

# **Birch Limited**

## **Directors' Report and Financial Statements**

31 December 2011

Registered Number 02563345

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## **Directors' Report**

The directors present their annual report together with the financial statements of Birch Limited for the year ended 31 December 2011

### **Principal Activities**

The company did not trade during the current or previous year

On 31<sup>st</sup> August 2011, the company undertook a share capital reduction exercise which reduced its allotted ordinary share capital to £1, its share premium to £nil and its redeemable preference shares to £nil. The result of this transaction increased the profit and loss reserve by £4,884,735. Immediately following these transactions, a dividend in specie was approved and transferred to the company's immediate parent company, Miller Homes Holdings Limited of £6,857,999. This reduced the inter-company debt due from Miller Homes Holdings Limited to £1. As a result of the transactions noted, the company's net asset position has been reduced to £1.

### **Directors**

The directors who held office during the financial year and to the date of this report were as follows

Keith M Miller  
John S Richards

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

During the period KPMG LLP were appointed as auditor of the company. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



**John Richards**  
**Director**

**18<sup>th</sup> September 2012**  
**Miller House**  
**2 Lochside View**  
**Edinburgh Park**  
**Edinburgh, EH12 9DH**

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

## **Independent auditor's report to the members of Birch Limited**

We have audited the financial statements of Birch Limited for the year ended 31 December 2011 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditor**

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.

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

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on 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 2011 and of its result for the year then ended,
- have been properly prepared in accordance with UK 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.

### **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



**Hugh Harvie (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG

 September 2012

## **Profit and loss account**

During the financial year and preceding financial year, the company did not trade. The company received no income and incurred no expenditure. Consequently, during those years, it made neither a profit nor a loss.

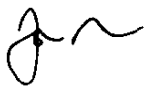
## **Balance sheet**

*As at 31 December 2011*

	<i>Note</i>	<b>2011 £000</b>	<b>2010 £000</b>
<b>Fixed assets</b>			
Investments	4	-	-
<b>Current assets</b>			
Debtors – amount owed by parent company		-	6,858
<b>Net current assets</b>		-	6,858
Creditors amounts falling due after more than one year	5	-	(3,661)
<b>Net assets</b>			3,197
<b>Capital and reserves</b>			
Called up share capital	6	-	101
Share premium account		-	1,122
Profit and loss account	7	-	1,974
<b>Shareholders' funds</b>	8	-	3,197

The notes on page 6 to 10 form part of the financial statements

These accounts were approved by the Board of Directors on 18<sup>th</sup> September 2012 and were signed on its behalf by



**John Richards**  
**Director**

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The principal accounting policies, all of which have been applied consistently throughout the current and preceding year, are as follows

#### ***Basis of accounting***

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 400 of the Companies Act 2006. These financial statements present information about the company as an individual undertaking and not about its group.

The directors have considered the cash position of the company for the period of at least twelve months from the date of signing these accounts. The company has no external borrowings and the directors consider that the company can operate within their available funds for the foreseeable future.

The company is exempt from the requirement of Financial Reporting Standard 1, to prepare a cash flow statement, as it is wholly owned subsidiary of The Miller Group Limited and its cash flows are included within the consolidated cash flow statement of that company.

As the company is a wholly owned subsidiary of The Miller Group Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The Miller Group Limited, within which this company is included, can be obtained from the address given in note 9.

#### ***Investments***

Investments in subsidiary undertakings are stated at cost less amounts written off.

#### ***Classification of financial instruments issued by the company***

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities have been waived.



**Notes** (continued)  
 (forming part of the financial statements)

**2 Auditor's remuneration**

The audit fee for the current and prior year has been met by a fellow subsidiary undertaking

**3 Directors' emoluments**

There were no emoluments paid to Directors during the year

**4. Investments**

Cost	Shares in Group undertakings £000
At beginning and end of year	-

The principal company in which the company's interest at the year end is 100% is as follows

Name of company	Principal activity	Share capital
Birch Homes Limited	Dormant	100% ordinary share capital

**5 Creditors amounts falling due after more than one year**

	2011 £000	2010 £000
Nil class A ordinary shares of 10p each (2010 110,295 class A ordinary shares of 10p each)	-	11
Nil 'A' preference shares of £1 each (2010 2,800,000 'A' preference shares of £1 each)	-	2,800
Nil 'B' preference shares of £1 each (2010 850,000 'B' preference shares of £1 each)	-	850
	<u>-</u>	<u>3,661</u>

