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Registration number: SC222340

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Scarborough Group Developments Limited

Annual Report and Financial Statements

for the Year Ended 28 February 2019



Scarborough Group Developments Limited

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Scarborough Group Developments Limited

Company Information

Directors	S C McCabe
	S R McCabe
	Esplanade Director Limited
	K C McCabe
Company secretary	Esplanade Secretarial Services Limited
Registered office	c/o Shepherd + Wedderburn
	1 Exchange Crescent
	Conference Square
	Edinburgh
	EH3 8UL
Auditors	Mazars LLP
	5th Floor
	3 Wellington Place
	Leeds
	LS1 4AP

Scarborough Group Developments Limited

Directors' Report for the Year Ended 28 February 2019

The Directors present their report and the financial statements for the year ended 28 February 2019.

Directors of the Company

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

S C McCabe

S R McCabe

Esplanade Director Limited

K C McCabe (appointed 30 July 2018)

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.

Impact of Brexit upon the Company

The Directors have considered the uncertainties regarding the withdrawal from the EU, however they do not believe that there will be a material impact as a result of this.

Going Concern

The Directors' assessment of the going concern status of the company is detailed in note 2 of these financial statements.

Reappointment of auditors

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

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 22 November 2019 and signed on its behalf by:



J J Tutton

for and on behalf of Esplanade Secretarial Services Limited

Scarborough Group Developments Limited

Statement of 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 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; 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.

Scarborough Group Developments Limited

Independent Auditor's Report to the members of Scarborough Group Developments Limited

Opinion

We have audited the financial statements of Scarborough Group Developments Limited (the 'Company') for the year ended 28 February 2019 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

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

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

Scarborough Group Developments Limited

Independent Auditor's Report to the members of Scarborough Group Developments Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' 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.

Opinion 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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; 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.

Responsibilities of Directors

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, 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.

Scarborough Group Developments Limited

Independent Auditor's Report to the members of Scarborough Group Developments Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



David Smithson (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: 22 November 2019

Scarborough Group Developments Limited

Profit and Loss Account for the Year Ended 28 February 2019

	Note	2019 £	2018 £
Turnover		-	-
Cost of sales		-	(1,606)
Gross loss		-	(1,606)
Administrative expenses	3	(595)	(3,500)
Operating loss		(595)	(5,106)
Income from other fixed asset investments		1,960	383
Interest receivable and similar income	4	46,409	45,000
Interest payable and similar charges	5	(8,513)	(7,701)
		39,856	37,682
Profit before tax		39,261	32,576
Taxation	8	-	(4,633)
Profit for the financial year		39,261	27,943

The above results were derived from continuing operations.

The notes on pages 11 to 17 form an integral part of these financial statements.

Scarborough Group Developments Limited

Statement of Comprehensive Income for the Year Ended 28 February 2019

	Note	2019 £	2018 £
Profit for the year		<u>39,261</u>	<u>27,943</u>
Total comprehensive income for the year		<u><u>39,261</u></u>	<u><u>27,943</u></u>

The notes on pages 11 to 17 form an integral part of these financial statements.

Scarborough Group Developments Limited

(Registration number: SC222340)
Balance Sheet as at 28 February 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	9	1	315
Current assets			
Stocks	10	252,835	251,290
Debtors	11	879,877	1,045,000
		1,132,712	1,296,290
Creditors: Amounts falling due within one year	12	(35,519)	(238,672)
Net current assets		1,097,193	1,057,618
Net assets		1,097,194	1,057,933
Capital and reserves			
Called up share capital	13	1,000	1,000
Share premium reserve		990,000	990,000
Capital redemption reserve		10,000	10,000
Profit and loss account		96,194	56,933
Total equity		1,097,194	1,057,933

Approved and authorised by the Board on 22 November 2019 and signed on its behalf by:



J J Tutton
for and on behalf of Esplanade Director Limited

The notes on pages 11 to 17 form an integral part of these financial statements.

Scarborough Group Developments Limited

Statement of Changes in Equity for the Year Ended 28 February 2019

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 March 2018	1,000	990,000	10,000	56,933	1,057,933
Profit for the year	-	-	-	39,261	39,261
Total comprehensive income	-	-	-	39,261	39,261
At 28 February 2019	1,000	990,000	10,000	96,194	1,097,194
	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 March 2017	1,000	990,000	10,000	28,990	1,029,990
Profit for the year	-	-	-	27,943	27,943
Total comprehensive loss	-	-	-	27,943	27,943
At 28 February 2018	1,000	990,000	10,000	56,933	1,057,933

The notes on pages 11 to 17 form an integral part of these financial statements.
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Scarborough Group Developments Limited

Notes to the Financial Statements for the Year Ended 28 February 2019

1 General information

The company is a private company limited by share capital incorporated in Scotland.

The principal activity of the company is property trading and investment.

The address of its registered office is:

c/o Shepherd + Wedderburn

1 Exchange Crescent

Conference Square

Edinburgh

EH3 8UL

Scotland

The principal place of business is:

Second Floor Left Hand Side

Building 3125

Century Way

Thorpe Park

Leeds

LS15 8ZB

These financial statements were authorised for issue by the Board on 22 November 2019.

