Company Registration No: 08447905

FAIRTHATCH GR LIMITED

UNAUDITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

FAIRTHATCH GR LIMITED

COMPANY INFORMATION

Directors	W K Procter C C McGill P Hallam M D Watson
Company secretary	D T Lau
Registered number	08447905
Registered office	Berkeley House 304 Regents Park Road London N3 2JX

FAIRTHATCH GR LIMITED

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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.

Business review and future developments

The directors are satisfied with the financial position of the company at the year end.

The directors are mindful of the potential legislative changes disclosed in the critical accounting estimates and assumptions section of note 2.9 which potentially could lead to a significant adverse impact on the business. However, given 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 in the financial statements to reflect this.

Investment properties

The investment properties have been valued at £33,875,763 (2021: £125,500,000). The resultant fair value loss in the year amounted to £91,624,237 (2021: £85,851,493). Details of the investment properties are set out in note 9.

Results and dividends

The loss for the year, after taxation, amounted to £67,135,159 *(2021 - £75,026,628)*.

The statement of comprehensive income is set out on page 9 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.

Directors

The directors who served during the year were:

W K Procter
C C McGill
P Hallam
M D Watson

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.

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.

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

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

DocuSigned by:

97DB064D6A94426

P Hallam
Director

Date: 22 September 2023

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	3	**3,203,474**	*1,001,677*
Administrative expenses		**(1,616,242)**	*(88,896)*
Operating profit		**1,587,232**	*1,002,781*
Fair value loss on investment property	9	**(91,624,237)**	*(85,851,493)*
Interest receivable and similar income	4	**-**	*536*
Interest payable and similar expenses	5	**(4,154)**	*(31,500)*
Loss before tax	6	**(90,041,159)**	*(84,879,676)*
Tax on loss	8	**22,906,000**	*9,853,048*
Loss for the financial year		**(67,135,159)**	*(75,026,628)*

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

The notes on pages 7 to 20 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note		2022 £		*2021 £*
Fixed assets					
Investment property	9		**33,875,763**		*125,500,000*
Current assets					
Debtors: amounts falling due within one year	10	**34,873**		*89,660*	
Debtors: amounts falling due after more than one year	10	**3,039,115**		-	
Current liabilities					
Creditors: amounts falling due within one year	11	**(306,037)**		*(377,954)*	
Net current assets/(liabilities)			**2,767,951**		*(288,294)*
Total assets less current liabilities			**36,643,714**		*125,211,706*
Creditors: amounts falling due after more than one year	12		-		*(71,644)*
Provisions for liabilities					
Deferred tax	13		**(5,229,000)**		*(28,135,000)*
Other provisions	14		**(1,544,811)**		-
Net assets			**29,869,903**		*97,005,062*
Capital and reserves					
Called up share capital	15		**100**		*100*
Profit and loss account			**29,869,803**		*97,004,962*
Total equity			**29,869,903**		*97,005,062*

For the year ending 31/12/2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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

DocuSigned by:
97DB064D6A94426

P Hallam
Director

Date: 22 September 2023

The notes on pages 7 to 20 form part of these financial statements.

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	**100**	**172,031,590**	**172,031,690**
Comprehensive income for the year			
Loss and total comprehensive income for the year	-	**(75,026,628)**	**(75,026,628)**
At 31 December 2021	**100**	**97,004,962**	**97,005,062**
Comprehensive income for the year			
Loss and total comprehensive income for the year	-	**(67,135,159)**	**(67,135,159)**
At 31 December 2022	**100**	**29,869,803**	**29,869,903**

The notes on pages 7 to 20 form part of these financial statements.

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

1. General information

Fairthatch 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

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the requirements of Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention as modified to include investment properties at fair value.

2.2 Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.

The financial statements of the company are consolidated in the financial statements of Turing GR Limited. The consolidated financial statements of Turing GR Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

2. Accounting policies (continued)

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 2.9 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. This is on the grounds that the loan facility drawn down in 2019 by the company's parent company, Vega GR Limited, is a 61 year fully amortising facility. There are reserves in place to ensure that the necessary liquidity is retained in the structure so that funds are available to meet debt service liabilities as they fall due for the twelve months from which these financial statements are approved. The company's immediate parent company, Vega GR Limited, has confirmed that it will provide financial support where needed in the period of twelve months following the signing of the accounts to enable the company to pay its debts as they fall due.

