Fairview®
Holdings Ltd

Annual Report and Financial Statements

for the year ended 31 December 2015

Contents

Strategic report

The Fairview Holdings Limited group ("Fairview") is a residential property developer. Fairview specialises in the unconditional purchase of brownfield sites, securing the necessary planning consents and building a full range of homes from studio apartments to luxury family homes according to location. The Group's core focus is on the first time buyer and second stepper market in London and the south east of England. No change is anticipated to this business model.

Results for 2015

Turnover for the year was £178.2 million (2014: £158.2 million) including 435 legal completions (2014: 525 completions) and sale of two development sites (2014: one development site). The profit on ordinary activities before corporate bonuses and tax for the year was £62.4 million (2014: £51.9 million).

The reduction in the number of completions reflects delays in the planning process and clearing of conditions prior to commencing construction. This will lead to a corresponding increase in production in 2016. Overall revenues and profits in 2015 increased on the previous year due to a higher proportion of houses in the sales mix, the continuing increase in prices in the Group's area of operation and the land sales.

After corporate bonuses the profit on ordinary activities before tax was £45.6 million (2014: £41.9 million). Detailed results are set out in the consolidated profit and loss account on page 6.

Shareholder's funds were £170.1 million at 31 December 2015 (2014: £151.9 million). The Group had net debt of £6.9 million (2014: net cash of £2.1 million).

During the year land was acquired for the development of 387 new homes (2014: 441) and contracts were agreed for a further 222 plots. At 31 December 2015 the land bank for the Group comprised over 2,100 plots (2014: 2,300 plots), of which over 1,400 benefited from resolutions to grant planning consent (2014: 1,900).

On 17 February 2015 the Group acquired the entire share capital of Montclare Limited, which is developing 135 homes in north west London, for £6.9 million (see note 13a).

On 22 April 2015 Fairview Holdings Limited acquired, for consideration of £36.9 million, Geminiri Limited, which holds 14.925% of the shares in Fairview New Homes Limited, from certain directors of the Company, increasing the Company's shareholding in Fairview New Homes Limited to 100% (see note 13b).

The residential markets in London and the South East remained positive throughout 2015, benefiting from the increased availability and lower cost of mortgages and the Government's Help to Buy Scheme. The London Help to Buy initiative making loans of up to 40% available in the London Boroughs became effective from 1st February 2016 and will provide further assistance to purchasers in these areas.

Delays in the planning system remain the biggest challenge to increasing housing supply in the Group's area of operation, although over 95% of plots for delivery in the next two years have now secured the necessary planning consent.

On 1 March 2016 the Group refinanced its bank facilities for a further 5 years.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group are considered to be the impact of changes in the economic environment on the demand for and pricing of new homes, including the levels of employment, buyer confidence, the availability of mortgages and interest rates, the availability of bank finance, the impact of new government policies and regulations, the unpredictable nature and time scales associated with the planning system and competition from other developers for land, personnel, subcontractors and in the sales market.

G A Malton
Chairman
31 March 2016

Registered office:
50 Lancaster Road
Enfield. EN2 0BY

Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2015.

Directors

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

M Blakey	
D J Cope	
N M Dulcken	
S J Gough	(resigned 17 August 2015)
J T Holliday	
G A Malton	(Chairman)
R J Paterson	
J P H Vickers	(resigned 24 July 2015)
M R Walker	(appointed 15 March 2016)
R K Williams	(appointed 19 August 2015)

The directors are eligible as beneficiaries of the Fairview Holdings Limited Employee Benefit Trust.

Directors' indemnities

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

Company's interest in own shares

The Fairview Holdings Limited Employee Benefit Trust owns 100% of the called up share capital. The Trust is an employees' share scheme under section 1166 Companies Act 2006. Further details of the trust are given in note 21.

Dividends

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

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. Further details of the going concern basis are given in note 1c.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Group's activities expose it to the financial risks of changes in interest rates. The Group uses interest rate swap contracts to reduce these exposures.

Credit risk

The Group's principal financial assets are bank balances, cash, trade receivables and shared equity debtors. Credit risk is limited due to the existence of second legal charges on shared equity debtors. The credit risk on interest rate swaps is limited because the counterparties are banks with strong investment grade credit ratings.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for existing and future developments, the company uses a revolving credit facility provided by its primary relationship banks.

Directors' report

Business outlook and events after the balance sheet date
Details of business outlook and events that have occurred after the balance sheet date can be found in the Strategic report on page 1 and form part of this report by cross-reference.

Auditor
In the case of each of the persons who are directors at the time when the directors' report is approved, the following apply:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed.

