

REGISTERED NUMBER:
2223106(ENGLAND AND WALES)

SHADOWGRADE DEVELOPMENTS LIMITED
ABBREVIATED STATUTORY ACCOUNTS
FOR THE SEVEN MONTHS ENDED 31 DECEMBER 1997



SHADOWGRADE DEVELOPMENTS LIMITED

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REPORT OF THE AUDITORS TO THE DIRECTORS OF

SHADOWGRADE DEVELOPMENTS LIMITED

UNDER PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 5 together with the full statutory accounts of the company. The scope of our work for the purpose of this report was limited to confirming the opinion as set out in the following paragraph.

In our opinion the company is entitled to the exemptions as set out in the directors' statement on page 2 and the abbreviated statutory accounts have been properly prepared in accordance with schedule 8 to the Companies Act 1985.

On 28 August 1998 we reported to the members on the full statutory accounts of the company prepared under Section 226 of the Companies Act 1985 for the period ended 31 December 1997. Our report under Section 235 of the Companies Act 1985 was as follows:

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are 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

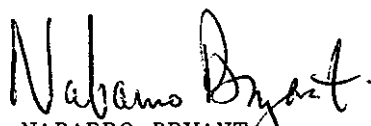
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors 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. No depreciation has been provided on freehold property as the property was professionally revalued in May 1998 and this value has been incorporated into these accounts. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

REPORT OF THE AUDITORS TO THE DIRECTORS OF
SHADOWGRADE DEVELOPMENTS LIMITED
UNDER PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985


NABARRO BRYANT
Registered Auditors and
Chartered Accountants

16a The Broadway
Haywards Heath
West Sussex RH16 3AL
28 August 1998

SHADOWGRADE DEVELOPMENTS LIMITED

ABBREVIATED BALANCE SHEET - 31 DECEMBER 1997

	Notes	1997	31.5.97
	-----	-----	-----
		£ £	£ £
FIXED ASSETS			
Tangible assets	2	1,813,743	1,040,567
CURRENT ASSETS			
Debtors		216,531	254,674
Cash at bank and in hand		83	22,917
		-----	-----
		216,614	277,591
CREDITORS: amounts falling due			
within one year		354,263	348,543
		-----	-----
NET CURRENT LIABILITIES		(137,649)	(70,952)
		-----	-----
TOTAL ASSETS LESS CURRENT			
LIABILITIES		1,676,094	969,615
CREDITORS: amounts falling due			
after more than one year	3	600,000	600,000
		-----	-----
		1,076,094	£ 369,615
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	4	1,000	1,000
Revaluation reserve		680,013	-
Profit and loss account		395,081	368,615
		-----	-----
SHAREHOLDERS FUNDS		1,076,094	£ 369,615
		=====	=====

The directors have taken advantage of the exemptions conferred by Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

Signed on behalf of the
board of directors



G.D. Winn
Director

Approved by the board: 28 August 1998

The notes on pages 3 to 5 form part of these abridged accounts.

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997

1 ACCOUNTING POLICIES

The principal accounting policies which are adopted in the preparation of the financial statements are set out below.

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention (as modified by the revaluation of certain assets) and incorporate the results of the principal activity which is described in the directors report and which is continuing.

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at rates calculated to write off each asset over its estimated useful life. The principal annual rates in use are:

Freehold buildings	0%	on cost
Motor vehicles	25%	on reducing balance
Fixtures and fittings	15%	on reducing balance
Office equipment	15%	on reducing balance

No depreciation has been provided on freehold property. The property was revalued by Messrs Smith Melzack in May 1998 and this value has been incorporated into these accounts.

Rentals applicable to operating leases, where substantially all the benefit and risk of ownership remain with the lessor, are charged to the profit and loss account.

2 FIXED ASSETS

	Tangible assets

Cost or valuation	
At 31 December 1996	1,291,959
Additions	121,540
Disposals	(30,552)
Revaluation	680,013

At 31 December 1997	2,062,960

Depreciation	
At 31 December 1996	251,392
Charge for the	13,917
Released on disposal	(16,092)

At 31 December 1997	249,217

Net book value	

SHADOWGRADE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997

(continued)

At 31 December 1996

1,040,567

3 CREDITORS: amounts falling due after more than one year

	1997	31.5.97
	-----	-----
	£	£
Bank loans	600,000	600,000
	-----	-----
	£ 600,000	£ 600,000
	=====	=====

4 CALLED UP SHARE CAPITAL

	1997	31.5.97
	-----	-----
	£	£
Authorised		
Ordinary shares of £1 each	1,000	1,000
	=====	=====
Allotted, called up and fully paid		
ordinary shares of £1 each	1,000	1,000
	=====	=====

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