

SC257226

SCAMP HOLDINGS LIMITED

PERIOD FROM 7 OCTOBER 2003 TO 28 FEBRUARY 2005



Scamp Holdings Limited

PERIOD FROM 7 OCTOBER 2003 TO 28 FEBRUARY 2005

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Scamp Holdings Limited

Directors and Advisers

Board of Directors

| | |
|-------------------|---|
| Chairman | K C McCabe |
| Directors | C M Di Ciacca I Robertson R E Robertson D M Tandy |
| Secretary | Teesland Secretarial Services Limited |
| Registered Office | 93 George Street Edinburgh EH2 3ES |
| Registered Number | SC257226 |
| Bankers | Bank of Scotland PO Box 39900 Level 7 Bishopsgate Exchange 155 Bishopsgate London EC2M 3YB |
| Auditors | Mazars LLP 90 St Vincent Street Glasgow G2 5UB |

Scamp Holdings Limited

Report of the Directors

The Directors have pleasure in presenting their Report and the audited Group Financial Statements for the period from 7 October 2003 to 28 February 2005.

Principal activity and review of the business and future prospects

The company was incorporated on 7 October 2003 and on 16 October 2003 it acquired Scarborough Property Holdings plc (formerly SDG (Holdings) plc) and Ancient Mariner Properties Limited. The shareholding in Ancient Mariner Properties Limited was subsequently transferred to Scarborough Property Holdings plc.

The principal activity of the Group is property development and investment.

The results and financial position of the Group are in line with expectations. The directors anticipate another profitable year ahead.

Following the year end, the Group has sold four properties with a book value of £33,912,000 for proceeds consistent with their market value.

Results and Dividends

The results of the Group for the period from 7 October 2003 to 28 February 2005 are set out in the Profit and Loss account on page 5. There is no dividend for this period.

Directors and their Interests

The Directors, who have held office since the date of incorporation, unless stated otherwise, are listed below:

| | |
|---------------|---|
| K C McCabe | appointed 8 October 2003 |
| C M Di Ciacca | appointed 8 October 2003 |
| I Robertson | appointed 8 October 2003 |
| R E Robertson | appointed 6 January 2004 |
| D M Tandy | appointed 29 April 2004 |
| D S Brown | appointed 7 October 2003, resigned 8 October 2003 |
| F A Fowlie | appointed 7 October 2003, resigned 8 October 2003 |

The interests held by the directors in the company as at the date of their appointment and 28 February 2005 were as follows:

'A' Ordinary Shares of 1 pence each

At 28 February 2005

At date of appointment

Beneficial

| | | |
|------------|-------|---|
| K C McCabe | 1,094 | - |
|------------|-------|---|

'C' Ordinary Shares of 1 pence each

At 28 February 2005

At date of appointment

Beneficial

| | | |
|---------------|-----------|---|
| C M Di Ciacca | 1,236,240 | - |
| D M Tandy | 1,689,120 | - |

Scamp Holdings Limited

Report of the Directors (continued)

Scarborough Property Group plc owns 5,285,093 'A' Ordinary Shares in Scamp Holdings Limited, Scarborough Property Company plc owns 8,532,931 'A' Ordinary Shares, Scarborough Property Investment Company Limited owns 611,019 'A' Ordinary Shares, and SPG Management Limited owns 250,437 'A' Ordinary Shares. The controlling party of these companies is K C McCabe.

Creditor Payment Policy

The Company's current policy concerning the payment of its trade creditors is:

- A For general administrative expenses, payment is made at the end of the month following receipt and agreement of invoice.
- B Property transactions are paid in accordance with specific contractual obligations. The parent company has no creditors.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial the statements for each financial year, which give a true and fair view of the state of affairs of the company and of the Group, and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to select suitable accounting policies, and then apply them consistently, make judgements and estimates that are reasonable and prudent, apply applicable accounting standards, 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 the company and the Group will continue in business.

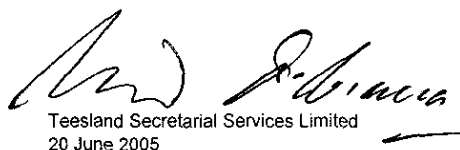
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that the accounts comply with the above requirements.

Auditors

During the year Mazars LLP succeeded Mazars as independent auditors to the company. A resolution to reappoint them and to allow the directors to fix their remuneration will be proposed at the annual general meeting.

By order of the Board



Teesland Secretarial Services Limited
20 June 2005

Independent Auditors' Report to the Members of Scamp Holdings Limited

We have audited the financial statements for the period ended 28 February 2005 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Statement of Historical Cost Profits and Losses, the Consolidated Balance Sheet, the Company's Balance Sheet, the Consolidated Cash Flow Statement and related notes 1 to 30. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

The report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 and other members of the group is not disclosed.

