

Company Registration No: 03037726

FAIRHOLD (HUDDERSFIELD) LIMITED

UNAUDITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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FAIRHOLD (HUDDERSFIELD) LIMITED

COMPANY INFORMATION

Directors	W K Procter C C McGill P Hallam M D Watson
Company secretary	D T Lau
Registered number	03037726
Registered office	Berkeley House 304 Regents Park Road London N3 2JX
Accountants	RSM UK Audit LLP Chartered Accountants 3rd Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

FAIRHOLD (HUDDERSFIELD) LIMITED

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FAIRHOLD (HUDDERSFIELD) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors present their report and the financial statements for the year ended 31 December 2023.

Principal activity

The principal activity 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 subject to 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 such that it may impair the company's ability to continue as a Going Concern.

Considering 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 to the financial statements to reflect this.

Investment properties

At 31 December 2023, the investment properties have been valued at £11,881,175 (2022: £13,200,065). The resultant fair value loss in the year amounted to £1,061,249 (2022: £27,212,777). Details of the investment properties are set out in note 8.

Results and dividends

The loss for the year, after taxation, amounted to £328,900 (2022 - loss £19,950,875).

The statement of comprehensive income is set out on page 4 and shows the results for the year.

The directors do not recommend the payment of a dividend (2022: £Nil).

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.

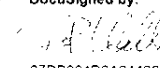
Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

FAIRHOLD (HUDDERSFIELD) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

DocuSigned by:

97DB064D6A94426

P Hallam
Director

Date: 24 October 2024

FAIRHOLD (HUDDERSFIELD) LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 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 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.

FAIRHOLD (HUDDERSFIELD) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Turnover		678,682	637,784
Gross profit		678,682	637,784
Administrative expenses		(538,267)	(563,038)
Operating profit		140,415	74,746
Gain/(Loss) on sale of investment properties		120,014	235,882
Fair value loss on investment property	8	(1,061,249)	(27,212,777)
Interest receivable and similar income	4	226,776	88,311
Loss before tax	5	(574,044)	(26,813,838)
Taxation	7	245,144	6,862,963
Loss for the financial year		(328,900)	(19,950,875)

There was no other comprehensive income for 2023 (2022: £NIL).

The notes on pages 7 to 21 form part of these financial statements.

FAIRHOLD (HUDDERSFIELD) LIMITED
REGISTERED NUMBER: 03037726

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

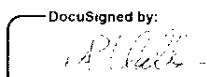
	Note	2023 £	2022 £
Fixed assets			
Investments	9	648,214	648,214
Investment property	8	11,881,175	13,200,065
Current assets			
Debtors: amounts falling due within one year	10	4,814,289	4,064,772
		<u>4,814,289</u>	<u>4,064,772</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(17,019)	(12,348)
		<u>4,797,270</u>	<u>4,052,424</u>
Net current assets			
Provisions for liabilities			
Deferred tax	12	(1,903,000)	(2,148,144)
		<u>15,423,659</u>	<u>15,752,559</u>
Net assets			
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account		15,423,657	15,752,557
		<u>15,423,659</u>	<u>15,752,559</u>
Total equity			
		<u>15,423,659</u>	<u>15,752,559</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

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

DocuSigned by:

97DB064D6A94426

P Hallam
Director

Date: 24 October 2024

The notes on pages 7 to 21 form part of these financial statements.

FAIRHOLD (HUDDERSFIELD) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	2	35,703,432	35,703,434
Loss and total comprehensive income for the year	-	(19,950,875)	(19,950,875)
At 31 December 2022	2	15,752,557	15,752,559
Loss and total comprehensive income for the year	-	(328,900)	(328,900)
At 31 December 2023	2	15,423,657	15,423,659

The notes on pages 7 to 21 form part of these financial statements.

FAIRHOLD (HUDDERSFIELD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

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, modified to include the revaluation of investment properties. 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.

2.2 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. The company has no assets pledged as security or any third-party liabilities. If necessary, a related party, Euro Investments Overseas Incorporated (BVI) has agreed to provide limited financial support to enable the company to meet day to day running costs incurred in the ordinary course of business for a period of up to 12 months from the date of signing these financial statements.

In addition to the matters described above, in arriving at their conclusion the Directors have also considered Leasehold Reform and Building Safety legislation.

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 property owning related parties within the Euro Investments Overseas Incorporated group of which the company is a member, to generate rental income beyond the existing term of current leases.

