
FAIRHOLD (HUDDERSFIELD) LIMITED

UNAUDITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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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

CONTENTS

	Page
Directors' Report	1 - 2
Directors' Responsibilities Statement	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 - 21

FAIRHOLD (HUDDERSFIELD) LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

The directors present their report and the financial statements for the year ended 31 December 2024

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 materially impair the company's ability to continue as a Going Concern

Considering the general uncertainty surrounding leasehold reform and its effect on leaseholder behaviour referred to in note 2.2 in addition to the impact of building safety legislation, no adjustments have been made to the financial statements to reflect this. Please also refer to the Contingent liabilities note 14 where potential liabilities in relation to building safety have been documented

Investment properties

The investment properties have been valued at £10,134,000 (2023: £11,881,175). The resultant fair value loss in the year amounted to £1,583,412 (2023: £1,061,249). Details of the investment properties are set out in note 7

Results and dividends

The loss for the year, after taxation, amounted to £759,212 (2023 - loss £328,900)

The statement of comprehensive income is set out on page 4 and shows the results of the year. The loss for the year is primarily caused by the decrease in fair value of the company's investment properties, which in turn is primarily caused by an increase in risk free discount rates. The impact of risk free discount rate movements on investment properties is detailed further in note 7. The directors do not recommend the payment of a dividend for the current year and no dividend was paid in the prior year

Directors

The directors who served during the year were

W K Procter
C C McGill
P Hallam
M D Watson

Insurance of company officers

The company has maintained insurance throughout the year for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the company

Small companies note

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

FAIRHOLD (HUDDERSFIELD) LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

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

DocuSigned by

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P Hallam
Director

Date 17 December 2025

FAIRHOLD (HUDDERSFIELD) LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

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 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 2024**

	Note	2024 £	2023 £
Turnover		746,719	678,682
Gross profit		746,719	678,682
Administrative expenses		(500,163)	(538,267)
Operating profit		246,556	140,415
Gain on sale of investment properties		93,644	120,014
Fair value loss on investment property	7	(1,583,412)	(1,061,249)
Interest receivable and similar income	4	-	226,776
Loss before tax		(1,243,212)	(574,044)
Taxation	6	484,000	245,144
Loss for the financial year		(759,212)	(328,900)

There was no other comprehensive income for 2024 (2023 £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 2024

	Note	2024 £	2023 £
Fixed assets			
Investments	8	648,214	648,214
Investment property	7	10,134,000	11,881,175
Current assets			
Debtors: amounts falling due within one year	9	5,318,154	4,814,289
		<u>5,318,154</u>	<u>4,814,289</u>
Current liabilities			
Creditors: amounts falling due within one year	10	(16,921)	(17,019)
		<u>5,301,233</u>	<u>4,797,270</u>
Net current assets			
Provisions for liabilities			
Deferred tax	11	(1,419,000)	(1,903,000)
		<u>14,664,447</u>	<u>15,423,659</u>
Net assets			
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account		14,664,445	15,423,657
		<u>14,664,447</u>	<u>15,423,659</u>
Total equity			
		<u>14,664,447</u>	<u>15,423,659</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:

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P Hallam
Director

Date: 17 December 2025

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 2024**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2023	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
Loss and total comprehensive income for the year	-	(759,212)	(759,212)
At 31 December 2024	2	14,664,445	14,664,447

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 2024**

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 these financial statements on a going concern basis, the directors have given consideration to the company's results for the year and the company's net asset positions.

The directors have taken into account the enacted and potential legislative changes described in the Critical accounting estimates and assumptions section (see Note 2.9), which potentially could lead to a significant adverse impact on the business such that it may materially impair the company's ability to continue as a Going Concern in the medium to long term (see below for more information). The directors believe that the Company has adequate financial resources to continue as a going concern for at least twelve months from the date of approval of these financial statements.

In reaching this conclusion, the directors have also considered the potential effects of leasehold reform and building safety legislation.

Leasehold Reform

The Leasehold Reform (Ground Rent) Act 2022 was enacted during 2022 and prohibits the inclusion of a ground rent exceeding a peppercorn on new long residential leases. This legislation is not retrospective but limits the Group's, of which the company is a member, ability to generate new rental income on future leases and during the extension period of existing leases.

On 24 May 2024, the Leasehold and Freehold Reform Act 2024 received Royal Assent. The aspect of this Act most likely to have a significant financial effect on the Group, of which the company is a member, relates to changes that reduce the premium payable to freeholders when leaseholders exercise their statutory rights to enfranchisement or lease extension.