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

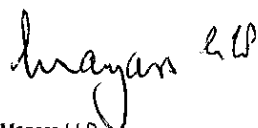
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes 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 circumstances of the company and the group, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 28 February 2005 and of the group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Mazars LLP
Chartered Accountants and Registered Auditors
90 St Vincent Street, Glasgow
20 June 2005

Scamp Holdings Limited

Consolidated Profit & Loss Account Period from 7 October 2003 to 28 February 2005

| | | Group £000s | Interest in Joint Ventures £000s | Total £000s |
|---|------------|----------------|--|----------------|
| Turnover | Notes 2 | 31,868 | 33,568 | 65,436 |
| Cost of Sales | | (1,148) | (23,152) | (24,300) |
| Gross Profit | | <u>30,720</u> | <u>10,416</u> | <u>41,136</u> |
| Administration Expenses | | (9,918) | (4,502) | (14,420) |
| Other Operating Income | | 1,717 | 287 | 2,004 |
| Operating Profit | 3 | <u>22,519</u> | <u>6,201</u> | <u>28,720</u> |
| Share of Operating Profit of Joint Ventures | | 6,201 | | |
| Operating profit for Group and Share of Joint Ventures | | <u>28,720</u> | | |
| Profit on disposal of subsidiaries and Joint Ventures | 5 | 1,820 | | |
| Profit on disposal of fixed assets | 6 | 13,307 | | |
| Profit on ordinary activities before interest | | <u>43,847</u> | | |
| Income from shares in joint venture undertakings | | 105 | | |
| Interest receivable and similar income | 7 | 747 | | |
| Interest payable and similar charges | 8 | (31,747) | | |
| Profit on ordinary activities before taxation | | <u>12,952</u> | | |
| Taxation on profit on ordinary activities | 9 | (4,996) | | |
| Retained profit for the period transferred to reserves | 24 | <u>7,956</u> | | |

The above results derive from acquisitions in the period.

Scamp Holdings Limited

Consolidated Statement of Total Recognised Gains and Losses Period from 7 October 2003 to 28 February 2005

| | Notes | Period ended 28 February 2005 £000s |
|---|-------|--|
| Profit for the financial period | | 7,956 |
| Unrealised surplus on revaluation of properties - group | 24 | 3,394 |
| <i>Total recognised gains and losses relating to the period</i> | | <u>11,350</u> |

Consolidated Statement of Historical Cost Profits and Losses Period from 7 October 2003 to 28 February 2005

There are no differences between the reported profit and the Historical Cost profit for the period.

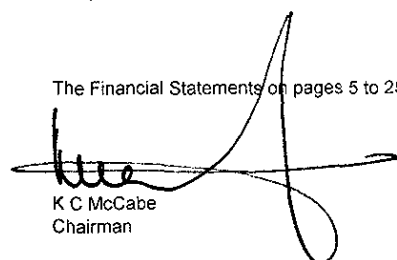
Scamp Holdings Limited

Consolidated Balance Sheet As at 28 February 2005

| | | As at 28 February 2005 | | |
|---|-------|------------------------|-------------------|----------------|
| | | Interest in Joint | | |
| | Notes | Group £000s | Ventures £000s | Total £000s |
| Fixed Assets | | | | |
| Intangible assets | 12 | 14,615 | - | 14,615 |
| Tangible assets | 13 | 236,929 | - | 236,929 |
| Interests in Joint Ventures - share of net assets | 14 | 24,702 | (24,702) | - |
| Interests in Joint Ventures - Goodwill | 12 | 1,422 | - | 1,422 |
| | | <u>277,668</u> | <u>(24,702)</u> | <u>252,966</u> |
| Current Assets | | | | |
| Developments in progress | 16 | 130 | 69,758 | 69,888 |
| Debtors - due within one year | 17 | 39,525 | 68,197 | 107,722 |
| - due in more than one year | 17 | 5,719 | - | 5,719 |
| Cash at bank and in hand | | - | 1,703 | 1,703 |
| | | <u>45,374</u> | <u>139,658</u> | <u>185,032</u> |
| Current Liabilities | | | | |
| Creditors: due within one year | 18 | (13,528) | (64,314) | (77,842) |
| Net Current Assets | | <u>31,846</u> | <u>75,344</u> | <u>107,190</u> |
| Total Assets less Current Liabilities | | 309,514 | 50,642 | 360,156 |
| Creditors: due after more than one year | 19 | (273,674) | (50,642) | (324,316) |
| Provision for Liabilities and Charges | 20 | (10) | - | (10) |
| Total Net Assets | | <u>35,830</u> | <u>-</u> | <u>35,830</u> |
| Share Capital and Reserves | | | | |
| Called up share capital | 23 | 245 | | |
| Share Premium Account | 24 | 24,235 | | |
| Revaluation Reserve | 24 | 3,394 | | |
| Profit and Loss account | 24 | 7,956 | | |
| Equity Shareholders' Funds | 25 | <u>35,830</u> | | |

Debtors due within one year in the Group include amounts due from Joint Ventures of £28,562,000 and this amount is included within creditors due within one year in interest in Joint Ventures.

The Financial Statements on pages 5 to 25 were approved by the Board of Directors on 20 June 2005 and were signed on its behalf by:-

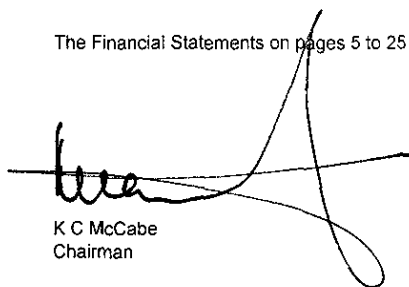

K C McCabe
Chairman

Scamp Holdings Limited

Company Balance Sheet As at 28 February 2005

| | Notes | As at 28 February 2005 £000s |
|-----------------------------------|-------|------------------------------------|
| Fixed Assets | | |
| <i>Investments</i> | 14 | 24,480 |
| Total Net Assets | | <u>24,480</u> |
| Share Capital and Reserves | | |
| <i>Called up Share Capital</i> | 23 | 245 |
| <i>Share Premium Account</i> | 24 | 24,235 |
| Equity Shareholders' Funds | | <u>24,480</u> |