On 24 May 2024 the Leasehold and Freehold Reform Act 2024 received Royal Assent. The element of the Act that is likely to have the most significant financial effect on the property owning related parties within the Euro Investments Overseas Incorporated group of which the company is a member should the required secondary legislation that is needed to give legal effect to the provisions of the Act be passed, relates to the changes that reduce the premium that will be available to the property owner when leaseholders exercise their statutory rights to enfranchisement or lease extension. At the time, the then Conservative Government stated that it was its intention to add provisions to the Bill, that became the Act, that would cap the amount of ground rent that can be charged on a lease. This did not occur and it is understood by the directors that a new Bill would need to be presented to, and passed by, Parliament in order for a legal restriction to be placed on the rent that can be collected.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.2 Going concern (continued)

Due to uncertainties as to material aspects impacting the premium calculation that will only come into effect with secondary legislation under delegated authority to the Secretary of State and the effect on leaseholder behaviour it is not possible to determine the exact impact of the Act. However, should the secondary legislation be introduced the cash flows generated by the property owning related parties within the Euro Investments Overseas Incorporated group of which the company is a member will be materially reduced.

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 then Government's policy objectives to resolve the building safety crisis and further Governmental measures will need to be introduced by the new Government.

Conclusion

The directors have given consideration to the provisions of the Leasehold Reform (Ground Rent) Act 2022, the Leasehold and Freehold Reform Bill and The Building Safety Act 2022 and their potential impact on the company and its future cashflows. The directors acknowledge the fact that the enacted legislation and further potential legislative changes creates material uncertainty over future cash flows and therefore material uncertainty over the ability of the company to continue as a going concern in the future. Notwithstanding this, the directors believe that the company will continue to be able to meet its liabilities as they fall due for a reasonably foreseeable period of time, being as a minimum for a period of at least 12 months from the date of sign-off of these financial statements.

2.3 Functional and presentational currencies

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

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.4 Turnover

Turnover comprises rent receivable and other income arising from investment properties. Profit or loss on the sale of such properties is recognised on agreement of the sale. Turnover is shown net of value added tax.

Rental income 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 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.

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

2.5 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 the statement of comprehensive income.

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 cash flow valuation of the income streams generated by these assets. The entire freehold reversionary interest portfolio has been valued in the current year by the directors having regard to an actuarial valuation at 31 December 2022 and flexed for market changes in the intervening period affecting the discount rates used along with other known changes. In the prior year the valuation of the portfolio was undertaken on an actuarial basis by a firm of independent 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 8.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 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 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.

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.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

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.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 group, of which the company is a member, 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 existing term of the 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 the company is a member, to meet its liabilities as they fall due for a reasonably foreseeable period.

On 24 May 2024 the Leasehold and Freehold Reform Act 2024 received Royal Assent. The element of the Act that is likely to have the most significant financial effect on the group, of which the company is a member, should the required secondary legislation that is needed to give legal effect to the provisions of the Act be passed, relates to the changes that reduce the premium that will be available to the property owner when leaseholders exercise their statutory rights to enfranchisement or lease extension. The then Government stated that it was its intention to add provisions to the Bill, that became the Act, that would cap the amount of ground rent that can be charged on a lease. This did not occur and it is understood by the directors that a new Bill would need to be presented to, and passed by, Parliament in order for a legal restriction to be placed on the rent that can be collected.

Due to uncertainties as to material aspects impacting the premium calculation that will only come into effect with secondary legislation under delegated authority to the Secretary of State and the effect on leaseholder behaviour it is not possible to determine the exact impact of the Act. However, should the secondary legislation be introduced the forecast cash flows that the group, of which the company is a member, relies upon will be materially reduced and would in time be expected to create a breach of the group's financial covenants in its loan agreement with its lender. A risk remains that a future Government would seek to introduce a cap on the rent that can be collected from leaseholders. Such a cap will lead to an immediate breach of those financial covenants. Such breach would be considered an Event of Default and the loan would then be repayable on demand. The group, of which the company is a member, would not have the resources available to meet such demand. It is, however, expected that the lender would not make such demand for a reasonably foreseeable period as to do so would have an adverse effect on the value of the collateral supporting the loan.

In addition, there is a potential impact arising from the Building Safety legislation enacted in 2022, see note 15 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, which in turn would give rise to a significant reduction in the valuation of investment properties.

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 15. It is assumed that the current methodology continues to represent a fair value of these assets.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

Further details of the valuation of the investment properties are set out in note 8.

Recoverability of intercompany debtors and investment carrying values

In reference to note 18, the company is part of a large group of companies, many of which hold assets that will be affected by the potential legislative changes set out in note 2.2. Should these changes become law the value of those assets held within the group will be materially impacted. The recoverability of balances from related parties and group undertakings and investment carrying values is reliant upon the long-term cash flows generated by those assets and, as such, this recoverability becomes uncertain in the event that the proposed changes to the law are enacted and suitable compensation is not made available.

