

Registration number: 07123857

# SDG (Newport) Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2014

THURSDAY



\*A4ENIT6A\*

A13

27/08/2015

#63

COMPANIES HOUSE

**SDG (Newport) Limited**  
**Contents**

Company Information .....	1
Directors' Report .....	2 to 3
Independent Auditors' Report .....	4 to 5
Profit and Loss Account .....	6
Balance Sheet .....	7
Notes to the Financial Statements .....	8 to 12

**SDG (Newport) Limited**  
**Company Information**

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

**SDG (Newport) Limited**  
**Directors' Report for the Year Ended 31 December 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

**Directors' responsibilities**

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure to auditor**

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 which they know the auditors are unaware of.

**Principal activity**

The principal activity of the company is property development.

**Directors**

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

M Jackson (resigned 22 September 2014)

S C McCabe

Esplanade Director Limited

**SDG (Newport) Limited**  
**Directors' Report for the Year Ended 31 December 2014**

*..... continued*

**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 29 May 2015 and signed on its behalf by:



.....  
J J Tutton

for and on behalf of Esplanade Director Limited  
Director

## **Independent Auditor's Report to the Members of SDG (Newport) Limited**

We have audited the financial statements of SDG (Newport) Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of  
SDG (Newport) Limited**

*..... continued*

**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.

  
.....  
Richard Metcalfe (Senior Statutory Auditor)

for and on behalf of Mazars LLP, Chartered Accountants (Statutory Auditor)

Mazars House  
Gelder Road  
Gildersome  
Leeds  
West Yorkshire  
LS27 7JN

29 May 2015

**SDG (Newport) Limited**  
**Profit and Loss Account for the Year Ended 31 December 2014**

	Note	2014 £	2013 £
Turnover	2	18,777,686	306,667
Cost of sales	3	<u>(21,508,808)</u>	<u>(1,248,360)</u>
Gross loss		(2,731,122)	(941,693)
Administrative expenses		<u>(4,449)</u>	<u>(7,339)</u>
Operating loss	4	(2,735,571)	(949,032)
Interest payable and similar charges	7	<u>(1,248,674)</u>	<u>(866,470)</u>
Loss on ordinary activities before taxation		(3,984,245)	(1,815,502)
Tax on loss on ordinary activities	8	<u>165,145</u>	<u>34,375</u>
Loss for the financial year	13	<u><u>(3,819,100)</u></u>	<u><u>(1,781,127)</u></u>


Turnover and operating loss derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

**SDG (Newport) Limited**  
**(Registration number: 07123857)**  
**Balance Sheet at 31 December 2014**

	Note	2014 £	2013 £
<b>Current assets</b>			
Stock	9	7,019,635	23,677,579
Debtors	10	<u>359,162</u>	<u>581,206</u>
		7,378,797	24,258,785
Creditors: Amounts falling due within one year	11	<u>(14,252,276)</u>	<u>(27,313,164)</u>
Net liabilities		<u>(6,873,479)</u>	<u>(3,054,379)</u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account	13	<u>(6,873,480)</u>	<u>(3,054,380)</u>
	14	<u>(6,873,479)</u>	<u>(3,054,379)</u>

The financial statements were approved and authorised for issue by the Board on 29 May 2015 and signed on its behalf by:



.....  
Esplanade Director Limited  
Director

## **SDG (Newport) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2014**

#### **1 Accounting policies**

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

The financial statements have been prepared under the historical cost convention and the accounting policies set out below, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

##### **Going concern**

The company is currently funded by its immediate parent company, Scarborough Development Group Limited, which has provided confirmation that it will continue to provide financial support to the company for the foreseeable future. Scarborough Development Group Limited has adequate bank credit facilities to fund planned development expenditure of its subsidiary undertakings. Consequently, 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.

In considering the going concern status of the company, the Directors focused on the twelve month period from the date of signing these financial statements. The company and its lenders, Investec Bank plc, are committed to ensuring the project is developed out in a manner satisfactory to both parties and are committed to ensure that no third parties will suffer financial loss.

##### **Cash flow statement**

The company qualifies as a small company under the terms of section 382 of the Companies Act 2006. As a consequence it is exempt from the requirement to publish a cash flow statement.