The Financial Statements on pages 5 to 25 were approved by the Board of Directors on 20 June 2005 and were signed on its behalf by:-



K C McCabe
Chairman

Scamp Holdings Limited

Consolidated Cash Flow Statement

Period from 7 October 2003 to 28 February 2005

| | Notes | £000s |
|--|-------|-----------|
| Net cash inflow from operating activities | 3b | 65,475 |
| Dividends received from joint ventures | | 3,434 |
| Returns on investments and servicing of finance | | |
| Interest paid | | (25,350) |
| Interest received | | 668 |
| Net cash outflow from returns on investments and servicing of finance | | (24,682) |
| Taxation paid | | (4,454) |
| Capital Expenditure and Financial Investment | | |
| Payments to acquire tangible fixed assets | | (40,951) |
| Receipts from sales of tangible fixed assets | | 54,192 |
| Net cash inflow from Capital Expenditure and Financial Investment | | 13,241 |
| Acquisitions and Disposals | | |
| Investment in joint ventures and limited partnerships | | (17,865) |
| Proceeds on disposal of joint venture shares | | 3,207 |
| Proceeds on disposal of subsidiary shares | 11 | 2,568 |
| Net cash outflow from acquisitions and disposals | | (12,090) |
| Increase in cash | | 40,924 |
| Reconciliation of Net Cash Flow to movement in Net Debt | | |
| Increase in cash in the period | 21 | 40,924 |
| Debt acquired in the period | | (314,598) |
| Movement in net debt in the period | 21 | (273,674) |
| Opening net debt | | - |
| Closing Net Debt | 21 | (273,674) |

Scamp Holdings Limited

Notes to the Financial Statements

1 Accounting Policies

a) Accounting Convention

The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties, the accounting policies set out below and in accordance with applicable accounting standards in the United Kingdom. Compliance with SSAP 19, "Accounting for Investment Properties", requires a departure from the requirement of the Companies Act 1985 relating to depreciation and an explanation of this departure is given in (f) below.

b) Basis of Consolidation

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings made up to 28 February 2005 and include the Group's share of the results of the Joint Ventures under the equity method of accounting. Intra-group sales and profits are eliminated fully on consolidation. No profit and loss account is presented for Scamp Holdings Limited as permitted by Section 230 of the Companies Act 1985. Trading results of acquired subsidiaries and Joint Ventures are included from the date of acquisition. Undertakings other than subsidiary undertakings in which the Group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associated undertakings.

c) Income Recognition

Proceeds received on the sale of development projects and investment properties are recognised on unconditional exchange of contract. Rental income is accrued on a daily basis.

d) Interest Costs

Interest which can fairly be attributed to properties held for, or in the course of, development is considered to be part of the cost. Interest is calculated by reference to specific borrowings where relevant and otherwise by reference to the average rate paid on funding the assets employed by the Group. Interest is attributed to the development for the period until substantially all activities necessary to bring the development into use have been completed.

e) Fixed Assets

Fixed asset investments are stated in the balance sheet at the lower of cost, less provision for any impairment, or net realisable value.

f) Investment Properties

Freehold and long leasehold properties held for investment and included in fixed assets are stated at valuation and the aggregate surplus or temporary deficit arising on revaluation is transferred to the revaluation reserve. Any permanent deficit below cost is charged to the profit and loss account. No provision is made for taxation on the chargeable gains, which may arise if the properties were disposed of at their revalued amount.

An independent valuation was conducted as at 28 February 2005. The properties were not physically inspected by the valuer during this exercise. Instead, previously prepared inspection reports were relied upon.

In accordance with SSAP 19, no depreciation or amortisation is charged in respect of investment properties. The requirements of the Companies Act 1985 specify that all properties should be depreciated, but this requirement conflicts with the generally accepted accounting policies set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the period would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of value between land and buildings.

g) Tangible Fixed Assets

Tangible fixed assets are stated at cost. Motor vehicles, equipment and fittings are depreciated over their useful lives, at a rate of between 25% and 33% per annum on a reducing balance basis.

Scamp Holdings Limited

Notes to the Financial Statements (continued)

h) Development Work in Progress

Development work in progress is stated at the lower of cost and net realisable value. Cost is based on the cost of the land and all costs incurred to date in development including any demolition costs and interest payable in respect of borrowings to finance the relevant developments.

i) Deferred Taxation

Deferred taxation is provided if transactions have occurred at the Balance Sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted by the Balance Sheet date. Deferred tax assets and liabilities are not discounted.

j) Pension Costs

Contributions payable to the Group's Pension Scheme, an insured defined contributions scheme, are charged to the Profit and Loss Account in the period to which they relate.

k) Operating Leases

Rentals due under operating leases are charged to the Profit and Loss Account as incurred.

l) Goodwill

Goodwill (including negative goodwill) arising on the acquisition of subsidiaries is capitalised on the Balance Sheet and amortised over the directors' estimate of the useful life. Goodwill arising on the acquisition of Joint Ventures is included within the carrying value of the investment and amortised over the directors' estimate of the useful life of the particular project. Goodwill is reviewed on an annual basis for changes in the circumstances relating to the particular acquisition or underlying development.

Scamp Holdings Limited

Notes to the Financial Statements (continued)

2 Turnover

Turnover and profit before tax, which arises wholly within the United Kingdom, is attributable to the Group's continued principal activities.