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:

	2023	2022
	£	£
Rent receivable	214,973	215,210
Other income	463,709	422,575
	<u><u> </u></u>	<u><u> </u></u>

4. Interest receivable and similar income

	2023	2022
	£	£
Interest receivable from group undertakings	226,776	88,311
	<u><u> </u></u>	<u><u> </u></u>

5. Profit before taxation

The profit before taxation is stated after charging:

	2023	2022
	£	£
Auditor's remuneration	-	8,750
	<u><u> </u></u>	<u><u> </u></u>

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6. Employees

There were no employees during the year other than the directors (2022: 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 2023 amounted to £523,107 (2022: £546,314) 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.

7. Taxation

	2023 £	2022 £
Current tax		
Total current tax	-	-
Deferred tax		
Movement on potential chargeable gain liability	(245,144)	(6,862,963)
Total deferred tax	(245,144)	(6,862,963)
Taxation on profit	(245,144)	(6,862,963)

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 23.5% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Loss before tax	(574,044)	(26,813,837)
Loss before tax multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	(134,900)	(5,094,629)
Effects of:		
Group relief received without charge	(86,290)	(30,981)
Fair value gain on investment properties	249,394	5,170,428
Movement on potential chargeable gain liability	(245,144)	(6,862,963)
Chargeable gain	(28,204)	(44,818)
Total tax charge for the year	(245,144)	(6,862,963)

In the current period, following legislation from the Finance Act 2021 to increase the main rate of tax to 25% from 1 April 2023, the effective corporation tax rate included in the tax reconciliation above has been calculated at 23.5%.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. Investment property

	Freehold investment property £
Valuation	
At 1 January 2023 (restated)	13,200,065
Disposals	(257,641)
Loss on revaluation	(1,061,249)
At 31 December 2023	11,881,175

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. Investment property (continued)

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).

The investment properties were valued on an actuarial basis by a firm of independent actuarial consultants at 31 December 2022. The directors have reviewed the actuarial valuation as at 31 December 2022 and based on market changes in the intervening period affecting the discount rates used, along with other known changes, have flexed the valuation model to determine their own valuations as at 31 December 2023.

Accordingly, the directors have assessed these changes and consider the updated valuation of the investment properties of £11,881,175 at 31 December 2023 (2022: £13,200,065) to be appropriate for adoption for the purposes of these financial statements.

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 model is discounted at the year end rather than the mid point as the directors consider this the most appropriate timing given the nature of the business.

The input to the model with the most significant impact on the valuation is the discount rate used. Per the 31 December 2023 review undertaken, a 50-basis point increase or decrease in this rate reduces or increases the valuation by 13% and 17% respectively.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. 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:

	2023 £	2022 £
Historic cost	<u>2,551,188</u>	<u>2,597,635</u>

9. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2023	648,214
At 31 December 2023	<u>648,214</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
West Lancashire Investments Limited	Property dealing	Ordinary	100%
Fairhold (Midlands) Limited	Property investment	Ordinary	100%

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.

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10. Debtors: Amounts falling due within one year

	2023	2022
	£	£
Trade debtors	120,669	111,932
Amounts owed by group undertakings	4,624,805	3,883,185
Sundry debtors	15,753	15,753
Prepayments and accrued income	53,062	53,902
	4,814,289	4,064,772

There are no fixed terms of repayment of the amounts owed by group undertakings. Interest is charged at SONIA +1.27%. 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

	2023	2022
	£	£
Accruals and deferred income	17,019	12,348

12. Deferred taxation

	2023
	£
At 1 January 2023	2,148,144
Decrease in the provision in the year	(245,144)
At 31 December 2023	1,903,000

The provision for deferred taxation is made up as follows:

	2023	2022
	£	£
Deferred tax on assets measured at fair value	1,903,000	2,148,144

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13. Share capital and reserves

Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
2 (2022 - 2) Ordinary shares of £1.00 each	<u>2</u>	<u>2</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.

14. Guarantees

The company has provided an unlimited guarantee in respect of related party borrowings. At 31 December 2023 the total amount outstanding subject to that guarantee was £152,780,353 (2022: £108,237,741). 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 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.

15. 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 2.2) 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.

16. Immediate parent company, 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. 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 £523,107 (2022: £546,314) by Estates & Management Limited, a related party related by virtue of common control and common directors.

18. Post balance sheet events

On 24 May 2024 the Leasehold and Freehold Reform Act 2024 received Royal Assent. The potential implications of the Act on the wider group's cash flows are significant and are set out in note 2.2. Due to the uncertainty of the full outcome of the Act and the timing of its implementation no adjustments have been made to the financial statements.