

Registration number: 05713226

# Scarford (Hirwaun) Limited

Annual Report and Financial Statements

for the Year Ended 29 February 2016

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## **Scarford (Hirwaun) Limited**

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## **Scarford (Hirwaun) Limited**

### **Company Information**

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | D M David<br>S C McCabe   |
| <b>Company secretary</b> | Esplanade Secretarial Services Limited  |
| <b>Registered office</b> | Europa House<br>20 Esplanade<br>Scarborough<br>YO11 2AQ                       |
| <b>Auditors</b>          | Mazars LLP<br>Mazars House<br>Gelderd Road<br>Gildersome<br>Leeds<br>LS27 7JN |

## **Scarford (Hirwaun) Limited**

### **Directors' Report for the Year Ended 29 February 2016**

The Directors present their report and the financial statements for the year ended 29 February 2016.

#### **Directors of the Company**

The directors who held office during the year were as follows:

D M David

S C McCabe

#### **Dividends**

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 29 February 2016.

#### **Disclosure of information to the auditors**

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 of which they know the auditors are unaware.

#### **Reappointment of auditors**

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board on 26 August 2016 and signed on its behalf by:



Esplanade Secretarial Services Limited  
Company secretary

## **Scarford (Hirwaun) Limited**

### **Statement of Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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.

## **Scarford (Hirwaun) Limited**

### **Independent Auditor's Report to the members of Scarford Hirwaun Limited**

We have audited the financial statements of Scarford (Hirwaun) Limited for the year ended 29 February 2016, which comprise the Profit and Loss account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

#### **Respective responsibilities of Directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities 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 (APB's) Ethical Standards for Auditors. 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.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 February 2016 and of its loss 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 the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Scarford (Hirwaun) Limited

### Independent Auditor's Report to the members of Scarford Hirwaun Limited

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Richard Metcalfe (Senior Statutory Auditor)  
For and on behalf of Mazars LLP,  
Chartered Accountants and Statutory Auditor

Mazars House  
Gelderd Road  
Gildersome  
Leeds  
LS27 7JN

26 August 2016

# **Scarford (Hirwaun) Limited**

## **Profit and Loss Account for the Year Ended 29 February 2016**

|                                      | Note | 2016<br>£                 | 2015<br>£              |
|--------------------------------------|------|---------------------------|------------------------|
| Turnover                             | 3    | 5,389                     | 5,381                  |
| Cost of sales                        | 4    | <u>(1,042,724)</u>        | <u>(1,370)</u>         |
| Gross (loss)/profit                  |      | (1,037,335)               | 4,011                  |
| Administrative expenses              |      | <u>(8,500)</u>            | <u>(10,425)</u>        |
| Operating loss                       |      | (1,045,835)               | (6,414)                |
| Interest payable and similar charges | 5    | <u>(44,662)</u>           | <u>(43,868)</u>        |
| Loss before tax                      |      | <u>(1,090,497)</u>        | <u>(50,282)</u>        |
| Loss for the financial year          |      | <u><u>(1,090,497)</u></u> | <u><u>(50,282)</u></u> |

The above results were derived from continuing operations.

The notes on pages 10 to 15 form an integral part of these financial statements.

**Scarford (Hirwaun) Limited**

**Statement of Comprehensive Income for the Year Ended 29 February 2016**

|   | Note | 2016<br>£                 | 2015<br>£              |
|---|------|---------------------------|------------------------|
| Loss for the year                       |      | <u>(1,090,497)</u>        | <u>(50,282)</u>        |
| Total comprehensive income for the year |      | <u><u>(1,090,497)</u></u> | <u><u>(50,282)</u></u> |


The notes on pages 10 to 15 form an integral part of these financial statements.

