GR Limited and Euro Investments Overseas Inc as Guarantor to buy the entire issued share capital of the Company at completion.

This agreement grants JLPPT the rights to any dividend, monies due or assets paid or distributed in relation to the Company's issued share capital. The consideration provided was a payment of £1. Under the terms of the agreement the seller would sell the shares on the condition that the Company has acquired sufficient number of the approved properties, at any time on or after the second anniversary of the date of the agreement, such that the Company is entitled to receive 90% of ground rent generated by the total approved properties. If this condition has not been met the seller would also sell the shares if JLPPT notifies the seller in writing that it wishes to purchase the shares provided that there is no issue of default under the Pipeline Purchase agreement and Funding Agreement. In the event of a default JLPPT can inform the seller in writing that it wishes to purchase either the shares of the Company or the approved properties owned by the Company at that time, subject to tenant rights to acquire the properties. The acquisition price of the approved properties is specified under the agreement.

# Fairthatch GR Limited

## Notes to the Financial Statements

For the period 15 March 2013 (incorporation) to 31 December 2013

### 1. Principal accounting policies (continued)

#### Investments (continued)

The valuation of the investments are undertaken by approved external valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Professional Standards (2012) ("the Red Book"). Any surplus identified over the cost of the asset is accounted for as an unrealised gain and taken to the revaluation reserve, any deficits are applied firstly to any previously identified surpluses and any residual amount written off to the profit and loss account. No depreciation or amortisation is provided in respect of investment properties.

#### Turnover

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

Rental income from operating leases is net of sales taxes and VAT and is accounted for on an accrual basis.

#### Administrative expenses

Expenses are recognised on an accruals basis.

#### Interest payable and similar charges

Interest payable is recognised on an accruals basis. Interest receivable is recognised on a receipts basis.

#### Corporation tax

The Company is subject to UK income tax at the rate of 20%.

Current tax is provided at amounts expected to be paid (or recovered) using the United Kingdom's tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

No provision is made for deferred tax on unrealised gains recognised on revaluing property to its market value.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

#### Debtors

Debtors are stated at cost less any provision for doubtful debts.

# Fairthatch GR Limited

## Notes to the Financial Statements

For the period 15 March 2013 (incorporation) to 31 December 2013

### 1. Principal accounting policies (continued)

#### Cash in hand and at bank

Cash in hand and at bank are amounts held by the asset manager, Pramerica Investment Management Limited. At Balance Sheet date the amounts held are already converted to liquid form and as of such this amount is not subject to a risk of changes in value.

#### Deferred income

Deferred income relates to rent billed in advance. Rental income is recognised or released in the profit and loss account in the period in which the rental income becomes due.

### 2. Turnover

	Period ended 31 December 2013 £
Rental income	74,836
Other property income	3,698
	<hr/>
	78,534
	<hr/>

### 3. Administrative expenses

	Period ended 31 December 2013 £
Accountancy fees	3,750
Asset management fees	5,336
Audit fees	9,000
Legal and professional fees	213,757
Management charges	2,663
Sundry expenses	2,268
Valuation fees	1,146
	<hr/>
	237,920
	<hr/>

The Company does not have any employees.

### 4. Interest payable and similar charges

	Period ended 31 December 2013 £
Interest payable on parent entity loan (note 11)	55,833
	<hr/>

# Fairthatch GR Limited

## Notes to the Financial Statements

For the period 15 March 2013 (incorporation) to 31 December 2013

### 5. Loss on ordinary activities before taxation

Period ended  
31 December 2013  
£

Loss on ordinary activities before taxation is stated after charging

Auditors' remuneration

9,000

### 6 Directors Emoluments

The directors received their remuneration through the invoicing of management charges by Estate & Management Limited of £5,336. The directors are employed by related parties of Estate & Management Limited.

### 7. Tax on loss on ordinary activities

Period ended  
31 December 2013  
£

Current tax

UK corporation tax on losses for the period

-

**Loss on ordinary activities before tax**

**(215,219)**

The Company takes advantage of its status as a small company, and therefore is eligible to claim the 20% small profit rate. Accordingly, the Company's profits for this accounting period are taxed at a rate of 20% and will be taxed at 20% in the future. There are no deferred tax assets or liabilities in 2013 and no deferred tax charge or credit recognised in 2013. The directors consider that the tax charge in future years will be affected by movements to the corporation tax rate.

# Fairthatch GR Limited

## Notes to the Financial Statements

For the period 15 March 2013 (incorporation) to 31 December 2013

### 8. Investments

	Freehold / Long leasehold interests £
<b>Cost</b>	
Balance at 15 March 2013	-
Additions in the period	4,265,441
<b>Balance at 31 December 2013</b>	<b>4,265,441</b>
<b>Valuation</b>	
Balance at 15 March 2013	-
Additions in the period	4,265,441
Net surplus on revaluation	344,559
<b>Balance at 31 December 2013</b>	<b>4,610,000</b>

In accordance with a Purchase Pipeline and Funding Agreement dated 22 May 2013, a total of 89 development schemes, some 2,922 units have been identified as Approved Properties for purchase by the Company. Investments during the year included properties purchased from related parties Redhouse Investment Properties Limited, Ringleaf Limited and Staffbridge Limited. Acquisition costs incurred on investments purchased during the year from related parties was £552,852 (note 15).

