

**Company Registration No. 01792776**

**Fairview Enfield Limited**

**Report and Financial Statements**

**31 December 2014**

WEDNESDAY



\*A48BH800\*

A26

27/05/2015

#12

COMPANIES HOUSE

# **Fairview Enfield Limited**

## **Report and financial statements 2014**

<b>Contents</b>	<b>Page</b>
<b>Strategic report</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>3</b>
<b>Independent auditor's report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the accounts</b>	<b>7</b>

# Fairview Enfield Limited

## Strategic report

Fairview Enfield Limited (the "Company") is a residential property developer and house builder. The Company specialises in the unconditional purchase of brownfield sites and develops a full range of homes from studio apartments to luxury family homes according to location. The Company's core focus is on the first time buyer and second stepper market in London and the south east of England. The Company is a wholly owned subsidiary of Fairview New Homes Limited within the Fairview Holdings Limited group (the "Group").

### Results for 2014

Turnover for the year was £8.3 million (2013: £24.7 million) consisting of sales of dwellings to individuals and housing associations. The profit on ordinary activities before corporate bonuses and tax for the year was £16.1 million (2013: £5.6 million).

Corporate bonuses paid to directors and staff were £nil (2013: £0.1 million).

After corporate bonuses the profit on ordinary activities before tax was £16.1 million (2013: £5.5 million). Detailed results are set out in the profit and loss account on page 5.

Shareholder's funds at 31 December 2014 were £38.4 million (2013: £22.6 million).

The residential markets in London and the South East remained positive throughout 2014 as purchasers continued to benefit from the Government's Help to Buy scheme and more favourable mortgage terms. Market sentiment was stronger in the first six months of the year, but has remained supportive into the beginning of 2015. The planning process continues to be the biggest constraint on the industry with politically-inspired volatility more noticeable as the general election approaches.

### 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 interest rate risk and liquidity risk are given in note 11.

By order of the board



J P H Vickers  
Secretary

24 April 2015

Registered office:  
50 Lancaster Road,  
Enfield  
Middlesex  
EN2 0BY

# Fairview Enfield Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

### Directors

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

M Blakey

N M Dulcken

J T Holliday

G A Malton

R J Paterson

M J Sidders (resigned 19 June 2014)

J P H Vickers (appointed 23 May 2014)

### Directors indemnities

The Company had in place during the year qualifying third party indemnity provisions for the benefit of its directors. These remain in force at the date of this report.

### Dividends

No dividends were paid or proposed during the current or preceding year.

### Going concern

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

### Auditor

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 auditor is 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 auditor is 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 an auditor annually and therefore Deloitte LLP remain as auditor.

By order of the board

  
J P H Vickers  
Secretary

24 April 2015

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 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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 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 (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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2014 and of its profit 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 Strategic report and 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.



Paul Schofield FCA, (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
St Albans, United Kingdom

27 April 2015

# Fairview Enfield Limited

## Profit and loss account Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover		8,312	24,680
Cost of sales		(4,450)	(20,653)
<b>Gross profit</b>		<b>3,862</b>	<b>4,027</b>
Administrative expenses – other	(589)	(2,375)	
Administrative expenses – corporate bonuses	-	(104)	
Administrative expenses		(589)	(2,479)
Other operating income	2	147	131
<b>Operating profit</b>	4	<b>3,420</b>	<b>1,679</b>
Reduction in provision against loans to subsidiary and joint venture companies		12,580	3,697
Interest receivable	5	105	101
<b>Profit on ordinary activities before corporate bonuses and taxation</b>		<b>16,105</b>	<b>5,581</b>
<b>Profit on ordinary activities before taxation</b>		<b>16,105</b>	<b>5,477</b>
Tax (charge)/credit on profit on ordinary activities	6	(296)	223
<b>Profit for the financial year</b>	14,15	<b>15,809</b>	<b>5,700</b>

All amounts relate to continuing activities.

