

Registration number 2386397

The New Mill Development Company Limited

Directors' Report and Financial Statements
for the Year Ended 29 February 2008



The New Mill Development Company Limited

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The New Mill Development Company Limited
Officers and Advisers

Directors	John Lewis Burnley Esplanade Director Limited Danoptra Director 1 Limited
Secretary	Esplanade Secretarial Services Limited
Registered office	Europa House 20 Esplanade Scarborough YO11 2AQ
Solicitors	Shepherd & Wedderburn LLP 1 Exchange Crescent Conference Square Edinburgh EH3 8UL
Bankers	Bank of Scotland 2nd Floor 21-23 Hill Street Mayfair London W1J 5JW
Auditors	Mazars LLP 90 St Vincent Street Glasgow G2 5UB

The New Mill Development Company Limited

Directors' Report for the Year Ended 29 February 2008

The directors present their report and the audited financial statements for the year ended 29 February 2008

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

The director is required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, the director is required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. The director has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Statement of disclosure to auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of

Principal activity and business review

The principal activity of the company is property development

Both the level of activity for the year and the financial position at the end of the year were as anticipated and the directors expect that the current level of activity will be sustained for the foreseeable future

Results and dividends

The results of the company are set out on page 6

The directors do not recommend the payment of a dividend

Principal risks and uncertainties

The principal risks and uncertainties mainly relate to volatility of interest rates and the state of the UK property market. These risks and uncertainties are managed on a group basis and are discussed in more detail in the annual report of the ultimate parent company, Scarborough Group International Limited

The New Mill Development Company Limited
Directors' Report for the Year Ended 29 February 2008

continued

Directors

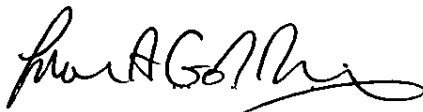
The directors who held office during the year and up to the date of this report were as follows

- John Lewis Burnley
- Esplanade Director Limited (appointed 10 July 2007)
- Danoptra Director 1 Limited (appointed 30 October 2007)
- Europa Director Limited (resigned 10 July 2007)
- John Graham Jones (resigned 18 October 2007)

Auditors

Mazars LLP continue in office in accordance with section 487(2) Companies Act 2006

Approved by the Board and signed on its behalf by



Esplanade Secretarial Services Limited
Company Secretary

Date 8/9/08

Independent Auditors' Report to the Members of

The New Mill Development Company Limited

We have audited the financial statements of The New Mill Development Company Limited for the year ended 29 February 2008 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 auditors' 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 auditors

As described in the statement of Directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

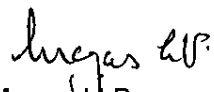
**Independent Auditors' Report to the Members of
The New Mill Development Company Limited**

continued

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 February 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements


Mazars LLP

Chartered Accountants and Registered Auditors

90 St Vincent Street
Glasgow
G2 5UB

Date 15/9/08.

The New Mill Development Company Limited

Profit and Loss Account for the Year Ended 29 February 2008

	Note	2008 £	2007 £
Turnover		41,241	-
Cost of sales		(3,262)	(2,114)
Gross profit/(loss)		<u>37,979</u>	<u>(2,114)</u>
Administrative expenses		(2,439)	(3,145)
Operating profit/(loss)	2	<u>35,540</u>	<u>(5,259)</u>
Interest receivable and similar income		11,516	4,761
Profit/(loss) on ordinary activities before taxation		<u>47,056</u>	<u>(498)</u>
Tax on profit/(loss) on ordinary activities	5	(8,922)	10,192
Profit for the financial year		<u>38,134</u>	<u>9,694</u>
Profit and loss reserve brought forward		(317,684)	(327,378)
Profit and loss reserve carried forward		<u>(279,550)</u>	<u>(317,684)</u>

Turnover and operating profit/(loss) derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

There is no material difference between the result reported above and the result on an unmodified historical cost basis

