

KITEWOOD ESTATES LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2017

KITEWOOD ESTATES LIMITED

COMPANY INFORMATION

Directors	Mr J Faith Mr P O Van Reyk Mr D Faith Ms R M Van Reyk Mr S Millgate	(Appointed 4 October 2017)
Secretary	Mrs S T Nicklen	
Company number	02852063	
Registered office	85 Gracechurch Street London EC3V 0AA	
Auditor	HJS Accountants Limited Chartered Accountants and Statutory Auditors 12 -14 Carlton Place Southampton Hampshire England SO15 2EA	

KITEWOOD ESTATES LIMITED
CHIEF EXECUTIVE'S REVIEW
FOR THE YEAR ENDED 30 APRIL 2017

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CHIEF EXECUTIVE'S REVIEW
FOR THE YEAR ENDED 30 APRIL 2017

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KITEWOOD ESTATES LIMITED

CHIEF EXECUTIVE'S REVIEW

FOR THE YEAR ENDED 30 APRIL 2017

Last year I was pleased to report upon strong growth figures, and I am again delighted to announce that we have continued with further solid results for the Kitewood Estates' Group of Companies this year.

Our retained earnings for 2017 being £1.79m (£1.7m 2016)., thereby giving a commensurate lift in retained shareholders' funds to £16.1m.

Our continued strategy of acquiring well located sites in the London Environs and the South East, together with our planning expertise in bringing product to the market continues to advance our core margins.

In the year we have seen our investment in land and work in progress increase to £20.2m (£13.8m), and have re-doubled our efforts to secure longer term opportunities. A more comprehensive assessment of progress in this area is set out within our Chief Executive's review.

Fundamental to our success is the continuance of prudent policies adopted by the Group, especially considering the ongoing uncertain economic conditions presented by Brexit. However, we are well placed for continued success and the strong relationships we have with our funders enable us to take advantage of exceptional opportunities as they arise.

I would like to thank our staff and advisers for their contribution in making it another successful year.

Mr J Faith

Director

23 January 2018

KITEWOOD ESTATES LIMITED

CHIEF EXECUTIVE'S REVIEW

FOR THE YEAR ENDED 30 APRIL 2017

The year saw the ongoing softening of all markets, most heavily in the prime Central London residential market as the country digests what the future holds under Brexit. The market has been buoyed through Government aid packages in the form of Help to Buy.

Against this back drop, we have maintained, as with the preceding year, a strong set of results which have been underpinned by continued planning success on several residential and commercial sites. These are now being brought into production either directly or with our Joint Venture partners.

Our underlying strength and future success is reflected by the ongoing re-investment into pipeline sites. We have circa 1,900 controlled residential plots.

In addition, we control some 602,000-sq. ft. of commercial space, of which 580,000 is consented and/or zoned.

Core operations – residential (extract only)

Woodacres, Hailsham, East Sussex (74 plots):

Construction progress on this scheme has progressed well, both in time and budget cost. During the year we completed the hand-over to Affinity HA of 21 affordable plots. Construction is now well underway on our remaining self-build units across Phase 2 and 3 on this development. Having launched, and successfully sold out the self-build Phase 1 units in the year, at an average selling price of £303,000, I am pleased to report that we have a good level of forward sales going into the next financial year.

Hailsham: 4 bed detached show home



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Hailsham: construction work in progress on phases 2 & 3



Clarendon Place, Salisbury, Wiltshire (8 plots):

At the year-end we had legally completed on 50% of the plots on this unique village development scheme, near Salisbury.

Salisbury: Build complete (Autumn 2017)



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CHIEF EXECUTIVE'S REVIEW

FOR THE YEAR ENDED 30 APRIL 2017

Lawrie Park Place, Sydenham, London (46 plots):

Following last year's planning success and construction start, we are now fully underway with the build of 27 private dwellings together with the delivery of 19 affordable units to Moat Housing under a JCT agreement. Since the year end our show home and product launch have come on stream and appear to be well received by the public.

Sydenham: 4 bed detached show home – opened October 2017



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FOR THE YEAR ENDED 30 APRIL 2017

Sydenham: 27 new build (and HA build contract) currently in construction



Woods Road, Peckham, London (122 plots):

Through Kitewood Cossall Ltd our JV company (with Crest Nicholson plc) all 83 private units and 39 affordable homes (to Hyde HA) were sold off plan within the year. Post April 2017 the scheme is now build complete and fully occupied. With construction having originally commenced in October 2015 this has been extremely successful in terms of sale and build delivery, and reinforces the current popularity for Zone 2 living.

Peckham: build complete - Autumn 2017



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FOR THE YEAR ENDED 30 APRIL 2017

Creekside, Deptford, London (390 plots):

We have unconditionally purchased land in Deptford, through Kitewood Creekside Ltd, our joint venture company (in conjunction with Galliard Homes). The site has received local authority support following a long site promotion exercise to provide a 390-mixed unit scheme together with the provision of educational and retail space. We anticipate detailed consent by the middle of 2018.

Creekside: Allocated with detailed consent application due to be lodged in spring 2018



Core operations – care sector (extract only)

Bouchier Close, Sevenoaks, Kent (80 bed care home):

The build out project for the 80-bed care home site with Care UK and their funders MedicX was completed and handed over during the year.