Turnover by business segment:

| | 17 months ended 28 February 2005 £000s |
|----------------------------|--|
| Rental Income | 25,576 |
| Management Fees | 5,182 |
| Sale of Development Rights | 1,110 |
| Group turnover | <u>31,868</u> |

3 Operating Profit

a) Operating profit is stated after charging

| | 17 months ended 28 February 2005 £000s |
|--|--|
| Depreciation - owned assets (Note 13) | 66 |
| Auditors' remuneration - audit fees (company: nil) | 114 |
| Auditors' remuneration - non audit fees | 62 |
| Directors' emoluments (Note 4) | 119 |
| Operating lease rental - property | 465 |
| Operating lease rental - other | 83 |
| Goodwill amortisation charge (Note 12) | <u>2,264</u> |

b) Reconciliation of operating profit to net cash flow from operating activities

| | 17 months ended 28 February 2005 £000s |
|---|--|
| Operating profit | 28,720 |
| Share of joint ventures operating profit | <u>(6,201)</u> |
| Operating profit excluding Joint Ventures | 22,519 |
| Depreciation of tangible fixed assets (Note 13) | 66 |
| Amortisation of goodwill (Note 12) | 1,748 |
| (Increase) in developments in progress | (212) |
| (Increase) in debtors | (417) |
| Increase in creditors | 41,771 |
| Net cash inflow from operating activities | <u>65,475</u> |

Scamp Holdings Limited

Notes to the Financial Statements (continued)

4 Directors and Employees

Except as noted below, none of the Directors received any remuneration from the Group during the period. Mr K C McCabe, The Chairman, is a Director of a company to which consultancy fees of £203,000 were paid (note 27). Mr C M Di Ciacca was paid consultancy fees of £119,000.

Employees

The average monthly number of employees of the Group during the period, excluding directors, was 20.

Staff costs were as follows:-

| | 17 months ended 28 February 2005 £000s |
|-------------------------------|--|
| Salaries and wages | 1,835 |
| Social Security costs | 222 |
| Staff pension costs (Note 22) | 66 |
| | <u>2,123</u> |

5 Profit on disposal of subsidiaries and Joint Ventures

| | 17 months ended 28 February 2005 £000s |
|--|--|
| Profit on disposal of subsidiaries (Note 11) | 297 |
| Group profit on disposal of joint ventures | <u>1,523</u> |
| | <u>1,820</u> |

The amount of tax arising on the disposal of subsidiaries and joint ventures was £1,273,000

6 Profit on disposal of fixed assets

| | 17 months ended 28 February 2005 £000s |
|--|--|
| Profit on disposal of tangible fixed assets | 5,121 |
| Share of profit on disposals by Joint Ventures | <u>8,186</u> |
| | <u>13,307</u> |

The amount of tax arising on the disposal of fixed assets was £3,566,000

7 Interest receivable and similar income

| | 17 months ended 28 February 2005 £000s |
|-----------------------|--|
| Group | |
| Bank interest | 141 |
| Other interest | <u>526</u> |
| | 667 |
| Joint Ventures | |
| Bank interest | 13 |
| Other interest | <u>67</u> |
| | 80 |
| | <u>747</u> |

Scamp Holdings Limited

Notes to the Financial Statements (continued)

8 Interest payable and similar charges

17 months ended
28 February 2005
£000s

Group

| | |
|---|---------------|
| Interest payable on bank loans and overdrafts | 25,301 |
| Less: interest received from Joint Ventures | (2,520) |
| Other interest | <u>2,569</u> |
| | <u>25,350</u> |

Joint Ventures

| | |
|--|----------------------|
| Interest payable to Joint Venture partners | 2,875 |
| Interest payable on bank loans and overdrafts | 5,424 |
| Other interest | 68 |
| Less: amounts included within development work in progress | <u>(1,970)</u> |
| | <u>6,397</u> |
| | <u><u>31,747</u></u> |

9 Taxation on profit on ordinary activities

17 months ended
28 February 2005
£000s

The tax charge for the period may be analysed as follows:

| | |
|---|--------------|
| United Kingdom corporation tax at a rate of 30% | 4,540 |
| Share of Joint Ventures' taxation | <u>386</u> |
| | <u>4,926</u> |

| | |
|---------------------|----|
| Deferred tax charge | 70 |
|---------------------|----|

4,996

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:-

17 months ended
28 February 2005
£000s

| | |
|---|---------------|
| Profit on ordinary activities before tax | 12,952 |
|---|---------------|

| | |
|---|-------|
| Profit on ordinary activities multiplied by the standard rate in the UK 30% | 3,887 |
|---|-------|

| | |
|--|-------|
| Expenses not deductible for tax purposes | 359 |
| Short term timing differences | (173) |
| Realisation of revaluation reserves | 836 |
| Unutilised losses carried forward | 17 |

| | |
|------------------------|---------------------|
| Total current taxation | <u><u>4,926</u></u> |
|------------------------|---------------------|

Scamp Holdings Limited

Notes to the Financial Statements (continued)

9 Taxation on profit on ordinary activities (continued)

Group Deferred Taxation

Deferred tax

£000s

At 7 October 2003

-

Acquisition of subsidiaries

60

Charge in the period

(70)

At 28 February 2005

(10)

The deferred tax liability is in respect of accelerated capital allowances.

