

Company Registration No. 07459482 (England and Wales)

GROVE DEVELOPMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

WEDNESDAY



LD3 *L7FRCAQJ* 03/10/2018 #76
COMPANIES HOUSE

Arora
GROUP

GROVE DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	Surinder Arora Carlton Brown Athos Yiannis Sinead Hughes
Secretary	Athos Yiannis
Company number	07459482
Registered office	World Business Centre 2 Newall Road Hounslow Middlesex England TW6 2SF
Auditor	BDO LLP 55 Baker Street London W1U 7EU

GROVE DEVELOPMENTS LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 7
Income statement	8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12 - 23

GROVE DEVELOPMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

INTRODUCTION

Grove Developments Limited "the company" is one of the companies that forms part of the Arora Group, a successful UK- focused private group of companies, which leverages synergies across its specialist property, construction and hotel divisions to its strategic advantage. Since 1999, the Group has built its standing through meticulously managing projects from inception to delivery and beyond. Today, it owns and manages a diverse portfolio of flagship assets across the nation's key business locations, partnering with some of the world's most recognised brands to deliver consistently high service levels and sustainable growth.

The group strategy is to deliver portfolio diversification, growth in asset value and profitability. Our strategy for delivering these objectives are:

- Delivering sound long-term value to our stakeholders
- Continuing to expand, develop and consolidate a diversified property asset portfolio in targeted UK locations
- Sustaining our reputation for quality, integrity and social responsibility

More information about group can be found on www.thearoragroup.com.

REVIEW OF BUSINESS

The year ended 31 March 2018 saw the following key projects being completed:

- Completion and sale of World Business Centre 4, Heathrow's newest stand-alone office.
- Completion of refurbishment and rebranding of Hilton Stansted to Novotel London Stansted.
- Sale of Sealand Road multi car park located near Heathrow Cargo area.

The company is working on the following construction projects in the current financial year:

- New dual branded hotel, Crown Plaza T4 and Holiday Inn Express T4 directly connected to Heathrow Terminal 4, which is due to open in Autumn 2018.
- New hotel connected to the 'Queens terminal' commonly known as Terminal 2, London Heathrow that is due to open in 2019.
- Rebuilding the Savill Court Hotel and Spa that commenced in September 2017 and is expected to be completed in the last quarter of 2019.
- Preparation for major refurbishment of the Hilton South terminal Hotel.

KEY PERFORMANCE INDICATORS

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators.

The key performance indicators are turnover and operating profit. These indicators are set out below:

	2018	2017
	£	£
Turnover	119,985,630	65,391,402
Operating profit	2,993,345	2,300,034

GROVE DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

MODERN SLAVERY STATEMENT

Our statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Grove Developments Limited (part of the Arora Group of companies) to prevent modern slavery and human trafficking in its business and supply chains.

More information on our statement and policies around Modern Slavery can be found at <https://thearoragroup.com/about/policy-position/modern-slavery>.

GENERAL DATA PROTECTION REGULATION (GDPR)

On the 25th of May 2018 the new EU General Data Protection Regulation (GDPR) came into effect changing the way businesses gain and use customer data.

Information on the policies and steps we have taken to ensure that the privacy and security of personal information is respected throughout our organisation can be found at <https://thearoragroup.com/GDPR>.

ENVIRONMENTAL SUSTAINABILITY POLICY STATEMENT

Climate change and resource scarcity are amongst society's greatest challenges. As a responsible business we are fully committed to minimising our operational impact on the environment when and wherever possible. This is core to ensuring we do business in the right way.

To see ways in which the Arora Group aims to minimise its impact on the environment, visit <https://thearoragroup.com/about/policy-position/environmentalsustainability>.

GENDER PAY REPORTING

This section has been published in accordance with the Gender pay reporting legislation. The legislation requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees.

Meridian Hotel Operations Limited's gender pay back reports can be accessed via the Arora Group website on: <http://www.thearoragroup.com/about/policy-position/gender-pay-reporting>.

TAX STRATEGY

For information on our Tax Strategy for the Group fulfilling its obligations under Schedule 19, Paragraph 16(2) of the Finance Act 2016, see <https://thearoragroup.com/about/policy-position/taxstrategy>.