In addition to the matters described above, in arriving at their conclusion the Directors have also considered, Leasehold reform, Building Safety legislation and wider loan covenant compliance:

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 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.

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.

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.

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.

2. Accounting policies (continued)

2.3 Going concern (continued)

The directors, having given consideration to the provisions of the Act and their potential impact on the company do not believe that the Act will have a material effect on the company's ability to meet its liabilities as they fall due for a reasonably foreseeable period of time.

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. Deed of variation fee income is recognised at the point that the underlying leases are varied. Receipts from developers were recognised on entering into an agreement with the Competition and Markets and Authority and the relevant property developers.

Rental income is recognised in accordance with the terms of the lease. 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 actual collection would be of sufficient length to cause uncertainty over the value to be collected.

Turnover is recognised at the fair value of the consideration received or receivable for rental income charged to external customers in the ordinary nature of the business. Turnover is shown net of value added tax.

2.6 Investment properties

The company's holding of investment properties is comprised of freehold reversionary interests and these are initially measured at cost 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.

These assets represent interests held in the freehold land on which third party developers have built and sold long leasehold properties. As such these assets generate 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 are of the opinion that the best approximation to fair value for these properties is provided by a discounted cashflow valuation of the income streams generated by these assets. The entire freehold reversionary interest portfolio has been valued on an actuarial basis, carried out by a leading firm of third-party actuarial consultants.

The directors also recognise, 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 9.

2. Accounting policies (continued)

2.7 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 non-depreciable assets measured using the revaluation model and 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 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.

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.

2.8 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.

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Financial liabilities

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.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

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.

2.9 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.

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.

Valuation of investment properties

A key accounting estimate in preparing these financial statements relates to the carrying value of the investment properties. In the current year an external professional actuarial valuation has been used as the basis for the fair value of the investment property. However, the valuation of the company's investment properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future prove not to be accurate. The risk of which is heightened due to the enacted and further potential legislative changes noted below.

2. Accounting policies (continued)

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 company to generate rental income beyond the existing term of current leases as it impairs the ability of the freeholder and leaseholder to agree for the continuation of ground rent in the extension period when extending the lease beyond the current lease term. Due to the lack of data available it is not possible at this time to assess how this change in law will impact the proportion of leases that retain rent beyond a lease extension.

In addition to the enacted legislation the Government is expected to introduce further legislation that will affect the law governing leasehold enfranchisement and lease extensions. These changes, if enacted, are likely to reduce the company's future income arising from the premium received at the point of lease extension or enfranchisement. It could also increase incidence rates of enfranchisements and lease extensions and negatively impact the ongoing rental income. It is unclear at this time to what extent these changes could reduce the future cash flows of the company but it could have a material impact. These factors create uncertainty surrounding the calculation of the Fair Value of the assets.

The directors are of the view that the proposed changes, if introduced in total, would be very damaging to the residential property market and against the interests of consumers and other property owners. The directors have engaged, and continue to engage, actively in consultations with Government, other stakeholders and interested parties in order to convey the company's opposition to the current reform agenda. Public announcements by government and in the Law Commission's report have recognised that any proposals to make wholesale reforms pose real problems with respect to the contravention of human rights legislation.

In addition, there is a potential impact arising from the Building Safety legislation enacted in 2022, see note 16 for further details.

An intrinsic element of the long-term forecasts is the continuing rental income and lease extension premiums generated by the property assets held by the company. The potential legislative changes raised above may affect these forecasts to the extent that the underlying assumption is no longer valid.

Similarly, the group's debt service requirements are primarily dependent upon this continuing rental income and these potential legislative changes, if introduced in their current form, could affect the group's ability to meet its obligations in the long term.

The financial consequences of these enacted and potential changes are too uncertain to enable the directors to reasonably estimate the impact of such changes on their forecasts, further details of which are given in note 16. It is assumed that the current methodology continues to represent a fair value of these assets.

