

Company Number: 2223106

REGISTRAR'S COPY

SHADOWGRADE DEVELOPMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 1995



SHADOWGRADE DEVELOPMENTS LIMITED**DIRECTOR'S REPORT**

Page 1

The director presents her report and the audited financial statements of the company for the year ended 31 May 1995.

DIRECTORS

The following director has served during the year:-

S.L.Winn

According to the register maintained as required under the Companies Act 1985, the director and her family had no beneficial interests in the shares of the company throughout the year.

PRINCIPAL ACTIVITY

The company has continued its principal activity of providing fully self-contained apartments for the short term rental market.

AUDITORS

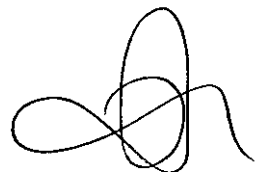
A resolution for the reappointment of the auditors, Moore Stephens, will be proposed at the next annual general meeting.

In preparing this report advantage has been taken of the exemptions applicable to small companies.

REGISTERED OFFICE

23 Kew Gardens Road
Kew
Richmond
Surrey
TW9 1HD

18 SEP 1995

BY ORDER OF THE BOARD

A.D.Manger
Secretary

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

To the shareholders of SHADOWGRADE DEVELOPMENTS LIMITED

Page 2

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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.

AUDITORS' REPORT**To the shareholders of SHADOWGRADE DEVELOPMENTS LIMITED****Page 3**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies as set down on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosure in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

57 London Road
Enfield
Middlesex
EN2 6SW

18 SEP 1995

Moore Stephens

**MOORE STEPHENS
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

SHADOWGRADE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 May 1995

Page 4

	<u>Note</u>	<u>1995</u>	<u>1994</u>
		£	£
TURNOVER	2	591,059	591,408
ADMINISTRATION COSTS		<u>542,173</u>	<u>450,465</u>
OPERATING PROFIT	3	48,886	140,943
Interest receivable	4	729	2
Interest payable		<u>(45,346)</u>	<u>(40,242)</u>
		(44,617)	(40,240)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,269	100,703
Tax on profit on ordinary activities	5	<u>182</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR		<u>4,087</u>	<u>100,703</u>
SUMMARY OF RETAINED PROFITS			
At 1 June 1994		123,989	23,286
Retained profit for the financial year		<u>4,087</u>	<u>100,703</u>
At 31 May 1995		<u>128,076</u>	<u>123,989</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company had no recognised gains or losses other than the profit for the year.

SHADOWGRADE DEVELOPMENTS LIMITED

BALANCE SHEET

31 May 1995

Page 5

	<u>Note</u>	<u>1995</u>		<u>1994</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		1,000,041		1,028,929
CURRENT ASSETS					
Debtors	7	124,975		73,530	
Cash at bank and in hand		400		112	
		<u>125,375</u>		<u>73,642</u>	
CREDITORS amounts falling due within one year	8	(270,228)		(98,438)	
NET CURRENT (LIABILITIES)			<u>(144,853)</u>		<u>(24,796)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			855,188		1,004,133
CREDITORS amounts falling due after more than one year	9		<u>(726,112)</u>		<u>(879,144)</u>
			<u>129,076</u>		<u>124,989</u>
CAPITAL AND RESERVES					
Called up share capital	10		1,000		1,000
Profit and loss account			<u>128,076</u>		<u>123,989</u>
SHAREHOLDERS' FUNDS	12		<u>129,076</u>		<u>124,989</u>

In preparing these accounts, advantage has been taken of the exemptions applicable to small companies on the grounds that the director believes that the company is a small company.

Approved by the Board of Directors :-

S.L.Winn

Susan L. Winn
18/9/95

)
)
) DIRECTOR
)
)

18 SEP 1995

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 May 1995

Page 6

1. ACCOUNTING POLICIES

a Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

b Fixed assets and depreciation

Provision for depreciation is made at rates calculated to write off the cost of fixed assets over their anticipated useful lives as follows:-

Freehold property	2 % on straight line basis
Fixtures and fittings	15 % on reducing balance
Office equipment	15 % on reducing balance
Motor vehicles	25 % on reducing balance

c Leasing

Rentals applicable to operating leases, where substantially all of the risks and rewards of ownership remain with the lessor, are charged to the profit and loss account as incurred.

d Deferred taxation

Provision is made at appropriate rates for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

e Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

Turnover represents apartment rentals and service charges receivable, net of value added tax. Rentals are credited to the profit and loss account in the period to which they relate.

