
SHAWFAIR LAND LIMITED

Directors' report and financial statements

For the year ended 31 December 2018

Registered number SC353458

SHAWFAIR LAND LIMITED

Directors' report and financial statements

For the year ended 31 December 2018

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SHAWFAIR LAND LIMITED

Officers and professional advisers

For the year ended 31 December 2018

The Board of Directors

K Campbell
I Whyte
L M Cameron

Registered Office

Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

Auditor

Scott-Moncrieff
Chartered Accountants & Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

SHAWFAIR LAND LIMITED

Directors' report

For the year ended 31 December 2018

The Directors present their report and the financial statements of the company for the year ended 31 December 2018.

Principal activities, business review and future developments

Shawfair Land Ltd is a company limited by shares which is incorporated and domiciled in Scotland. It is a wholly owned subsidiary of The EDI Group Ltd (EDI) whose ultimate parent is The City of Edinburgh Council.

The principal activity of the company was to hold a 50% share of land held pro indiviso in the southeast of Edinburgh. The sale of this land was completed in 2014 and the company has a continuing financial interest in the future development of this land.

In early 2017 the Council conducted a review of its approach to the use of surplus land and its interactions with the property market. The Council concluded that the group will have no future pipeline of projects and therefore took the decision that the group and this company should begin a process of managed closure. The Council as shareholder instructed the Directors to begin this process.

The company has ceased all new activities. It will remain active until its interest in the land as described above is settled. Any financial assets will be realised according to their contractual terms and the company intends to meet its contractual obligations in full. The Directors are confident that the group and the company will have sufficient funds to meet all external liabilities.

Directors

The Directors who served the company during the year were as follows:

| | |
|--------------|---------------------------|
| E W Adair | - resigned 30 June 2018 |
| G K Barrie | - resigned 14 March 2018 |
| I Whyte | |
| K Campbell | - appointed 27 March 2018 |
| H Rutherford | - resigned 30 May 2018 |
| L.M Cameron | |

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 the profit or loss of the company for that period.

SHAWFAIR LAND LIMITED

Directors' report (continued)

For the year ended 31 December 2018

In preparing these financial statements, the Directors are also required to:

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

In so far as the Directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any of that information.

Auditor

Scott-Moncrieff are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed by order of the Directors



L M Cameron

Director

Approved by the Directors on 8 August 2019

SHAWFAIR LAND LIMITED

Independent auditor's report to the shareholders of Shawfair Land Limited

For the year ended 31 December 2018

Opinion

We have audited the financial statements of Shawfair Land Limited for the year ended 31 December 2018 which comprise the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 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 audit opinion.

Emphasis of matter – Basis of preparation

We draw attention to notes 2 and 3 in the financial statements, which describe the basis of preparation. The Directors have prepared the financial statements using a non going concern basis of accounting as they consider that the company is not a going concern. Our opinion is not modified in respect of this matter.

SHAWFAIR LAND LIMITED

Independent auditor's report to the shareholders of Shawfair Land Limited (continued)

For the year ended 31 December 2018

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 the audit:

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

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 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.
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

SHAWFAIR LAND LIMITED

Independent auditor's report to the shareholders of Shawfair Land Limited (continued)

For the year ended 31 December 2018

Responsibilities of Directors

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, 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 Councils website at: 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.



Nick Bennett, *Senior Statutory Auditor*

For and on behalf of Scott-Moncrieff, Statutory Auditor

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

8 August 2019

SHAWFAIR LAND LIMITED**Statement of profit or loss and other comprehensive income****For the year ended 31 December 2018**

| | Notes | 2018 £ | 2017 £ |
|--|--------------|-------------------|-------------------|
| Revenue | | - | - |
| Cost of sales | | - | - |
| Gross profit | | - | - |
| Administrative expenses | | (1,425) | 10,542 |
| (Loss)/Profit before interest and tax | | (1,425) | (10,542) |
| Finance income | | - | - |
| (Loss)/Profit before tax | | (1,425) | 10,542 |
| Corporation tax | 6 | 271 | (2,058) |
| (Loss)/Profit for the year | | (1,154) | 8,484 |

There are no other items of comprehensive income or expense in the current year or prior year and therefore no statement of comprehensive income is shown.

The accompanying notes on pages 12 to 19 form part of these financial statements.