ARORA GROUP'S HEALTH AND SAFETY STATEMENT OF COMMITMENT

Arora Group recognises its duty to protect colleagues, customers, suppliers and members of the public from the risk of harm in the course of our day-to-day activities.

To see more information on what we do, go to <https://thearoragroup.com/about/policy-position/healthandsafety>.

GROVE DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

PRINCIPAL RISKS AND UNCERTAINTIES

The main financial risks arising from the company's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made.

The company's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of medium and short term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in current accounts which earn interest at a floating rate. Debt is maintained at floating interest rates.

In addition, the company's policy is to hedge debt facilities at an appropriate level, in order to manage interest rate fluctuations.

POLICY FOR EMPLOYMENT OF DISABLED PERSONS

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

POLITICAL AND CHARITABLE DONATIONS

Arora Charitable Foundation was established in 2010 to create a structure for Arora group's social responsibilities initiatives.

For more information go to <https://aroracharitablefoundation.com/>.

During the year, the company did not make charitable donations or any political contributions.

EMPLOYEE INVOLVEMENT POLICY

The company is committed to communicating the progress and developments of its business to its employees. This includes 'Way Ahead Meetings', 'Staff Consultative Committee Meetings', the quarterly and annual 'Arora Stars' employee recognition scheme and the group internal newsletter.

FUTURE DEVELOPMENTS

Information on likely future developments in the business of the company has been included within this report.

On behalf of the board



Carlton Brown

Director

26/9/18

GROVE DEVELOPMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company continued to be that of property development.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Surinder Arora
Carlton Brown
Athos Yiannis
Sinead Hughes
Guy Morris

(Resigned 30 November 2017)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

GROVE DEVELOPMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

On behalf of the board



.....
Carlton Brown

Director

Date: 26/9/18

GROVE DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GROVE DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Grove Developments Limited (the 'company') for the year ended 31 March 2018 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 FRS 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 March 2018 and of its 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.

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 UK, including the FRC'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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 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 our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

GROVE DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GROVE DEVELOPMENTS LIMITED

Matters on which we are required to report by exception

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 strategic report and the directors' report.

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, 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 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

As explained more fully in the directors' responsibilities statement, 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.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Marc Reinecke (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
London

26/9/2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROVE DEVELOPMENTS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	119,985,630	65,391,402
Cost of sales		(112,265,063)	(59,454,053)
Gross profit		7,720,567	5,937,349
Administrative expenses		(4,727,222)	(3,637,315)
Operating profit	4	2,993,345	2,300,034
Interest receivable and similar income	7	10,385	17,072
Interest payable and similar expenses	8	(666,351)	(2,862,201)
Profit/(loss) before taxation		2,337,379	(545,095)
Tax on profit/(loss)	9	(444,643)	92,004
Profit/(loss) for the financial year		1,892,736	(453,091)

The Income Statement has been prepared on the basis that all operations are continuing operations.

GROVE DEVELOPMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Profit/(loss) for the year	1,892,736	(453,091)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,892,736</u>	<u>(453,091)</u>


GROVE DEVELOPMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10	75,015		120,198	
Investment properties	11	3,290,001		-	
		<u>3,365,016</u>		<u>120,198</u>	
Current assets					
Stocks	12	3,158,631	44,554,512		
Debtors	13	46,474,359	64,241,588		
Cash at bank and in hand		19,613,754	143,897		
		<u>69,246,744</u>	<u>108,939,997</u>		
Creditors: amounts falling due within one year	14	(38,366,097)	(76,706,988)		
Net current assets		<u>30,880,647</u>		<u>32,233,009</u>	
Total assets less current liabilities		<u>34,245,663</u>		<u>32,353,207</u>	
Provisions for liabilities	16	-		(280)	
Net assets		<u><u>34,245,663</u></u>		<u><u>32,352,927</u></u>	
Capital and reserves					
Called up share capital	19	100		100	
Profit and loss reserves	20	34,245,563		32,352,827	
Total equity		<u><u>34,245,663</u></u>		<u><u>32,352,927</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 26/4/18 and are signed on its behalf by:



 Carlton Brown
 Director

Company Registration No. 07459482

GROVE DEVELOPMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2016	100	32,805,918	32,806,018
Year ended 31 March 2017:			
Loss and total comprehensive income for the year	-	(453,091)	(453,091)
Balance at 31 March 2017	100	32,352,827	32,352,927
Year ended 31 March 2018:			
Profit and total comprehensive income for the year	-	1,892,736	1,892,736
Balance at 31 March 2018	100	34,245,563	34,245,663

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Grove Developments Limited is a private company limited by shares incorporated in England and Wales. The registered office is World Business Centre 2, Newall Road, Hounslow, Middlesex, England, TW6 2SF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Arora Holdings Limited. These consolidated financial statements are available from its registered office, World Business Centre 2, Newall Road, London Heathrow Airport, TW6 2SF.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.3 Turnover

Long term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover from long term contract activities represents the fair value of work carried out during the period by reference to total sales value and the stage of completion of each contract including the movement in work in progress during the year. Where the outcome of each contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account at the difference between the reported turnover and related costs for that contract. Estimates are included in respect of amounts not invoiced at the balance sheet date.

Amounts recoverable on contracts represent the excess of work done including attributable profit over cumulative payments on account received. Payments on account in excess of work done are included within creditors.

Turnover from other contract activities represents fee income receivable in respect of services provided during the year.

1.4 Tangible fixed assets

Tangible fixed assets 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.

Costs of replacing items of fixed assets are capitalised when they are expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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. The estimated useful lives range as follows:

Plant and machinery	4 years
Motor vehicles	4 years

If the company is entitled to extend the lease term under relevant legislation, and the directors are confident that the extension will be taken, then the likely extension period is taken into account.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within 'other operating income or losses' in the statement of comprehensive income.

1.5 Investment properties

Investment property is carried at fair value determined annually by both external and internal valuation and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised on the statement of comprehensive income.

Fixed asset investments are held at cost less provision for diminution in value

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.6 Stocks

Work in progress is measured at the current cost of the projects that are still in progress. Such costs are only recognised as stock where project completion is deemed to be a probable outcome in the view of the Directors.

Any project costs which cannot be assessed as probable are expensed to the income statement.

1.7 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no 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 no significant risk of change in value.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or 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.

Current tax

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's subsidiaries operate and generate taxable income.

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.10 Employee benefits

A liability is recognised to the extent of an unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

1.11 Retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rule of the scheme. At the year end, no amounts relating to pensions costs were accrued or prepaid.

1.12 Leases

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

1.13 Debtors

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

1.14 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.

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

2 Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements and estimates:

- in recognising contract revenue and related costs, contract revenue is recognised using the stage of completion method based on the costs incurred on the projects against budgets.
- work in progress and stocks are only recognised where project completion is deemed to be a probable outcome in the view of the directors.

3 Turnover and other revenue

	2018 £	2017 £
Turnover analysed by class of business		
Property development	118,047,321	64,351,252
Maintenance projects	1,938,309	1,040,150
	<u>119,985,630</u>	<u>65,391,402</u>

	2018 £	2017 £
Other significant revenue		
Interest income	<u>10,385</u>	<u>17,072</u>

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Auditor's remuneration	5,000	4,000
Depreciation of owned tangible fixed assets	46,560	26,422
Hire of plant and machinery	<u>24,941</u>	<u>3,514</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Operation	<u>38</u>	<u>35</u>

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

5 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,012,929	1,620,887
Social security costs	246,543	196,866
Pension costs	63,525	54,216
	<u>2,322,997</u>	<u>1,871,969</u>

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	132,325	122,965
Company pension contributions to defined contribution schemes	6,000	6,000
	<u>138,325</u>	<u>128,965</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	10,385	17,072
	<u>10,385</u>	<u>17,072</u>

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	666,351	2,862,201
	<u>666,351</u>	<u>2,862,201</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	448,888	(92,284)
	<u>448,888</u>	<u>(92,284)</u>

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

9 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences

(4,245)

(68)

Adjustment in respect of prior periods

-

348

Total deferred tax

(4,245)

280

Total tax charge/(credit)

444,643

(92,004)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit/(loss) before taxation	2,337,379	(545,095)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	444,102	(109,019)
Tax effect of expenses that are not deductible in determining taxable profit	41	52
Effect of change in corporation tax rate	500	12
Group relief	-	108,887
Under/(over) provided in prior years	-	(92,284)
Deferred tax adjustments in respect of prior years	-	348
Taxation charge/(credit) for the year	444,643	(92,004)