In October 2025, the High Court issued its judgment dismissing the judicial review brought by industry participants challenging aspects of the Government's leasehold reform measures contained in the 2024 Act. The directors have taken the outcome of that judgment into account in their assessment of the going concern assumption.

Separately, the Government has indicated its intention to publish a draft bill, which is expected to include, among other matters, provisions to regulate the level of ground rent that can be charged on existing leases. The timing, scope and parameters of any such proposal remain uncertain.

FAIRHOLD (HUDDERSFIELD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting policies (continued)

2.2 Going concern (continued)

Uncertainty therefore remains as to the form and timing of secondary and potential further legislation, and its consequent effect on the Group's, of which the company is a member, future cash flows and compliance with financial covenants. Should such measures materially reduce income or premiums, forecast cash flows would be expected to decline, likely leading to a breach of loan covenants. Any cap on ground rents will likely lead to an immediate breach of those financial covenants. Such a breach would constitute an Event of Default and the loan would then become repayable on demand. The Group, of which the company is a member, would not have the resources available to meet such demand. However, although not confirmed, the directors consider it unlikely that the lender would demand repayment in the short term, as this would have an adverse effect on the value of the collateral securing the loan.

Building Safety legislation

The Building Safety Act 2022 introduced the responsibility on the freeholder to fund the remediation of certain life-critical fire-safety defects on applicable residential buildings should the original developer or other responsible party not be available to provide funding.

For buildings over 11 metres or five storeys in height, the developer is expected to fund the necessary remediation. Where this is not possible, Government funding is expected to cover external wall-system works.

It is not yet possible to determine the full extent of future contributions that may be required across the portfolio, but the Group, of which the company is a member, expects a risk-based phasing of works to ensure both financial and operational resources remain available.

Conclusion

The directors have considered the potential impact of the *Leasehold Reform (Ground Rent) Act 2022*, the *Leasehold and Freehold Reform Act 2024*, the *Building Safety Act 2022*, and the outcome of the October 2025 Judicial Review.

They acknowledge that these matters create material uncertainty over future cash flows and, consequently, over the Group's, of which the company is a member, long-term ability to continue as a going concern.

Notwithstanding this, the directors believe the Company will continue to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements, and accordingly, the accounts continue to be prepared on a going concern basis.

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 2024**

2 Accounting policies (continued)

2.4 Turnover

Turnover comprises rent receivable and other income arising from investment properties. Receipts from developers were recognised on entering into an agreement with the Competition and Markets and Authority and the relevant property developers.

Rental income is recognised in accordance with the terms of the lease. Inflationary uplifts to rental income are recognised when received. Non-inflationary uplifts are also recognised when received as the directors are of the opinion that to recognise the impact of those uplifts on a straight line basis over such long term leases (up to 999 years) would not give a true and fair view as the period between recognition and actual collection would be of sufficient length to cause uncertainty over the value to be collected.

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

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 holdings of freehold reversionary interests are classified as investment properties. These are initially measured at cost and subsequently at fair value, where a reliable measure of fair value is available. Changes in fair value are recognised in the statement of comprehensive income.

The properties generate income primarily from ground rents and associated lease-related receipts. As there is no active market for portfolios of this nature, the directors consider that the best approximation to fair value is provided by a discounted cash-flow valuation of the expected income streams.

The brought-forward portfolio has been valued in the current year by the directors, having regard to an external actuarial valuation as at 31 December 2022. This directors' valuation is, in effect, an update of the actuarial valuation that reflects changes in discount rates and other known factors to 31 December 2024.

The directors note that the actuarial discounted-cash-flow model represents an estimate of fair value derived from market-based assumptions rather than an assessment of the properties' value in use. Although the model is not a direct measure of market-transaction prices, it is considered the most objective and consistently applied technique available in the absence of an active market.

The directors have considered the potential impact of enacted and proposed leasehold-reform legislation. These measures introduce material uncertainty over future cash flows, but at the reporting date there is insufficient evidence to quantify their effect or to adjust the valuation assumptions on a reasonable basis. The valuation approach therefore remains based on the actuarial model described above.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2 Accounting policies (continued)

2.6 Investment properties (continued)

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 provided in Note 7.

Profit or loss on disposal of investment properties is recognised when the sale is completed.

2.7 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from profit before taxation because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and profit before taxation that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

2.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, to its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FAIRHOLD (HUDDERSFIELD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Accounting policies (continued)

2.8 Financial instruments (continued)

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

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

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.