##### **Turnover**

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

##### **Stock**

Stock is valued at the lower of cost and net realisable value. Cost is based on the cost of the land and the cost incurred to date including any demolition costs. Net realisable value is based on estimated selling price after taking into account all further costs expected to be incurred up to the point of disposal.

##### **Deferred tax**

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

# SDG (Newport) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

### 2 Turnover

An analysis of turnover by segment is given below:

	2014 £	2013 £
Rental income	317,686	306,667
Sale of Stock Property	18,460,000	-
	<u>18,777,686</u>	<u>306,667</u>

### 3 Cost of sales

	2014 £	2013 £
Cost of sales excluding exceptional items	22,959,632	94,271
Exceptional property (writeback)/impairment	<u>(1,450,824)</u>	<u>1,154,089</u>
	<u>21,508,808</u>	<u>1,248,360</u>

### 4 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2014 £	2013 £
Auditors' remuneration - audit services	2,500	3,500
Auditors' remuneration - non audit services	<u>1,600</u>	<u>1,650</u>

### 5 Particulars of employees

The average number of employees (excluding directors) during the year was nil (2013: nil).

### 6 Directors' remuneration

No emoluments were paid to the directors during the year (2013: £nil).

### 7 Interest payable and similar charges

	2014 £	2013 £
Interest payable to group undertakings	<u>1,248,674</u>	<u>866,470</u>

# SDG (Newport) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

### 8 Taxation

#### Tax on loss on ordinary activities

	2014 £	2013 £
<b>Current tax</b>		
Corporation tax credit	(165,145)	(34,375)
Total tax on loss on ordinary activities	<u>(165,145)</u>	<u>(34,375)</u>

#### Factors affecting current tax charge for the year

The tax credit for the year is different from the standard rate of corporation tax in the UK of 21.493% (2013: 23.247%). The difference is explained below:

	2014 £	2013 £
Loss on ordinary activities before taxation	<u>(3,984,245)</u>	<u>(1,815,502)</u>
Corporation tax at standard rate	(856,334)	(422,050)
Disallowable expenditure	22	384
Over provision in prior period	(337)	-
Losses carried forward	706,549	403,564
Transfer pricing	<u>(15,045)</u>	<u>(16,273)</u>
Total current tax	<u>(165,145)</u>	<u>(34,375)</u>

### 9 Stock

	2014 £	2013 £
Development property	<u>7,019,635</u>	<u>23,677,579</u>

**SDG (Newport) Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2014**

*..... continued*

**10 Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	163,397	186,499
Other debtors	179,508	378,567
Prepayments and accrued income	16,257	16,140
	<u>359,162</u>	<u>581,206</u>

**11 Creditors: Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	104,099	63,317
Amounts owed to group undertakings	13,794,250	26,718,126
Other taxes and social security	33,412	-
Other creditors	247,098	389,503
Accruals and deferred income	73,417	142,218
	<u>14,252,276</u>	<u>27,313,164</u>

**12 Share capital**

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

	<b>2014</b>		<b>2013</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

## SDG (Newport) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 13 Reserves

	Profit and loss account £	Total £
At 1 January 2014	(3,054,380)	(3,054,380)
Loss for the year	<u>(3,819,100)</u>	<u>(3,819,100)</u>
At 31 December 2014	<u>(6,873,480)</u>	<u>(6,873,480)</u>

#### 14 Reconciliation of movement in shareholders' deficit

	2014 £	2013 £
Loss attributable to the members of the company	(3,819,100)	(1,781,127)
Shareholders' deficit at 1 January	<u>(3,054,379)</u>	<u>(1,273,252)</u>
Shareholders' deficit at 31 December	<u>(6,873,479)</u>	<u>(3,054,379)</u>

#### 15 Contingent liabilities

The company is party to a guarantee covering the bank loans and overdrafts of Scarborough Development Group Limited and its subsidiary companies, which at 31 December 2014 amounted to £48,785,874 (2013: £60,141,409). The borrowing is secured against all of the assets of the respective companies.

#### 16 Related party transactions

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.

#### 17 Controlling entity

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

The ultimate parent undertaking is The Scarborough 1992 Trust.