

Registration number: 06763607

# Scarborough Partnership Properties Limited

Annual Report and Financial Statements

for the Year Ended 28 February 2018

SATURDAY



\*A7D2ROWY\*

A27

25/08/2018

#157

COMPANIES HOUSE

# **Scarborough Partnership Properties Limited**

## **Contents**

Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4 to 6
Profit and Loss Account	7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 to 18

## **Scarborough Partnership Properties Limited**

### **Company Information**

<b>Directors</b>	Esplanade Director Limited S C McCabe
<b>Company secretary</b>	Esplanade Secretarial Services Limited
<b>Registered office</b>	Europa House 20 Esplanade Scarborough North Yorkshire YO11 2AQ
<b>Auditors</b>	Mazars LLP Mazars House Gelderd Road Gildersome Leeds West Yorkshire LS27 7JN

## **Scarborough Partnership Properties Limited**

### **Directors' Report for the Year Ended 28 February 2018**

The Directors present their report and the financial statements for the year ended 28 February 2018.

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

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

Esplanade Director Limited

S C McCabe

#### **Dividends**

The directors recommend a final dividend payment of £Nil (2017:Nil) be made in respect of the financial year ended 28 February 2018.

#### **Important non adjusting events after the financial period**

On the 10th of August 2018 Scarborough Partnership Properties Limited sold its two remaining buildings for £12.1 million, generating a useful profit for the company.

#### **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.

#### **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 17 August 2018 and signed on its behalf by:



.....  
J J Tutton

For and on behalf of Esplanade Secretarial Services Limited  
Company secretary

## **Scarborough Partnership Properties 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;
- 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 Partnership Properties Limited**

### **Independent Auditor's Report to the members of Scarborough Partnership Properties Limited**

#### **Opinion**

We have audited the financial statements of Scarborough Partnership Properties Limited (the 'Company') for the year ended 28 February 2018 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 2018 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.

#### **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.

#### **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 Partnership Properties Limited**

### **Independent Auditor's Report to the members of Scarborough Partnership Properties 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 Partnership Properties Limited**

### **Independent Auditor's Report to the members of Scarborough Partnership Properties Limited**

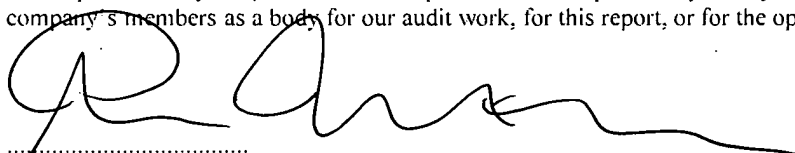
#### **Auditor's responsibilities for the audit of the financial statements**

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](http://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.



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

Mazars House  
Gelderd Road  
Gildersome  
Leeds  
West Yorkshire  
LS27 7JN

17 August 2018



## Scarborough Partnership Properties Limited

### Profit and Loss Account for the Year Ended 28 February 2018

	Note	2018 £	2017 £
Turnover	3	649,195	776,332
Cost of sales		<u>(128,795)</u>	<u>(109,765)</u>
Gross profit		520,400	666,567
Administrative expenses	4	<u>(693,848)</u>	<u>(85,253)</u>
Operating (loss)/profit		(173,448)	581,314
Interest payable and similar charges	5	<u>(450,711)</u>	<u>(442,660)</u>
(Loss)/profit before tax		(624,159)	138,654
Taxation	8	<u>(4,179)</u>	<u>9,707</u>
(Loss)/profit for the financial year		<u><u>(628,338)</u></u>	<u><u>148,361</u></u>

The above results were derived from continuing operations.

J

The notes on pages 11 to 18 form an integral part of these financial statements.

**Scarborough Partnership Properties Limited**

**Statement of Comprehensive Income for the Year Ended 28 February 2018**


	Note	2018 £	2017 £
(Loss)/profit for the year		<u>(628,338)</u>	<u>148,361</u>
Total comprehensive (loss)/income for the year		<u><u>(628,338)</u></u>	<u><u>148,361</u></u>