The notes on pages 8 to 11 form an integral part of these financial statements

Balance Sheet as at 29 February 2008

Approved by the Board on 8/9/08 and signed on its behalf by

The notes on pages 8 to 11 form an integral part of these financial statements

The New Mill Development Company Limited

Notes to the Financial Statements for the Year Ended 29 February 2008

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and the accounting policies set out below, in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom

The company has taken advantage of the exemption within section 228 of the Companies Act 1985 not to prepare group accounts. Accordingly, these accounts present information about the company as an individual undertaking and not about its group

Cash flow statement

In accordance with Financial Reporting Standard No. 1 (revised) the company is exempt from the requirement to produce a cash flow statement on the basis that a consolidated cash flow statement is prepared by Scarborough Group International Limited, the parent undertaking of the smallest and largest group for which group accounts are drawn up and of which the company is a member

Going concern

These financial statements have been prepared on a going concern basis as the shareholders of the parent company have agreed to assist the company to meet the company's liabilities as they fall due

Revenue recognition

Proceeds received on the sale of properties are recognised on unconditional exchange of contract. Rental income accrues on a daily basis

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted

2 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2008	2007
	£	£
Auditors' remuneration - audit services	1,100	1,125
Auditors' remuneration - non audit services	900	1,600

3 Particulars of employees

The average number of employees during the year (excluding directors) was nil (2007 nil)

The New Mill Development Company Limited

Notes to the Financial Statements for the Year Ended 29 February 2008

continued

4 Directors' emoluments

No emoluments were paid to the directors during the year (2007 - £nil)

5 Taxation

Analysis of current period tax charge/(credit)

	2008 £	2007 £
Current tax		
Corporation tax charge/(credit)	8,922	(38)
(Over)/under provision in previous year	-	(10,154)
UK Corporation tax	<u>8,922</u>	<u>(10,192)</u>

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK for small companies of 19% (2007 19%)

	£	£
Profit/(Loss) on ordinary activities before taxation	<u>47,056</u>	<u>(498)</u>
	£	£
Profit on ordinary activities multiplied by the standard UK tax rate	8,941	(94)
Expenses not deductible for tax purposes	19	18
Prior year adjustment	-	(10,154)
Losses (brought forward and utilised)/carried forward	(38)	38
Total current tax	<u>8,922</u>	<u>(10,192)</u>

6 Debtors

	2008 £	2007 £
Trade debtors	-	12,985
Other debtors	79	9,695
Prepayments and accrued income	-	8,244
	<u>79</u>	<u>30,924</u>

The New Mill Development Company Limited

Notes to the Financial Statements for the Year Ended 29 February 2008

continued

7 Creditors: Amounts falling due within one year

	2008 £	2007 £
Amounts owed to parent undertaking	32,217	185,117
Corporation tax	8,887	-
Accruals and deferred income	2,160	2,317
	<u>43,264</u>	<u>187,434</u>

8 Creditors: Amounts falling due after more than one year

	2008 £	2007 £
Amount owed to related party (note 12)	<u>263,047</u>	<u>263,047</u>

9 Share capital

	2008 £	2007 £
Authorised		
Equity		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Equity		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

10 Reserves

	Profit and loss reserve £
Balance at 1 March 2007	(317,684)
Profit for the year	<u>38,134</u>
Balance at 29 February 2008	<u>(279,550)</u>

The New Mill Development Company Limited

Notes to the Financial Statements for the Year Ended 29 February 2008

continued

11 Reconciliation of movements in shareholders' funds/(deficit)

	2008 £	2007 £
Profit attributable to members of the company	38,134	9,694
	<u>38,134</u>	<u>9,694</u>
Opening equity shareholders' deficit	(317,584)	(327,278)
Closing equity shareholders' deficit	<u>(279,450)</u>	<u>(317,584)</u>

12 Related parties

Controlling entity

The immediate and ultimate parent company is Minigulf Limited, a company registered in England and Wales. Minigulf Limited is owned 50% by Scarborough Property Group Limited and 50% by Kunick Limited. Copies of the accounts of Minigulf Limited can be obtained from Europa House, 20 Esplanade, Scarborough, YO11 2AQ.

Related party transactions

At 29 February 2008, the company owed Kunick limited £263,047 (2007 £263,047)