SHAWFAIR LAND LIMITED
Statement of changes in equity
For the year ended 31 December 2018

| | Notes | Issued capital £ | Retained earnings £ | Total equity £ |
|-----------------------------|-------|------------------------|---------------------------|----------------------|
| Balance at 1 January 2018 | | 2 | 27,715 | 27,717 |
| Loss for the year | | - | (1,154) | (1,154) |
| Dividends paid | 11 | - | - | - |
| Balance at 31 December 2018 | | <u>2</u> | <u>26,561</u> | <u>26,563</u> |
| | | <u>£</u> | <u>£</u> | <u>£</u> |
| Balance at 1 January 2017 | | 2 | 819,231 | 819,233 |
| Profit for the year | | - | 8,484 | 8,484 |
| Dividends paid | | - | (800,000) | (800,000) |
| Balance at 31 December 2017 | | <u>2</u> | <u>27,715</u> | <u>27,717</u> |

The retained earnings reserve represents profits and losses retained in the current and previous periods.

The accompanying notes on pages 12 to 19 form part of these financial statements.

SHAWFAIR LAND LIMITED

Statement of financial position

As at 31 December 2018

| | Notes | 2018 £ | 2017 £ |
|-------------------------------------|-------|---------------|---------------|
| Assets | | | |
| Current assets | | | |
| Trade and other receivables | 7 | 26,357 | 26,086 |
| Cash and cash equivalents | 8 | 1,556 | 3,046 |
| Total assets | | <u>27,913</u> | <u>29,132</u> |
| Equity | | | |
| Issued capital and reserves | | | |
| Issued share capital | 9 | 2 | 2 |
| Retained profits | | 26,561 | 27,715 |
| Total equity | | <u>26,563</u> | <u>27,717</u> |
| Current liabilities | | | |
| Trade and other payables | 10 | 1,350 | 1,415 |
| Total equity and liabilities | | <u>27,913</u> | <u>29,132</u> |

These financial statements have been prepared in accordance with the Special Provisions for Small Companies under Part 15 of the Companies Act 2006.

The financial statements were authorised for issue by the Board of Directors on 8 August 2019 and signed on its behalf by



L M Cameron, Director

Company registration number: SC353458

The accompanying notes on pages 12 to 19 form part of these financial statements.

SHAWFAIR LAND LIMITED**Statement of cash flows****As at 31 December 2018**

| | 2018 £ | 2017 £ |
|--|---------------------|---------------------|
| Cash flow from operating activities | | |
| (Loss)/Profit before tax | (1,425) | 10,542 |
| Operating (loss)/profit | <u>(1,425)</u> | <u>10,542</u> |
| (Decrease)/increase in trade and other receivables | (271) | 805,575 |
| Decrease in trade and other payables | (65) | (15,502) |
| Cash flows from operations | <u>(1,761)</u> | <u>800,615</u> |
| Income taxes (paid)/received | 271 | (2,058) |
| Net cash inflow/(outflow) from operating activities | <u>(1,490)</u> | <u>798,557</u> |
| Cash flow from financing activities | | |
| Dividends paid | - | (800,000) |
| Net cash outflow from financing activities | <u>-</u> | <u>(800,000)</u> |
| Net decrease in cash and cash equivalents | (1,490) | (1,443) |
| Cash and cash equivalents as at 1 January 2018 | 3,046 | 4,489 |
| Cash and cash equivalents as at 31 December 2018 | <u><u>1,556</u></u> | <u><u>3,046</u></u> |

The accompanying notes on pages 12 to 19 form part of these financial statements.

SHAWFAIR LAND LIMITED

Notes to the financial statements

For the year ended 31 December 2018

1. Presentation of financial statements

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

New accounting standards adopted during the year

The company has adopted the following amended IFRS as of 1 January 2018:

- IAS 1 "Presentation of Financial Statements": this amendment arises from the issue of IFRS 9 and deals with the abolition of the available-for-sale category of financial assets, the presentation and disclosure of gains and losses arising on financial assets stated at amortised cost, and takes account of the revised reclassification rules under IFRS 9 as compared with IAS 39.
- IAS 39 "Financial Instruments: Recognition and Measurement": this amendment arises from the issue of IFRS 9 and primarily removes items from the scope of the standard, insofar as they dealt with by IFRS 9.
- IFRS 7 "Financial Instruments: Disclosures": this amendment arises from the issue of IFRS 9. The amendment reflects the replacement of the four categories of financial asset under IAS 39 with the three under IFRS 9. All of the IFRS 7 disclosures by category of financial asset have had to be altered to reflect the new categorisation.
- IFRS 9 "Financial Instruments": this standard replaces IAS 39, dealing with classification, recognition and measurement, de-recognition, impairment and hedge accounting (except for macro hedging) in relation to financial instruments. The adoption of this accounting standard has not had any impact on the company.