# Scarborough Partnership Properties Limited

(Registration number: 06763607)  
Balance Sheet as at 28 February 2018

	Note	2018 £	2017 £
<b>Non current assets</b>			
Tangible assets	9	9,820,000	9,820,000
Investments	10	<u>11</u>	<u>11</u>
		<u>9,820,011</u>	<u>9,820,011</u>
<b>Current assets</b>			
Debtors	11	346,098	854,417
Cash at bank and in hand	12	<u>194</u>	<u>224</u>
		346,292	854,641
<b>Creditors: Amounts falling due within one year</b>	13	<u>(10,707,739)</u>	<u>(10,587,750)</u>
<b>Net current liabilities</b>		<u>(10,361,447)</u>	<u>(9,733,109)</u>
<b>Net (liabilities)/assets</b>		<u>(541,436)</u>	<u>86,902</u>
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit and loss account		<u>(541,437)</u>	<u>86,901</u>
<b>Total equity</b>		<u>(541,436)</u>	<u>86,902</u>

Approved and authorised by the Board on 17 August 2018 and signed on its behalf by:

  
.....  
J J Tutton

For and on behalf of Esplanade Director Limited  
Director

**Scarborough Partnership Properties Limited**

**Statement of Changes in Equity for the Year Ended 28 February 2018**

	Share capital £	Profit and loss account £	Total £
At 1 March 2017	1	86,901	86,902
Loss for the year	-	(628,338)	(628,338)
Total comprehensive loss	-	(628,338)	(628,338)
At 28 February 2018	1	(541,437)	(541,436)

	Share capital £	Profit and loss account £	Total £
At 1 March 2016	1	(61,460)	(61,459)
Profit for the year	-	148,361	148,361
Total comprehensive income	-	148,361	148,361
At 28 February 2017	1	86,901	86,902

The notes on pages 11 to 18 form an integral part of these financial statements.  
Page 10

## Scarborough Partnership Properties Limited

### Notes to the Financial Statements for the Year Ended 28 February 2018

#### 1 General information

The company is a private company limited by share capital incorporated in England and Wales. The principal activity of the company is property trading and investment.

The address of its registered office is:

Europa House  
20 Esplanade  
Scarborough  
North Yorkshire  
YO11 2AQ

The principal place of business is:

Second Floor LHS  
Building 3125  
Century Way  
Thorpe Park  
Leeds  
LS15 8ZB

These financial statements were authorised for issue by the Board on 17 August 2018.

#### 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'.

#### 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.

##### 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 parent company, Scarborough Property (UK) 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 parent company, Scarborough Property (UK) Limited, discloses the carrying value of financial instruments in its own consolidated financial statements.

##### Going concern

These 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.

## **Scarborough Partnership Properties Limited**

### **Notes to the Financial Statements for the Year Ended 28 February 2018**

#### **Critical accounting estimates and assumptions**

##### **Investment properties**

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

##### **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 are 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.

##### **Investment property**

Investment properties are initially measured at cost which comprises the purchase price and any directly attributable expenditure.

Investment properties are subsequently measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

##### **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, related party and group debtors**

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 other 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.

## Scarborough Partnership Properties Limited

### Notes to the Financial Statements for the Year Ended 28 February 2018

#### 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.

#### Financial Instruments

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price. Most debt instruments are subsequently measured at amortised cost using the effective interest rate method. Short term payables and receivables are measured at the invoice price.

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price. Short term payables are measured at the invoice price.

#### 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 turnover for the year from continuing operations is as follows:

	2018	2017
	£	£
Rental income	648,693	689,036
Other income	502	87,296
	<u>649,195</u>	<u>776,332</u>

The Company's rental income is derived from operating leases that are in place with tenants who occupy the portfolio of properties that are held for resale. The Company has the following future minimum lease payments receivable under non-cancellable operating leases expiring for each of the following periods:

	2018	2017
	£	£
Within 1 year	569,308	731,868
Between 1 and 5 years	611,579	1,052,760
After 5 years	-	-
	<u>1,180,887</u>	<u>1,784,628</u>

The Company's operating leases typically require the tenants to be responsible for paying for repairing and insuring the property and include clauses allowing for rent reviews at certain points during the lease. The leases do not contain contingent rents.

## Scarborough Partnership Properties Limited

### Notes to the Financial Statements for the Year Ended 28 February 2018

#### 4 Administrative expenses

	2018 £	2017 £
Administrative expenses	693,848	205,253
(Write up) of investment properties	-	(120,000)
	<u>693,848</u>	<u>85,253</u>

#### 5 Interest payable and similar charges

	2018 £	2017 £
Interest payable to group undertakings	<u>450,711</u>	<u>442,660</u>

#### 6 Particulars of employees

The average number of employees (excluding directors) during the year was nil (2017: nil).

