

Registration number 05871176

# Scarborough Power Limited

Abbreviated Accounts

for the Year Ended 31 March 2011

TUESDAY



\*AH4GTWXX\*

A28

23/08/2011

265

COMPANIES HOUSE

Critchleys LLP  
Registered Auditors  
Greyfriars Court  
Paradise Square  
Oxford  
OX1 1BE

**Scarborough Power Limited**  
**Contents**

Independent Auditors' Report ..... 1 to 2

Abbreviated Balance Sheet ..... 3

Notes to the Abbreviated Accounts ..... 4 to 6

**Independent Auditor's Report to the Members of  
Scarborough Power Limited  
Under section 449 of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages 3 to 6 together with the financial statements of Scarborough Power Limited for the year ended 31 March 2011 prepared under section 396 of the Companies Act 2006

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.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

**Other information**

On 22 August 2011 we reported as auditor to the members of the company on the financial statements prepared under section 396 of the Companies Act 2006 and our report included the following paragraph:

**Emphasis of matter**

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the company's ability to continue trading. The accounts have been prepared on a going concern basis, the validity of which is dependent upon the continuing support of the company's shareholders and loan providers. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Recoverable value of tangible fixed assets

In forming our opinion we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the uncertainty as to the recoverable value of plant and machinery assets amounting to £5,301,946. The recoverable value of the assets is wholly dependent on the plant becoming operational on a commercial basis and generating operating cash flows in the future. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**Independent Auditor's Report to the Members of  
Scarborough Power Limited  
Under section 449 of the Companies Act 2006**

*..... continued*



David David (Senior Statutory Auditor)  
For and on behalf of Critchleys LLP, Statutory Auditors

Greyfriars Court  
Paradise Square  
Oxford  
OX1 1BE

22 August 2011

**Scarborough Power Limited**  
**(Registration number: 05871176)**  
**Abbreviated Balance Sheet at 31 March 2011**

	Note	2011 £	(As restated) 2010 £
<b>Fixed assets</b>			
Tangible fixed assets	2	<u>5,302,654</u>	<u>5,892,259</u>
<b>Current assets</b>			
Debtors		242,431	123,653
Cash at bank and in hand		<u>5,102</u>	<u>17,994</u>
		247,533	141,647
Creditors Amounts falling due within one year		<u>(1,399,483)</u>	<u>(1,370,728)</u>
Net current liabilities		<u>(1,151,950)</u>	<u>(1,229,081)</u>
Total assets less current liabilities		4,150,704	4,663,178
Creditors Amounts falling due after more than one year		<u>(7,470,258)</u>	<u>(6,798,622)</u>
Net liabilities		<u>(3,319,554)</u>	<u>(2,135,444)</u>
<b>Capital and reserves</b>			
Called up share capital	4	87	87
Profit and loss account		<u>(3,319,641)</u>	<u>(2,135,531)</u>
Shareholders' deficit		<u>(3,319,554)</u>	<u>(2,135,444)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008)

Approved by the Board on 19.8.2011 and signed on its behalf by

  
D J G Bower  
Director

## Scarborough Power Limited

### Notes to the Abbreviated Accounts for the Year Ended 31 March 2011

#### 1 Accounting policies

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

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

##### **Going concern**

The financial statements have been prepared on a going concern basis

On 8 April 2009 the company's creditors approved a proposal for a company voluntary arrangement. The arrangement as agreed is in full and final settlement of all creditor's claims included within the CVA and the arrangement was to last for 24 months. The arrangement agreed was intended to result in relevant creditors receiving a total payout of 43p in the pound. During the 2010 accounts an interim payment of 25p in the pound was made to the company's creditors. In April 2011 an amendment to the original company voluntary arrangement was approved by the company's creditors. The amended agreement resulted in a final payout of 9p in the pound for the remaining amounts due. This final dividend was paid to creditors in May 2011.

The directors are hopeful that the Company will be able to re-schedule all other long term debts and in the meantime only minimal new liabilities are being incurred. The directors are vigorously exploring possible new sources of long term funding.

Given the settlement of the CVA, the continuing efforts to secure new sources of long term funding and ongoing financial support by the shareholders and loan providers, the directors continue to adopt the going concern basis of accounting.

##### **Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

##### **Government grants**

Grants are credited to deferred income. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

##### **Depreciation**

Tangible fixed assets are stated at cost less depreciation.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant and machinery	10% straight line
Motor vehicles	25% straight line

**Scarborough Power Limited**

**Notes to the Abbreviated Accounts for the Year Ended 31 March 2011**

..... *continued*

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

**2 Fixed assets**

	<b>Tangible assets £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 April 2010	5,893,051	5,893,051
At 31 March 2011	5,893,051	5,893,051
<b>Amortisation</b>		
At 1 April 2010	792	792
Charge for the year	500	500
Writedown to recoverable amount	589,105	589,105
At 31 March 2011	590,397	590,397
<b>Net book value</b>		
At 31 March 2011	5,302,654	5,302,654
At 31 March 2010	5,892,259	5,892,259

The recoverable value of plant and machinery assets is wholly dependent on the assets becoming operational on a commercial basis and generating operating cash flows in the future. For the reasons outlined in Note 1, there is inherent uncertainty regarding these assumptions.

**3 Creditors**

Included in the creditors are the following amounts due after more than five years

	<b>2011 £</b>	<b>2010 £</b>
After more than five years by instalments	5,955,122	5,953,622
	5,955,122	5,953,622

## Scarborough Power Limited

### Notes to the Abbreviated Accounts for the Year Ended 31 March 2011

..... *continued*

#### 4 Share capital

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

	2011		2010	
	No.	£	No.	£
Ordinary shares of £1 each	<u>87</u>	<u>87</u>	<u>87</u>	<u>87</u>

#### 5 Prior period adjustments

During the 2010 accounts the company entered into a company voluntary arrangement (CVA). The value of trade creditors subject to the agreement were written down in value by £947,745 to the agreed creditor dividend amount payable under this agreement (see note 1 for more details). As the CVA was not settled and fully paid until May 2011, this treatment did not comply with UK GAAP and the value of trade creditors was incorrectly written down. The 2010 accounts have been restated to value creditors at their full value.

#### 6 Control

The company is a subsidiary of GEM Operations UK Limited, and the company's ultimate parent undertaking is Graveson Energy Management Limited. Neither company draws up consolidated accounts. There is no ultimate controlling party.