

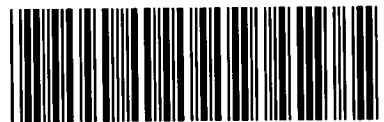
Registration number: SC184813

Scarborough Muir Group Limited

Annual Report and Financial Statements

for the Year Ended 29 February 2016

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Scarborough Muir Group Limited

Contents

Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4 to 5
Profit and Loss Account	6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 17

Scarborough Muir Group Limited

Company Information

Directors	J W Muir
	R W Muir
	S C McCabe
	S A Marshall
Company secretary	Esplanade Secretarial Services Limited
Registered office	Lomond Court Castle Business Park Stirling FK9 4TU
Auditors	Mazars LLP Mazars House Gelder Road Gildersome Leeds LS27 7JN

Scarborough Muir Group 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:

J W Muir

R W Muir

W S McAlister (resigned 9 September 2016)

S C McCabe

The following director was appointed after the year end:

S A Marshall (appointed 9 September 2016)

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 18 October 2016 and signed on its behalf by:



.....
J J Tutton

For and on behalf of Esplanade Secretarial Services Limited
Company secretary

Scarborough Muir Group 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.

Scarborough Muir Group Limited

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

We have audited the financial statements of Scarborough Muir Group 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 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.

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.

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 1 to the financial statements concerning the company's ability to continue as a going concern. At 29 February 2016, the company's current liabilities exceeded its current assets by £730,857 (2015: £509,410) and it had net liabilities of £730,857 (2015: £509,410). These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

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.

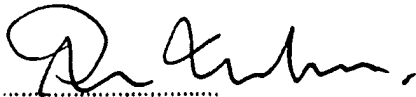
Scarborough Muir Group Limited

Independent Auditor's Report to the members of Scarborough Muir Group 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

9 November 2016

Scarborough Muir Group Limited

Profit and Loss Account for the Year Ended 29 February 2016

	Note	2016 £	2015 £
Turnover	3	625,202	887,318
Cost of sales		<u>(532,937)</u>	<u>(584,979)</u>
Gross profit		92,265	302,339
Administrative expenses		(154,650)	(60,239)
Other operating income	4	<u>-</u>	<u>107</u>
Operating (loss)/profit	5	(62,385)	242,207
Other interest receivable and similar income	6	48,202	45,133
Interest payable and similar charges	7	<u>(207,266)</u>	<u>(203,881)</u>
(Loss)/profit before tax		(221,449)	83,459
Taxation	10	<u>-</u>	<u>(1,186)</u>
(Loss)/profit for the financial year		<u><u>(221,449)</u></u>	<u><u>82,273</u></u>

The above results were derived from continuing operations.

The notes on pages 10 to 17 form an integral part of these financial statements.

Scarborough Muir Group Limited

Statement of Comprehensive Income for the Year Ended 29 February 2016

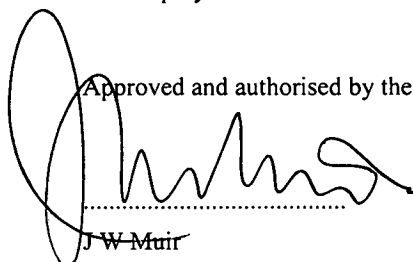
	Note	2016 £	2015 £
(Loss)/profit for the year		<u>(221,449)</u>	<u>82,273</u>
Total comprehensive income for the year		<u><u>(221,449)</u></u>	<u><u>82,273</u></u>

The notes on pages 10 to 17 form an integral part of these financial statements.

Scarborough Muir Group Limited
(Registration number: SC184813)
Balance Sheet as at 29 February 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	12	1	1
Current assets			
Stocks	13	5,442,252	5,262,832
Debtors	14	474,601	644,140
Cash at bank and in hand		<u>116,210</u>	<u>214,735</u>
		6,033,063	6,121,707
Creditors: Amounts falling due within one year	16	<u>(6,763,921)</u>	<u>(6,631,118)</u>
Net current liabilities		<u>(730,858)</u>	<u>(509,411)</u>
Net liabilities		<u>(730,857)</u>	<u>(509,410)</u>
Capital and reserves			
Called up share capital	17	2,071,111	2,071,111
Profit and loss account		<u>(2,801,968)</u>	<u>(2,580,521)</u>
Total equity		<u>(730,857)</u>	<u>(509,410)</u>