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

# Fairview Enfield Limited

## Balance sheet 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Tangible assets	7	191	191
Investments	8	12,580	-
		<u>12,771</u>	<u>191</u>
<b>Current assets</b>			
Land and buildings in course of development	9	7,104	8,196
Debtors:			
Due within one year	10	19,083	23,017
Due after one year	10	1,477	1,900
		<u>27,664</u>	<u>33,113</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,012)</u>	<u>(10,690)</u>
<b>Net current assets</b>		<u>25,652</u>	<u>22,423</u>
<b>Net assets</b>		<u>38,423</u>	<u>22,614</u>
<b>Capital and reserves</b>			
Called up share capital	13	22,816	22,816
Profit and loss account	14	15,607	(202)
<b>Shareholder's funds</b>	15	<u>38,423</u>	<u>22,614</u>

The financial statements of Fairview Enfield Limited (registered number 01792776) were approved by the board of directors on 24 April 2015.

  
J P H Vickers  
Director

# **Fairview Enfield Limited**

## **Notes to the accounts Year ended 31 December 2014**

### **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 of units and undeveloped sites are recognised at the time of legal completion;
- (ii) the fair value of work performed under construction contracts. Where the outcome of a construction contract can be reliably estimated, turnover is recognised by reference to the stage of completion of the contract at the balance sheet date.

Where the outcome of a construction contract cannot be reliably estimated, turnover is recognised to the extent of contract costs incurred that it is probable will be recoverable. When it is probable that total development costs will exceed total development revenue, the expected loss is recognised as an expense immediately; and

- (iii) the fair value of consideration received or receivable for the sale of the freehold title in respect of units sold under leasehold terms. Turnover is recognised at the time of legal completion of the freehold sale.

The Company operates as a single business segment, which is that of residential property development in the United Kingdom, and therefore no segmental analysis is required.

#### **Interest**

All interest is taken directly to the profit and loss account and included within interest receivable or payable.

#### **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.

# **Fairview Enfield Limited**

## **Notes to the accounts**

### **Year ended 31 December 2014**

#### **1. Accounting policies (continued)**

##### **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. The discount to nominal value is amortised over the period of the credit term and credited to net interest.

##### **Taxation**

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

##### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic report on page 1.

As stated in the Strategic 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. 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 that have recently been extended to September 2018.

After making enquiries, the directors believe 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.

# Fairview Enfield Limited

## Notes to the accounts

### Year ended 31 December 2014

#### 2. Other operating income

	2014 £'000	2013 £'000
Profit on redemption of shared equity debtors	13	-
Net rental income	134	128
Other	-	3
	<u>147</u>	<u>131</u>

#### 3. Directors and employees

The Company had no employees during the current or preceding year, other than directors. During the prior year the Company was recharged corporate bonuses of £104,000, including Employer's National Insurance, by other group companies. No bonuses were recharged during 2014.

The directors believe that the presentation of profit on ordinary activities before corporate bonuses and taxation is relevant to the understanding of the Company's financial performance. This is consistent with the way that financial performance is measured by management and is reported to the Board.

#### 4. Operating profit

Auditor's fees for the audit of the financial statements of £900 (2013: £850) have been borne by another group company in both the current and preceding year.

#### 5. Interest receivable

	2014 £'000	2013 £'000
Imputed interest on shared equity debtors	105	101
	<u>105</u>	<u>101</u>

#### 6. Tax (charge)/credit on profit on ordinary activities

	2014 £'000	2013 £'000
United Kingdom corporation tax on profit for the year at 21.5% (2013: 23.25%)	1	-
Adjustment in respect of prior years	(1)	(74)
	-	(74)
Deferred tax	(297)	297
	<u>(296)</u>	<u>223</u>

A deferred tax asset of £nil (2013: £30,000) in respect of unrelieved losses of £nil (2013: £151,000) has not been recognised due to uncertainty in the amount and timing of taxable profits.

# Fairview Enfield Limited

## Notes to the accounts

### Year ended 31 December 2014

#### 6. Tax (charge)/credit on profit on ordinary activities (continued)

##### Reconciliation of current tax (charge)/credit

The standard rate of current tax for the year is the United Kingdom standard rate of corporation tax of 21.5% (2013: 23.25%). The tax credit for both the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation.