Sevenoaks: Build complete in financial year



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CHIEF EXECUTIVE'S REVIEW

FOR THE YEAR ENDED 30 APRIL 2017

Core operations – commercial (extract only)

Dittons Road, Polegate, East Sussex (45 plots & commercial space):

I am pleased to report that we completed a sale to Lidl Gmbh for part of the commercial space., and have an agreement for sale of the remainder to another party. Lidl have made significant progress with their Store build with a target opening in early 2018.

To open-up our residential land holdings, which have the benefit of planning for 45 consented new build plots, we have commenced with major civil infrastructure works serving both the residential and commercial sites.

Polegate: Work on service roads and infrastructure feeding residential & commercial areas



Herne Bay, Kent (Altira Business Park):

We control a further 5.6 hectares of land allocated for retail and commercial space. This is being promoted through a Joint Venture with Urban & Civic Plc.

Altira Business Park: Infrastructure works to retail (Sainsbury superstore)



KITEWOOD ESTATES LIMITED

CHIEF EXECUTIVE'S REVIEW

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Core operations – strategic land (extract only)

Chestfield, Kent (16.2 hectares)

Currently within the masterplan, we are promoting 16.2 hectares to provide c300 residential units together with 35,000 sq. ft. of commercial and employment space.



Hillborough, Kent (7.8 hectares):

In conjunction with Taylor Wimpey we have been promoting sites in the local area. Upon successful planning, this should deliver c200 residential plots to meet housing needs, and 350,000 sq. ft. of commercial space.

KITEWOOD ESTATES LIMITED

CHIEF EXECUTIVE'S REVIEW

FOR THE YEAR ENDED 30 APRIL 2017



Mr P Van Reyk
Chief Executive Officer
23 January 2018

KITEWOOD ESTATES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2017

The directors present the strategic report for the year ended 30 April 2017.

Fair review of the business

Whilst the group's turnover for the period had fallen to £17.47m (£46.45m 2016) reflecting a lower direct new build income, the focus in the year had been to deliver developer profits through its JV arrangements and partnerships. The underlying post tax retained earnings amounted to £1.79m (£1.70m 2016).

The Group has invested heavily in forward land at a discount to open market value, following from the preceding years strong performance in securing planning consents. Historically the Group would revalue stock to reflect the enhanced values, however this historic policy has been removed and hence revaluations in trading land and stock has been reversed. This had given rise to the restatement for 2016. Consequently, the Group is fully compliant with FRS102.

£'m	2017	2016 (restated)
Turnover	17.47m	45.46m
Retained earnings	1.79m	1.70m
Land & work in progress	20.17m	13.79m
Net asset value	15.97m	14.18m

The directors are confident that profitability can be sustained, and it is proposed that the group policy, to retain profits to supplement the group's reserves and finance the ongoing future developments, should remain.

Principal risks and uncertainties

The company maintains a strategy to mitigate key risks and uncertainties common within its Industry Sector. The directors continually undertake an assessment of the main operational, financial and compliance risks to which the group may become exposed.

The main activities are the development of, and investment in, freehold property and the perceived financial risks are:

- a) Consumer confidence and macro-economic issues: Constant re-appraisal of the Group's re-investment and development programmes in real time.
- b) Lack of liquidity: Maintenance of a strong positive cashflow policy
- c) A conservative borrowing structure in respect of investment properties at a level of gearing to provide adequate margin of revenues over interest on related borrowings.

By order of the board

Mr J Faith

Director

23 January 2018

KITEWOOD ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2017

The directors present their annual report and financial statements for the year ended 30 April 2017.

Principal activities

The principal activities of the group during the year were those of land and property owning, management and development of commercial, residential, affordable and key worker accommodation.

Directors

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

Mr J Faith	
Mr R Grylls	(Resigned 27 January 2017)
Mr P O Van Reyk	
Mr D Tatterton	(Resigned 21 November 2017)
Mr D Faith	
Ms R M Van Reyk	
Mr S Millgate	(Appointed 4 October 2017)

Results and dividends

The results for the year are set out on page 6.

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

Market value of land and buildings

The overall development property interests in the group have an aggregate value of £24.9m (2016: £17.4m) which is £3.1m (2016: £1.9m) in excess of attributable cost values.

Each property interest has been evaluated by specialist R.I.C.S surveyors.

Future developments

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of future developments.

Auditor

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

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 auditor of the company 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 auditor of the company is aware of that information.

By order of the board

Mrs S T Nicklen

Secretary

23 January 2018

KITEWOOD ESTATES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

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 group and company, and of the profit or loss of the group 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KITEWOOD ESTATES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KITEWOOD ESTATES LIMITED

We have audited the financial statements of Kitewood Estates Limited for the year ended 30 April 2017 set out on pages 15 to 46. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2017 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.

Opinion on other matter 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.