Further details of the valuation of the investment property are set out in note 9.

Deferred taxation

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

3. Turnover

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

	2022 £	2021 £
Rent receivable	**585,294**	*537,925*
Other operating income	**141,180**	*155,752*
Deed of variation fee and legal fee income	**57,380**	*398,000*
Receipts from developers (See note 14)	**2,419,620**	-
	3,203,474	*1,091,677*

All turnover arose within the United Kingdom.

4. Interest receivable

	2022 £	2021 £
Other interest receivable	-	*536*

5. Interest payable and similar expenses

	2022 £	2021 £
Interest payable on group loans	**3,281**	*29,883*
Finance costs recharged	**873**	*1,617*
	4,154	*31,500*

6. Loss before taxation

The loss before taxation is stated after charging:

	2022 £	2021 £
Auditors' remuneration	**20,000**	*16,000*
Provision for leaseholder compensation	**1,544,811**	-

See note 14 for further information regarding the provision for leaseholder compensation.

7. 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 £36,601 (2021: £41,716) 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 directors' remuneration.

8. Taxation

	2022 **£**	*2021* *£*
Corporation tax		
Current tax on profits for the year	-	*47,639*
UK corporation tax adjustment in respect of prior years	-	*40,313*
	-	*87,952*
Total current tax	-	*87,952*
Deferred tax		
Movement on potential chargeable gain liability	**(22,906,000)**	*(21,462,873)*
Effect of change in tax rate	-	*11,521,873*
Total deferred tax	**(22,906,000)**	*(9,941,000)*
Taxation on loss	**(22,906,000)**	*(9,853,048)*

8. Taxation (continued)

Factors affecting tax charge for the year

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

	2022 £	*2021* *£*
Loss before tax	**(90,041,159)**	*(84,879,676)*
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(17,107,820)**	*(16,127,138)*
Effects of:		
Tax losses utilised	-	*(47,638)*
Adjustments to tax charge in respect of prior periods	-	*40,313*
Other timing differences, incl. capital allowances	**(15,071)**	*(17,341)*
Group relief surrendered without charge	**183,985**	-
Fair value movement on investment properties	**17,408,605**	*16,311,784*
Movement on potential chargeable gain liability	**(22,906,000)**	*(21,462,873)*
Effect of change in tax rate	-	*11,521,873*
Chargeable gain transferred to related party	**(469,699)**	*(72,028)*
Total tax credit for the year	**(22,906,000)**	*(9,853,048)*

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 both the current and comparative periods shown in these financial statements.

The company has estimated non-trading and capital losses of £2,242,397 (2021: £2,242,397), available to carry forward against future profits. No deferred tax asset has been recognised in respect of these losses due to uncertainty of recovery.

9. Investment property

	Freehold investment property £
Valuation	
At 1 January 2022	**125,500,000**
Loss on revaluation	**(91,624,237)**
At 31 December 2022	33,875,763

The investment properties represent a portfolio of freehold reversionary interests that generate ground rents as the principal income stream. The fair value of these properties is calculated based on a discounted cash flow methodology which is reliant on the assumptions used to estimate the future cash flows (see note 2.9).

Investment properties totalling £33,875,763 (2021: £125,500,000) are included in the financial statements at 31 December 2022 based on a valuation prepared by a firm of independent actuarial consultants at 31 December 2022 and taking account of the outcome of action taken by the Competition and Markets Authority and legislation substantively enacted at 31 December 2022.

In the prior year, the investment properties were valued based on an actuarial valuation carried out at 31 December 2019 as updated by the actuaries at 31 December 2021, primarily to take account of changes to future cashflows following undertakings agreed with the CMA.