There is an unprovided deferred tax asset of £151,000 in the Group in respect of losses. This asset will be recognised when sufficient profit is available to offset these losses.

10 Profit for the period

Scamp Holdings Limited has not presented its own Profit & Loss Account as permitted by Section 230 of the Companies Act 1985. There were no profit and loss transactions during the period.

11 Disposals of Subsidiaries

| | Coleridge (No.29) Ltd | Cooch 1020 Ltd | Coleridge (No.21) Ltd | Total |
|----------------------------|--------------------------|-------------------|--------------------------|----------|
| | £000s | £000s | £000s | £000s |
| Subsidiaries | | | | |
| Investment Property | 1,906 | 38,933 | 3,704 | 44,543 |
| Debtors | 9 | - | 2 | 11 |
| Creditors | (1,912) | (36,664) | (3,707) | (42,283) |
| Net assets / (liabilities) | 3 | 2,269 | (1) | 2,271 |
| Consideration received | 16 | 2,437 | 115 | 2,568 |
| Profit on disposal | 13 | 168 | 116 | 297 |

Scamp Holdings Limited

Notes to the Financial Statements (continued)

12 Intangible Assets

Goodwill

Cost

At 7 October 2003

| Group £000s | Joint Ventures £000s | Total £000s |
|----------------|-------------------------|----------------|
|----------------|-------------------------|----------------|

| | | |
|---|---|---|
| - | - | - |
|---|---|---|

Additions

| | | |
|--------|-------|--------|
| 16,363 | 1,938 | 18,301 |
|--------|-------|--------|

At 28 February 2005

| | | |
|--------|-------|--------|
| 16,363 | 1,938 | 18,301 |
|--------|-------|--------|

Amortisation

At 7 October 2003

| | | |
|---|---|---|
| - | - | - |
|---|---|---|

Goodwill charged to Profit & Loss Account

| | | |
|-------|-----|-------|
| 1,748 | 516 | 2,264 |
|-------|-----|-------|

At 28 February 2005

| | | |
|-------|-----|-------|
| 1,748 | 516 | 2,264 |
|-------|-----|-------|

Net book value

At 28 February 2005

| | | |
|--------|-------|--------|
| 14,615 | 1,422 | 16,037 |
|--------|-------|--------|

At 7 October 2003

| | | |
|---|---|---|
| - | - | - |
|---|---|---|

Ancient Mariner Properties Ltd was acquired on 16th October 2003 for £15,000,000. The book and fair value of the assets and liabilities of Ancient Mariner Properties Ltd at the date of acquisition was £5,941,000. Goodwill of £9,059,000 arose as a result of this acquisition.

This goodwill is being amortised over 10 years. In the opinion of the directors, this represents a prudent estimate of the period over which the group will derive economic benefit from the goodwill existing at the date of acquisition.

Scarborough Development Group plc was acquired on 16th October 2003 for £9,480,000. The book and fair value of the assets and liabilities of Scarborough Development Group plc at the date of acquisition was £2,176,000. Goodwill of £7,304,000 arose as a result of this acquisition.

This goodwill is being amortised over 20 years. In the opinion of the directors, this represents a prudent estimate of the period over which the group will derive economic benefit from the goodwill existing at the date of acquisition.

Scamp Holdings Limited

Notes to the Financial Statements (continued)

13 Tangible Fixed Assets

| | Freehold Investment Properties £000s | Leasehold Investment Properties £000s | Motor Vehicles £000s | Equipment & Fittings £000s | Total £000s |
|---|---|--|----------------------------|----------------------------------|----------------|
| Cost and valuation | | | | | |
| At 7 October 2003 | - | - | - | - | - |
| Acquisition of subsidiaries | 279,898 | - | 6 | 162 | 280,066 |
| Additions | 23,072 | 17,822 | - | 57 | 40,951 |
| Transfer from current assets | 6,258 | - | - | - | 6,258 |
| Revaluation | 3,550 | (156) | - | - | 3,394 |
| Disposals | (93,614) | - | (6) | - | (93,620) |
| At 28 February 2005 | 219,164 | 17,666 | - | 219 | 237,049 |
| Cost at 28 February 2005 | - | - | - | 219 | 219 |
| Valuation at 28 February 2005 | 219,164 | 17,666 | - | - | 236,830 |
| | 219,164 | 17,666 | - | 219 | 237,049 |
| Depreciation | | | | | |
| At 7 October 2003 | - | - | - | - | - |
| Acquisition of subsidiaries | - | - | 3 | 57 | 60 |
| Charge for the period | - | - | 3 | 63 | 66 |
| Disposals | - | - | (6) | - | (6) |
| At 28 February 2005 | - | - | - | 120 | 120 |
| Net book amounts at 28 February 2005 | 219,164 | 17,666 | - | 99 | 236,929 |
| Net book amounts at 7 October 2003 | - | - | - | - | - |

Freehold and leasehold investment properties are held at valuation. The investment properties were valued on an Open Market Value basis, as at 28 February 2005. The majority of the properties were valued by Atisreal Limited, Chartered Surveyors. The remaining properties were valued, by suitably qualified executives of the Group who are members of the Royal Institute of Chartered Surveyors. The combined valuation was £236,830,000 resulting in a surplus of £3,394,000 being taken to the revaluation reserve.

The total tax charge which would arise if properties were disposed of at their book value is approximately £400,000.

The historic cost of investment properties included at valuation is £233,436,000.

Company

The company has no fixed assets.