KITEWOOD ESTATES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KITEWOOD ESTATES LIMITED

Matters on which we are required to report by exception

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

Mark Rogers (Senior Statutory Auditor)
for and on behalf of HJS Accountants Limited

Chartered Accountants and Statutory Auditors
12 -14 Carlton Place
Southampton
Hampshire
England
SO15 2EA

30 January 2018

KITEWOOD ESTATES LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	2016 as restated £
Turnover	3	17,474,511	46,455,095
Cost of sales		(16,728,718)	(39,911,323)
Gross profit		745,793	6,543,772
Administrative expenses		(1,490,757)	(3,242,797)
Other operating income		9,734	44,214
Profit/(loss) on disposal of operations	4	554,563	-
Operating (loss)/profit	5	(180,667)	3,345,189
Share of results of associates and joint ventures		300,000	300,000
Interest receivable and similar income	9	2,965	475,761
Interest payable and similar expenses	10	(774,547)	(1,302,649)
Amounts written off investments		1,209,460	52,872
Fair value gains and losses on investment properties	14	1,466,221	(975,777)
Profit before taxation		2,023,432	1,895,396
Tax on profit	11	(236,614)	(191,637)
Profit for the financial year		1,786,818	1,703,759
Profit for the financial year is attributable to:			
- Owners of the parent company		1,786,821	1,703,769
- Non-controlling interests		(3)	(10)
		1,786,818	1,703,759

KITEWOOD ESTATES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2017

	2017 £	2016 £
Profit for the year	1,786,818	1,703,759
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,786,818</u>	<u>1,703,759</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	1,786,821	1,703,769
- Non-controlling interests	<u>(3)</u>	<u>(10)</u>
	<u>1,786,818</u>	<u>1,703,759</u>

KITEWOOD ESTATES LIMITED

GROUP BALANCE SHEET

AS AT 30 APRIL 2017

	Notes	2017		2016 as restated	
		£	£	£	£
Fixed assets					
Tangible assets	13		34,128		35,599
Investment properties	14		4,653,058		3,503,058
Investments	15		600,101		300,201
			<u>5,287,287</u>		<u>3,838,858</u>
Current assets					
Stocks	19	20,172,652		13,791,147	
Debtors	20	8,904,633		8,560,756	
Cash at bank and in hand		3,650,813		5,421,525	
			<u>32,728,098</u>		<u>27,773,428</u>
Creditors: amounts falling due within one year	21	(10,207,683)		(14,936,896)	
Net current assets			<u>22,520,415</u>		<u>12,836,532</u>
Total assets less current liabilities			<u>27,807,702</u>		<u>16,675,390</u>
Creditors: amounts falling due after more than one year	22		(11,207,558)		(2,098,677)
Provisions for liabilities	24		(633,195)		(396,582)
Net assets			<u>15,966,949</u>		<u>14,180,131</u>
Capital and reserves					
Called up share capital	26		40,748		40,748
Capital redemption reserve			1,125		1,125
Other reserves			3,002,771		2,485,966
Profit and loss reserves			12,938,394		11,668,378
			<u>15,983,038</u>		<u>14,196,217</u>
Equity attributable to owners of the parent company			<u>15,983,038</u>		<u>14,196,217</u>
Non-controlling interests			(16,089)		(16,086)
			<u>15,966,949</u>		<u>14,180,131</u>

The financial statements were approved by the board of directors and authorised for issue on 23 January 2018 and are signed on its behalf by:

Mr J Faith
Director

KITEWOOD ESTATES LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		34,128		35,599
Investment properties	14		3,503,058		3,503,058
Investments	15		869		969
			<u>3,538,055</u>		<u>3,539,626</u>
Current assets					
Stocks	19	4,239,461		6,683,770	
Debtors	20	12,944,665		9,855,019	
Cash at bank and in hand		2,777,466		3,975,075	
			<u>19,961,592</u>		<u>20,513,864</u>
Creditors: amounts falling due within one year	21	(6,047,556)		(6,603,486)	
Net current assets			<u>13,914,036</u>		<u>13,910,378</u>
Total assets less current liabilities			17,452,091		17,450,004
Creditors: amounts falling due after more than one year	22		(1,276,696)		(1,421,696)
Provisions for liabilities	24		(414,695)		(396,582)
Net assets			<u>15,760,700</u>		<u>15,631,726</u>
Capital and reserves					
Called up share capital	26		40,748		40,748
Capital redemption reserve			1,125		1,125
Other reserves			2,071,271		2,485,966
Profit and loss reserves			13,647,556		13,103,887
Total equity			<u>15,760,700</u>		<u>15,631,726</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £128,974 (2016 - £1,952,330 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 January 2018 and are signed on its behalf by:

Mr J Faith
Director

Company Registration No. 02852063

KITEWOOD ESTATES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2017

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
As restated for the period ended 30 April 2016:								
Balance at 1 May 2015		25,000	-	4,346,743	8,098,832	12,470,575	(16,081)	12,454,494
Year ended 30 April 2016:								
Profit and total comprehensive income for the year		-	-	-	1,703,769	1,703,769	(10)	1,703,759
Issue of share capital	26	16,873	-	-	-	16,873	-	16,873
Dividends		-	-	-	505,000	505,000	-	505,000
Redemption of shares	26	(1,125)	1,125	-	(500,000)	(500,000)	-	(500,000)
Transfers		-	-	(1,860,777)	1,860,777	-	-	-
Acquisition of non-controlling interests		-	-	-	-	-	5	5
Balance at 30 April 2016		40,748	1,125	2,485,966	11,668,378	14,196,217	(16,086)	14,180,131
Year ended 30 April 2017:								
Profit and total comprehensive income for the year		-	-	-	1,786,821	1,786,821	(3)	1,786,818
Transfers		-	-	516,805	(516,805)	-	-	-
Balance at 30 April 2017		40,748	1,125	3,002,771	12,938,394	15,983,038	(16,089)	15,966,949

