

Company Registration No. 1792776

Fairview Enfield Limited

Report and Financial Statements

31 December 2010

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Fairview Enfield Limited

Report and financial statements 2010

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Fairview Enfield Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activities

The Company's principal activity is that of residential property development. There has not been any significant change in the Company's activities.

Business review

Turnover for the year was £19.3 million (2009: £25.7 million) consisting of sales of dwellings to individuals and housing associations. The pre-tax loss for the year was £0.3 million (2009: £1.0 million profit). Detailed results are set out in the profit and loss account on page 5.

Shareholder's funds at 31 December 2010 were £15.4 million (2009: £15.6 million). No dividends were paid during the current or preceding year.

The major constraint on the business has remained the inadequate availability and tighter lending criteria of mortgage finance which has necessitated greater use of incentives including shared equity.

On 21 September 2010 the Group concluded revised terms for its bank facility of £50 million reducing the margin payable, relaxing previous operational constraints and extending the maturity to June 2013.

The outlook for the house building industry remains challenging with the availability of affordable first time buyer mortgages and a fully functioning planning system being key to a return to more normal levels of activity.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are inextricably linked to those affecting the Group. These are considered to be the impact of changes in the economic environment on the demand for and pricing of new homes, including the impact of unemployment, buyer confidence, the availability of mortgages and interest rates, the availability of bank finance, the impact of new regulations, the unpredictable nature and time scales associated with the planning system and competition from other developers for land, personnel, subcontractors and in the sales market.

Further details of the going concern basis are given in note 1.

Directors

The directors holding office during the year and, except where noted, to date are set out below.

A R Benton	(appointed 30 November 2010)
M Blakey	(appointed 30 November 2010)
S C Casey	(resigned 31 March 2010)
C P Cobb	(appointed 30 November 2010)
J B Cousins	(resigned 31 December 2010)
N M Dulcken	
G A Malton	
R J Paterson	
M J Sidders	

Fairview Enfield Limited

Directors' report (continued)

Auditors

In the case of each of the persons who are directors at the time when the Directors' Report is approved, the following apply

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Pursuant to s485 of the Companies Act 2006 an elective resolution has been passed to dispense with the requirement to reappoint auditors annually and therefore Deloitte LLP remain as auditors

By order of the board



D K Tipping
Secretary

27 APRIL 2011

Registered office
50 Lancaster Road
Enfield
Middlesex
EN2 0BY

Fairview Enfield Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, 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.

Independent auditor's report to the members of Fairview Enfield Limited

We have audited the financial statements of Fairview Enfield Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

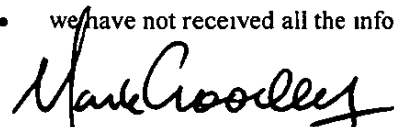
Opinion on other matter prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year 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
- 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



Mark Goodey (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

28 April 2011

Fairview Enfield Limited

Profit and loss account Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	1	19,303	25,743
Cost of sales		(17,373)	(22,429)
Release/(cost) of impairment of land and buildings in course of development		667	(1,866)
Gross profit		<u>2,597</u>	<u>1,448</u>
Administrative expenses		(3,295)	(2,625)
Other operating income	2	<u>111</u>	<u>202</u>
Operating loss	4	(587)	(975)
Release of provision against investments and loans to subsidiary company		<u>301</u>	<u>1,975</u>
(Loss)/profit on ordinary activities before taxation		(286)	1,000
Tax credit/(charge) on (loss)/profit on ordinary activities	5	<u>84</u>	<u>(249)</u>
(Loss)/profit for the financial year	13,14	<u>(202)</u>	<u>751</u>

All amounts relate to continuing activities

There are no recognised gains or losses in either the current or preceding year other than those stated in the profit and loss account and accordingly no statement of total recognised gains and losses is present

Fairview Enfield Limited

Balance sheet 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	6	277	277
Investments	7	-	-
		<u>277</u>	<u>277</u>
Current assets			
Land and buildings in course of development	8	25,679	29,328
Debtors	9	8,727	1,719
		<u>34,406</u>	<u>31,047</u>
Creditors: amounts falling due within one year	10	<u>(19,237)</u>	<u>(15,676)</u>
Net current assets		<u>15,169</u>	<u>15,371</u>
Net assets		<u>15,446</u>	<u>15,648</u>
Capital and reserves			
Called up share capital	12	22,816	22,816
Profit and loss account	13	(7,370)	(7,168)
Shareholder's funds	14	<u>15,446</u>	<u>15,648</u>

The financial statements of Fairview Enfield Limited (registered number 1792776) were approved by the board of directors on *27 April* 2011



M J Sidders
Director

Fairview Enfield Limited

Notes to the accounts

Year ended 31 December 2010

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding year.

