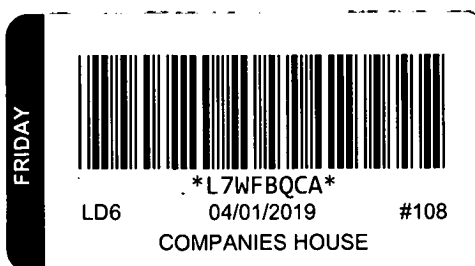

SHADOWGRADE DEVELOPMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



SHADOWGRADE DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	Mr C Higgins Mr S Hamilton Ms J Cross (appointed 9 April 2018) Mr M Winn (resigned 2 June 2017)
Company secretary	Mr C Higgins
Registered number	02223106
Registered office	Wraysbury Hall Ferry Lane Staines Middlesex TW19 6HG
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS

SHADOWGRADE DEVELOPMENTS LIMITED

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SHADOWGRADE DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The company's principal activity is the letting of rental properties for short term and extended stay accommodation.

Directors

The Directors who served during the year were:

Mr C Higgins
Mr S Hamilton
Mr M Winn (resigned 2 June 2017)

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 '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 and profit or loss of the Company 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 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The company finances its freehold property portfolio through bank mortgages. At the balance sheet date, mortgages of £8,723,000 (2016: £13,000,000) remained outstanding. The facility expired on 30 September 2018, however the bank remains supportive of the company and is working with the directors to satisfy the debt in an orderly manner. The company is in the process of selling one of the company's owned properties alongside seeking alternative mortgage finance to satisfy the loan with the current bankers. The company continues to develop the business via the remainder of its owned property portfolio and leased properties.

SHADOWGRADE DEVELOPMENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditor

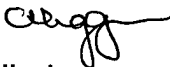
The directors confirm that:

- so far each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



Mr C Higgins
Director

Date: 4 January 2019



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHADOWGRADE DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Shadowgrade Developments Limited for the year ended 31 December 2017, which comprise , the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its Loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the company is in the process of selling one of the owned properties alongside seeking alternative mortgage finance to satisfy its loan obligations which expired on 30 September 2018. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHADOWGRADE DEVELOPMENTS
LIMITED (CONTINUED)**

on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHADOWGRADE DEVELOPMENTS
LIMITED (CONTINUED)**

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHADOWGRADE DEVELOPMENTS
LIMITED (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Grant Thornton UK LLP

Andy Ka BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
Date: *4 January 2019*

SHADOWGRADE DEVELOPMENTS LIMITED
REGISTERED NUMBER:02223106

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	4	17,387,613	22,162,670
Current assets			
Debtors: amounts falling due within one year	5	2,138,986	2,394,409
Cash at bank and in hand		543,389	386,703
		<u>2,682,375</u>	<u>2,781,112</u>
Creditors: amounts falling due within one year	6	(10,212,223)	(14,086,483)
Net current liabilities		<u>(7,529,848)</u>	<u>(11,305,371)</u>
Total assets less current liabilities		<u>9,857,765</u>	<u>10,857,299</u>
Provisions for liabilities			
Deferred tax	7	(481,513)	(916,922)
		<u>(481,513)</u>	<u>(916,922)</u>
Net assets		<u><u>9,376,252</u></u>	<u><u>9,940,377</u></u>
Capital and reserves			
Called up share capital		1,000	1,000
Revaluation reserve		5,585,749	8,279,305
Profit and loss account		3,789,503	1,660,072
		<u><u>9,376,252</u></u>	<u><u>9,940,377</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

S. Hamilton
Mr S Hamilton
 Director
 Date: 14 January 2019

C. Higgins
Mr C Higgins
 Director

The notes on pages 9 to 17 form part of these financial statements.

SHADOWGRADE DEVELOPMENTS LIMITED
REGISTERED NUMBER:02223106

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	1,000	8,279,305	1,660,072	9,940,377
Comprehensive income for the year				
Loss for the year	-	-	(99,534)	(99,534)
Deficit on revaluation of freehold property	-	(900,000)	-	(900,000)
Deferred tax movement on surplus on revaluation of freehold property	-	435,409	-	435,409
Sale of property	-	(2,228,965)	2,228,965	-
Total comprehensive income for the year	-	(2,693,556)	2,129,431	(564,125)
At 31 December 2017	1,000	5,585,749	3,789,503	9,376,252

STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2016

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2015	1,000	8,105,932	1,978,547	10,085,479
Comprehensive income for the period				
Loss for the period	-	-	(318,475)	(318,475)
Impairment adjustment - freehold property	-	(76,929)	-	(76,929)
Deferred tax movement on surplus on revaluation of freehold property	-	250,302	-	250,302
Total comprehensive income for the period	-	173,373	(318,475)	(145,102)
At 31 December 2016	1,000	8,279,305	1,660,072	9,940,377

The notes on pages 9 to 17 form part of these financial statements.