By order of the board

R K Williams
Director
31 March 2016

Registered office:
50 Lancaster Road
Enfield. EN2 0BY

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Group and of their profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group 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 of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Fairview Holdings Limited

We have audited the financial statements of Fairview Holdings Limited for the year ended 31 December 2015 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated and parent company statements of changes in equity, the consolidated cash flow statement and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Paul Schofield, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom
31 March 2016

Consolidated profit and loss account
Year ended 31 December 2015

		2015		2014	
	Note	£'000	£'000	£'000	£'000
Turnover	3		**178,193**		158,189
Cost of sales			**(100,373)**		(90,939)
Gross profit			**77,820**		67,250
Administrative expenses - other		**(13,644)**		(12,668)	
Administrative expenses - corporate bonuses	4	**(16,731)**		(9,990)	
Administrative expenses - total			**(30,375)**		(22,658)
Other operating income			**579**		494
Operating profit			**48,024**		45,086
Share of results of jointly controlled entities	12		**2**		5
Finance costs (net)	6		**(2,397)**		(3,162)
Profit on ordinary activities before corporate bonuses and taxation			**62,360**		51,919
Profit on ordinary activities before taxation	7		**45,629**		41,929
Tax on profit on ordinary activities	8		**(6,092)**		(4,776)
Profit for the financial year			**39,537**		37,163
Attributable to:					
Non-controlling interests			**1,495**		7,142
Equity shareholders of the Company			**38,042**		30,021
			39,537		37,163

All amounts relate to continuing operations.

There are no other comprehensive income or expenses in either year other than stated in the profit and loss account above. Accordingly no statement of comprehensive income has been presented.

Consolidated balance sheet
31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Goodwill	10	**3,301**	1,343
Tangible assets	11	**1,123**	1,105
Investment in jointly controlled entities	12	**-**	-
Other investments	12	**169**	269
		4,593	2,717
Current assets			
Land and buildings in course of development	14	**237,751**	164,736
Debtors:			
Due within one year	15	**10,816**	5,758
Due after one year	15	**15,545**	23,109
Cash at bank and in hand		**17,082**	22,115
		281,194	215,718
Creditors: amounts falling due within one year	16	**(86,149)**	(32,049)
Net current assets		**195,045**	183,669
Total assets less current liabilities		**199,638**	186,386
Creditors: amounts falling due after more than one year	17	**(29,584)**	(18,966)
Net assets		**170,054**	167,420
Capital and reserves			
Called up share capital	21	**500**	500
Capital redemption reserve	21	**2,000**	2,000
Investment in own shares	21	**(500)**	(500)
Profit and loss account	21	**168,054**	149,881
Shareholder's funds		**170,054**	151,881
Non-controlling interests		**-**	15,539
Total capital employed		**170,054**	167,420

The financial statements of Fairview Holdings Limited were approved by the board of directors and authorised for issue on 31 March 2016

G A Malton
Chairman

Parent company balance sheet
31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	12	**80,715**	43,800
Current assets			
Debtors:			
Due within one year	15	**18,455**	59,800
Due after one year	15	**2,000**	2,256
		20,455	62,056
Creditors: amounts falling due within one year	16	**(11,657)**	(114)
Net current assets		**8,798**	61,942
Net assets		**89,513**	105,742
Capital and reserves			
Called up share capital	21	**500**	500
Capital redemption reserve	21	**2,000**	2,000
Investment in own shares	21	**(500)**	(500)
Profit and loss account	21	**87,513**	103,742
Shareholder's funds		**89,513**	105,742

The financial statements of Fairview Holdings Limited were approved by the board of directors and authorised for issue on 31 March 2016

G A Malton
Chairman

Consolidated statement of changes in equity
31 December 2015

	Equity attributable to equity shareholders of the Company						
	Called up share capital	Capital redemption reserve	Investment in own shares	Profit and loss account	**Total**	Non-controlling interests	**Total**
	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
At 31 December 2013 as previously stated	500	2,000	(500)	119,288	**121,288**	8,297	**129,585**
Changes on transition to FRS 102 (note 27)	-	-	-	572	**572**	100	**672**
At 1 January 2014 as restated	500	2,000	(500)	119,860	**121,860**	8,397	**130,257**
Profit for the financial year	-	-	-	30,021	**30,021**	7,142	**37,163**
At 31 December 2014	500	2,000	(500)	149,881	**151,881**	15,539	**167,420**
Profit for the financial year	-	-	-	38,042	**38,042**	1,495	**39,537**
Acquisition of non-controlling interests (notes 13b,13c)	-	-	-	(19,869)	**(19,869)**	(17,034)	**(36,903)**
At 31 December 2015	500	2,000	(500)	168,054	**170,054**	-	**170,054**

Parent company statement of changes in equity 31 December 2015

	Called up share capital	Capital redemption reserve	Investment in own shares	Profit and loss account	**Total**
	£'000	£'000	£'000	£'000	**£'000**
At 1 January 2014	500	2,000	(500)	114,017	**116,017**
Loss for the financial year	-	-	-	(10,275)	**(10,275)**
At 31 December 2014	500	2,000	(500)	103,742	**105,742**
Loss for the financial year	-	-	-	(16,229)	**(16,229)**
At 31 December 2015	500	2,000	(500)	87,513	**89,513**

There were no material adjustments arising on the transition to FRS 102 in the Company accounts and accordingly equity at 1 January 2014 and 31 December 2014 have not been restated (see note 27).