Guidance in issue but not in force

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 31 December 2018, and with potential effect.

| International Accounting Standards and Interpretations | Effective for periods beginning on or after |
|---|--|
| IFRS 16, Leases | 1 January 2019 |
| IAS 12, Income Taxes* | 1 January 2019 |

* Not yet adopted for use in the European Union

The directors have reviewed the requirements of the new standards and interpretations listed above and they are not expected to have a material impact on the company's financial statements in the period of initial application.

SHAWFAIR LAND LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

Presentation of financial statements (continued)

New standards and interpretations issued and adopted early

The International Accounting Standards Board ("IASB") and IFRIC have also issued the following accounting standard, with an effective date for financial years beginning after the date of these financial statements, which has been adopted early:

| <i>International Accounting Standards and Interpretations</i> | | <i>Effective for annual periods beginning on or after</i> |
|---|---------------------------------------|---|
| IFRS 15 | Revenue from contracts with customers | 1 January 2018 |

The above accounting standard has been adopted with a date of initial application of 1 January 2015.

Whilst the adoption of the above accounting standard has a significant impact on measuring revenue from contracts with customers, there is not considered to be a material impact on the financial statements in the current year.

2. Going concern

As described in the Directors' Report, the group's ultimate shareholder, The City of Edinburgh Council, has concluded that the group should begin a process of closure. The company has now ceased all new activity. Financial assets will be realised according to their contractual terms and the company intends to meet its contractual obligations in full. It is envisaged that this process will mean that the company may be financially active for several years.

The Company, and the Group, as part of a regular evaluation of liquidity risk, has modelled the principal risks and uncertainties in its cash flow projections for the envisaged closure strategy. After discussions with the shareholder and after assessing the availability of cash balances under a range of scenarios, the Directors have formed the opinion that the Company has sufficient resources to meet all external liabilities and obligations and to repay its share capital in full and this is subject to ongoing review.

The opinion of the Directors is that the decision of the shareholder to close the company and the active implementation of the decision which will lead to the company ceasing to trade means that it is not appropriate to prepare the accounts on a going concern basis. Each asset and liability will be valued to reflect the closure strategy intention for that asset or liability. The details are described below under each asset class.

3. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with UK companies' legislation, as applicable to companies reporting under IFRS. These financial statements therefore comply with IFRS as adopted by the EU.

The principal accounting policies adopted to prepare the financial statements are set out below.

SHAWFAIR LAND LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

3. Accounting policies (continued)

Critical accounting estimates and sources of estimation uncertainty

In applying the accounting policies, the Directors may at times, require to make critical accounting judgements and estimates about the carrying amount of assets and liabilities. These estimates and assumptions, when made, are based on historical experience and other factors that the Directors consider are relevant.

The Directors consider that there are no accounting estimates that have been made; or sources of uncertainty in the current year or prior year that would have a material effect on these financial statements.

Financial instruments

Financial instruments are measured initially at cost, which is the fair value of what was paid or received to acquire or incur them.

After initial recognition, financial assets and liabilities may be classified into the following categories: financial assets or liabilities at fair value through profit or loss; held to maturity investments; available for sale financial assets; loans and receivables and other financial liabilities at amortised cost.

The company has the following categories of financial assets and liabilities:

Trade and other receivables

Trade and other receivables are initially measured at fair value, which is the original invoice amount, and subsequently measured at amortised cost, using the effective interest method. A provision for impairment is accounted for when management deems that specific receivable balances will not be collected. The amount of the impairment loss is recognised in the income statement. Bad debts are written off when they are identified as being bad.

Trade and other payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Current and deferred taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

SHAWFAIR LAND LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

3. Accounting policies (continued)

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

4. Directors

No Directors received emoluments from Shawfair Land Limited in the year or the previous year. There were no other transactions with Directors in the year.

5. Auditor's remuneration

During the year the following fees for audit services were paid to the company's auditor:

| | 2018 £ | 2017 £ |
|--|--------------|--------------|
| Fees payable to the company's auditor for audit services | 1,050 | 1,050 |
| Fees payable to the company's auditor for tax services | 365 | 365 |
| | <u>1,415</u> | <u>1,415</u> |

6. Corporation tax

(a) Analysis of charge in the year

| | 2018 £ | 2017 £ |
|---|--------------|--------------|
| Current tax: | | |
| Current corporation tax (credit)/charge | (271) | 2,058 |
| | <u>(271)</u> | <u>2,058</u> |

SHAWFAIR LAND LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

(b) Factors affecting tax credit in the year

The tax assessed for the year is different from that calculated using the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

| | 2018 | 2017 |
|--|----------------|----------------|
| | £ | £ |
| (Loss)/profit on ordinary activities before tax | <u>(1,425)</u> | <u>10,542</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax of 19.00% (2017: 19.25%) | (271) | 2,029 |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | 29 |
| Group relief (claimed)/surrendered | (271) | 2,058 |
| Payment for company losses (claimed)/surrendered | <u>271</u> | <u>(2,058)</u> |
| Current tax (credit)/charge in the year | <u>(271)</u> | <u>2,058</u> |