No emoluments were paid to the directors during the year (2017: £nil).

#### 7 Auditor's remuneration

	2018 £	2017 £
Audit of the financial statements	<u>2,500</u>	<u>2,500</u>
All other non-audit services	<u>1,750</u>	<u>1,750</u>



## Scarborough Partnership Properties Limited

### Notes to the Financial Statements for the Year Ended 28 February 2018

#### 8 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
<b>Current taxation</b>		
UK corporation tax	-	(9,707)
UK corporation tax adjustment to prior periods	4,179	-
	<u>4,179</u>	<u>(9,707)</u>

The tax charge for the year is different from the standard rate of corporation tax in the UK of 19.08% (2017: 20%).

The differences are reconciled below:

	2018 £	2017 £
(Loss)/profit before tax	<u>(624,159)</u>	<u>138,654</u>
Corporation tax at standard rate	(119,090)	27,731
Effect of revenues exempt from taxation	-	(24,000)
Effect of expense not deductible in determining taxable profit (tax loss)	-	(1,210)
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	4,179	-
Tax (decrease) from effect of capital allowances and depreciation	-	(12,228)
Tax increase (decrease) from effect of unrelieved tax losses carried forward	(56,621)	-
Tax increase (decrease) arising from group relief	<u>(73,237)</u>	<u>-</u>
Total tax credit	<u>(244,769)</u>	<u>(9,707)</u>

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 Partnership Properties Limited

### Notes to the Financial Statements for the Year Ended 28 February 2018

#### 9 Tangible assets

	Investment properties £	Total £
<b>Cost or valuation</b>		
At 1 March 2017	9,820,000	9,820,000
At 28 February 2018	9,820,000	9,820,000
<b>Depreciation</b>		
<b>Carrying amount</b>		
At 28 February 2018	9,820,000	9,820,000
At 28 February 2017	9,820,000	9,820,000

The investment properties were valued by a qualified surveyor, on the basis of the open market value for existing use. The historic cost of the properties as at 28 February 2018 is £11,426,762 (2017: £11,426,762).

#### 10 Other financial assets

	2018 £	2017 £
Other investments	11	11

#### 11 Debtors

	Note	2018 £	2017 £
Trade debtors		80,005	350,578
Amounts owed by group undertakings	17	-	31,734
Other debtors		16,002	70,674
Prepayments		56,390	105,263
Accrued income		193,701	286,461
Corporation tax	8	-	9,707
		346,098	854,417

#### 12 Cash and cash equivalents

	2018 £	2017 £
Cash at bank	194	224

## Scarborough Partnership Properties Limited

### Notes to the Financial Statements for the Year Ended 28 February 2018

#### 13 Creditors

	Note	2018 £	2017 £
<b>Due within one year</b>			
Trade creditors		19,245	-
Amounts due to related parties	17	10,467,988	10,237,360
Social security and other taxes		81,501	82,126
Other creditors		17,251	-
Accrued expenses		11,222	17,446
Deferred income		110,532	250,818
		<u>10,707,739</u>	<u>10,587,750</u>

#### 14 Share capital

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

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

#### 15 Commitments

##### Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2017: £Nil).

#### 16 Contingent liabilities

The company is party to a cross guarantee covering the bank loans of Scarborough Property Developments Limited and Scarborough Property (UK) Limited which are both subsidiaries of Scarborough Group International Limited. As at 28 February 2018, the total loan balance was £6,889,538 (2017: £8,097,744). The borrowing is secured by a standard security over fixed assets and a bond and floating charge over all the assets of the respective companies.

#### 17 Related party transactions

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.

## **Scarborough Partnership Properties Limited**

### **Notes to the Financial Statements for the Year Ended 28 February 2018**

#### **18 Parent and ultimate parent undertaking**

The company is controlled by the immediate parent company, Scarborough Property (UK) Limited, a company registered in England and Wales.

Scarborough Property (UK) 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 Property (UK) Limited can be obtained from: Europa House, 20 Esplanade, Scarborough, YO11 2AQ.

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

The ultimate controlling party is K C McCabe.

#### **19 Non adjusting events after the financial period**

On the 10th of August 2018 Scarborough Partnership Properties Limited sold its two remaining buildings for £12.1 million, generating a useful profit for the company.