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 April 2017	119,598	31,932	151,530
Additions	1,377	-	1,377
At 31 March 2018	120,975	31,932	152,907
Depreciation and impairment			
At 1 April 2017	18,670	12,662	31,332
Depreciation charged in the year	38,577	7,983	46,560
At 31 March 2018	57,247	20,645	77,892
Carrying amount			
At 31 March 2018	63,728	11,287	75,015
At 31 March 2017	100,928	19,270	120,198

11 Investment property

	2018 £ Long leasehold
Fair value	
At 1 April 2017	-
Additions	3,290,001
At 31 March 2018	3,290,001

During the year the company acquired an investment property from a group company at cost of £3,290,001.

The company's investment property was revalued on 31 March 2018 by the directors at open market value and no surplus or deficit arose.

12 Stocks

	2018 £	2017 £
Work in progress	3,158,631	44,554,512

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

13 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	69,075	5,606
Amounts recoverable on contracts	7,296,078	13,641,919
Corporation tax recoverable	-	93,119
Amounts owed by group undertakings	36,202,544	45,134,232
Amount due from related parties	7,134	89,128
Other debtors	2,723,909	5,096,571
Prepayments and accrued income	171,654	181,013
	<u>46,470,394</u>	<u>64,241,588</u>
Deferred tax asset (note 17)	3,965	-
	<u>46,474,359</u>	<u>64,241,588</u>

Amounts owed by group undertaking and amounts owed by related parties are repayable on demand at the option of both the lender and the borrower.

During the year ended 31 March 2019 the deferred tax asset is expected to reverse by £3,965 due to the reversal of accelerated capital allowances.

14 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	15	-	12,775,192
Trade creditors		3,849,646	3,833,354
Amounts due to group undertakings		2,942,058	25,813,252
Amounts due to related parties		-	1,106,298
Corporation tax		302,220	-
Other taxation and social security		75,386	58,661
Other creditors		2,332,091	4,820,719
Accruals and deferred income		28,864,696	28,299,512
		<u>38,366,097</u>	<u>76,706,988</u>

Amounts owed to group undertakings and amounts due to related parties are repayable on demand at the option of both the lender and borrower.

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

15 Loans and overdrafts

	2018 £	2017 £
Bank loans	-	12,775,192

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Loan payable within 1 year		
Bank loan	-	13,000,000
Finance charges	-	(224,808)

The loan was repaid during the year.

16 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	17	-	280

17 Deferred taxation

The following are the major deferred tax assets/liabilities recognised by the company and movements thereon:

	2018 £	2017 £
Balances:		
Accelerated capital allowances	3,965	(280)
Movements in the year:		2018 £
Liability at 1 April 2017		280
Credit to profit or loss		(4,245)
Liability/(Asset) at 31 March 2018		(3,965)

GROVE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

18 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	63,525	54,216

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined contribution scheme recognised as a liability at the year end was £18,134 (2017: £8,824).

19 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary Shares of £1 each	100	100

20 Profit and loss reserves

Includes all current and prior period profits and losses.

21 Related party transactions

The company is a wholly-owned subsidiary of the Arora Family Trust No.2 and utilises the exemption contained in Financial Reporting Standards 102 'Related Party Disclosures' not to disclose any transactions with wholly-owned entities that are part of the group.

At the year end, the company owed £nil (2017: £1,106,298) to Arora Family Trust No.5 and its subsidiaries.

The above entities are related via Mr S Arora, who is the ultimate beneficiary.

The company was also due £nil (2017: £88,894) from Littlebrooks Nursery Limited and £7,134 (2017:£234) was due from Arora Family Trust and its subsidiaries

The above entities are related parties by virtue of common directors.

22 Controlling party

The immediate parent of Grove Developments Limited is AMSL Investments Limited, a company registered in Jersey.

The ultimate parent entity of Grove Developments Limited is Arora Family Trust No. 2, a regulated trust registered in Jersey, and the parent of the largest group for which group accounts are drawn up and of which the company is a member.

The ultimate controlling entity of the company is Link Trustee Services (Jersey) Limited, a regulated trust company administered in Jersey.