KITEWOOD ESTATES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2017

		Share capital	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£	£
As restated for the period ended 30 April 2016:						
Balance at 1 May 2015		25,000	-	4,346,743	9,790,780	14,162,523
Year ended 30 April 2016:						
Profit and total comprehensive income for the year		-	-	-	1,952,330	1,952,330
Issue of share capital	26	16,873	-	-	-	16,873
Redemption of shares	26	(1,125)	1,125	-	(500,000)	(500,000)
Transfers		-	-	(1,860,777)	1,860,777	-
Balance at 30 April 2016		40,748	1,125	2,485,966	13,103,887	15,631,726
Year ended 30 April 2017:						
Profit and total comprehensive income for the year		-	-	-	128,974	128,974
Transfers		-	-	(414,695)	414,695	-
Balance at 30 April 2017		40,748	1,125	2,071,271	13,647,556	15,760,700

KITEWOOD ESTATES LIMITED
GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017		2016	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	33		(7,745,798)		3,448,887
Interest paid			(774,547)		(1,302,649)
Income taxes paid			(670,599)		(1,084,149)
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(9,190,944)		1,062,089
Investing activities					
Purchase of intangible assets		-		(688,446)	
Purchase of tangible fixed assets		(4,551)		(11,379)	
Proceeds on disposal of investment property		-		2,005,711	
Purchase of subsidiaries		-		(1,249,502)	
Purchase of shares in subsidiary from non-controlling interest		-		5	
Proceeds on disposal of subsidiaries		316,321		(100)	
Proceeds on disposal of joint ventures		-		(100)	
Purchase of fixed asset investments		-		(1)	
Interest received		2,965		475,761	
		<u> </u>		<u> </u>	
Net cash generated from investing activities			314,735		531,949
Financing activities					
Proceeds from issue of shares		-		16,873	
Redemption of shares		-		(500,000)	
Proceeds/(Repayment) of borrowings		1,064,460		1,157,445	
Proceeds/(Repayment) of bank loans		6,041,037		1,159,101	
Dividends paid to equity shareholders		-		505,000	
		<u> </u>		<u> </u>	
Net cash generated from financing activities			7,105,497		2,338,419
Net (decrease)/increase in cash and cash equivalents			(1,770,712)		3,932,457
Cash and cash equivalents at beginning of year			5,421,525		1,489,068
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			3,650,813		5,421,525
			<u> </u>		<u> </u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

Company information

Kitewood Estates Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 85 Gracechurch Street, London, EC3V 0AA.

The group consists of Kitewood Estates Limited and all of its subsidiaries.

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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Kitewood Estates Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 April 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

1.3 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.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised when all the risks and rewards are passed to the customer. For agreed contract developments this is based on stage of completion, for speculative builds this is on completion of sale.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis. Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	15% on reducing balance basis
--------------------------------	-------------------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

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.

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 group 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 group after deducting all of its 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.

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of property

The directors consider the main area of judgement and key source of estimation uncertainty is the valuation of development property interests.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Sale of land and buildings	17,474,511	46,455,095
	<hr/>	<hr/>
	2017	2016
	£	£
Other significant revenue		
Interest income	2,965	475,761
	<hr/>	<hr/>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

4	Exceptional costs/(income)	2017	2016
		£	£
	Profit/(loss) on disposal of operations	554,563	-

During the year, the company disposed of a subsidiary for total consideration of £554,564 resulting in a profit on disposal of £554,563.

5	Operating (loss)/profit	2017	2016
		£	£
	Operating (loss)/profit for the year is stated after charging:		
	Depreciation of owned tangible fixed assets	6,023	6,282
	(Profit)/loss on disposal of investment property	-	1,321,398
	Impairment of intangible assets	-	688,446
	Cost of stocks recognised as an expense	14,815,861	38,619,807
	Operating lease charges	113,324	158,939

6	Auditor's remuneration	2017	2016
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and company	41,750	31,750

7 Employees

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

	Group		Company	
	2017	2016	2017	2016
	Number	Number	Number	Number
Admin staff	3	3	3	3
Management staff	6	5	6	5
Direct cost staff	1	1	1	1
	<u>10</u>	<u>9</u>	<u>10</u>	<u>9</u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

7 Employees

Their aggregate remuneration comprised:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Wages and salaries	2,431,759	1,585,821	2,431,759	1,585,821
Social security costs	102,416	101,802	102,416	101,802
Pension costs	94,091	237,685	94,091	237,685
	<u>2,628,266</u>	<u>1,925,308</u>	<u>2,628,266</u>	<u>1,925,308</u>

8 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	<u>1,772,857</u>	<u>1,299,849</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2017	2016
	£	£
Remuneration for qualifying services	<u>688,016</u>	<u>632,799</u>

9 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	2,965	475,757
Other interest income	-	4
Total income	<u>2,965</u>	<u>475,761</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>2,965</u>	<u>475,757</u>
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KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

10 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	774,547	1,195,803
Other finance costs:		
Other interest	-	106,846
	<u>774,547</u>	<u>1,302,649</u>
Total finance costs	<u>774,547</u>	<u>1,302,649</u>