(c) Factors affecting future tax charges

There are no specific factors which have been identified that will affect future tax charges

7. Trade and other receivables

| | 2018 | 2017 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Other debtors | (730) | 730 |
| Amounts owed by group undertakings | <u>25,627</u> | <u>25,356</u> |
| | <u>26,357</u> | <u>26,086</u> |

8. Cash and cash equivalents

| | 2018 | 2017 |
|--------------------------|--------------|--------------|
| | £ | £ |
| Cash at bank and in hand | <u>1,556</u> | <u>3,046</u> |
| | <u>1,556</u> | <u>3,046</u> |

SHAWFAIR LAND LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

9. Share capital

Allotted and called up:

| | 2018 | | 2017 | |
|------------------------------|----------|----------|----------|----------|
| | No | £ | No | £ |
| 2 ordinary shares of £1 each | <u>2</u> | <u>2</u> | <u>2</u> | <u>2</u> |

10. Trade and other payables

| | 2018 | 2017 |
|----------|--------------|--------------|
| | £ | £ |
| Accruals | 1,350 | 1,415 |
| | <u>1,350</u> | <u>1,415</u> |

11. Dividends

| | 2018 | 2017 |
|--|----------|----------------|
| | £ | £ |
| <i>Ordinary share capital</i> | | |
| Final £nil (2017: £400,000 per share declared) | <u>-</u> | <u>800,000</u> |

No dividend was declared in 2018.

12. Parent undertakings and related party transactions

The company is a wholly owned subsidiary of The EDI Group Limited, a company registered in Scotland whose financial statements can be obtained from its registered offices.

The ultimate controlling party is The City of Edinburgh Council.

At the balance sheet date the company was due £25,356 from (2017: £25,356) The EDI Group Limited.

At the balance sheet date the company was due £271 (2017: £nil) from Parc Craigmillar Limited, a wholly owned subsidiary of the EDI Group Limited.

SHAWFAIR LAND LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

13. Financial instruments and risk management

The company has the following categories of financial instruments at the balance sheet date:

| | 2018 | 2017 |
|---|-------------|-------------|
| | £ | £ |
| <u>Financial assets</u> | | |
| Financial assets measured at amortised cost | 1,556 | 3,046 |

| | 2018 | 2017 |
|--|-------------|-------------|
| | £ | £ |
| <u>Financial liabilities</u> | | |
| Financial liabilities measured at amortised cost | 1,350 | 1,415 |

Financial assets measured at amortised cost comprise cash at bank and in hand and other receivables (excluding tax receivables)

Financial liabilities measured at amortised cost comprise accruals and other payables (excluding VAT payable balances).

Capital risk management

The company aims to manage its overall capital structure to ensure it continues to operate on an ongoing basis within the broad timescales set out in the transition strategy. The company's capital structure represents the equity attributable to the shareholders of the company together with borrowings and cash equivalents. The Directors are closely involved in the running of the company and are therefore fully aware of the capital position of the company at any point in time and any changes that circumstances bring. As a result they are in a position to address any issues that may arise on a timely basis.

SHAWFAIR LAND LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2018

13. Financial instruments and risk management (continued)

Risk management objectives

The Board is charged with the overall responsibility of establishing and monitoring the company's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the company. The company does not enter into or trade financial instruments for speculative purposes.

Fair values

The Directors consider that the carrying values of all the company's financial assets and liabilities approximate their fair values at the balance sheet dates.

The company does not hold any financial instruments that are classified as fair value through the profit or loss or available for sale and therefore are measured at fair value.

Market risk

The company does not hold any inventory or property that is at risk of falling in value due to market conditions.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contractual obligations that could lead to a financial loss to the company. It arises from exposure to customers and amounts owed by group undertakings.

The maximum exposure to credit risk to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is reviewed regularly by the Board of Directors and monitored by actively assessing the rating quality and liquidity of counterparties as follows:

- only banks and institutions with an acceptable credit rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing;
- customers that do not meet the company's credit policies may only purchase in cash or using recognised credit cards.

Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages that risk as follows:

- Preparing forward looking cash flow analysis; and
- Ensuring that adequate unutilised borrowing facilities are maintained.

14. Post Balance Sheet events

The company reached agreement on a payment of £1m in relation to the discharge of a agreement pertaining to land sold in 2012, with the monies received on 1 August 2019.