Consolidated cash flow statement
Year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Sales income		**218,995**	156,553
Site purchases		**(43,827)**	(47,894)
Development expenditure		**(121,563)**	(87,603)
Other operating cash flows		**(9,279)**	(11,595)
Income taxes paid		**(6,852)**	(1,387)
Net cash inflow from operating activities before corporate bonuses		**37,474**	8,074
Corporate bonuses		**(5,231)**	(9,990)
Net cash inflow/(outflow) from operating activities		**32,243**	(1,916)
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**106**	111
Purchases of tangible fixed assets		**(528)**	(635)
Acquisition of investments		**-**	(162)
Acquisition of Montclare Limited	13a	**(1,694)**	-
Acquisition of Geminiri Limited	13b	**(36,915)**	-
Interest received		**37**	29
Net cash outflow from investing activities		**(38,994)**	(657)
Cash flows from financing activities			
Interest paid		**(2,282)**	(2,605)
New borrowings advanced		**4,000**	15,000
Net cash inflow from financing activities		**1,718**	12,395
Net (decrease)/increase in cash and cash equivalents		**(5,033)**	9,822
Cash and cash equivalents at beginning of year		**22,115**	12,293
Cash and cash equivalents at end of year		**17,082**	22,115
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		**17,082**	22,115
Cash equivalents		**-**	-
Cash and cash equivalents		**17,082**	22,115

Notes to the financial statements
Year ended 31 December 2015

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Fairview Holdings Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic report on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 27.

The functional currency of Fairview Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

Fairview Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

c. Going concern basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. In addition, notes 17 and 20 to the financial statements includes details of the Group's bank loan facilities, financial instruments and its liquidity and interest rate risk policies.

The Group has significant financial resources and as a consequence the directors believe that the Group is well placed to manage its business risks successfully. The Group regularly updates its trading and financial projections, which make allowance for anticipated market conditions. These show that the Group will be able to work within the terms and covenants of its committed borrowing facilities that run through to March 2021.

After making enquiries, the directors believe that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Notes to the financial statements
Year ended 31 December 2015

1. Accounting policies (continued)

d. Goodwill
Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off over its useful economic life. At present the range is between 2 and 5 years. Where goodwill relates to a development it is amortised pro rata to turnover from that development and is charged to cost of sales. Provision is made for any impairment.

e. Jointly controlled entities
In the Group financial statements investments in jointly controlled entities are accounted for using the equity method. Investments in jointly controlled entities are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the jointly controlled entity. Goodwill arising on the acquisition of jointly controlled entities is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in jointly controlled entity.

f. Tangible fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Improvements to leasehold property	5 years
Fixtures and fittings, computers and site equipment	3-4 years
Motor vehicles	4 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

g. Land and buildings in course of development
Land and buildings in course of development and land upon which development has not yet commenced are valued at the lower of cost and net realisable value. Cost includes the cost of acquiring land, development expenditure to date and an appropriate proportion of overhead expenditure.

In considering the net realisable value of development sites it is assumed that the sites will be fully developed and the completed units sold in the ordinary course of the Group's business, and that the sites would not be placed on the market for immediate sale in their existing state.

h. Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified 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 Group after deducting all of its liabilities.

(i) Financial assets and liabilities
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Notes to the financial statements
Year ended 31 December 2015

1. Accounting policies (continued)

h. Financial instruments (continued)

(i) Financial assets and liabilities (continued)
Debt instruments are subsequently measured at amortised cost using the effective interest method.

Shared equity debtors

The Group has sold a number of residential units where a proportion of the purchase price remains outstanding secured by a second legal charge over the individual unit. These amounts are repayable prior to maturity on certain events including sale of the unit by the purchaser.

Shared equity debtors are recognised at the fair value of future anticipated cash receipts discounted to present value, taking into account assumptions which include future house price movements, the expected timing of receipts and the likelihood that a purchaser defaults on a repayment. The assumptions are revisited at the end of each reporting period with any decreases/(increases) being credited/(debited) to turnover.

(ii) Investments
In the Company balance sheet, investments (including investments in jointly controlled entities) are measured at cost less accumulated impairment losses.

(iii) Equity instruments
Equity instruments issued by the Company are recorded at the fair value of cash received.

(iv) Derivative financial instruments
The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

(v) Fair value measurement
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

i. Impairment of assets
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGU's) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the financial statements
Year ended 31 December 2015

1. Accounting policies (continued)

i. Impairment of assets (continued)
Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

j. Turnover
Turnover is stated net of VAT and discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer:

(i) the fair value of the consideration received or receivable for the sale of properties developed by the Group and partially developed and undeveloped sites. Sales of units and undeveloped sites are recognised at the time of legal completion;

(ii) the fair value of work performed under construction contracts. Where the outcome of a construction contract can be (ii) reliably estimated, turnover is recognised by reference to the stage of completion of the contract at the balance sheet date.