The turnover arises entirely in the United Kingdom.

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 May 1995

Page 7

3.	OPERATING PROFIT	1995	1994			
	Operating profit is stated after charging:-					
	Auditors' remuneration	5,580	6,050			
	Depreciation	36,353	37,709			
	Profit on disposal of fixed assets	-	(155)			
	Hire of equipment	3,491	2,249			
		<u> </u>	<u> </u>			
4.	INTEREST RECEIVABLE AND SIMILAR INCOME	1995	1994			
	Bank interest	729	2			
		<u> </u>	<u> </u>			
5.	TAX ON PROFIT ON ORDINARY ACTIVITIES					
	Based on the profit for the year:					
	Corporation tax at 25% (1994: 25%)	182	-			
		<u> </u>	<u> </u>			
6.	TANGIBLE FIXED ASSETS					
		Land and <u>buildings</u>	Fixtures and <u>fittings</u>	Office <u>equipment</u>	Motor <u>vehicles</u>	<u>Total</u>
	Cost:					
	At 1 June 1994	1,007,210	141,744	21,669	6,890	1,177,513
	Additions	-	4,744	2,721	-	7,465
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 31 May 1995	1,007,210	146,488	24,390	6,890	1,184,978
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Depreciation:					
	At 1 June 1994	75,540	61,904	9,260	1,880	148,584
	Charge for this year	20,144	12,688	2,269	1,252	36,353
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 31 May 1995	95,684	74,592	11,529	3,132	184,937
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Net book value:					
	At 31 May 1995	911,526	71,896	12,861	3,758	1,000,041
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 31 May 1994	931,670	79,840	12,409	5,010	1,028,929
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	The net book value of land and buildings comprises:-					
					1995	1994
	Freehold				911,526	931,670
					<u> </u>	<u> </u>

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 May 1995

Page 8

7.	DEBTORS	<u>1995</u>	<u>1994</u>
	Trade debtors	89,611	49,078
	Amounts owed by group undertakings	8,281	1,959
	Other debtors	27,083	22,493
		<u>124,975</u>	<u>73,530</u>
8.	CREDITORS amounts falling due within one year	<u>1995</u>	<u>1994</u>
	Bank loans and overdrafts	51,552	7,538
	Trade creditors	387	-
	Amounts owed to group undertakings	66,000	-
	Corporation tax	182	-
	Other creditors	152,107	90,900
		<u>270,228</u>	<u>98,438</u>
9.	CREDITORS amounts falling due after more than one year	<u>1995</u>	<u>1994</u>
	Bank loans (secured)	600,000	508,408
	Loan from group undertakings	126,112	370,736
		<u>726,112</u>	<u>879,144</u>
10.	SHARE CAPITAL	<u>1995</u>	<u>1994</u>
	AUTHORISED		
	1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	ALLOTTED, ISSUED AND FULLY PAID		
	1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 May 1995

Page 9

11. OPERATING LEASE COMMITMENTS

At 31 May 1995 the company had the following annual commitments under non-cancellable operating leases in respect of land and buildings:-

	<u>1995</u>	<u>1994</u>
Operating leases which expire:-		
Within one year	202,100	171,200
Within two to five years	<u>51,240</u>	<u>-</u>
	<u>253,340</u>	<u>171,200</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
Profit for the financial year	4,087	100,703
Opening shareholders' funds	<u>124,989</u>	<u>24,286</u>
Closing shareholders' funds	<u>129,076</u>	<u>124,989</u>

13. EXCHANGE LOSS

The exceptional loss on foreign exchange in 1994 arose as a result of unfavourable exchange rate fluctuations on the foreign currency mortgage.

14. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Osprey Investments Limited, a company incorporated in Guernsey.