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Shadowgrade Developments Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Wraysbury Hall, Ferry Lane, Staines, Middlesex, TW19 6HG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The company finances its freehold property portfolio through bank mortgages. At the balance sheet date, mortgages of £8,723,000 (2016: £13,000,000) (net of capitalised arrangement fees of £nil (2016: nil)) were classified as creditors falling due within one year. The facility expired on 30 September 2018, however the bank has remained supportive of the company and is working with the directors to satisfy the debt in an orderly manner. Thus, at the date of approving these financial statements, the company is reliant upon the on-going support of its bankers to continue this facility until such time that alternative financing can be obtained. The company is in the process of selling one of the company's owned properties alongside seeking alternative mortgage finance to satisfy this loan

The directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents income arising from providing fully self contained apartments for the short term letting market and is recorded on an accruals basis. Income is accrued for lettings provided by the accounting date but not invoiced. Where an obligation remains at the accounting date to provide future services, that element of invoiced amounts is deferred.

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	-	20%
Fixtures & fittings	-	20%
Office equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.6 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.15 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SHADOWGRADE DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. Employees

The average monthly number of employees, including directors, during the year was 28 (2016: 33).

4. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2017	22,176,929	15,487	1,603,239	463,443	24,259,098
Additions	-	-	79,854	1,886	81,740
Disposals	(3,900,000)	-	-	-	(3,900,000)
Revaluations	(900,000)	-	-	-	(900,000)
At 31 December 2017	<u>17,376,929</u>	<u>15,487</u>	<u>1,683,093</u>	<u>465,329</u>	<u>19,540,838</u>
Depreciation					
At 1 January 2017	76,929	15,487	1,566,110	437,902	2,096,428
Charge for the year on owned assets	-	-	50,370	6,427	56,797
At 31 December 2017	<u>76,929</u>	<u>15,487</u>	<u>1,616,480</u>	<u>444,329</u>	<u>2,153,225</u>
Net book value					
At 31 December 2017	<u>17,300,000</u>	<u>-</u>	<u>66,613</u>	<u>21,000</u>	<u>17,387,613</u>
At 31 December 2016	<u>22,100,000</u>	<u>-</u>	<u>37,129</u>	<u>25,541</u>	<u>22,162,670</u>

The properties were valued on 23 September 2014 by Vail Williams LLP, external Chartered Surveyors. The directors are of the opinion that there was no material movement between the latest valuation and the opening carrying book value and the movement has been processed in the financial statements against the revaluation surplus through other comprehensive income, apart from the movement relating to properties which have been disposed of post year end. The movement in the revaluation reserve of these properties reflects the sales proceeds expected once the sale completes. There has been no effect on depreciation as no depreciation is provided on this class of asset.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention of £11,232,738 (2016: £12,903,410). The accumulated depreciation of £nil equal to the accumulated depreciation of £nil at would have been provided on a historical cost basis.

SHADOWGRADE DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Debtors

	2017 £	2016 £
Trade debtors	1,132,448	1,182,444
Amounts owed by group undertakings	817,577	1,038,286
Other debtors	188,961	173,679
	<u>2,138,986</u>	<u>2,394,409</u>

6. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	8,730,000	13,000,000
Trade creditors	394,573	422,397
Corporation tax	233,901	-
Other taxation and social security	178,576	138,812
Accruals and deferred income	675,173	525,274
	<u>10,212,223</u>	<u>14,086,483</u>

The bank mortgages are secured against the company's freehold property.

SHADOWGRADE DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Deferred taxation

	2017 £	2016 £
At beginning of year	(916,922)	(1,167,224)
Charged to other comprehensive income	435,409	250,302
At end of year	(481,513)	(916,922)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Property revaluations	(481,513)	(916,922)

No deferred tax asset has been recognised for the tax losses available for offset against future taxable profits. The total deferred tax asset not yet recognised is £35,568 (2016: £13,958). No deferred tax asset has been recognised for the effect of decelerated capital allowances.

Following the Summer 2016 Finance Bill there will be a reduction in the main rate of corporation tax and from 1 April 2017 the rate will reduce to 19% and to 18% from 1 April 2020. Finance Act 2016 received Royal Assent on 15 September 2016 which further reduces the corporation tax rate in the UK from 18% to 17% for the period commencing from 1 April 2020. Deferred tax has been calculated based on tax rates and laws enacted or substantially enacted at the Statement of Financial Position date.

8. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £126,528 (2016: £8,470). Contributions totalling £1,065 (2016: £741) were payable to the fund at the reporting date.

9. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Within 1 year	1,842,442	1,706,509
Between 1 and 5 years	490,359	459,925
	2,332,801	2,166,434

SHADOWGRADE DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Post balance sheet events

The company is in the process of selling two of its owned properties post year end for £6,400,000. The book value of which was higher and as such these assets have been revalued in the 31 December 2017 financial statements.

11. Controlling party

Osprey Investments Limited, a company incorporated in Guernsey, is the company's controlling related party by virtue of its 100% shareholding in the company. The ultimate controlling party of the company is Mr David Winn.