Scamp Holdings Limited

Notes to the Financial Statements (continued)

14a. Investments

| Group | Joint Ventures £000s |
|---|-------------------------|
| At 7 October 2003 | - |
| Additions | 21,091 |
| Share of profits and losses before goodwill but after taxation of Joint Ventures | 5,295 |
| Disposals | (1,684) |
| At 28 February 2005 | <u>24,702</u> |

14b. Investments

| Company | Subsidiary Undertakings £000s |
|--------------------------------------|-------------------------------------|
| At 7 October 2003 | - |
| Additions | 24,480 |
| Disposals | (15,000) |
| Shares in subsidiary undertakings | <u>9,480</u> |
| Loan to subsidiary undertakings | 15,000 |
| Net book amounts at 28 February 2005 | <u>24,480</u> |

At 28 February 2005 the following were the principal active trading subsidiaries or joint venture undertakings, and each are held directly by the company's direct subsidiary, Scarborough Property Holdings plc, except where indicated by*.

Except for those companies indicated by +, which are registered in Scotland, all subsidiaries or joint ventures are registered in England & Wales.

| Name | Proportion of Ordinary Share Capital held | Nature of Business |
|---|---|----------------------|
| Subsidiaries:- | | |
| Scarborough Property Holdings plc | 100% | Holding Company |
| Scarborough Development Group plc | 100% | Property Development |
| SDG Residential Limited | 100% | Property Development |
| Ancient Mariner Properties Limited + | 100% | Property Investment |
| Joint Ventures:- | | |
| Redhouse Projects Limited* | 50% | Property Development |
| Teesland Property Company (Northern) Limited* | 30% | Property Development |
| Sterling Scarborough Limited* | 40% | Property Development |
| Shepborough Kensington Limited* | 25% | Property Development |
| Shepborough Developments (Liverpool) Limited* | 50% | Property Development |
| Scarborough Developments (Llantrisant) Limited* | 50% | Property Development |
| SDG (Wandsworth) Limited* | 50% | Property Development |
| City Point Leeds Limited Partnership | 50% | Property Development |
| Frenchgate Limited Partnership* | 31% | Property Investment |
| The Euston Estate Limited Partnership* | 50% | Property Investment |

The Group's share of the results of these companies included in the consolidated accounts is based on the statutory accounts to the latest accounting reference date on or prior to 28 February 2005 or management accounts where appropriate.

Scamp Holdings Limited

Notes to the Financial Statements (continued)

15 Acquisitions

(a)

On 16th October 2003 the Group acquired the entire issued share capital of Ancient Mariner Properties Ltd for shares in Scamp Holdings Limited. The acquisition was accounted for using acquisition accounting principles.

The fair value of the assets and liabilities of Ancient Mariner Properties Limited and the consideration paid are shown in the table below:

| | Book Value £'000 | Adjustments £'000 | Fair Value £'000 |
|------------------------|---------------------|----------------------|----------------------|
| Goodwill | 21,500 | (21,500) | - |
| Fixed Assets | 279,898 | - | 279,898 |
| Debtors | 14,000 | - | 14,000 |
| Creditors | (9,534) | - | (9,534) |
| Bank Loans | (250,623) | - | (250,623) |
| Other Loans | (27,800) | - | (27,800) |
| Net assets | <u>27,441</u> | <u>(21,500)</u> | <u>5,941</u> |
| Goodwill | | | 9,059 |
| Consideration - shares | | | <u><u>15,000</u></u> |

The fair value adjustment eliminates goodwill held in the books of Ancient Mariner Properties Limited at acquisition.

(b)

On 16th October 2003 the Group acquired the entire issued share capital of Scarborough Development Group plc for shares in Scamp Holdings Limited. The acquisition was accounted for using acquisition accounting principles.

The fair value of the assets and liabilities of Scarborough Development Group Plc and the consideration paid are shown in the table below:

| | Book Value £'000 | Adjustments £'000 | Fair Value £'000 |
|---|---------------------|----------------------|---------------------|
| Fixed Assets | 108 | - | 108 |
| Interests in Joint Ventures - share of net assets | (1,231) | 4,430 | 3,199 |
| Interests in Joint Ventures - goodwill | 1,961 | - | 1,961 |
| Developments in progress | 6,176 | - | 6,176 |
| Debtors | 28,059 | - | 28,059 |
| Deferred Tax | 60 | - | 60 |
| Creditors | (1,212) | - | (1,212) |
| Bank Loans | (34,175) | - | (34,175) |
| Other Loans | (2,000) | - | (2,000) |
| Net (liabilities) / assets | <u>(2,254)</u> | <u>4,430</u> | <u>2,176</u> |
| Goodwill | | | 7,304 |
| Consideration - shares | | | <u><u>9,480</u></u> |

The fair value adjustment represents unrealised but expected profit from development work in progress. These fair values have been revised at the balance sheet date to reflect actual profits achieved where applicable.

Scamp Holdings Limited

Notes to the Financial Statements (continued)

16 Developments in Progress

| | £000s Group |
|--------------------------|----------------|
| Developments in progress | <u>130</u> |

The above amount includes interest capitalised of £nil. The company has no developments in progress.

17 Debtors - due in less than one year

| | £000s Group |
|---------------------------------|----------------|
| Trade debtors | 2,109 |
| Amounts owed by related parties | 2,115 |
| Amounts owed by joint ventures | 28,562 |
| Corporation tax | 3,269 |
| Prepayments and other debtors | 3,470 |
| | <u>39,525</u> |

Debtors - due in more than one year

| | £000s Group |
|---------------|----------------|
| Other debtors | 5,719 |
| | <u>5,719</u> |

The company has no debtors.

