Docusign Envelope ID: 1AACC9F0-8559-8409-8345-ED754D4577A7

Company Registration No: 03037726

FAIRHOLD (HUDDERSFIELD) LIMITED

UNAUDITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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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

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FAIRHOLD (HUDDERSFIELD) LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

The directors present their report and the financial statements for the year ended 31 December 2025.

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 13 where potential liabilities in relation to building safety have been documented.

Investment properties

The investment properties have been valued at £10,022,000 (2024: £10,134,000). The resultant fair value gain in the year amounted to £47,560 (2024: £1,583,412). Details of the investment properties are set out in note 6.

Results and dividends

The profit for the year, after taxation, amounted to £367,408 *(2024 - loss £759,212)*.

The statement of comprehensive income is set out on page 4 and shows the results of the year. The proft for the year is primarily caused by the increase in fair value of the company's investment properties, which in turn is primarily caused by a decrease in risk free discount rates, and by the profit on disposal of the company's investment properties. The impact of risk free discount rate movements on investment properties is detailed further in note 6. 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.

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

DocuSigned by:
97DB064D6A94426

P Hallam
Director

Date: 16 September 2026

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DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

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.

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 £	*2024 £*
Turnover		**683,945**	*746,719*
Gross profit		**683,945**	*746,719*
Administrative expenses		**(506,921)**	*(500,163)*
Operating profit		**177,024**	*246,556*
Profit on sale of investment properties		**128,824**	*93,644*
Fair value gain/(loss) on investment property		**47,560**	*(1,583,412)*
Profit/(loss) before tax		**353,408**	*(1,243,212)*
Tax on profit/(loss)	5	**14,000**	*484,000*
Profit/(loss) for the financial year		**367,408**	*(759,212)*

There was no other comprehensive income for 2025 (2024:£NIL).

The notes on pages 7 to 23 form part of these financial statements.

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FAIRHOLD (HUDDERSFIELD) LIMITED
REGISTERED NUMBER:03037726

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025 £	2024 £
Fixed assets			
Investments	7	**648,214**	*648,214*
Investment property	6	**10,022,000**	*10,134,000*
Current assets			
Debtors: amounts falling due within one year	8	**5,783,785**	*5,318,154*
		5,783,785	*5,318,154*
Current liabilities			
Creditors: amounts falling due within one year	9	**(17,144)**	*(16,921)*
Net current assets		**5,766,641**	*5,301,233*
Provisions for liabilities			
Deferred tax		**(1,405,000)**	*(1,419,000)*
Net assets		**15,031,855**	*14,664,447*
Capital and reserves			
Called up share capital	11	**2**	*2*
Profit and loss account		**15,031,853**	*14,664,445*
		15,031,855	*14,664,447*

For the year ended 31 December 2025 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its financial statements 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 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: 16 September 2026

The notes on pages 7 to 23 form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2024	**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**
Profit and total comprehensive income for the year	-	**367,408**	**367,408**
At 31 December 2025	**2**	**15,031,853**	**15,031,855**

The notes on pages 7 to 23 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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 Company relates to changes that reduce the premium payable to freeholders when leaseholders exercise their statutory rights to enfranchisement or lease extension. However, the provisions giving effect to these changes require secondary legislation before they become operative. Due to uncertainties as to material aspects of the premium calculation that will only be determined through that secondary legislation, together with uncertainty as to the effect on leaseholder behaviour, it is not currently possible to determine the exact impact of the Act. Should the secondary legislation be introduced in a form broadly consistent with the current legislation, the cash flows generated by the Group's, of which the Company is a member, assets are expected to be materially reduced, which will adversely affect property valuations, future profitability and compliance with financial covenants.

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2. Accounting policies (continued)

2.2 Going concern (continued)

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. This judgment is subject to an appeal to the Court of Appeal that is expected to be heard during 2026. The directors have reviewed the ongoing legal process and taken it into account in their assessment of the going concern assumption.

Separately, the Government has published on 27 January 2026 the Draft Commonhold and Leasehold Reform Bill (the "Draft Bill") for pre legislative scrutiny. The Draft Bill includes, among other matters, proposals to cap ground rents at £250 on existing leases (potentially not coming into force until late 2028), proposals to move ground rents to peppercorn rates after 40 years and significant changes to the wider framework for leasehold and commonhold ownership. The Draft Bill has not yet been introduced into Parliament, and the timing, scope and final form of any legislation arising from it remain uncertain. However, the Government included this Bill in the May 2026 King's Speech indicating the Government's intention to bring forward leasehold reform legislation during the current Parliament.

Uncertainty therefore remains as to the form and timing of secondary legislation under existing Acts and the potential primary legislation represented by the Draft Bill, and their consequent effect on the Group's, of which the Company is a member, future cash flows, property valuations 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.

The Group, of which the Company is a member, remains financially responsible for internal remediation works not covered by such schemes and has recognised provisions accordingly. Potential recoveries are currently considered to be contingent and are not recognised (see accounting policy Note 2.9).

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2. Accounting policies (continued)

2.2 Going concern (continued)

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, the outcome of the October 2025 Judicial Review, the ongoing appeal process and the publication of the Draft Bill. They acknowledge that these matters create material uncertainty over future cash flows, future funding requirements and the availability of resources to satisfy competing obligations and, consequently, over the Group's, of which the Company is a member, long-term ability to continue as a going concern.

Having regard to these matters, and notwithstanding the uncertainty as to the form and timing of secondary legislation under existing Acts and of the Draft Bill passing into legislation, the directors believe that 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.

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.

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2. Accounting policies (continued)

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 2025.

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.

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 6.

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

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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 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.

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2. Accounting policies (continued)

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.