Approved and authorised by the Board on 18 October 2016 and signed on its behalf by:


 J W Muir
 Director

Scarborough Muir Group Limited

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

	Share capital £	Profit and loss account £	Total £
At 1 March 2015	2,071,111	(2,580,519)	(509,408)
Loss for the year	-	(221,449)	(221,449)
Total comprehensive income	-	(221,449)	(221,449)
At 29 February 2016	<u>2,071,111</u>	<u>(2,801,968)</u>	<u>(730,857)</u>
	Share capital £	Profit and loss account £	Total £
At 1 March 2014	2,071,111	(2,662,794)	(591,683)
Profit for the year	-	82,273	82,273
Total comprehensive income	-	82,273	82,273
At 28 February 2015	<u>2,071,111</u>	<u>(2,580,521)</u>	<u>(509,410)</u>

The notes on pages 10 to 17 form an integral part of these financial statements.

Scarborough Muir Group 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 Scotland.

The principal activity of the company is property development.

The address of its registered office is:

Lomond Court
Castle Business Park
Stirling
FK9 4TU

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 18 October 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 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.

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.

Scarborough Muir Group Limited

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

Going concern

These financial statements have been prepared on a going concern basis which assumes that the company is able to realise its assets and discharge its liabilities in the normal course of business.

The company had net current liabilities of £730,857 (2015: £509,411) at the year end as the company's bank facility with Lloyds expired on 31 January 2016. Negotiations to renew the bank facility are well advanced and Heads of Terms for the renewal have been issued. As at the date of signing these financial statements, the facility renewal paperwork still needs to be formally prepared and executed but the directors are confident that this is just a matter of process and will be concluded shortly. In the unlikely event that the renewal process was not successfully concluded, the bank may exercise its rights under the security it holds over the assets of the company and its subsidiaries.

The directors also believe that the market value of the stock properties currently held in the balance sheet, exceed their carrying cost.

The directors consider it appropriate to prepare the financial statements on a going concern basis as they are confident the bank facility will be successfully concluded and that the company will continue to have sufficient funding for the foreseeable future to enable it to meet its liabilities as they fall due.

Turnover

Turnover represents amounts invoiced, net of value added tax, in respect of rental income from let properties, management fees and proceeds from sale of properties.

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.

Tangible assets

Tangible assets is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Fixtures and fittings	33% straight line

Fixed asset investments

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

Scarborough Muir Group Limited

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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

Properties held for resale are stated 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 on disposals. Borrowing costs are not capitalised.

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.

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 Turnover

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

	2016 £	2015 £
Rental income	307,465	204,234
Other sales income	317,737	683,084
	<u>625,202</u>	<u>887,318</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2016 £	2015 £
Miscellaneous other operating income	<u>-</u>	<u>107</u>

Scarborough Muir Group Limited

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

5 Operating loss

Arrived at after charging

	2016 £	2015 £
Auditors' remuneration - audit services	3,000	3,000
Auditors' remuneration - non audit services	1,750	1,750
	<u>4,750</u>	<u>4,750</u>

6 Other interest receivable and similar income

	2016 £	2015 £
Interest receivable from group undertakings	47,483	44,255
Interest income on bank deposits	719	878
	<u>48,202</u>	<u>45,133</u>

7 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and borrowings	163,037	173,626
Other interest payable	44,229	30,255
	<u>207,266</u>	<u>203,881</u>

8 Staff costs

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

9 Directors' remuneration

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

Scarborough Muir Group Limited

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

10 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
UK corporation tax adjustment to prior periods	-	1,186

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

The differences are reconciled below:

	2016 £	2015 £
(Loss)/profit before tax	(221,449)	83,459
Corporation tax at standard rate	(44,467)	17,668
Effect of expense not deductible in determining taxable profit (tax loss)	547	2,493
Effect of tax losses	69,191	56,330
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	-	1,186
Tax increase (decrease) from effect of capital allowances and depreciation	(40)	(52)
Tax increase (decrease) from transfer pricing adjustments	2,409	2,540
Other tax effects for reconciliation between accounting profit and tax expense (income)	(27,640)	(78,979)
Total tax charge	-	1,186