Accounting convention

These financial statements are prepared under the historical cost convention.

Turnover

Turnover comprises

- (i) the fair value of the consideration received or receivable for the sale of properties developed by the Company and partially developed and undeveloped sites. Sales are recognised at the time of legal completion, and
- (ii) the value of the freehold title in respect of units sold under leasehold terms. This is recognised at the time of legal completion of the individual leasehold units occupying the respective freehold.

Turnover is derived wholly in the United Kingdom.

Tangible fixed assets and depreciation

No depreciation is charged on freehold land and buildings as it is considered that the amount involved would be immaterial.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Land and buildings in course of development

Land and buildings in course of development and land upon which development has not yet commenced are valued at the lower of cost and net realisable value. Cost includes the cost of acquiring land, development expenditure to date and an appropriate proportion of overhead expenditure.

In considering net realisable value, it is assumed that sites will be fully developed and completed units sold in the ordinary course of the Company's business, and that sites would not be placed on the market for immediate sale in their existing state.

Shared equity debtors

The Company has sold a number of residential units where a proportion of the purchase price remains outstanding secured by a second legal charge over the individual unit. These amounts are repayable prior to maturity on certain events including sale of the unit by the purchaser.

Shared equity debtors are recognised at cost less any provision for impairment and are discounted to reflect the time value of money.

Deferred tax

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Fairview Enfield Limited

Notes to the accounts

Year ended 31 December 2010

1. Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and financial position, including principal risks and uncertainties, are set out in the Directors' Report on page 1

As stated in the Directors' Report the principal risks and uncertainties affecting the Company are inextricably linked to those affecting the Group

The Group has significant financial resources and as a consequence the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Group regularly updates its trading and financial projections, which make allowance for anticipated market conditions. These show that the Group will be able to work within the terms and covenants of its committed borrowing facilities, which have recently been extended through to June 2013.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Group accounts

The Company has taken advantage of the exemption not to prepare group accounts as it is included in the accounts of a larger group.

Cash flow statement

The Company has taken advantage of the exemption provided under Financial Reporting Standard 1 (Revised 1996) not to provide a cash flow statement, as it is a greater than 90% owned subsidiary undertaking.

2. Other operating income

	2010 £'000	2009 £'000
Net rental income	111	202

3. Directors and employees

The Company had no employees during the current or preceding year, other than directors. None of the directors received any emoluments or other benefits during the current or preceding year.

4. Operating loss

Auditor's fees of £2,000 have been borne by another group company in both the current and preceding year.

Fairview Enfield Limited

Notes to the accounts

Year ended 31 December 2010

5. Tax credit/(charge) on (loss)/profit on ordinary activities

	2010 £'000	2009 £'000
United Kingdom corporation tax on (loss)/profit for the year at 28% (2009 28%)	-	202
Adjustment in respect of prior years	84	(449)
Deferred taxation	-	(2)
	<u>84</u>	<u>(249)</u>

A deferred tax asset of £924,000 (2009 £727,000) in respect of unrelieved losses of £3,423,000 (2009 £2,593,000) has not been recognised due to uncertainty in the amount and timing of taxable profits. In addition a deferred tax asset of £2,000 has not been recognised in respect of fixed asset timing differences.

Reconciliation of current tax credit/(charge)

The standard rate of current tax for the year is the United Kingdom standard rate of corporation tax of 28% (2009 28%). The tax credit/(charge) for both the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation:

	2010 £'000	2009 £'000
(Loss)/profit on ordinary activities before taxation	<u>(286)</u>	<u>1,000</u>
Tax credit/(charge) on (loss)/profit on ordinary activities at 28% (2008 28%)	80	(280)
Factors affecting credit/(charge)		
Movement in provisions for loans to subsidiary undertakings not taxable	84	553
Capital allowances in excess of depreciation	-	(1)
Allowance in respect of contaminated land	1	1
Notional interest on intra-group balances	152	213
Tax losses carried forward	(317)	(286)
Prior period adjustments	84	(449)
Current tax credit/(charge)	<u>84</u>	<u>(249)</u>

6. Tangible assets

	Freehold land and buildings £'000
Cost and net book value	
At 31 December 2009 and 31 December 2010	<u>277</u>

No depreciation is charged in accordance with the accounting policy stated in note 1.