**Scarford (Hirwaun) Limited**

**(Registration number: 05713226)**  
**Balance Sheet as at 29 February 2016**

|  | Note | 2016<br>£          | 2015<br>£          |
|--|------|--------------------|--------------------|
| <b>Fixed assets</b>                            |      |                    |                    |
| Investments                                    | 10   | 2                  | 2                  |
| <b>Current assets</b>                          |      |                    |                    |
| Stocks   | 11   | 400,000            | 1,439,006          |
| Debtors  | 12   | 1,410              | 3,880              |
|  |      | <u>401,410</u>     | <u>1,442,886</u>   |
| Creditors: Amounts falling due within one year | 13   | <u>(1,910,744)</u> | <u>(1,861,723)</u> |
| <b>Net current liabilities</b>                 |      | <u>(1,509,334)</u> | <u>(418,837)</u>   |
| <b>Net liabilities</b>                         |      | <u>(1,509,332)</u> | <u>(418,835)</u>   |
| <b>Capital and reserves</b>                    |      |                    |                    |
| Called up share capital                        | 14   | 2                  | 2                  |
| Profit and loss account                        |      | <u>(1,509,334)</u> | <u>(418,837)</u>   |
| <b>Total equity</b>                            |      | <u>(1,509,332)</u> | <u>(418,835)</u>   |

Approved and authorised by the Board on 26 August 2016 and signed on its behalf by:

  
 S C McCabe  
 Director

**Scarford (Hirwaun) Limited**  
**(Registration number: 05713226)**  
**Balance Sheet as at 29 February 2016**

|   | Note | 2016<br>£          | 2015<br>£          |
|---|------|--------------------|--------------------|
| <b>Fixed assets</b>                                   |      |                    |                    |
| Investments   | 10   | 2                  | 2                  |
| <b>Current assets</b>                                 |      |                    |                    |
| Stocks  | 11   | 400,000            | 1,439,006          |
| Debtors   | 12   | <u>1,410</u>       | <u>3,880</u>       |
|   |      | 401,410            | 1,442,886          |
| <b>Creditors: Amounts falling due within one year</b> | 13   | <u>(1,910,744)</u> | <u>(1,861,723)</u> |
| <b>Net current liabilities</b>                        |      | <u>(1,509,334)</u> | <u>(418,837)</u>   |
| <b>Net liabilities</b>                                |      | <u>(1,509,332)</u> | <u>(418,835)</u>   |
| <b>Capital and reserves</b>                           |      |                    |                    |
| Called up share capital                               | 14   | 2                  | 2                  |
| Profit and loss account                               |      | <u>(1,509,334)</u> | <u>(418,837)</u>   |
| <b>Total equity</b>                                   |      | <u>(1,509,332)</u> | <u>(418,835)</u>   |

Approved and authorised by the Board on 26 August 2016 and signed on its behalf by:

.....  
S C McCabe  
Director

**Scarford (Hirwaun) Limited**

**Statement of Changes in Equity for the Year Ended 29 February 2016**

|                            | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£  |
|----------------------------|--------------------|---------------------------------|-------------|
| At 1 March 2015            | 2                  | (418,837)                       | (418,835)   |
| Loss for the year          | -                  | (1,090,497)                     | (1,090,497) |
| Total comprehensive income | -                  | (1,090,497)                     | (1,090,497) |
| At 29 February 2016        | 2                  | (1,509,334)                     | (1,509,332) |
|                            | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£  |
| At 1 March 2014            | 2                  | (368,555)                       | (368,553)   |
| Loss for the year          | -                  | (50,282)                        | (50,282)    |
| Total comprehensive income | -                  | (50,282)                        | (50,282)    |
| At 28 February 2015        | 2                  | (418,837)                       | (418,835)   |

## **Scarford (Hirwaun) Limited**

### **Notes to the Financial Statements for the Year Ended 29 February 2016**

#### **1 General information**

The company is a private company limited by share capital incorporated in England & Wales.

The company's principal activity is property trading.

The address of its registered office is:

Europa House  
20 Esplanade  
Scarborough  
YO11 2AQ

The principal place of business is:

Ground Floor RHS  
Building 3150  
Century Way  
Thorpe Park  
Leeds  
LS15 8ZB

These financial statements were authorised for issue by the Board on 26 August 2016.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

##### **Summary of disclosure exemptions**

The company has taken advantage of the exemptions, under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Scarborough Group International Limited, includes the company's cash flows in its own consolidated financial statements.