11 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 March 2015	2,227	2,227
At 29 February 2016	2,227	2,227
Depreciation		
At 1 March 2015	2,227	2,227
At 29 February 2016	2,227	2,227
Carrying amount		
At 29 February 2016	-	-
At 28 February 2015	-	-

Scarborough Muir Group Limited

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

12 Investments in subsidiaries, joint ventures and associates

	2016 £	2015 £
Investments in subsidiaries	<u>1</u>	<u>1</u>
Subsidiaries		£
Cost or valuation		
At 1 March 2015		<u>1</u>
Carrying amount		
At 29 February 2016		<u>1</u>
At 28 February 2015		<u>1</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	
			2016	2015
Subsidiary undertakings				
SMG (Donibristle) Limited	England and Wales	Ordinary	100%	100%

The principal activity of SMG (Donibristle) Limited is property development.

13 Stocks

	2016 £	2015 £
Property held for resale	<u>5,442,252</u>	<u>5,262,832</u>

14 Debtors

	Note	2016 £	2015 £
Trade debtors		101,123	277,697
Amounts owed by related parties	20	320,374	336,369
Other debtors		24,164	25,450
Prepayments		2,243	303
Accrued income		<u>26,697</u>	<u>4,321</u>
Total current trade and other debtors		<u>474,601</u>	<u>644,140</u>

Scarborough Muir Group Limited

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

15 Cash and cash equivalents

	2016 £	2015 £
Cash at bank	<u>116,210</u>	<u>214,735</u>

16 Creditors

	Note	2016 £	2015 £
Due within one year			
Loans and borrowings	18	5,220,000	5,220,000
Trade creditors		451,395	-
Amounts due to related parties	20	1,014,271	1,370,168
Social security and other taxes		27,830	5,006
Other creditors		2,700	-
Accrued expenses		<u>47,725</u>	<u>35,944</u>
		<u>6,763,921</u>	<u>6,631,118</u>

The bank loans and overdrafts are secured by a standard security over fixed assets and a bond and floating charge over all the assets of the company and its subsidiary.

17 Share capital

Allotted, called up and fully paid shares

	No.	2016 £	No.	2015 £
'A' ordinary shares of £1 each	500	500	500	500
'B' ordinary shares of £1 each	611	611	611	611
'Deferred' shares of £1 each	<u>2,070,000</u>	<u>2,070,000</u>	<u>2,070,000</u>	<u>2,070,000</u>
	<u>2,071,111</u>	<u>2,071,111</u>	<u>2,071,111</u>	<u>2,071,111</u>

The 'A' and 'B' shares rank pari passu in all respects.

18 Loans and borrowings

	2016 £	2015 £
Current loans and borrowings		
Bank borrowings	<u>5,220,000</u>	<u>5,220,000</u>

Scarborough Muir Group Limited

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

19 Commitments

Capital commitments

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

20 Related party transactions

During the year the company made the following related party transactions:

Muir Construction Limited

(R W Muir and J W Muir are directors of both companies)

Operational costs of £518,307 (2015: £746,144) were charged to the company during the year. At the balance sheet date the amount due to Muir Construction Limited was £399,620 (2015: £379,288).

Scarborough Management Limited

(A company under the same control as one of the company's shareholders)

Scarborough Management Limited charged £10,000 (2015: £10,000) for administrative fees during the year. A further amount of £24,000 (2015: £24,000) was charged for project management fees. At the balance sheet date the amount due to Scarborough Management Limited was £34,800 (2015: £20,400).

The company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other wholly owned members of the group.

21 Parent and ultimate parent undertaking

The company is controlled by the immediate joint parent companies: Scarscot Holdings Limited, a company registered in Scotland, which holds 55% of the issued share capital of the company; and J W Muir Group Limited, a company registered in Scotland which holds 45% of the issued share capital of the company.

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 and smallest 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.

The ultimate controlling party is K C McCabe.

22 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 28 February 2015. The date of transition to FRS 102 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.