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

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

k. Employee benefits
For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

l. Leases
The Group as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the financial statements
Year ended 31 December 2015

1. Accounting policies (continued)

m. Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less than the value at which it is recognised, a deferred tax liability is recognised for the additional tax that will be paid in respect of that difference. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the financial statements
Year ended 31 December 2015

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and key sources of estimation uncertainty in applying the Group's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Valuation of land and buildings in the course of development

Inventories include land and buildings in the course of development in respect of current and future development sites. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site work in progress are carried out at regular intervals and estimates of the cost to complete a site and estimates of anticipated revenues are required to enable a development profit to be determined. The directors are required to employ judgement in estimating the profitability of a site and in assessing any impairment provisions which may be required.

Gross profit recognition

Gross profit is recognised for completed house sales based on the latest whole site gross margin which is an output of the site valuation. These valuations, which are updated at frequent intervals throughout the life of the site, use actual and forecast selling prices, land costs and construction costs and are sensitive to future movements in both the estimated cost to complete and expected selling prices. Forecast selling prices are inherently uncertain due to changes in market conditions.

3. Turnover

An analysis of the Group's turnover by class of business is set out below.

	2015	2014
	£'000	£'000
Sale of residential dwellings, commercial properties and land	**154,815**	142,115
Construction of residential dwellings	**20,568**	12,046
Sale of ground rents	**2,810**	4,028
	178,193	158,189

The Group's turnover is wholly realised in the United Kingdom.

Notes to the financial statements
Year ended 31 December 2015

4. Staff costs and numbers

The average monthly number of employees (including directors) was:

	2015	2014
	Number	Number
Site staff	**66**	61
Administrative and other staff	**144**	143
	210	204

Their aggregate remuneration comprised:

	2015	2014
	£'000	£'000
Wages and salaries	**13,826**	12,949
Corporate bonuses (excluding social security costs)	**14,638**	8,625
Social security costs	**3,533**	2,744
Other pension costs (note 23)	**762**	1,223
	32,759	25,541

The directors believe that the separate presentation of corporate bonuses is relevant to the understanding of the Group's financial performance. This is consistent with the way that financial performance is measured by management and is reported to the Board. Corporate bonuses including applicable social security costs were £16.7 million (2014: £10.0 million).

5. Directors' remuneration and transactions

	2015	2014
	£'000	£'000
Directors' remuneration		
Emoluments	**4,286**	3,170
Corporate bonuses	**10,105**	4,064
Company contributions to money purchase pension schemes	**41**	381
	14,432	7,615

	2015	2014
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	**3**	4

Notes to the financial statements
Year ended 31 December 2015

5. Directors' remuneration and transactions (continued)

	2015	2014
	£'000	£'000
Remuneration of the highest paid director:		
Emoluments	1,027	448
Corporate bonuses	2,500	1,889
Company contributions to money purchase pension schemes	9	-
	3,536	2,337

Directors' advances, credits and guarantees

Details of transactions with directors during the year are disclosed in note 25.

6. Finance costs (net)

	2015	2014
	£'000	£'000
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	1,259	546
Amortisation of loan arrangement costs	312	951
Bank commitment fees	858	1,062
Other interest payable	18	-
	2,447	2,559
Investment income		
Bank and other interest receivable	(95)	(235)
Net interest payable	2,352	2,324
Other finance costs		
Fair value losses on interest rate swaps (note 20)	45	838
Finance costs (net)	2,397	3,162

7. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2015	2014
	£'000	£'000
Depreciation of tangible fixed assets (note 11)	394	387
Amortisation of goodwill (note 10)	413	414
Operating lease rentals	217	213
Loss on disposal of fixed assets	12	28

Notes to the financial statements
Year ended 31 December 2015

7. Profit on ordinary activities before taxation (continued)

The analysis of the auditor's remuneration is as follows:

	2015	2014
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	65	67
Fees payable to the Company's auditor for other services to the Group:		
Audit of the Company's subsidiaries	43	41
Total audit fees	**108**	108
Taxation compliance services	58	58
Other taxation advisory services	111	107
Other services	-	20
Total non-audit fees	**169**	185

No services were provided pursuant to contingent fee arrangements.

8. Tax charge on profit on ordinary activities

The tax charge comprises:

	2015	2014
	£'000	£'000
Current tax on profit on ordinary activities		
UK corporation tax at 20.25% (2014: 21.5%)	(7,324)	(3,683)
Adjustment in respect of prior years	113	-
Total current tax	**(7,211)**	(3,683)
Deferred taxation		
Origination and reversal of timing differences	149	468
Increase/(decrease) in estimate of recoverable deferred tax asset	1,108	(1,276)
Effect of decrease in tax rate on opening asset	(138)	(275)
Total deferred tax	**1,119**	(1,083)
Total tax on profit on ordinary activities	**(6,092)**	(4,766)

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted in July 2013 now standing at 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015.
The closing deferred tax assets and liabilities have been calculated at 20% in accordance with the rates enacted at the balance sheet date. In the Budget on 8 July 2015, the UK Government proposed to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These rate changes were substantively enacted in the Finance Bill 2015 on 26 October 2015 and existing timing differences may therefore unwind in periods subject to these reduced rates.

There is no expiry date on timing differences, unused tax losses or tax credits.