The company has taken the exemption under FRS 102 paragraph 1.12(c) from disclosing the carrying value of financial instruments not measured at fair value on the basis it is a qualifying entity and its ultimate parent company, Scarborough Group International Limited, discloses the carrying value of financial instruments in its own consolidated financial statements.

##### **Critical Accounting Estimates and assumptions**

###### ***Stock provisioning***

The value of the company's property assets is affected by market conditions. During the preparation of these financial statements, key management have given consideration to the carrying value of trading properties and development sites to determine if any stock provision is required. When making this judgement, key management have referred to a mixture of independent, external property valuation reports and internally prepared development appraisals.

## **Scarford (Hirwaun) Limited**

### **Notes to the Financial Statements for the Year Ended 29 February 2016**

#### **Going concern**

The financial statements have been prepared on a going concern basis as the parent company has confirmed that it will continue to provide financial support for the foreseeable future to the company and will not seek repayments of amounts due from the company unless it is able to do so.

#### **Revenue recognition**

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

#### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### **Trade debtors**

Trade debtors are amounts due from customers for rent or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Stocks**

Stock is stated at the lower of cost and net realisable value. Cost is based on the cost of the land and the cost incurred to date including any demolition costs and interest paid in respect of borrowings to finance the relevant development. Net realisable value is based on estimated selling price after taking into account all further costs expected to be incurred on disposal.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## Scarford (Hirwaun) Limited

### Notes to the Financial Statements for the Year Ended 29 February 2016

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

|               | 2016<br>£    | 2015<br>£    |
|---------------|--------------|--------------|
| Rental Income | <u>5,389</u> | <u>5,381</u> |

#### 4 Cost of Sales

|                           | 2016<br>£          | 2015<br>£      |
|---------------------------|--------------------|----------------|
| Direct costs              | (942)              | (1,370)        |
| Exceptional cost of sales | <u>(1,041,782)</u> | <u>-</u>       |
|                           | <u>(1,042,724)</u> | <u>(1,370)</u> |

#### 5 Interest payable and similar charges

|   | 2016<br>£     | 2015<br>£     |
|---|---------------|---------------|
| Interest expense on other finance liabilities | <u>44,662</u> | <u>43,868</u> |

#### 6 Particular of employees

The average number of employees (excluding directors) during the year was nil (2015: nil).

#### 7 Directors' remuneration

No emoluments were paid to the directors during the year (2015: £nil)

#### 8 Auditors' remuneration

|                                   | 2016<br>£    | 2015<br>£    |
|-----------------------------------|--------------|--------------|
| Audit of the financial statements | <u>2,500</u> | <u>2,500</u> |
| Other fees to auditors            |              |              |
| All other non-audit services      | <u>1,750</u> | <u>1,750</u> |

## Scarford (Hirwaun) Limited

### Notes to the Financial Statements for the Year Ended 29 February 2016

#### 9 Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 20.08% (2015 - 21.17%).

The differences are reconciled below:

|  | 2016<br>£   | 2015<br>£ |
|--|-------------|-----------|
| Loss before tax  | (1,090,497) | (50,282)  |
| Corporation tax at standard rate   | (219,023)   | (10,645)  |
| Tax increase (decrease) from effect of unrelieved tax losses carried forward | 219,023     | 10,645    |
| Total tax charge/(credit)  | -           | -         |

#### 10 Investments in subsidiaries, joint ventures and associates

|                             | 2016<br>£ | 2015<br>£ |
|-----------------------------|-----------|-----------|
| Investments in subsidiaries | 2         | 2         |
| <b>Subsidiaries</b>         |           | £         |
| <b>Cost or valuation</b>    |           |           |
| At 1 March 2015             |           | 2         |
| <b>Provision</b>            |           |           |
| <b>Carrying amount</b>      |           |           |
| At 29 February 2016         |           | 2         |
| At 28 February 2015         |           | 2         |