11 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	-	670,598
Adjustments in respect of prior periods	-	(6,194)
	<u>-</u>	<u>664,404</u>
Total current tax	<u>-</u>	<u>664,404</u>
Deferred tax		
Origination and reversal of timing differences	236,614	(472,767)
	<u>236,614</u>	<u>(472,767)</u>
Total tax charge for the year	<u>236,614</u>	<u>191,637</u>

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

	2017 £	2016 £
Profit before taxation	<u>2,023,432</u>	<u>1,895,396</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	384,452	379,079
Tax effect of expenses that are not deductible in determining taxable profit	1,094	(316,677)
Tax effect of income not taxable in determining taxable profit	(530,934)	-
Tax effect of utilisation of tax losses not previously recognised	130,931	(5,577)
Adjustments in respect of prior years	-	(6,194)
Permanent capital allowances in excess of depreciation	(4,121)	80,855
Movement in deferred tax	236,614	(472,767)
Other tax adjustment	18,578	532,918
	<u>236,614</u>	<u>191,637</u>
Taxation charge for the year	<u>236,614</u>	<u>191,637</u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2017 £	2016 £
In respect of:			
Goodwill		-	688,446
		<u>-</u>	<u>688,446</u>
Recognised in:			
Administrative expenses		-	688,446
		<u>-</u>	<u>688,446</u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

13 Tangible fixed assets

Group	Fixtures, fittings & equipment
	£
Cost	
At 1 May 2016	115,411
Additions	4,551
	<u>119,962</u>
At 30 April 2017	119,962
Depreciation and impairment	
At 1 May 2016	79,811
Depreciation charged in the year	6,023
	<u>85,834</u>
At 30 April 2017	85,834
Carrying amount	
At 30 April 2017	<u>34,128</u>
At 30 April 2016	<u>35,599</u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

13 Tangible fixed assets

Company	Fixtures, fittings & equipment
	£
Cost	
At 1 May 2016	115,411
Additions	4,551
	<hr/>
At 30 April 2017	119,962
	<hr/>
Depreciation and impairment	
At 1 May 2016	79,811
Depreciation charged in the year	6,023
	<hr/>
At 30 April 2017	85,834
	<hr/>
Carrying amount	
At 30 April 2017	34,128
	<hr/> <hr/>
At 30 April 2016	35,599
	<hr/> <hr/>

14 Investment property

	Group 2017 £	Company 2017 £
Fair value		
At 1 May 2016 and 30 April 2017	3,503,058	3,503,058
Net gains or losses through fair value adjustments	1,150,000	-
	<hr/>	<hr/>
At 30 April 2017	4,653,058	3,503,058
	<hr/> <hr/>	<hr/> <hr/>

Investment property comprises of property interests held for their rental income. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 30 April 2017 by Mr J S Faith who is a director and RICS qualified. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

15 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	16	-	100	769	869
Investments in joint ventures	17	600,100	300,100	100	100
Unlisted investments		1	1	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		600,101	300,201	869	969
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

15 Fixed asset investments

Movements in fixed asset investments Group

	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
Cost or valuation			
At 1 May 2016	300,200	1	300,201
Additions	300,001	-	300,001
Disposals	(101)	-	(101)
	<u> </u>	<u> </u>	<u> </u>
At 30 April 2017	600,100	1	600,101
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 30 April 2017	600,100	1	600,101
	<u> </u>	<u> </u>	<u> </u>
At 30 April 2016	300,200	1	300,201
	<u> </u>	<u> </u>	<u> </u>

Movements in fixed asset investments Company

	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 May 2016	969
Additions	1
Disposals	(101)
	<u> </u>
At 30 April 2017	869
	<u> </u>
Carrying amount	
At 30 April 2017	869
	<u> </u>
At 30 April 2016	969
	<u> </u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

16 Subsidiaries

Details of the company's subsidiaries at 30 April 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Altira Business Park 1 Limited	85 Gracechurch Street, London, EC3V 0AA	Property development	Ordinary		100.00
Bentinck Projects Ltd	As above	Property development	Ordinary	100.00	
Chestfield Heights Limited	As above	Dormant	Ordinary		100.00
Creekside Village Developments Limited	As above	Dormant	Ordinary	100.00	
Crowncoast Ltd	As above	Property development	Ordinary	75.00	
Global Court Limited	As above	Property development	Ordinary		100.00
Greenwich 3 Limited	As above	Dormant	Ordinary	100.00	
Greenwich 4 Limited	As above	Dormant	Ordinary	100.00	
Kingshall Heights Limited	As above	Property development	Ordinary	100.00	
Kitewood (Braggs Lane) LLP	As above	Property development	Ordinary		50.00
Kitewood (Charlwood) Ltd	As above	Property development	Ordinary	100.00	
Kitewood (Clarendon) Limited	As above	Property development	Ordinary	100.00	
Kitewood (Congleton Development) Limited	As above	Dormant	Ordinary	100.00	
Kitewood (Congleton Mill) Limited	As above	Dormant	Ordinary	100.00	
Kitewood (Congleton) LLP	As above	Property development	Ordinary	50.00	
Kitewood (Fairclough Farm) Limited	As above	Dormant	Ordinary	100.00	
Kitewood (Sandgate) Limited	As above	Property development	Ordinary	100.00	
Kitewood (Staveley) Ltd	As above	Property development	Ordinary	100.00	
Kitewood Bassels Green Limited	As above	Dormant	Ordinary	100.00	
Kitewood Commercial Limited	As above	Dormant	Ordinary	100.00	
Kitewood Development Projects Ltd	As above	Property development	Ordinary	100.00	
Kitewood Developments Limited	As above	Dormant	Ordinary		100.00
Kitewood Homes Limited	As above	Dormant	Ordinary	100.00	
Kitewood Investment Ltd	As above	Dormant	Ordinary	100.00	
Kitewood Limited	As above	Dormant	Ordinary	100.00	
Kitewood Projects Limited	As above	Property development	Ordinary	100.00	
Kitewood Properties Limited	As above	Dormant	Ordinary		100.00
Kitewood Residential Ltd	As above	Dormant	Ordinary	100.00	
Kitewood Resolution Ltd	As above	Dormant	Ordinary	100.00	
Kitewood Securities Limited	As above	Property development	Ordinary	100.00	
May Street Developments Ltd	As above	Property development	Ordinary	100.00	
Neville Way Ltd	As above	Holding Investment	Ordinary	100.00	