The most significant areas of estimation uncertainty and critical judgement relate to the valuation of investment properties and the assessment of obligations arising under the Building Safety Act 2022.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2 Accounting policies (continued)

Valuation of investment properties

The company's investment properties comprise freehold reversionary interests that generate income primarily in the form of ground rents and related premium receipts on lease extensions and enfranchisements. A key accounting estimate in preparing these financial statements relates to the fair value of these assets. Fair value was determined by an external actuarial valuation at 31 December 2022 that used a discounted cash-flow model projecting risk-adjusted income streams over a 150-year horizon and this was subsequently updated by the directors to reflect market data, inflation forecasts, lease extension incidence, ground rent retention and discount rates (based on UK gilt yields) at 31 December 2024.

The valuation is inherently subjective because it relies on assumptions regarding discount rates, inflation, lease-extension incidence and premium receipts. Small changes in these assumptions could have a material effect on the reported fair value. A summary of sensitivity to movements in discount rates is provided in Note 7.

The valuation is also sensitive to legislative change. Enacted and proposed leasehold-reform measures may in future affect income or premiums arising from the portfolio. Further discussion of these legislative risks is included in the Going Concern note (see Note 2.2).

The directors note that the actuarial discounted-cash-flow model represents an estimate of fair value derived from market-based assumptions rather than an assessment of the properties' value in use. Although the model is not a direct measure of market-transaction prices, it is considered the most objective and consistently applied technique available in the absence of an active market.

The directors have considered the potential impact of enacted and proposed leasehold-reform legislation. These measures introduce material uncertainty over future cash flows, but at the reporting date there is insufficient evidence to quantify their effect or to adjust the valuation assumptions on a reasonable basis. The valuation approach therefore remains based on the actuarial model described above.

Legislative risk

The valuation of investment properties and the company's longer-term forecasts are affected by enacted and potential legislative changes. These include:

- the Leasehold Reform (Ground Rent) Act 2022, which restricts ground rents on new leases to a peppercorn and limits the ability of the freeholder and leaseholder to agree ground rents during the extension period of existing leases,
- the Leasehold and Freehold Reform Act 2024, which introduces changes that will reduce the premium payable to freeholders when leaseholders exercise their statutory rights to enfranchisement or lease extension, but which requires secondary legislation before its provisions take effect, and
- the Government's stated intention to introduce a further Bill expected to include a cap on the amount of ground rent that can be charged on existing leases.

In October 2025, the High Court issued its judgment dismissing the judicial review brought by industry participants challenging aspects of the Government's leasehold reform measures contained in the 2024 Act. The directors have noted this outcome in their assessment of going concern and valuation assumptions.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. Accounting policies (continued)

Uncertainty remains as to the form and timing of secondary and further legislation, and its consequent effect on the company's future cash flows and property valuations. These changes will likely reduce cash flows and property valuations over time if income or premiums are restricted.

Due to the high degree of uncertainty surrounding the impact of these legislative changes, the directors' current valuations assume that the existing legislative framework remains in force and that no additional measures are introduced beyond those currently announced.

Summary

The financial impact of these enacted and potential legislative changes introduces material uncertainty into the company's longer-term cash-flow forecasts and property valuations. The directors have assessed these uncertainties and concluded that the estimates adopted continue to provide a reasonable basis for the preparation of these financial statements.

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. The directors note that the deferred tax provision recognised relates to deferred tax on the valuation of investment properties. As highlighted in note 2.2 and 2.6, there is significant uncertainty surrounding the valuation of the investment property. Should any of these circumstances crystallise, and the valuations change, this will have a significant impact on the deferred tax recognised.

3. Turnover

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

	2024 £	2023 £
Rent receivable	210,861	214,973
Other income	535,858	463,709
	<u>746,719</u>	<u>678,682</u>

4 Interest receivable and similar income

	2024 £	2023 £
Interest receivable from group undertakings	<u>-</u>	<u>226,776</u>

FAIRHOLD (HUDDERSFIELD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

5 Employees

There were no employees during the year other than the directors (2023 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 2024 amounted to £476,407 (2023 £523,107) 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.

6. Taxation

	2024 £	2023 £
Current tax		
Total current tax	-	-
Deferred tax		
Movement on potential chargeable gain liability	(484,000)	(245,144)
Total deferred tax	(484,000)	(245,144)
Taxation on profit	(484,000)	(245,144)

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2023 - *lower than*) the standard rate of corporation tax in the UK of 25% (2023 - 23.5%). The differences are explained below

	2024 £	2023 £
Loss before tax	<u>(1,243,212)</u>	<u>(574,044)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 25% (2023 - 23.5%)	(310,803)	(134,900)
Effects of		
Disallowed expenses	4,000	-
Transfer pricing	74,581	-
Group relief received without charge	(140,220)	(86,290)
Fair value gain on investment properties	395,853	249,394
Movement on potential chargeable gain liability	(484,000)	(245,144)
Chargeable gain	(23,411)	(28,204)
Total tax credit for the year	<u><u>(484,000)</u></u>	<u><u>(245,144)</u></u>

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 25%

7 Investment property

	Freehold investment property £
Valuation	
At 1 January 2024	11,881,175
Disposals	(163,763)
Loss on revaluation	(1,583,412)
At 31 December 2024	<u><u>10,134,000</u></u>

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

7. 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 2024.