Notes to the financial statements
Year ended 31 December 2015

8. Tax charge on profit on ordinary activities (continued)

The differences between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation	45,629	41,929
Tax charge on profit on ordinary activities at 20.25% (2014: 21.5%)	(9,240)	(9,015)
Effects of:		
Net income/(expenses) not taxable/deductible for tax purposes	24	(77)
Depreciation lower than capital allowances	11	53
Movement in short term timing differences	37	92
Amortisation of goodwill	(84)	(89)
Allowance in respect of contaminated land	27	37
Tax losses carried forward	(161)	(913)
Utilisation of brought forward tax losses	3,181	5,146
Prior period adjustments	113	-
Total tax charge for the year	(6,092)	(4,766)

9. Profit for the year attributable to the members of Fairview Holdings Limited

The loss for the financial year dealt with in the financial statements of the parent Company, Fairview Holdings Limited, was £16,229,000 (2014: £10,275,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

Notes to the financial statements
Year ended 31 December 2015

10. Intangible fixed assets

	Goodwill
	£'000
Group	
Cost	
At 1 January 2015	2,067
Additions (note 13)	2,371
At 31 December 2015	**4,438**
Amortisation	
At 1 January 2015	724
Charge for the year	413
At 31 December 2015	**1,137**
Net book value	
At 31 December 2015	**3,301**
At 31 December 2014	1,343

11. Tangible fixed assets

	Freehold land and buildings	Improvements to leasehold property	Fixtures, fittings, computers and site equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Group					
Cost					
At 1 January 2015	191	49	1,624	1,049	2,913
Additions	10	-	123	395	528
Disposals	-	-	(632)	(283)	(915)
At 31 December 2015	**201**	**49**	**1,115**	**1,161**	**2,526**
Depreciation					
At 1 January 2015	-	25	1,343	440	1,808
Charge for the year	-	9	141	244	394
Disposals	-	-	(632)	(167)	(799)
At 31 December 2015	**-**	**34**	**852**	**517**	**1,403**
Net book value					
At 31 December 2015	**201**	**15**	**263**	**644**	**1,123**
At 31 December 2014	191	24	281	609	1,105

Notes to the financial statements
Year ended 31 December 2015

12. Other investments

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Subsidiary undertakings	**-**	-	**80,715**	43,800
Jointly controlled entities	**-**	-	**-**	-
Other investments	**169**	269	**-**	-
Total	**169**	269	**80,715**	43,800

The Company holds 100% of the issued share capital and controls 100% of the voting rights of Bencasco Limited, a company that owns 10.075% of the issued share capital and controls 10.075% of the voting rights of Fairview New Homes Limited. In addition , the Company owns 100% of the issued share capital and controls 100% of the voting rights of Geminiri Limited, a company that owns 14.925% of the issue share capital and controls 14.925% of the voting rights of Fairview New Homes Limited. In addition, the Company directly owns 75% of the issued share capital and controls 75% of the voting rights of Fairview New Homes Limited. In total the Company owns directly or indirectly 100% of the issued share capital and voting rights. Fairview New Homes Limited holds 100% of the issued share capital and controls 100% of the voting rights of the following active subsidiaries:

Anglia Secure Homes (South East) Limited
Bronte Energy Limited - solar energy
Brycken Limited
Cricklewood Developments Limited
Crossways Property Limited
Fairview Enfield Limited
Fairview Estates (Housing) Limited - builder
Fairview Homes Limited
Fairview Land Limited
Fairview Limited
Fairview New Homes (Chase Road) Limited
Fairview New Homes (Chequers Way) Limited
Fairview New Homes (Colindale) Limited
Fairview New Homes (Developments) Limited
Fairview New Homes (Lawn Road) Limited
Fairview New Homes (North London) Limited
Fairview New Homes (Properties) Limited
Fairview New Homes (Puckeridge) Limited
Fairview New Homes (Willow Way) Limited
Fairview Property Trading Limited
Fairview Ventures Limited
HBF Insurance PCC Limited Cell Fairview / BOS
- mortgage guarantee
Westprize Limited

Anglia Secure Homes (South East) Limited holds 100% of the issued share capital and controls 100% of the voting rights of Anglia Secure Homes (Properties) Limited, which holds 100% of the issued share capital and controls 100% of the voting rights of Anglia Secure Homes (Developments) Limited.

Fairview Enfield Limited holds 100% of the issued share capital and controls 100% of the voting rights of Fairview New Homes (South East) Limited.

Fairview Ventures Limited holds 100% of the issued share capital and controls 100% of the voting rights of the following companies:

Fairview Ventures Crawley No. 1 Limited
Fairview Ventures Crawley No. 2 Limited
Fairview Ventures Crawley No. 3 Limited
Fairview Ventures Crawley No. 4 Limited
Okus Properties Limited
Enfield (JKL) Limited

Notes to the financial statements
Year ended 31 December 2015

12. Other investments (continued)

Okus Properties Limited owns 100% of the issued share capital and controls 100% of the voting rights of Okus Developments Limited.

Fairview New Homes (Puckeridge) Limited holds 100% of the issued share capital and controls 100% of the voting rights of Fairview New Homes (Management Company) Limited.