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

16 Subsidiaries

O.W. Prestand Limited	As above	Dormant	Ordinary	100.00
Octave Estates Limited	As above	Dormant	Ordinary	100.00
Octave Homes Limited	As above	Property development	Ordinary	100.00
Orange Lane Limited	As above	Dormant	Ordinary	100.00
Padcroft Works Limited	As above	Property development	Ordinary	100.00
Polegate Land Limited	As above	Dormant	Ordinary	100.00
Tavistock Projects Ltd	As above	Dormant	Ordinary	100.00
Arlington Road Limited	As above	Property development	Ordinary	100.00
Alton Heights Limited	As above	Property development	Ordinary	100.00
Cascade Egham Limited	As above	Property development	Ordinary	100.00
Clarendon Place Residents Co Limited	As above	Dormant	Ordinary	100.00
Kitewood (Churchill) Limited	As above	Dormant	Ordinary	100.00
Kitewood (Creekside) Limited	As above		Ordinary	100.00
Kitewood (Sydenham) Limited	As above	Property development	Ordinary	100.00

The following companies have taken exemption from audit under the Companies Act 2006, Section 479A:

Altira Business Park 1 Ltd	5900438
Bentinck Projects Ltd	7296100
Cascade Egham Ltd	6746129
Chestfield Heights Ltd	6577149
Crowncoast Ltd	4396503
Global court Ltd	5908369
Kingshall Heights Ltd	7296101
Kitewood Ltd	4113740
Kitewood (Charlwood) Ltd	7988473
Kitewood Homes Ltd	3321832
Kitewood investments Ltd	3335883
Kitewood Projects Ltd	3759193
Kitewood Securities Ltd	6798931
Kitewood (Staveley) Ltd	8168839
May Street Development Ltd	6066044
Neville way Ltd	7162885
Octave Homes Ltd	7199140
Orange Lane Ltd	6049305
O.W. Presland Ltd	0417886
Padcroft Works Ltd	5634135
Creekside Village Development Limited	7296013

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

17 Joint ventures

Details of joint ventures at 30 April 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Altira Park Management Co Limited	50 New Bond Street, London, United Kingdom, W1S 1BJ	Property development	Ordinary		50.00
Altira Park JV LLP	50 New Bond Street, London, W1S 1BJ	Property development	Ordinary	50.00	
Altira Management Co Limited	85 Gracechurch Street, London, EC3V 0AA	Property development	Ordinary		16.70
Kitewood (Peckham) Limited	85 Gracechurch Street, London, EC3V 0AA	Property development	Ordinary		100.00
Kitewood (Cossall) Limited	Crest House, Pycroft Road, Chertsey, Surrey, KT16 9GN	Property development	Ordinary	50.00	

The jointly controlled entity is accounted for using the equity method.

18 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	8,321,804	8,275,097	12,441,524	9,602,463
Equity instruments measured at cost less impairment	1	1	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	20,993,058	14,979,960	7,238,288	7,031,239
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19 Stocks

	Group 2017 £	2016 as restated £	Company 2017 £	2016 as restated £
Work in progress	20,172,652	12,997,848	4,239,461	6,683,770
Finished goods and goods for resale	-	793,299	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>20,172,652</u>	<u>13,791,147</u>	<u>4,239,461</u>	<u>6,683,770</u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

20 Debtors

	Group 2017	2016	Company 2017	2016
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,064,015	999,999	664,541	1
Amounts owed by group undertakings	-	-	4,549,561	3,152,265
Other debtors	7,337,477	7,308,201	7,227,422	6,450,197
Prepayments and accrued income	503,141	252,556	503,141	252,556
	<u>8,904,633</u>	<u>8,560,756</u>	<u>12,944,665</u>	<u>9,855,019</u>

21 Creditors: amounts falling due within one year

	Group 2017	2016	Company 2017	2016
Notes	£	£	£	£
Bank loans and overdrafts	23 1,815,604	5,028,448	-	-
Trade creditors	1,248,964	950,687	956,015	248,839
Amounts due to group undertakings	-	100	1,113,877	1,295,992
Corporation tax payable	-	670,598	-	577,524
Other taxation and social security	422,183	1,385,015	85,964	416,419
Other creditors	5,583,985	6,555,174	2,988,559	3,863,295
Accruals and deferred income	1,136,947	346,874	903,141	201,417
	<u>10,207,683</u>	<u>14,936,896</u>	<u>6,047,556</u>	<u>6,603,486</u>