Fairview Enfield Limited

Notes to the accounts Year ended 31 December 2010

7. Investment in subsidiaries

	£'000
Cost	
At 31 December 2009 and 31 December 2010	13,818
Provision for impairment	
At 31 December 2009 and 31 December 2010	(13,818)
Net book value	
At 31 December 2009 and 31 December 2010	<u> </u> <u> </u> -

The Company holds 99.99% of the issued share capital and controls 99.99% of the voting rights of Fairview New Homes (South East) Limited. Fairview New Homes (South East) Limited holds 99.99% of the issued share capital and controls 99.99% of the voting rights of Fairview New Homes (Developments) Limited.

8. Land and buildings in course of development

During the year the Company released provisions for impairment of £0.7 million (2009: £1.9 million provision).

At 31 December 2010 the Company held approximately £5.8 million (2009: £9.6 million) of land included within land and buildings in the course of development which had not received appropriate residential planning consent. None of this land had, by the date of approval of these accounts, been the subject of resolutions to grant consent subject to the signing of section 106 agreements (2009: £4.1 million).

It is the nature of the Company's business activities that negotiations with local authorities to obtain planning consent often continue for a number of months and delays in resolution of these negotiations can occur. The directors have assessed the status of negotiations with local authorities on the sites currently without planning permission and are of the opinion that the value of the sites is at least equal to the value shown in the financial statements.

9. Debtors

	2010 £'000	2009 £'000
Amounts owed by group undertakings	7,126	475
Group relief receivable	-	201
Prepayment and accrued income	1	6
Shared equity debtors	1,600	1,037
	<u>8,727</u>	<u>1,719</u>

The shared equity debtors fall due after more than one year.

Fairview Enfield Limited

Notes to the accounts

Year ended 31 December 2010

10 Creditors' amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	283	852
Amounts owed to group undertakings	17,400	13,974
Accruals and deferred income	1,554	850
	<u>19,237</u>	<u>15,676</u>

11. Deferred tax asset

	2010 £'000	2009 £'000
Opening deferred tax asset	-	2
Charge to profit and loss account	-	(2)
At 31 December	<u>-</u>	<u>-</u>

12. Called up share capital

	Number	£'000
Authorised		
At 31 December 2009 and 31 December 2010	<u>24,772,309</u>	<u>24,772</u>
Called up, allotted and fully paid.		
At 31 December 2009 and 31 December 2010	<u>22,816,458</u>	<u>22,816</u>

13. Profit and loss account

	£'000
At 31 December 2009	(7,168)
Loss for the financial year	<u>(202)</u>
At 31 December 2010	<u>(7,370)</u>

14 Reconciliation of movements in shareholder's funds

	2010 £'000	2009 £'000
Opening shareholder's funds	15,648	14,897
(Loss)/profit for the financial year	<u>(202)</u>	<u>751</u>
Closing shareholder's funds	<u>15,446</u>	<u>15,648</u>

Fairview Enfield Limited

Notes to the accounts

Year ended 31 December 2010

15. Guarantees and contingent liabilities

At 31 December 2010 the Company had given a guarantee in respect of bank loan facilities totalling £50 million (2009 £80 million) available to Fairview New Homes Limited, the immediate parent company and another group company. The amount drawn under this facility by Fairview New Homes Limited at 31 December 2010 was £4 million. There were no amounts drawn under bank facilities by either company at 31 December 2009.

Other than the guarantee referred to above the Company has no contingent liabilities other than those arising in the normal course of business.

16. Related party transactions

Fairview New Homes (South East) Limited is a related party as a consequence of the Company owning 99.99% of its issued share capital. The Company provides funding to Fairview New Homes (South East) Limited. The balance owed to the Company at 31 December, net of provisions, was £7,126,000 (2009 £475,000).

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with wholly owned companies within the Group. There are no other related party transactions.

17. Ultimate parent company

At 31 December 2010, the ultimate parent company was Fairview Holdings Limited, a company incorporated in Great Britain. The immediate parent company was Fairview New Homes Limited, a company incorporated in Great Britain. The controlling party was the Fairview Holdings Limited Employee Benefit Trust.

The largest and smallest group of undertakings for which group accounts to 31 December 2010 are drawn up and of which the Company is a member is Fairview Holdings Limited. Copies of the group accounts may be obtained from 50 Lancaster Road, Enfield, Middlesex EN2 0BY.