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking                | Country of<br>incorporation | Holding  | Proportion of voting rights<br>and shares held |      |
|----------------------------|-----------------------------|----------|--|------|
|                            |                             |          | 2016   | 2015 |
| Subsidiary undertakings    |                             |          |  |      |
| Scarford Hirwaun No. 1 Ltd | England & Wales             | Ordinary | 100%   | 100% |

The principal activity of Scarford Hirwaun No. 1 Ltd is Dormant

# Scarford (Hirwaun) Limited

## Notes to the Financial Statements for the Year Ended 29 February 2016

### 11 Stocks

|                          | 2016<br>£      | 2015<br>£        |
|--------------------------|----------------|------------------|
| Property held for resale | <u>400,000</u> | <u>1,439,006</u> |

### 12 Debtors

|                                       | 2016<br>£    | 2015<br>£    |
|---------------------------------------|--------------|--------------|
| Trade debtors                         | 228          | -            |
| Other debtors                         | 1,182        | 1,287        |
| Prepayments                           | -            | 175          |
| Accrued income                        | -            | 2,418        |
| Total current trade and other debtors | <u>1,410</u> | <u>3,880</u> |

### 13 Creditors

|                                 | Note | 2016<br>£        | 2015<br>£        |
|---------------------------------|------|------------------|------------------|
| <b>Due within one year</b>      |      |                  |                  |
| Trade creditors                 |      | 12,553           | 11,551           |
| Amounts due to related parties  | 16   | 1,891,467        | 1,845,919        |
| Social security and other taxes |      | 1,117            | -                |
| Other creditors                 |      | 5                | 2                |
| Accrued expenses                |      | 5,602            | 4,251            |
|                                 |      | <u>1,910,744</u> | <u>1,861,723</u> |

### 14 Share capital

#### Allotted, called up and fully paid shares

|                            | No.      | 2016<br>£ | No.      | 2015<br>£ |
|----------------------------|----------|-----------|----------|-----------|
| Ordinary shares of £1 each | <u>2</u> | <u>2</u>  | <u>2</u> | <u>2</u>  |

### 15 Commitments

#### Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2015 - £Nil).

## **Scarford (Hirwaun) Limited**

### **Notes to the Financial Statements for the Year Ended 29 February 2016**

#### **16 Related party transactions**

##### **Summary of transactions with parent**

Scarborough Holding Company Limited (joint venture partner) and Longford Property (Hirwaun) Limited (joint venture partner)

Scarford Hirwaun has loans outstanding with both companies

The loans charge interest at 1.5% above the Bank of England base rate.

During the year, interest payable to Longford Property (Hirwaun) Limited was £3,967 (2015: £3,889). The total loan outstanding at the balance sheet date amounted to £202,320 (2015: £198,353)

During the year, interest payable to Scarborough Holding Company Limited was £40,695 (2015: £37,401). The total loan outstanding at the balance sheet date amounted to £1,689,147 (2015: £1,647,566)

#### **17 Parent and ultimate parent undertaking**

The company's immediate parents are Scarborough Holding Company Limited and Longford Property (Hirwaun) Limited equally, both incorporated in England and Wales.

Scarborough International Properties Limited is the parent undertaking of the smallest group for which group accounts are drawn up and of which the company is a member. Copies of the accounts of Scarborough Holdings (UK) Limited can be obtained from: Europa House, 20 Esplanade, Scarborough, YO11 2AQ.

The ultimate parent company is Scarborough Group International Limited, a company registered in Scotland. Scarborough Group International Limited is also the parent undertaking of the largest group for which accounts are drawn up and of which the company is a member. Copies of the accounts of Scarborough Group International Limited can be obtained from: Lomond Court, Castle Business Park, Stirling, FK9 4TU.

In the opinion of the directors, there is no ultimate controlling party.

#### **18 Transition to FRS 102**

This is the first year that the company has presented its results under FRS102. The last financial statements under the UK GAAP were for the year ended 28 February 2015. The date of transition to FRS102 was 1 March 2014. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.