22 Creditors: amounts falling due after more than one year

	Group 2017	2016	Company 2017	2016
Notes	£	£	£	£
Bank loans and overdrafts	23 9,930,862	676,981	-	-
Other borrowings	23 1,276,696	1,421,696	1,276,696	1,421,696
	<u>11,207,558</u>	<u>2,098,677</u>	<u>1,276,696</u>	<u>1,421,696</u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

23 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	11,746,466	5,705,429	-	-
Other loans	1,276,696	1,421,696	1,276,696	1,421,696
	<u>13,023,162</u>	<u>7,127,125</u>	<u>1,276,696</u>	<u>1,421,696</u>
Payable within one year	1,815,604	5,028,448	-	-
Payable after one year	11,207,558	2,098,677	1,276,696	1,421,696

The group's bank loans and overdrafts are secured by way of charges over the company's properties which are currently held as work in progress and as fixed assets.

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2017 £	Liabilities 2016 as restated £
Revaluations	633,195	396,582
	<u>633,195</u>	<u>396,582</u>
Company	Liabilities 2017 £	Liabilities 2016 as restated £
Revaluations	414,695	396,582
	<u>414,695</u>	<u>396,582</u>
Movements in the year:	Group 2017 £	Company 2017 £
Liability at 1 May 2016	396,582	396,582
Charge to profit or loss	236,614	18,114
Effect of change in tax rate - profit or loss	(1)	(1)
Liability at 30 April 2017	<u>633,195</u>	<u>414,695</u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

24 Deferred taxation

The majority of the deferred tax liability set out above is expected to reverse in over 12 months and relates to the revaluations of property interests within investment properties.

25 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	94,091	237,685

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

26 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
33,747 Ordinary A of £1 each	33,747	33,747
2,500 Ordinary B of £1 each	2,500	2,500
1 Ordinary C of £1 each	1	1
4,500 Ordinary D of £1 each	4,500	4,500
	<u>40,748</u>	<u>40,748</u>

The company has four classes of ordinary shares. There are 33,747 ordinary A shares which give holders voting rights. There are 2,500 ordinary B shares which give holders no voting rights or entitlement to capital on winding up of the company. There is 1 ordinary C shares which give which give holders voting rights. There are 4,500 ordinary D shares which give which give holders voting rights.

27 Financial commitments, guarantees and contingent liabilities

Contingent Liability

A local authority has issues a Letter before Claim, threatening legal action against the Company and one of its subsidiaries, Kitewood (Congleton Mill) Limited, seeking recovery of costs in respect of their unilateral decision to demolish a Listed, but dilapidated building. The quantum of the claim is £622,000. The Company fully disputes the Claim and has been advised by Counsel that whilst it is possible, but not probable, the action might succeed in part, accordingly no provision for any liability has been made in these financial statements.

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

28 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	83,570	167,140	83,570	83,570
Between two and five years	90,534	348,208	90,534	174,104
	<u>174,104</u>	<u>515,348</u>	<u>174,104</u>	<u>257,674</u>

29 Events after the reporting date

After the year end, the Company brought back all of the Ordinary D shares for total consideration of £2,000,000.

30 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Services received		Loan advances/ (repayments)	
	2017	2016	2017	2016
	£	£	£	£
Group				
Entities controlled by directors	1,834,857	1,932,265	-	-
Associated companies	-	-	(336,394)	(71,523)
	<u>1,834,857</u>	<u>1,932,265</u>	<u>(336,394)</u>	<u>(71,523)</u>
Company				
Entities controlled by directors	1,834,857	1,932,265	-	-
Associated companies	-	-	(336,394)	(71,523)
	<u>1,834,857</u>	<u>1,932,265</u>	<u>(336,394)</u>	<u>(71,523)</u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

30 Related party transactions

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017	2016
	£	£
Group		
Non-director shareholders	793,194	793,194
Associated companies	1,512,047	1,172,044
	<u> </u>	<u> </u>
Company		
Non-director shareholders	793,194	793,194
Associated companies	476,552	1,172,044
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		
	Balance	2017 Provision	Net
	£	£	£
Group			
Associated companies	6,041,233	983,027	5,058,206
	<u> </u>	<u> </u>	<u> </u>
Company			
Associated companies	5,831,632	983,027	4,848,605
	<u> </u>	<u> </u>	<u> </u>

31 Directors' transactions

Description	% Rate	Opening balance	Amounts repaid	Closing balance
		£	£	£
Mr J Faith - Directors loan	-	430,632	-	430,632
Mr D Tatterton - Directors loan	-	97,870	(45,000)	52,870
		<u> </u>	<u> </u>	<u> </u>
		528,502	(45,000)	483,502
		<u> </u>	<u> </u>	<u> </u>

32 Controlling party

There is no single ultimate controlling party of the company.