Scamp Holdings Limited

Notes to the Financial Statements (continued)

18 Creditors - Amounts falling due within one year

| | £000s Group |
|-------------------------------|----------------|
| Trade creditors | 51 |
| Corporation Tax | 3,956 |
| Other tax and social security | 540 |
| Other creditors | 1,146 |
| Accruals and deferred income | 7,835 |
| | <u>13,528</u> |

The company has no creditors.

19 Creditors - amounts falling due after more than one year

| | £000s Group |
|-----------------|----------------|
| Bank Loan | 243,874 |
| Unsecured Loans | 29,800 |
| | <u>273,674</u> |

The bank loans are secured by a debenture over the Group's assets and cross guarantees with its subsidiaries. The company has no creditors.

Maturity Profile

| | £000s Group |
|----------------------------|----------------|
| In two to five years | 29,800 |
| After more than five years | 243,874 |
| | <u>273,674</u> |

As part of its interest rate management strategy the Group has entered into interest rate swaps to fix its borrowings.

| Notional Principal Amount £000s | Maturity Date | Fixed Rate Payable % |
|---------------------------------------|---------------|----------------------------|
| 130,000 | April 2007 | 6.62 |
| 70,000 | April 2007 | 6.67 |
| 25,000 | October 2007 | 5.67 |
| 25,000 | June 2008 | 5.25 |
| 10,000 | June 2006 | 7.39 |
| 5,000 | July 2007 | 6.70 |
| 5,000 | October 2007 | 6.17 |
| <u>270,000</u> | | |

The bank loan is due for repayment in October 2014. Interest is charged on the bank loans at 1.5% above the base rate. Unsecured loans incur interest at a rate of 6% and are repayable in January 2007.

20 Provision for Liabilities and Charges

| | £000s Group |
|----------------------------|----------------|
| Deferred taxation (note 9) | 10 |
| | <u>10</u> |

Scamp Holdings Limited

Notes to the Financial Statements (continued)

21 Analysis of Net Debt

Analysis of balances as shown in the Group balance sheet and changes during the year:-

| | Opening £000s | Acquired in period £000s | Cash Flow £000s | Closing £000s |
|-----------------|------------------|--------------------------------|--------------------|------------------|
| Bank Loans | - | (284,798) | 40,924 | (243,874) |
| Unsecured Loans | - | (29,800) | - | (29,800) |
| | <u>-</u> | <u>(314,598)</u> | <u>40,924</u> | <u>(273,674)</u> |

22 Pension Costs

The Group contributes to a defined contribution pension scheme. £15,000 was contributed on behalf of directors and £51,000 was contributed on behalf of other employees during the period.

23 Share Capital

| | |
|---|----------------|
| Authorised: | £ |
| 14,932,800 'A' Ordinary Shares of 1p each | 149,328 |
| 8,201,962 'B' Ordinary Shares of 1p each | 82,020 |
| 5,140,800 'C' Ordinary Shares of 1p each | 51,408 |
| 11,626,428 Unclassified Shares of 1p each | 116,264 |
| | <u>399,020</u> |
| Allotted, Called Up and Fully Paid: | £ |
| 14,932,800 'A' Ordinary Shares of 1p each | 149,328 |
| 4,406,400 'B' Ordinary Shares of 1p each | 44,064 |
| 5,140,800 'C' Ordinary Shares of 1p each | 51,408 |
| | <u>244,800</u> |

During the period the Company issued 13,146,678 'A' Ordinary Shares of 1p each, 9,351,116 'B' Ordinary Shares of 1p each and 1,982,206 'C' Ordinary Shares of 1p each.

All shares were issued in a share for share exchange for no additional consideration.

On 31 December 2004, a written resolution was passed by the members of the Company to reclassify 1,786,122 'B' Ordinary Shares of 1p each as 'A' Ordinary Shares of 1p each and to reclassify 3,158,594 'B' Ordinary Shares of 1p each as 'C' Ordinary Shares of 1p each. The Ordinary Shares rank pari passu in all respects.

Scamp Holdings Limited

Notes to the Financial Statements (continued)

24 Reserves

| | Share Premium Account £000s | Revaluation Reserve £000s | Profit & Loss Account £000s |
|--|--------------------------------------|---------------------------------|-----------------------------------|
| At 7 October 2003 | - | - | - |
| Arising on shares issued during the period | 24,235 | - | - |
| Revaluation surplus in the period | - | 3,394 | - |
| Retained profit for the period | - | - | 7,956 |
| At 28 February 2005 | <u>24,235</u> | <u>3,394</u> | <u>7,956</u> |

Company

| | Share Premium Account £000s | Profit & Loss Account £000s |
|--|-----------------------------------|-----------------------------------|
| At 7 October 2003 | - | - |
| Arising on shares issued during the period | 24,235 | - |
| At 28 February 2005 | <u>24,235</u> | <u>-</u> |

The company has made no profit or loss during the period.