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.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

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.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

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.

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2. Accounting policies (continued)

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.

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 2025.

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 6.

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, including the Leasehold and Freehold Reform Act 2024 and the Draft Commonhold and Leasehold Reform Bill. These measures introduce material uncertainty over future cash flows and, therefore, property valuations. However, given the uncertainty surrounding the timing, scope and final form of the relevant legislation, together with uncertainty regarding the impact on leaseholder behaviour, the directors do not consider that a reliable adjustment can currently be made to the valuation assumptions. Accordingly, the valuation approach remains based on the actuarial model described above.

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2. Accounting policies (continued)

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 are expected to reduce the premium payable to freeholders when leaseholders exercise their statutory rights to enfranchisement or lease extension. The provisions giving effect to these changes require secondary legislation before they become operative and the financial impact remains dependent upon the form of that secondary legislation and its effect on leaseholder behaviour; and
- the Draft Commonhold and Leasehold Reform Bill including a £250 cap on the amount of ground rent that can be charged on existing leases and a move to peppercorn rates after 40 years.

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. This judgment is subject to appeal, and the directors have considered the ongoing legal process in their assessment of going concern and valuation assumptions.

Uncertainty therefore remains as to the form and timing of secondary legislation under existing Acts and the potential further primary legislation represented by the Draft Bill, and their 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, timing and final form of these legislative changes, the directors have concluded that there is currently insufficient evidence to quantify their effect on valuation assumptions on a reliable basis. Accordingly, the current valuation remains based on the existing actuarial principles and legislative framework.

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 crystalise, and the valuations change, this will have a significant impact on the deferred tax recognised.

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3. Turnover

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

	2025 £	2024 £
Rent receivable	**200,759**	*210,861*
Other income	**483,186**	*535,858*
	683,945	*746,719*

4. Employees

There were no employees during the year other than the directors (2024: 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 2025 amounted to £495,927 (2024: £476,407) 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.

5. Taxation

	2025 £	2024 £
Total current tax	-	-
Deferred tax		
Movement on potential chargeable gain liability	**(14,000)**	*(484,000)*
Total deferred tax	**(14,000)**	*(484,000)*
Taxation on loss	**(14,000)**	*(484,000)*

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5. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2024 - lower than)* the standard rate of corporation tax in the UK of 25% *(2024 - 25%)*. The differences are explained below:

	2025 £	*2024* *£*
Profit/(loss) before tax	**353,408**	*(1,243,212)*
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 25% (2024 - 25%)	**88,352**	*(310,803)*
Effects of:		
Disallowed expenses	**-**	*4,000*
Transfer pricing	**70,588**	*74,581*
Group relief received without charge	**(114,844)**	*(140,220)*
Fair value gain on investment properties	**(11,890)**	*395,853*
Movement on potential chargeable gain liability	**(14,000)**	*(484,000)*
Chargeable gain	**(32,206)**	*(23,411)*
Total tax charge for the year	**(14,000)**	*(484,000)*

In the prior 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%.

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6. Investment property

	Freehold investment property £
Valuation	
At 1 January 2025	**10,134,000**
Disposals	**(159,560)**
Gain on revaluation	**47,560**
At 31 December 2025	**10,022,000**

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6. 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 2025.

Accordingly, the directors have assessed these changes and, consider the updated valuation of the investment properties of £10.0m at 31 December 2025 (2024: £10.1m) to be appropriate for adoption for the purposes of these financial statements.

The basis of the most recent 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 2025 review undertaken, a 50-basis point increase or decrease in this rate reduces or increases the valuation by 11% and 15% respectively.

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6. 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:

	2025 £	2024 £
Historic cost	**2,471,276**	2,510,619

7. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2025	**648,214**
At 31 December 2025	**648,214**

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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8. Debtors: Amounts falling due within one year

	2025 £	*2024 £*
Trade debtors	**117,234**	*124,853*
Amounts owed by group undertakings	**5,616,070**	*5,140,240*
Prepayments and accrued income	**50,481**	*53,061*
	5,783,785	*5,318,154*

There are no fixed terms of repayment of the amounts owed by group undertakings. No interest is charged. Despite the balance being repayable on demand it is not the intention for it to be recalled within one year.

9. Creditors: Amounts falling due within one year

	2025 £	*2024 £*
Accruals and deferred income	**17,144**	*16,921*

10. Deferred taxation

	2025 £
At 1 January 2025	**1,419,000**
Decrease in the provision in the year	**(14,000)**
At 31 December 2025	**1,405,000**

The provision for deferred taxation is made up as follows:

	2025 £	*2024 £*
Deferred tax on assets measured at fair value	**1,405,000**	*1,419,000*

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11. Share capital and reserves

Share capital

	2025	2024
	£	£
Allotted, called up and fully paid		
2 *(2024 - 2)* Ordinary shares of £1.00 each	**2**	*2*

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.

12. 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 £111k (2024 -£98k).

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13. 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 expected to be funded by this company. However, because the legislation enables such costs to be allocated between associated entities, there remains a potential exposure to future remediation costs.

The directors do not currently have sufficient information regarding the existence, extent or timing of any such potential obligations to determine whether a liability exists or to estimate any resulting financial effect reliably. Accordingly, no provision has been recognised and the matter is disclosed as a contingent liability.

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.

13. Contingent liabilities (continued)

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 do not have sufficient information to determine whether any funding shortfalls will arise or to estimate reliably the extent of any resulting financial obligation. Accordingly, no provision has been recognised and the matter is disclosed as a contingent liability.

14. 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.

15. 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 £495,927 (2024: £476,407) by Estates & Management Limited, a related party related by virtue of common control and common directors.