

Company Registration No: 03037726

FAIRHOLD (HUDDERSFIELD) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



FAIRHOLD (HUDDERSFIELD) LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

W K Procter
C C McGill
P A Hallam
M D Watson

SECRETARY

D T Lau

REGISTERED OFFICE

Berkeley House
304 Regents Park Road
London
N3 2JX

AUDITOR

RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

FAIRHOLD (HUDDERSFIELD) LIMITED

DIRECTORS' REPORT

The directors present their report together with the financial statements for the year ended 31 December 2021.

Principal activity

The principal activities of the company during the year was that of property dealing.

Business review and future developments

The directors are satisfied with the financial position of the company at the year end. The results for the year are shown in the statement of comprehensive income on page 7. The directors do not expect there to be significant future developments which could adversely impact the business.

Properties held for resale

The properties held for resale are included in the financial statements at a cost of £2,655,225 (2020: £2,724,384) as at 31 December 2021.

Results and dividends

The statement of comprehensive income is set out on page 7 and shows the results for the year. The profit for the year amounted to £551,908 (2020: £423,997). The directors do not recommend the payment of a dividend (2020: £Nil).

Public pledge for leaseholders

In June 2019 a number of residential real estate developers and freeholders, of which the company was a party, signed a government-backed public pledge in relation to leaseholders. This pledge is a crucial step towards positive change in the residential leasehold market and reflects our commitment to promoting good practice. The company's appointed agent, Estates & Management Limited, a company related by virtue of common control and directors, also signed this pledge.

The pledge sets out a number of principles which will assist existing and future leaseholders in ensuring the leasehold system is as fair and transparent as possible. It also includes undertakings to work with other freeholders and stakeholders to develop a comprehensive Code of Practice which establishes the responsibilities of freeholders and enshrines the highest standards for the management and maintenance of properties.

Directors

The following directors have held office during the year and up until the date of signing the financial statements:

W K Procter
C C McGill
P A Hallam
M D Watson

(Appointed: 22 February 2021)

FAIRHOLD (HUDDERSFIELD) LIMITED

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities

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 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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.

Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The directors have also taken the available exemption from the requirement to prepare a strategic report.

On behalf of the Board:

DocuSigned by:

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P A Hallam
Director

Date: 30 November 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRHOLD (HUDDERSFIELD) LIMITED

Opinion

We have audited the financial statements of Fairhold (Huddersfield) Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - contingent liabilities

We draw attention to the disclosures in note 14, Contingent Liabilities, which details matters that could create additional liabilities in the future as a consequence of the Building Safety Act 2022. The ultimate outcome of these matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRHOLD (HUDDERSFIELD) LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRHOLD (HUDDERSFIELD) LIMITED (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations and property laws & regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, evaluating advice received from tax advisors, reviewing client information with respect to ongoing legal matters and reviewing and monitoring government releases regarding leasehold reforms. Potential changes to property laws and regulations and their impact on these financial statements are further discussed in the accounting policies on pages 13 and 14.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Colin Roberts FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Date: 30/11/22

FAIRHOLD (HUDDERSFIELD) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	2	354,081	249,292
Cost of sales		(69,159)	(59,102)
Gross profit		<u>284,922</u>	<u>190,190</u>
Administrative expenses		(538,541)	(453,045)
Other operating income	3	776,301	660,143
Operating profit		<u>522,682</u>	<u>397,288</u>
Interest receivable and similar income	4	29,226	26,709
Profit before taxation	5	<u>551,908</u>	<u>423,997</u>
Taxation	7	-	-
Profit after taxation		<u><u>551,908</u></u>	<u><u>423,997</u></u>

FAIRHOLD (HUDDERSFIELD) LIMITED (Company Registration Number: 03037726)**STATEMENT OF FINANCIAL POSITION****AT 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Fixed assets			
Investments	8	648,214	648,214
Current assets			
Stocks	9	2,655,225	2,724,384
Debtors	10	3,330,956	2,710,209
		5,986,181	5,434,593
Creditors: amounts falling due within one year	11	(18,694)	(19,014)
Net current assets		5,967,487	5,415,579
Net assets		6,615,701	6,063,793
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account		6,615,699	6,063,791
Total equity		6,615,701	6,063,793

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 7 to 17 were approved by the board of directors and authorised for issue and are signed on its behalf by:

DocuSigned by:

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P A Hallam
 Director

Date: 30 November 2022

FAIRHOLD (HUDDERSFIELD) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Profit and loss account £	Total £
Balance at 1 January 2020	2	5,639,794	5,639,796
Profit and total comprehensive income for the year	-	423,997	423,997
Balance at 31 December 2020	<u>2</u>	<u>6,063,791</u>	<u>6,063,793</u>
Profit and total comprehensive income for the year	-	551,908	551,908
Balance at 31 December 2021	<u>2</u>	<u>6,615,699</u>	<u>6,615,701</u>

FAIRHOLD (HUDDERSFIELD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

Company information

Fairhold (Huddersfield) 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 dealing.

1.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime, and under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

1.2 Consolidated financial statements

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated financial statements, on the basis that the group of which this company is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.3 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 current asset position.

The directors have taken into account the legislative changes disclosed in the critical accounting estimates and assumptions section of note 1.11 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. In view of this the directors consider it appropriate for the financial statements to be prepared on a going concern basis.

In addition to the matters described above, in arriving at their conclusion, the Directors have also considered Leasehold reform:

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 will come into effect on 1 April 2023 for leases on retirement properties. The legislation does not apply retrospectively although it does create restrictions on the ability of the company 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 to have a material effect on the group's ability to meet its liabilities as they fall due for a reasonably foreseeable period.

FAIRHOLD (HUDDERSFIELD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1.4 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the Company.

1.5 Turnover

Turnover comprises the sale proceeds of trading stocks. Profit on the sale of properties is recognised on agreement of the sale.

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

1.6 Other operating income

Rental income is recognised in accordance with the terms of the lease and is presented within other operating income.

Other income represents lease extension premiums and other ancillary income received on leases held by the company.

1.7 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.8 Stocks

Properties acquired with a view to resale are identified as trading stock and stated at the lower of cost and net realisable value. Cost comprises the cost of acquisition including directly attributable fees and expenses, excluding finance costs which are written off to the statement of comprehensive income.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the statement of comprehensive income.

Reversals of impairment losses are also recognised in the statement of comprehensive income.

1.9 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 total comprehensive income 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.

FAIRHOLD (HUDDERSFIELD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1.9 Taxation (continued)

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 total comprehensive income 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.

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.

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.

1.10 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, in full, 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.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its 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.

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.

FAIRHOLD (HUDDERSFIELD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1.11 Critical accounting estimates and areas of judgement

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 stock

A key accounting estimate in preparing these financial statements relates to the carrying value of properties held as stock. Properties are stated at cost, this being deemed to be lower than the net realisable value. The directors' assessment of the net realisable value of the properties held for resale may, in future, materially deteriorate due to these potential legislative changes and regulatory activity.

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 received Royal Assent after the Balance Sheet date on 8 February 2022. The Act came into force on 30 June 2022 for leases on non-retirement properties and it will come into effect on 1 April 2023 for leases on retirement properties. The legislation does not apply retrospectively although it does create restrictions on 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.

In addition to the enacted legislation the Government, through the Department for Levelling Up, Housing and Communities (DLHC), made an announcement in January 2021 on a number of proposed changes to the law governing leasehold enfranchisement. These proposals, which have largely not yet been enacted but some of which are included in the Leasehold Reform (Ground Rent) Act 2022, include changes to the rights of leaseholders in relation to leasehold extensions and freehold purchases. These changes could reduce the level of premium received at the point of lease extension or enfranchisement and increase such incidence rates. It is unclear at this time to what extent this change will reduce the future cash flows of the company. The implementation of the legislative changes arising from these reforms could materially reduce the level of income generated by the portfolio of investment properties, and therefore reduce valuations in the future.

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 actively in the consultations and with other stakeholders and interested parties in order to convey the group's opposition to the current proposals. Public announcements by government and in the Law Commission's report have recognised that any proposals to make wholesale reforms retrospectively pose real problems with respect to the contravention of human rights legislation.

The directors are of the opinion that the impact of the reforms are likely to be greatest for future leases and not those already in existence.

FAIRHOLD (HUDDERSFIELD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1.11 Critical accounting estimates and areas of judgement (continued)

Valuation of stock (continued)

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

However, the financial consequences of any changes are too uncertain to enable the directors to reasonably estimate the impact of such changes. It is assumed that the net realisable value of these assets, which are held as stock in these financial statements, remains higher than their cost.