**Preference shares**

The following rights attach to the A and B preference shares

- Cumulative dividend rights in preference to all classes of ordinary shares as follows

A fixed dividend of 9% per annum

These dividends are payable half yearly, B preference shareholders ranking behind A preference shareholders

- On a winding up of the company, the preference shares would have a right to payment of £1 per share together with any arrears or accruals of dividend in preference to ordinary shareholders
- The shares have right of notice of general meetings but no right to vote

**Notes** (continued)  
 (forming part of the financial statements)

**5 Creditors amounts falling due after more than one year (continued)**

**A ordinary shares**

The following rights attach to the class A ordinary shares

- Cumulative dividend rights in preference to ordinary shares but after all preference shares are as follows

6% of consolidated profit before tax for the year to 30 September 1999 and then

7% of consolidated profit before tax thereafter, paid half yearly

- On a winding up of the company, a right to payment of £1 per share together with any arrears or accruals of dividend ranking behind preference shares but before ordinary shares and then a share of any remaining net assets after an equivalent payment is made to all other ordinary shares
- A right to convert the A ordinary shares into equivalent numbers of ordinary shares at any time with approval of 75% of class members
- The A ordinary shares carry the rights to one vote for every £1 in nominal value held

**C ordinary shares**

These shares carry an entitlement to 9% of the rights attributable to the equity share capital of the company (i.e. excluding any rights attributable to the A preference and ordinary shares and the B preference shares)

The company's sole shareholder, Miller Homes Holdings Limited, has waived its entitlement to either ordinary or preference dividends on a rolling basis prior to the start of each year since it has taken ownership

**6 Called up share capital**

	2011 £000	2010 £000
<b>Authorised</b>		
10 ordinary shares of 10p each (2010 9,237,193 ordinary shares of 10p each)	-	924
Nil class A ordinary shares of 10p each (2010 267,858 class A ordinary shares of 10p each)	-	27
Nil 'A' preference shares of £1 each (2010 2,800,000 'A' preference shares of £1 each)	-	2,800
Nil 'B' preference shares of £1 each (2010 850,000 'B' preference shares of £1 each)	-	850
Nil class C ordinary shares of 10p each (2010 64,279 class C ordinary shares of 10p each)	-	6
Nil class C ordinary shares of 1p each (2010 4,306,700 class C ordinary shares of 1p each)	-	43
	<hr/> -	<hr/> 4,650
	<hr/>	<hr/>

**Notes** (continued)  
forming part of the financial statements)

**6. Called up share capital (continued)**

	2011 £000	2010 £000
<b>Allotted, called up and fully paid</b>		
10 Ordinary shares of 10p each (2010 522,114 ordinary shares of 10p each)	-	52
Nil class A ordinary shares of 10p each (2010 110,295 class A ordinary shares of 10p each)	-	11
Nil 'A' preference shares of £1 each (2010 2,800,000 'A' preference shares of £1 each)	-	2,800
Nil 'B' preference shares of £1 each (2010 850,000 'B' preference shares of £1 each)	-	850
Nil class C ordinary shares of 10p each (2010 64,279 class C ordinary shares of 10p each)	-	6
Nil class C ordinary shares of 1p each (2010 4,306,693 class C ordinary shares of 1p each)	-	43
	-	3,762
Shares classified as shareholders' funds	-	101
Shares classified as liabilities (see note 5)	-	3,661
	-	3,762

**7 Profit and loss account**

	2011 £000	2010 £000
At beginning of year	1,974	1,974
Share capital reduction – Ordinary shares	1,223	-
Share capital reduction – Preference shares	3,661	-
Dividend in specie	(6,858)	-
At end of year	-	1,974

**8 Reconciliation of movement in shareholders' funds**

	2011 £000	2010 £000
Share capital reduction – Preference shares	3,661	-
Dividend in specie	(6,858)	-
Net movement in shareholders' funds	(3,197)	-
Shareholders' funds at start of year	3,197	3,197
Shareholders' funds at end of year	-	3,197

**Notes** (continued)  
*forming part of the financial statements*

**9. Immediate and ultimate parent company**

The company's immediate parent company is Miller Homes Holdings Limited and its ultimate parent company is The Miller Group Limited. Both companies are registered in Scotland and incorporated in Great Britain and their accounts can be obtained from the Registrar of Companies, Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

At the date of approval of these financial statements, the company was controlled by GSO Capital Partners LP, a division of the Blackstone Group.