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

33 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	1,786,818	1,703,759
Adjustments for:		
Share of results of associates and joint ventures	(300,000)	(300,000)
Taxation charged	236,614	191,637
Finance costs	774,547	1,302,649
Investment income	(2,965)	(475,761)
(Gain)/loss on disposal of investment property	-	1,321,398
Fair value gains and losses on foreign exchange contracts and investment properties	(1,466,221)	975,777
Amortisation and impairment of intangible assets	-	688,446
Depreciation and impairment of tangible fixed assets	6,023	6,282
Amounts written off investments	(1,209,460)	(52,872)
Movements in working capital:		
(Increase) in stocks	(6,381,505)	(439,964)
(Increase) in debtors	(297,292)	(4,450,449)
(Decrease)/increase in creditors	(892,357)	2,977,985
Cash (absorbed by)/generated from operations	<u>(7,745,798)</u>	<u>3,448,887</u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

34 Prior period adjustment

The prior period has been restated due to the following transactions:

1) A subsidiary was excluded from the reported results for the prior year. This subsidiary has now been brought back into the consolidated accounts. The impact of this was to reduce the net assets of the group by £1,302,374.

2) The non-controlling interest was not recognised in the prior year financial statements. The prior year has been restated to show amounts due to/(from) non-controlling interests of (£16,089).

3) A prior year adjustment has been made to reduce the value of Work in Progress in the balance sheet of the group and the company by £1,480,000. The other side of this transaction has been to reduce the revaluation reserve by £1,480,000.

4) A prior year adjustment has been made to deferred tax of the group and the company. Deferred tax has been reduced by £370,000 to reflect the reduction in the liability caused by the prior period adjustment detailed above. The other side of this entry has reduced Work in Progress by £370,000.

5) A prior year adjustment has been made to remove a historic investment property revaluation gain of £105,000 which was not removed when the asset was disposed of in the prior year. The impact of this was to reduce prior year reported profit by £105,000 and the value of investment properties held on the balance sheet as at 30 April 2016.

6) A prior year adjustment has been made to correct the prior year profit which was overstated by £1,583,835 due to incorrectly treating the revaluation movement on investment properties. The company treated investment property movements within reserves instead of treating them as gains and losses in the profit and loss account in accordance with FRS102. This has now been corrected, resulting in reducing the prior year profit by £1,583,835 and restating the profit and loss reserve and other reserves.

7) The comparatives have been restated to include an investment in a subsidiary previously not recorded. Investments and amounts due to group companies have been increased by £100.

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

34 Prior period adjustment

Changes to the balance sheet - group

	At 30 April 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Fixed assets			
Investment properties	3,608,059	(105,001)	3,503,058
Investments	300,101	100	300,201
Current assets			
Stocks	14,847,848	(1,056,701)	13,791,147
Other debtors	7,306,887	1,314	7,308,201
Creditors due within one year			
Bank loans and overdraft	(3,188,738)	(1,839,710)	(5,028,448)
Trade payables	(940,981)	(9,706)	(950,687)
Other creditors	(6,308,111)	(247,163)	(6,555,274)
Creditors due within one year			
Bank loans and overdraft	(676,474)	(507)	(676,981)
Provisions for liabilities			
Deferred tax	(766,582)	370,000	(396,582)
	<u>17,067,505</u>	<u>(2,887,374)</u>	<u>14,180,131</u>
Net assets			
	<u>17,067,505</u>	<u>(2,887,374)</u>	<u>14,180,131</u>
Capital and reserves			
Other reserves	1,982,908	503,058	2,485,966
Non-controlling interests	5	(16,091)	(16,086)
Revaluation reserve	1,480,000	(1,480,000)	-
Profit and loss	13,562,719	(1,894,341)	11,668,378
	<u>17,067,505</u>	<u>(2,887,374)</u>	<u>14,180,131</u>

Changes to the profit and loss account - group

	Period ended 30 April 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Administrative expenses	(3,084,925)	(157,872)	(3,242,797)
Amounts written off investments	660,930	(555,186)	52,872
Fair value gains and losses on investment properties	-	(975,777)	(975,777)
	<u>3,392,594</u>	<u>(1,688,835)</u>	<u>1,703,759</u>
Profit for the financial period			
	<u>3,392,594</u>	<u>(1,688,835)</u>	<u>1,703,759</u>

KITEWOOD ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

34 Prior period adjustment

Changes to the balance sheet - company

	At 30 April 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Fixed assets			
Investment properties	3,608,059	(105,001)	3,503,058
Current assets			
Stocks	8,533,770	(1,850,000)	6,683,770
Provisions for liabilities			
Deferred tax	(766,582)	370,000	(396,582)
	<u>17,216,726</u>	<u>(1,585,000)</u>	<u>15,631,726</u>
Net assets	17,216,726	(1,585,000)	15,631,726
Capital and reserves			
Other reserves	1,982,908	503,058	2,485,966
Revaluation reserve	1,480,000	(1,480,000)	-
Profit and loss	13,711,945	(608,058)	13,103,887
	<u>17,216,726</u>	<u>(1,585,000)</u>	<u>15,631,726</u>
Total equity	17,216,726	(1,585,000)	15,631,726

Changes to the profit and loss account - company

	Period ended 30 April 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Administrative expenses	(2,307,432)	(105,000)	(2,412,432)
Amounts written off investments	660,930	(660,930)	-
Fair value gains and losses on investment properties	-	(975,777)	(975,777)
	<u>3,641,165</u>	<u>(1,688,835)</u>	<u>1,952,330</u>
Profit for the financial period	3,641,165	(1,688,835)	1,952,330