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	16,105	5,477
Tax charge on profit on ordinary activities at 21.5% (2013: 23.25%)	(3,463)	(1,273)
Factors affecting credit:		
Movement in provisions for loans to subsidiary undertakings not taxable	2,705	860
Allowance in respect of contaminated land	22	32
Notional interest on intra-group balances receivable	(114)	5
Prior period adjustments	1	(74)
Disallowed intra-group recharges	(6)	(5)
Utilisation of tax losses	856	381
Current tax credit/(charge)	1	(74)

Following the enactment of the Finance Act 2013 in July 2013, the UK corporation tax rate was reduced from 23% to 21% with effect from 1 April 2014 and from 21% to 20% with effect from 1 April 2015. The deferred tax position as at 31 December 2014 has been calculated at the rate at which deferred tax is expected to unwind in the future.

#### 7. Tangible assets

	Freehold land and buildings £'000
Cost and net book value	
At 31 December 2013 and 31 December 2014	191

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

#### 8. Investment in subsidiaries

	£'000
Cost	
At 31 December 2013 and 31 December 2014	13,818
Provision for impairment	
At 31 December 2013	(13,818)
Decrease in provision during the year	12,580
At 31 December 2014	(1,238)
Net book value	
At 31 December 2014	12,580
At 31 December 2013	-

# Fairview Enfield Limited

## Notes to the accounts

### Year ended 31 December 2014

#### 8. Investment in subsidiaries (continued)

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, a residential property developer and house builder. 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, a residential property developer and house builder.

#### 9. Land and buildings in course of development

At 31 December 2014 the Company held approximately £7.1 million (2013: £4.7 million) of land included within land and buildings in the course of development which had not received appropriate residential planning consent.

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.

#### 10. Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Trade debtors	1	-
Amounts owed by group undertakings	19,046	22,695
Prepayments and accrued income	10	15
Deferred tax asset (note 12)	-	297
Other debtors	26	10
	<u>19,083</u>	<u>23,017</u>
Amounts falling due after one year:		
Shared equity debtors	1,477	1,900
	<u>20,560</u>	<u>24,917</u>

#### 11. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	37	159
Amounts owed to group undertakings	-	7,580
Accruals and deferred income	1,975	2,699
Other creditors	-	252
	<u>2,012</u>	<u>10,690</u>

#### *Liquidity risk*

The Group's treasury policy is to maintain sufficient flexible bank and other loan facilities to cover anticipated borrowing requirements. A comprehensive cash flow forecast enables the Group to anticipate its future treasury needs. Short term cash surpluses are placed on deposit with leading banks thereby limiting credit risk.

#### *Interest rate risk*

The Group's banking facilities enable the Group to borrow for a variety of fixed length terms at interest rates linked to LIBOR. The Group does not trade in financial instruments.

# Fairview Enfield Limited

## Notes to the accounts Year ended 31 December 2014

### 12. Deferred tax asset

	2014 £'000	2013 £'000
Opening deferred tax asset	297	-
(Charge)/credit to profit and loss account	(297)	297
At 31 December 2014	-	297
Analysed as:		
Losses carried forward	-	297
		297

### 13. Called up share capital

	Number	£'000
<b>£1 Ordinary Shares called up, allotted and fully paid:</b>		
At 31 December 2013 and 31 December 2014	22,816,458	22,816

### 14. Profit and loss account

	£'000
At 31 December 2013	(202)
Profit for the financial year	15,809
31 December 2014	15,607

### 15. Reconciliation of movements in shareholder's funds

	2014 £'000	2013 £'000
Opening shareholder's funds	22,614	16,914
Profit for the financial year	15,809	5,700
Closing shareholder's funds	38,423	22,614

### 16. Guarantees and contingent liabilities

At 31 December 2014 the Company had given a guarantee in respect of bank loan facilities totalling £90 million (2013: £60 million) available to Fairview New Homes Limited, the immediate parent company and another group company. £20 million was drawn under this facility at 31 December 2014 (2013: £5 million).

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

# **Fairview Enfield Limited**

## **Notes to the accounts**

### **Year ended 31 December 2014**

#### **17. 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 2014, net of provisions, was £19,046,000 (2013: £22,695,000).

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.

#### **18. Ultimate parent company**

At 31 December 2014 the ultimate parent company was Fairview Holdings Limited, a company incorporated in England and Wales. The immediate parent company was Fairview New Homes Limited, a company incorporated in England and Wales. 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 2014 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.