Under the same document, the John Lewis Partnership Pension Trust acting as sole lender to the Company is only obligated to fund the purchase of an Approved property if certain documentation and notices have been issued in a satisfactory form to them.

At the balance sheet date the Company held a portfolio of freehold / leasehold interests for 779 units, which are all subject to long leases. The units are spread across England and Wales in a total of 18 schemes, or phases of schemes with the majority of units being situated in modern purpose built blocks of apartments or new housing estates.

The portfolio includes a mixture of mainly apartments and houses, with a small number of commercial properties, car parking spaces, retail and leisure accommodation.

Freehold and leasehold interests are valued in accordance with Company policies set out in the principal accounting policies. The Company has engaged CBRE Limited to carry out an independent valuation of the property interests on a quarterly basis. The valuations are carried out on an open market basis and in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Professional Standards (2012) ("the Red Book"), and determined the value as at 31 December 2013 of £4,610,000.

# Fairthatch GR Limited

## Notes to the Financial Statements

For the period 15 March 2013 (incorporation) to 31 December 2013

### 9 Debtors

	As at 31 December 2013 £
Balances due from related party	15,474
Trade debtors	15,470
Funds held with asset manager	24,596
Funds held with property manager	65,429
Funds held with lawyers	34,591
	<hr/> 155,560 <hr/>

The balance due from related party relates to a non-interest bearing sundry loan to a company managed by the same beneficial owner as the Company

The funds held with asset manager represents all receipts of rental and other property income, which has been collected, cleared and distributed by the property manager

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

	As at 31 December 2013 £
Trade creditors	84,662
Interest payable	27,946
Deferred income	76,738
	<hr/> 189,346 <hr/>

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

	As at 31 December 2013 £
Interest bearing loan	2,672,690
Non interest bearing loan	1,805,013
	<hr/>
Amounts owed to related party	4,477,703
	<hr/>

In accordance with the Purchase Pipeline and Funding Agreement dated 22 May 2013, John Lewis Partnership Pension Trust has agreed to provide a debt facility to the Company, in order for the Company to acquire pipeline properties

Under the terms of the agreement, the Company is permitted to draw from the Facility, both interest and non-interest bearing loan tranches, for the term of 10 years. The interest bearing tranche carries a fixed rate of 5.11% per annum, and is accrued on a 365 day basis

# Fairthatch GR Limited

## Notes to the Financial Statements

For the period 15 March 2013 (incorporation) to 31 December 2013

### 12. Called-up share capital

	As at 31 December 2013 £
<b>Allotted, called up and fully paid</b>	
100 Ordinary shares of £1 each	<b>100</b>

On 15 March 2013, 100 ordinary shares were issued to Moriarty Topco Limited. On 21 March 2013 these shares were transferred to Audpen GR limited. The consideration for both of these transactions was £100.

### 13. Share premium account and reserves

	Revaluation Reserve £	Called up share capital £	Profit & loss account £	Total shareholders' funds £
<b>Balance as at 15 March 2013</b>	-	-	-	-
Issue of shares	-	100	-	100
Revaluation of investments	344,559	-	-	344,559
Loss for the financial period	-	-	(215,219)	(215,219)
<b>Balance as at 31 December 2013</b>	<b>344,559</b>	<b>100</b>	<b>(215,219)</b>	<b>129,440</b>

### 14. Reconciliation of movements in Shareholders' funds

	As at 31 December 2013 £
Issue of 100 Ordinary £1 shares	100
Loss for the financial period	(215,219)
Unrealised gain on revaluation of investment properties	344,559
<b>Net increase in equity shareholders' funds</b>	<b>129,440</b>
<b>Opening shareholders' funds</b>	<b>-</b>
<b>Closing shareholders' funds</b>	<b>129,440</b>



# Fairthatch GR Limited

## Notes to the Financial Statements

For the period 15 March 2013 (incorporation) to 31 December 2013

### 15. Related party disclosures

During the period, the Company incurred management charges of £2,663 in respect of rent collection and other management services provided by Estates & Management Limited

At 31 December 2013, Estates & Management Limited held funds of £65,429 on behalf of the Company

Investments during the year included properties purchased from related parties Redhouse Investment Properties Limited, Ringleaf Limited and Staffbridge Limited (note 8) The companies are related by common directors W K Procter and C C McGill Acquisition costs incurred on investments purchased during the year from related parties was £552,852

	As at 31 December 2013 £
Redhouse Investment Properties Limited	312,571
Ringleaf Limited	170,224
Staffbridge Limited	70,057
	<hr/> 552,852 <hr/>

### 16. Ultimate controlling party

The ultimate controlling party of the Company is the John Lewis Partnership Pension Trust, acting as Trustee of the John Lewis Partnership Trust for Pensions, resulting from its ability to receive all the economic benefit from the investment properties, and also its ability to control the financial and operating activities of the Company