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 exemption, 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 FRS102 paragraph 1.12(c), from disclosing the carrying value of financial instruments not measured at fair value on the basis that 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.

Scarborough Group Developments Limited

Notes to the Financial Statements for the Year Ended 28 February 2019

Critical accounting estimates

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.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade, related party and group debtors, management consider the ageing profile of debtors, historical experience and knowledge of any other specific factors affecting a debtor's ability to pay.

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 repayment of amounts due from the company unless it is able to do so.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit and 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.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Trade, related party and group debtors

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

Trade, related party and group 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, related party and group 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 valued at the lower of cost and net realisable value. Cost is based on the acquisition cost plus professional fees incurred during the acquisition process. Net realisable value is based on estimated selling price after taking into account all further costs expected to be incurred up to the point of disposal. Borrowing costs are not capitalised.

Other creditors

Other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other creditors 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.

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

Scarborough Group Developments Limited

Notes to the Financial Statements for the Year Ended 28 February 2019

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.

Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3 Administrative expenses

	2019 £	2018 £
Loss on disposal of investments	(314)	-
Advertising and Marketing	(280)	(3,500)
	<u>(594)</u>	<u>(3,500)</u>

4 Interest receivable and similar income

	2019 £	2018 £
Interest receivable from group undertakings	<u>46,409</u>	<u>45,000</u>

5 Interest payable and similar charges

	2019 £	2018 £
Interest payable to group undertakings	<u>8,513</u>	<u>7,701</u>

Scarborough Group Developments Limited

Notes to the Financial Statements for the Year Ended 28 February 2019

6 Particulars of employees

The average number of employees (excluding directors) during the year was nil (2018: nil).

No emoluments were paid to directors during the year (2018: nil).

7 Auditor's remuneration

Auditors remuneration, in respect of audit services of £750 (2018: £750) was borne by Scarborough Management Limited during the year.

Auditors remuneration, in respect of non audit services is disclosed within Scarborough Management Limited.

8 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax adjustment to prior periods	-	4,633

The tax on profit before tax for the year is different from the standard rate of corporation tax in the UK of 19% (2018: 19.09%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	39,261	32,576
Corporation tax at standard rate	7,460	6,217
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	-	4,633
Tax increase (decrease) from other short-term timing differences	(313)	-
Tax increase (decrease) from effect of unrelieved tax losses carried forward	(3,347)	(2,400)
Tax increase (decrease) from transfer pricing adjustments	(3,800)	(3,817)
Total tax charge	-	4,633

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) was substantively enacted in September 2016 and has therefore been considered when calculating tax and any deferred tax balances at the reporting date.

Scarborough Group Developments Limited

Notes to the Financial Statements for the Year Ended 28 February 2019

9 Investments in subsidiaries and joint ventures

	2019 £	2018 £
Investments in subsidiaries	1	1
Investments in joint ventures	-	314
	<u>1</u>	<u>315</u>
Subsidiaries		£
Cost		
At 1 March 2018		<u>1</u>
At 28 February 2019		<u>1</u>
Carrying amount		
At 28 February 2019		<u>1</u>
At 28 February 2018		<u>1</u>
Joint ventures		£
Cost		
At 1 March 2018		314
Provision		<u>314</u>
Carrying amount		
At 28 February 2019		<u>-</u>
At 28 February 2018		<u>314</u>

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 incorporation	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
SDG Property Holdings Limited	England and Wales	Ordinary	100%	100%

The principal activity of SDG Property Holdings Limited is a dormant company and is in the process of being liquidated.

Scarborough Group Developments Limited

Notes to the Financial Statements for the Year Ended 28 February 2019

10 Stocks

	2019 £	2018 £
Property held for resale	<u>252,835</u>	<u>251,290</u>

11 Debtors

	Note	2019 £	2018 £
Amounts owed by group undertakings	15	874,523	1,045,000
Other debtors		4,971	-
Accrued income		383	-
		<u>879,877</u>	<u>1,045,000</u>

12 Creditors

	Note	2019 £	2018 £
Due within one year			
Amounts due to group undertakings	15	-	201,028
Amounts due to undertakings in which the company has a participating interest	15	-	1,146
Social security and other taxes		-	1,775
Other creditors		18,298	17,072
Accrued expenses		17,221	17,651
		<u>35,519</u>	<u>238,672</u>

13 Share capital

Allotted, called up and fully paid shares

	2019 No.	£	2018 No.	£
'A' Ordinary shares of £1 each	500	500	500	500
'B' Ordinary shares of £1 each	500	500	500	500
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

14 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2018: £Nil).

Scarborough Group Developments Limited

Notes to the Financial Statements for the Year Ended 28 February 2019

15 Related party transactions

(10% shareholder in Valad Combined LP)

During the year, the company has been liquidated. Interest was charged on the loan at 0% per annum. Interest payable during the year amounted to £nil (2018: £nil). At the balance sheet date the amount due to Valad Combined LP was £nil (2018: £1,146).

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

16 Parent and ultimate parent undertaking

The company is controlled by the immediate parent company, Scarborough Group Limited, a company registered in England.

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 International Properties 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: C/O Shepherd + Wedderburn, 1 Exchange Crescent, Conference Square, Edinburgh, EH3 8UL, Scotland.

The ultimate controlling party is K C McCabe.