The basis of the independent valuation performed on an actuarial basis was to project risk adjusted income streams generated by the portfolio over 150 years discounted by a risk free rate of return. The principal assumptions used in the independent actuarial valuation were:

- RPI basis for inflation assumptions - implied inflation vector taken from the Bank of England website;
- Residential property inflation - derived from market rental yields as found in propertydata.co.uk and the UK Government gilt curve;
- Risk free discount rate - a series of rates reflecting the UK government gilt yield curve as applicable to each cash flow date up to 40 years, with a fixed forward rate after 40 years;
- Incidence rates for lease extensions and the price charged - historic rates and FTT valuation. Proportion of ground rents retained post lease extension are based on recent experience. Where ground rents are retained post lease extension, ground rents are modelled over the original lease term only and assumed to be peppercorn thereafter;
- Taxation - no allowance has been made for taxation in projecting the future revenue flow.

The input to the model with the most significant impact on the valuation is the discount rate used. Per the 31 December 2022 actuarial valuations, on a group basis, a 50-basis point increase or decrease in this rate reduces or increases the valuation by 24% and 38% respectively.

9. Investment property (continued)

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	**11,515,803**	*11,515,803*

The company's investment property is subject to a debenture and charge in connection with a guarantee provided by the company in respect of the indebtedness of the holding company and other related parties (see note 17).

10. Debtors

	2022 £	*2021* *£*
Due after more than one year		
Amounts owed by parent undertaking	**3,039,115**	-

	2022 £	*2021* *£*
Due within one year		
Trade debtors	**7,057**	*12,531*
Other debtors	**1,664**	*4,127*
Prepayments and accrued income	**-**	*46,850*
Tax recoverable	**26,152**	*26,152*
	34,873	*89,660*

11. Creditors: Amounts falling due within one year

	2022 £	*2021* *£*
Corporation tax	**47,639**	*47,639*
Accruals and deferred income	**258,398**	*330,315*
	306,037	*377,954*

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

	2022 £	*2021 £*
Amounts owed to parent undertaking	-	*71,644*

The loan from the parent company is due for repayment in 2085. Interest is charged at the Barclays Bank Base Rate +2.5% (2021: 6-month Libor +2.48%).

13. Provisions for liabilities

	2022 £
At beginning of year	**28,135,000**
Credited to profit or loss	**(22,906,000)**
At end of year	**5,229,000**

The provision for deferred taxation is made up as follows:

	2022 £	*2021 £*
Deferred tax on assets measured at fair value	**5,229,000**	*28,135,000*

14. Other Provisions

	Other provision £
Charged to profit or loss	**1,544,811**
At 31 December 2022	**1,544,811**

Conclusion of investigation by the Competition and Markets Authority

On 4 August 2022 the group agreed undertakings with the CMA that ended the CMA's investigation into the wider group. These undertakings restrict group companies' ability to charge uplift rents on certain leases and create obligations to refund certain rents and fund certain costs for the variation of leases, should a leaseholder choose to enter into such lease variation. As a result, payments were received from certain developers (see note 3) and a provision was made for obligations to leaseholders. As at 31 December 2022, the element of the provision related to this company is £1.5m. The reduction in future rents has been assessed in the determination of the Fair Value of the relevant investment properties.

15. 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. In the event of a wind up the shareholders receive dividends and distribution pro rata to the number of shares held.

Reserves
Reserves of the company represent the following:

Profit and loss account
Cumulative profit and loss net of distributions to owners.

16. 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.

17. Guarantees

The company has given an unlimited guarantee in respect of some of the indebtedness of its holding company Vega GR Limited. The guarantee is supported by a debenture and a charge over the group's property holdings including the company's investment properties. At 31 December 2022 the total amount outstanding subject to that guarantee was £278m (2021: £298.4m).

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.

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

The Company's immediate parent company is Vega GR Limited which is the smallest group for which group accounts containing the Company are prepared. Vega GR Limited is domiciled and incorporated in the UK. The ultimate UK parent Company is Turing GR Limited, which is the largest group for which group accounts containing the Company are prepared. Copies of the financial statements are available from Companies House, Crown Way, Cardiff CF14 3UZ.

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.

19. 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.

During the year the company was charged management fees of £36,601 (2021: £41,716) by Estates & Management Limited, a related party related by virtue of common control and common directors.

Legal fees of £4,900 (2021: £18,900) were charged to the Company by Estates & Management Limited, a company related by virtue of common control and directors, in relation to the deeds of variation processed in the year.