25 Reconciliation of movements in equity shareholders' funds

| | £000s |
|------------------------------------|---------------|
| Group | |
| Opening equity shareholders' funds | - |
| Shares issued during the period | 24,480 |
| Revaluation surplus in the period | 3,394 |
| Retained profit for the period | 7,956 |
| Closing equity shareholders' funds | <u>35,830</u> |

26 Operating lease commitments

At 28 February 2005 the Group has annual commitments under operating leases expiring as set out below:-

| | Property £000s | Vehicles, plant and equipment £000s | Total £000s |
|---------------------------|-------------------|---|----------------|
| Within one year | 354 | - | 354 |
| Between two to five years | - | 32 | 32 |
| In more than five years | 90 | - | 90 |
| | <u>444</u> | <u>32</u> | <u>476</u> |

Scamp Holdings Limited

Notes to the Financial Statements (continued)

27 Related Party Transactions & Controlling Party

The company has taken advantage of the exemptions in FRS8 and consequently has not disclosed details of transactions with Group undertakings.

SCAMP Holdings Limited is controlled by K C McCabe.

SCAMP Holdings Limited Group of Companies have undertaken transactions with various companies and joint ventures within Scarborough Group Limited group of companies.

C M Di Ciacca, D M Tandy and K C McCabe are all directors of companies within the Scarborough Group Limited group.

During the period the Group paid consultancy fees of £203,000 to a company of which K C McCabe is a director. The Group also paid consultancy fees of £119,000 to Mr C M Di Ciacca (note 4).

During the period, the Group recharged costs of £61,000 (excluding value added tax) to, and purchased services of £1,706,000 (excluding value added tax) from, companies within the Scarborough Group Limited group of companies.

K C McCabe is a shareholder and the Chairman of Teesland Plc. During the period, the Group recharged costs of £127,000 (excluding value added tax) to, and purchased services of £941,000 (excluding value added tax) from, companies within the Teesland Plc group.

On 30 June 2004, the Group sold its interest in The TAPP 2 Fleet Limited Partnership to a fund managed by the Teesland Plc group of companies for the sum of £10,864,000 which equated to the net asset value of the Limited Partnership.

During the period, the Group provided a loan of £5,445,000 to TAPP Property Limited, a fund managed by the Teesland Plc group of companies. The loan was fully repaid before the period end together with interest of £279,000 which equated to a rate of 9%.

During the period, the Group acquired an interest in the Thorpe Park Limited Partnership from a company within the Teesland Plc group of companies for £2,150,000. The investment in the Limited Partnership was sold before the period end.

During the period the Group acquired a £13.9m loan from Scarborough Property Company Plc. This principal balance was outstanding at 28 February 2005. Interest is payable on the loan at 6%. Interest for the period amounted to £1,184,000 and the total amount of interest outstanding at 28 February 2005 amounted to £834,000.

During the period the Group acquired a £13.9m loan from Bank of Scotland, a significant shareholder in the Group. This principal balance was outstanding at 28 February 2005. Interest is payable on the loan at 6%. Interest for the period amounted to £1,184,000 and the total amount of interest outstanding at 28 February 2005 amounted to £834,000.

At the period end the Group had £28,562,000 of loans to joint venture companies outstanding. During the period a total of £2,552,000 was charged in interest, of which £1,654,000 was accrued at the period end. All loans are unsecured, repayable on demand and receive interest at 0% to 4% above bank base rate depending on the shareholder agreement.

During the period, the Group provided mezzanine funding of £2m to joint venture companies. During the period a total of £115,000 was charged in interest, of which £115,000 was accrued at the period end. The loan is unsecured, repayable on demand, and receives interest at 2.5% above bank base rate.

During the period the Group charged £4,812,000 (excluding VAT) in management fees to the joint venture companies. A balance of £58,000 was outstanding at the period end in respect of these fees.

During the period the Group charged £25,000 (excluding VAT) in management fees to companies that are joint ventures of Scarborough Group Limited group of companies (2004: £nil). No balance was outstanding at the period end in respect of these fees.

During the period the Group paid consultancy fees of £13,000 to a company controlled by S C McCabe, a member of K C McCabe's immediate family. At the period end there was a balance of £9,000 in prepayments.

The Group accounts contain a charge of £50,000 for consultancy services provided by J Burnley, a shareholder. The full amount of £25,000 was in accruals at the period end.

During the period, one of the Limited Partnerships in which the Group has a 50% interest sold 3 properties to another Limited Partnership, in which the Scarborough Group Limited group of companies has a 90% interest. The properties were sold for a combined sum of £116,000,000. At the period end this amount was still outstanding for payment and was paid on 1 March 2005.

Scamp Holdings Limited

Notes to the Financial Statements (continued)

28 Contingent Liabilities

A subsidiary of SCAMP Holdings Limited, Scarborough Development Group plc, has issued a £80m guarantee in favour of Yorkshire and Humber Regional Development Agency (Yorkshire Forward) in relation to the fulfilment of a development agreement entered into by one of its joint venture companies, Teesland Property Company (Northern) Limited. The directors do not expect this liability to crystallise.

During the course of developments various claims are received from third parties. Where such claims are considered to be valid management assess, and provide for, the expected financial effect of the claim.

Any claims which management consider to be invalid are, however, strenuously contested. Whilst the outcome of these claims cannot readily be foreseen, the Directors' believe that they will be disposed of without material effect on the company's position.

29 Ultimate Parent Company

The ultimate parent company is Scarborough Group Limited, a company registered in England and Wales. Copies of Scarborough Group Limited's accounts can be obtained from Europa House, 20 Esplanade, Scarborough, YO11 2AQ.

30 Post Balance Sheet Events

Following the year end, the Group has sold four properties with a book value of £33,912,000 for proceeds consistent with their book value.