Accordingly, the directors have assessed these changes and consider the updated valuation of the investment properties of £10,134,000 at 31 December 2024 (2023: £11,881,175) 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 2024 review undertaken, a 50-basis point increase or decrease in this rate reduces or increases the valuation by 11% and 15% respectively.

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

7 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

	2024 £	2023 £
Historic cost	<u>2,510,619</u>	<u>2,551,188</u>

8. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2024	648,214
At 31 December 2024	<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.

FAIRHOLD (HUDDERSFIELD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

9 Debtors Amounts falling due within one year

	2024 £	2023 £
Trade debtors	124,853	120,669
Amounts owed by group undertakings	5,140,240	4,624,805
Sundry debtors	-	15,753
Prepayments and accrued income	53,061	53,062
	<u>5,318,154</u>	<u>4,814,289</u>

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.

10. Creditors Amounts falling due within one year

	2024 £	2023 £
Accruals and deferred income	<u>16,921</u>	<u>17,019</u>

11 Deferred taxation

	2024 £
At 1 January 2024	1,903,000
Decrease in the provision in the year	(484,000)
At 31 December 2024	<u>1,419,000</u>

The provision for deferred taxation is made up as follows

	2024 £	2023 £
Deferred tax on assets measured at fair value	<u>1,419,000</u>	<u>1,903,000</u>

FAIRHOLD (HUDDERSFIELD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

12 Share capital and reserves

Share capital

	2024 £	2023 £
Allotted, called up and fully paid		
2 (2023 - 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

13 Guarantees

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 amounting to £98k (2023 -£nil)

FAIRHOLD (HUDDERSFIELD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

14 Contingent liabilities

Building Safety Act 2022

Cross-group exposure under the Building Safety Act 2022

Under the Building Safety Act 2022 and related regulations, entities that were under common ownership as at 14 February 2022 may, in certain circumstances, be required to contribute to the remediation of life-critical fire-safety defects in buildings owned by other companies within the same group

This potential cross-group liability arises where a company that owns a higher-risk residential building is unable to meet the cost of required remediation, and another company within the same corporate group is deemed to have been under common control at that date

At the reporting date, the directors are not aware of any remediation costs arising in other group companies that are not expected to be funded by those companies themselves. However, because the legislation enables such costs to be allocated between associated entities, there is a potential outflow of resources, but this is considered to be remote

The directors will continue to monitor developments in Government and regulator guidance and will reassess this position if circumstances change

Unassessed buildings

There remains a potential liability in respect of certain relevant buildings for which up-to-date fire-safety assessment information has not yet been made available to the directors. Until the relevant Fire Risk Assessments or Fire Risk Appraisals of External Walls are obtained and reviewed, it is not possible to determine whether any life-critical remediation works will be required or to estimate potential costs reliably

The potential financial effect of these unassessed buildings cannot be estimated at the reporting date. The directors continue to monitor progress in obtaining and reviewing the outstanding assessments, and any resulting obligations will be recognised when sufficient information becomes available

Potential funding shortfalls

The Group, of which the company is a member, has applied for, or expects to apply for, government funding to meet the cost of certain building-safety works. Where such funding is approved, it is expected to cover the full eligible cost of remediation. However, there remains a possibility that, in some cases, funding may be insufficient or unavailable, in which event the relevant property-owning entity could be required to finance the shortfall

In respect of developer-funded buildings, the primary financial obligation to remediate lies with the developer under Part 5 of the Building Safety Act 2022. While the Group, of which the company is a member, expects developers to complete the full scope of works required, there remains a possibility that certain developers may not undertake all necessary works, or that additional defects could subsequently be identified which fall outside the developer's agreed scope. In such cases, the relevant property-owning entity could ultimately be required to fund the remaining works

At the reporting date, the directors consider any potential outflow of resources to be possible but not probable. Accordingly, no amounts have been recognised as provisions

FAIRHOLD (HUDDERSFIELD) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

15 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.

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 was charged management fees of £476,407 (2023: £523,107) by Estates & Management Limited, a related party related by virtue of common control and common directors.