2. Turnover	2021	2020
	£	£
Proceeds from sales of trading stock	354,081	249,292
	<u> </u>	<u> </u>

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Other operating income	2021	2020
	£	£
Rent receivable	222,929	226,261
Other income	553,372	433,882
	<u>776,301</u>	<u>660,143</u>

4. Interest receivable and similar income	2021	2020
	£	£
Interest on holding company loan	29,226	26,709
	<u> </u>	<u> </u>

5. Profit before taxation	2021	2020
	£	£
The profit before taxation is stated after charging:		
- Auditor's remuneration	6,450	6,450
	<u> </u>	<u> </u>

6. Employees and directors

There were no employees during the year other than the directors (2020: nil). The directors are remunerated by a 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 2021 amounted to £526,228 (2020: £432,128) 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 director's remuneration.

FAIRHOLD (HUDDERSFIELD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Taxation	2021 £	2020 £
Current tax		
UK corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax on profit	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the year.

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	551,908	423,997
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%).	<u>104,863</u>	<u>80,559</u>
Effects of:		
Group relief received without charge	(104,863)	(80,559)
Tax charge	<u>-</u>	<u>-</u>

8. Fixed asset investments	Shares in subsidiary undertakings £
Cost	
As at 1 January 2021 and 31 December 2021	<u>648,214</u>

Name	Class of Holding	Proportion held	Nature of business
West Lancashire Investments Limited	Ordinary	100%	Property dealing
Fairhold (Midlands) Limited	Ordinary	100%	Property investment

The subsidiary companies are incorporated and have their place of business in England and Wales. Their registered office is Berkeley House, 304 Regents Park Road, London, N3 2JX.

FAIRHOLD (HUDDERSFIELD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Stocks	2021	2020
	£	£
Properties held for resale	2,655,225	2,724,384
	<u> </u>	<u> </u>
10. Debtors	2021	2020
	£	£
Trade debtors	119,948	122,794
Prepayments and accrued income	57,649	57,063
Other debtors	15,753	15,753
Amounts owed by holding company	3,137,606	2,514,599
	<u>3,330,956</u>	<u>2,710,209</u>

There are no fixed terms of repayment of the parent company balance. Interest is charged at 3 month Libor + 1%. Despite the balance being repayable on demand it is not the intention for it to be recalled within one year.

11. Creditors: amounts falling due within one year	2021	2020
	£	£
Accruals and deferred income	18,694	19,014
	<u> </u>	<u> </u>
12. Share capital and reserves	2021	2020
	£	£
Company share capital		
Allotted, issued and fully paid:		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

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.

Reserves

Reserves of the Company represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

FAIRHOLD (HUDDERSFIELD) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Guarantees

The company has provided an unlimited guarantee in respect of related party borrowings. At 31 December 2021 the total amount outstanding subject to that guarantee was £109,846,960 (2020: £97,571,700). These amounts are included in short term creditors in the borrowing companies. There is no current intention for the amounts to be recalled in one year.

The company as a subsidiary 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.

14. Contingent liabilities

The directors are currently assessing the potential impact of the Building Safety Act 2022, which received Royal Assent on 28 April 2022. The Company does not consider it has any direct risk or liability from the provisions of the Building Safety Act 2022 as the company itself does not own any relevant properties. However, it is part of a wider group of companies in which such risks and liabilities may arise separately which could, potentially, give rise to liabilities for this company under that act in certain circumstances. These are detailed in disclosures made in the financial statements of those separate wider group companies as filed with Companies House. The Directors, having considered the provisions of the act, the uncertainty over how and when these provisions will be implemented and their impact on the Company conclude that it is not appropriate for a provision to be included in these Financial Statements.

15. Ultimate parent company and ultimate controlling party

The company's immediate parent company is Owners Provident Limited, which is domiciled and incorporated in England. 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.

16. 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 incurred a management charge of £526,228 (2020: £432,128) from a company related party by virtue of common control and common directors.

17. Post balance sheet events

The following events have occurred after the end of the reporting period:

Leasehold Reform (Ground Rents) Act 2022

The Leasehold Reform (Ground Rents) Act 2022 received Royal Assent on 8 February 2022. See Note 1.3 for further information on the potential implications of this Act.