Fairview New Homes Limited holds 100% of the issued share capital and controls 100% of the voting rights of the following dormant subsidiaries:

Cabot Housing Limited	Fairview New Homes (Hindhead) Limited
Dialect Properties Limited	Fairview New Homes (Hoddesdon) Limited
Enfield (MNO) Limited	Fairview New Homes (Kingsley) Limited
Fairview New Homes (Beeston) Limited	Fairview New Homes (Northgate) Limited
Fairview New Homes (Egham) Limited	Fairview New Homes (Westminster Drive) Limited
Fairview New Homes (Englefield Green) Limited	Fairview Realty Limited
Fairview New Homes (Epsom) Limited	Marchfield (St Albans) Limited

Where an application has been made to Companies House to strike off a dormant company it has not been included above.

Joint ventures
Fairview New Homes Limited holds 50% of the issued share capital and controls 50% of the voting rights of Markhome Limited.

Principal activity and jurisdiction
The principal activity of all group companies and joint ventures is residential development and related activities and they operate in Great Britain. Apart from HBF Insurance PCC Limited, which is registered in Guernsey, all group companies and joint ventures are registered in England and Wales.

Notes to the financial statements
Year ended 31 December 2015

12. Other investments (continued)

Subsidiary undertakings - Company

	£'000
Cost and net book value	
At 1 January 2015	43,800
Additions (note 13)	36,915
At 31 December 2015	**80,715**

Jointly controlled entities

	2015	2014
	£'000	£'000
Group		
Carrying value		
At 1 January	-	-
Share of retained profit for the year	2	5
Reversal of provision against carrying value	(2)	(5)
At 31 December	-	-

Notes to the financial statements
Year ended 31 December 2015

13. Acquisition of subsidiary undertakings

a. Montclare Limited

On 17 February 2015 a subsidiary undertaking, Fairview New Homes (Properties) Limited, acquired 100% of the issued share capital of Montclare Limited, a company whose primary activity is residential property development, for consideration comprising initial consideration paid, including costs, of £1,794,000 (of which £100,000 paid in the year ended 31 December 2014) and deferred contingent consideration estimated to be £5,062,000. The fair value of the total consideration was £6,856,000.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value	Fair value adjustments	Fair value to the Group
	£'000	£'000	£'000
Current assets			
Land and buildings in course of development	2,913	6,322	9,235
Debtors	16	-	16
Total assets	2,929	6,322	9,251
Creditors			
Loans	3,500	-	3,500
Accruals	2	-	2
Deferred tax	-	1,264	1,264
Total liabilities	3,502	1,264	4,766
Net (liabilities)/assets	(573)	5,058	4,485
Goodwill			2,371
			6,856
Satisfied by			
Cash			1,794
Deferred and contingent consideration			5,062
			6,856

In the year ended 31 December 2015, turnover of £nil and a loss of £722,000 was included in the consolidated profit and loss account in respect of Montclare Limited since the acquisition date.

Notes to the financial statements
Year ended 31 December 2015

13. Acquisition of subsidiary undertakings (continued)

b. Geminiri Limited

On 22 April 2015 the Company acquired 100% of the issued share capital of Geminiri Limited for consideration of £36,915,000 inclusive of directly attributable acquisition costs. Geminiri Limited owns 1,791,000 Ordinary Shares in Fairview New Homes Limited, an intermediate holding company. The acquisition increases the Group's shareholding in Fairview New Homes Limited from 85.075% to 100%.

In accordance with FRS 102.22 the excess of the consideration paid over the carrying value of the non-controlling interest acquired is charged directly to equity.

	£'000
Book value of identifiable assets and liabilities	
Investment in Fairview New Homes Limited	2,239
Cash at bank and in hand	20
Creditors - accruals	(6)
Net assets	2,253
Less: assets already controlled by Group	(2,239)
Carrying value of non-controlling interest	17,046
	17,060
Consideration paid	36,915
Excess charged directly to equity	(19,855)
	17,060

c. Non-controlling interest in Fairview New Homes (Developments) Limited

On 20 July 2015 Fairview New Homes Limited purchased 400,075 shares in Fairview New Homes (Developments) Limited from Fairview New Homes (South East) Limited, an indirect subsidiary. On the same date Fairview New Homes Limited purchased 25 shares from a non-controlling interest for consideration of £950. Fairview New Homes Limited now owns 100% of Fairview New Homes (Developments) Limited.

Notes to the financial statements
Year ended 31 December 2015

14. Land and buildings in course of development

At 31 December 2015 the Group held approximately £96.7 million (2014: £70.6 million) of land included within land and buildings in course of development which had not received appropriate residential planning consent. Of this amount £15.9 million (2014: £nil) of land had, by the date of approval of these accounts, been the subject of resolutions to grant consent and a further £6.9 million (2014: £19.1 million) of land had been the subject of resolutions to grant consent subject to the signing of a section 106 agreement.

It is in the nature of the Group's business activities that negotiations with local authorities to obtain planning consent often continue for a number of months and delays in the resolution of these negotiations can occur. The directors have assessed the status of negotiations with local authorities on sites currently without planning permission and are of the opinion that the value of the sites is at least equal to the value shown in the financial statements.

15. Debtors

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**1,191**	1,062	**-**	-
Amounts owed by group undertakings	**-**	-	**18,373**	59,763
Amounts owed by jointly controlled entities	**11**	5	**-**	-
VAT	**390**	502	**-**	-
Other debtors	**89**	351	**-**	-
Prepayments	**725**	769	**82**	37
Accrued income	**4,926**	669	**-**	-
Derivative financial assets (note 20)	**-**	35	**-**	-
Deferred tax asset (note 18)	**3,484**	2,365	**-**	-
	10,816	5,758	**18,455**	59,800
Amounts falling due after more than one year:				
Shared equity debtors	**13,545**	17,649	**-**	-
Other amounts owed by related parties (note 25)	**2,000**	2,256	**2,000**	2,256
Other debtors	**-**	3,204	**-**	-
	15,545	23,109	**2,000**	2,256
	26,361	28,867	**20,455**	62,056

Notes to the financial statements
Year ended 31 December 2015

16. Creditors: amounts falling due within one year

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Trade creditors	**5,910**	4,856	**-**	-
Corporation tax	**2,655**	2,296	**-**	-
Other taxation and social security	**1,014**	651	**-**	-
Other creditors	**96**	4,226	**-**	-
Accruals	**33,723**	18,182	**11,657**	114
Deferred income	**42,693**	1,790	**-**	-
Defined contribution pension scheme accrual	**48**	48	**-**	-
Derivative financial liabilities (note 20)	**10**	-	**-**	-
	86,149	32,049	**11,657**	114

Notes to the financial statements
Year ended 31 December 2015

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**23,258**	18,966	**-**	-
Deferred consideration	**5,062**	-	**-**	-
Deferred tax	**1,264**	-	**-**	-
	29,584	18,966	**-**	-

Borrowings are repayable as follows:

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Bank loans				
Between one and two years	**20,000**	-	**-**	-
Between two and five years	**4,000**	20,000	**-**	-
Total repayable	**24,000**	20,000	**-**	-
Capitalised facility fees	**(742)**	(1,034)	**-**	-
	23,258	18,966	**-**	-

The Company has granted a fixed and floating charge on its assets to secure borrowings available under the facility of £90 million (2014: £90 million). At 31 December 2015 £24 million of the facility was drawn down (2014: £20 million).

18. Deferred tax assets

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Decelerated capital allowances	**287**	371	**-**	-
Tax losses available	**2,725**	1,673	**-**	-
Other timing differences	**472**	321	**-**	-
	3,484	2,365	**-**	-

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

Notes to the financial statements
Year ended 31 December 2015

19. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2015	2014
	£'000	£'000
Financial assets		
Measured at fair value through profit or loss		
Derivative financial assets (see notes 15,20)	-	35
Shared equity debtors (see note 15)	13,545	17,649
	13,545	17,684
Measured at undiscounted amount receivable		
Trade debtors, other debtors and accrued income (see note 15)	6,206	5,286
Amounts due from jointly controlled entities (see note 15)	11	5
Other amounts owed by related parties (see note 25)	2,000	2,256
	8,217	7,547
	21,762	25,231
Financial liabilities		
Measured at fair value through profit or loss		
Derivative financial liabilities (see notes 16,20)	10	-
Measured at amortised cost		
Loans payable (see note 17)	24,000	20,000
Measured at undiscounted amount payable		
Trade creditors, other creditors and accruals (see notes 16,17)	44,839	27,312
	68,849	47,312

Notes to the financial statements
Year ended 31 December 2015

20. Derivative financial instruments

Interest rate swap contracts

Interest rate swaps are valued at the present value of estimated future cash flows and discounted based on the applicable yield curves derived from quoted interest rates.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate		Notional principal value		Fair value	
	2015	2014	**2015**	2014	**2015**	2014
	%	%	**£'000**	£'000	**£'000**	£'000
2 to 5 years	**1.02**	1.02	**25,000**	25,000	**(10)**	35

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is one months' LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

21. Called-up share capital and reserves

	2015	2014
	£'000	£'000
Allotted, called-up and fully paid:		
500,000 Ordinary Shares of £1 each	**500**	500

The Group and Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the re-measurement of derivative financial instruments, net of dividends paid and other adjustments.

The investment in own shares represents the cost of 500,000 ordinary shares in the Company purchased by Fairview Holdings Limited Employee Benefit Trust ("the Trust") financed by a loan of £500,000 from the Company to the Trust.

The Trust is an employees' share scheme under section 1166 of the Companies Act 2006 and was established with the intention that employees of the Company from time to time should benefit from the holding of shares in the Company by the trustees.

The trustees are Zedra Trust Company (Guernsey) Limited and were appointed by the Company. Under the trust deed no transfer or sale of the shares is permitted except under limited exceptional circumstances. At 31 December 2015 none of the assets of the Trust had been applied to any beneficiary.

The market value of the shares at 31 December 2015 is considered to be no less than the cost price. No dividend entitlement arose during the year.

The directors consider the Trust to be the controlling party of the Group.

The capital redemption reserve arose on the purchase and subsequent cancellation of 2,000,000 Ordinary A Shares on 10 July 2002, it is not distributable.

Notes to the financial statements
Year ended 31 December 2015

22. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
	£'000	£'000
Group:		
Within one year	197	197
Between one and five years	134	331
	331	528

23. Employee benefits

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 December 2015 was £762,000 (2014: £1,223,000).

24. Contingent liabilities

Certain subsidiary undertakings have given cross guarantees in respect of bank loan facilities available to two subsidiary companies. At 31 December 2015, guarantees outstanding amounted to £90 million (2014: £90 million).

Group companies have entered into various counter indemnities for performance bonds arising in the normal course of business.

25. Related party transactions

Until its acquisition by Fairview Holdings Limited on 22 April 2015 (see note 13b), Geminiri Limited, a collective investment company, was owned and controlled by M Blakey, N M Dulcken, G A Malton and R J Paterson, and was a related party as a consequence of holding 1,791,000 £1 ordinary shares, representing 14.925% of the issued share capital, in Fairview New Homes Limited, an intermediate holding company. During the year the Group made charges to Geminiri Limited for accounting and company secretarial services of £307 (2014: £1,000). At 31 December 2015 £nil was outstanding in this respect (2014: £1,000).

The directors' investments in Geminiri Limited were financed by loans from the Company that were secured on the shares of the collective investment company. The loans, which were non-interest bearing and due for repayment on 6 October 2016, were repaid on 22 April 2015 (see note 13b).

On 23 April 2015 the Company made a loan of £2,000,000 to J T Holliday, a director. The loan is non-interest bearing and is due for repayment on 23 April 2020.

Loan amounts outstanding at 31 December were as follows:

	2015	2014
Group and Company	£'000	£'000
Secured loans:		
M Blakey	-	564
N M Dulcken	-	564
J T Holliday	2,000	-
G A Malton	-	564
R J Paterson	-	564
	2,000	2,256

Notes to the financial statements
Year ended 31 December 2015

25. Related party transactions (continued)

During the year the Group received, from five directors (M Blakey, N M Dulcken, J T Holliday, G A Malton and R J Paterson), deposits for the future purchase of units, at open market value, totalling £31,194,000.

In addition, during the year two directors, or members of their close families, purchased eight completed units at open market value for £2,909,000. There were no such purchases during 2014.

Other related party transactions

The total remuneration for key management personnel for the year totalled £14,432,000 (2014: £7,615,000), being remuneration disclosed in note 5.

Amounts owed by jointly controlled entities at the reporting date were £11,000 (2014: £5,000).

26. Controlling party

The controlling party of the Group and Company is the Fairview Holdings Limited Employee Benefit Trust.

27. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Financial instruments

Under FRS 102 derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. Under previous UK GAAP derivative financial instruments were not recognised. Accordingly an adjustment is required to reflect the fair value of derivative financial instruments at 1 January 2014.

Shared equity debtors

Under FRS 102 movements in the fair value of shared equity debtors are recognised in turnover. Under previous UK GAAP shared equity debtors were recognised at cost less any provision for impairment and were discounted to reflect the time value of money. The discount to nominal value was amortised over the period of the credit term and credited to net interest. Imputed interest receivable of £1,149,000 for the year ended 31 December 2014 has accordingly been re-presented within turnover.

Notes to the financial statements
Year ended 31 December 2015

27. Explanation of transition to FRS 102 (continued)

Reconciliation of equity

	Group		Company	
	At 1 January 2014	At 31 December 2014	At 1 January 2014	At 31 December 2014
	£'000	£'000	£'000	£'000
Equity reported under previous UKGAAP	129,585	167,393	116,017	105,742
Adjustments to equity on transition to FRS 102 - recognition of derivative financial instruments at fair value	672	27	-	-
Equity reported under FRS 102	130,257	167,420	116,017	105,742

Note to the reconciliation of equity at 1 January 2014

Recognition of derivative financial instruments at fair value

As described in note 1h the Group utilises interest rate swap arrangements to reduce exposure to interest rate movements. These arrangements are classified as financial instruments under FRS 102. FRS 102 requires that financial instruments are initially recorded in the balance sheet at fair value with any subsequent changes in fair value being recorded in the profit and loss account. Accordingly equity at 1 January 2014 has been increased by £672,000 representing the fair value of interest swaps at that date net of deferred taxation.

Reconciliation of profit/(loss) for 2014

	Group	Company
	£'000	£'000
Profit/(loss) for the financial year under previous UK GAAP	30,570	(10,275)
Re-measurement of derivative financial instruments to fair value	(549)	-
Profit/(loss) for the financial year under FRS 102	30,021	(10,275)

Note to the reconciliation of profit/(loss) for 2014

Re-measurement of derivative financial instruments to fair value

The profit for the year ended 31 December 2014 has been reduced by £549,000 representing the reduction in fair value of interest swaps during the year, net of associated deferred tax credit.