

Miller Gadsby (Castle Marina) Limited

Directors' Report and Financial Statements

31 December 2007

Registered number 4416753

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Directors' Report

The directors have pleasure in presenting their report and audited financial statement for the year ended 31 December 2007

Principal activity

The principal activity of the company is that of residential property development

Results and Dividends

The result for the year is set out in the profit and loss account. The directors do not recommend the payment of a dividend for the year (2006 £2,600,000)

Directors

The directors who held office during the financial year were

Peter J Gadsby
Christopher J Endsor
Andrew J Noton
Michael H Brayshaw
Martyn J Cabbage

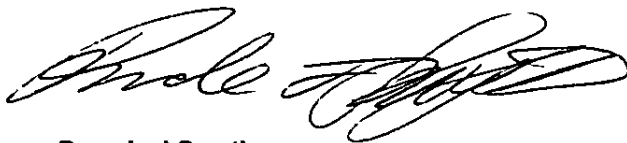
Disclosure of information to auditors

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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the Board



Pamela J Smyth
Secretary

31 July 2008

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

The financial statements are required by law to 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 judgments 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 proper accounting records that 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 1985. 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 Auditors' Report to the Members of Miller Gadsby (Castle Marina) Limited

We have audited the financial statements of Miller Gadsby (Castle Marina) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statement gives a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the then year ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


KPMG LLP
Chartered Accountants
Registered Auditor
Edinburgh

23 September 2008

Profit and Loss Account

For the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover		13,428	8,817,801
Cost of sales		(1,942)	(6,308,822)
Gross profit		11,486	2,508,979
Administrative expenses		-	(86,216)
Operating profit		11,486	2,422,763
Interest payable and similar charges	3	-	(5,871)
Interest receivable and similar income	4	19,128	40,351
Profit on ordinary activities before taxation		30,614	2,457,243
Tax on profit on ordinary activities	5	(9,184)	(831,339)
Profit for the financial year	10	21,430	1,625,904

Other than the profit for the year there are no recognised gains or losses

The notes on pages 6 to 9 form part of these financial statements

Balance Sheet

As at 31 December 2007

	Note	2007 £	2006 £
Current assets			
Debtors	7	107,869	26,482
Cash at bank		607,234	1,471,678
		<u>715,103</u>	<u>1,498,160</u>
Creditors: amounts falling due within one year	8	(439,475)	(1,243,962)
Net assets		<u>275,628</u>	<u>254,198</u>
Capital and reserves			
Called up share capital	9	1,000	1,000
Profit and loss account	10	274,628	253,198
		<u>275,628</u>	<u>254,198</u>
Shareholders' funds	11	<u>275,628</u>	<u>254,198</u>

These financial statements were approved by the board of directors on 31 July 2008 and were signed on its behalf by



Peter J Gadsby
Director



Andrew J Noton
Director

The notes on pages 6 to 9 form part of these financial statements

Notes *(Forming part of the financial statements)*

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of Accounting

The accounts are prepared under the historical cost basis of accounting and in accordance with applicable accounting standards

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date except as otherwise provided by FRS 19

Turnover

Turnover represents the invoiced value of sales and other services provided to third parties during the period, exclusive of value added tax

Development work in progress

Development work in progress has been valued at cost plus attributable overheads or net realisable value if lower

Dividend on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Staff numbers and costs

The company has no employees. The directors did not receive any remuneration from the company during the year

2 Auditors remuneration

	2007	2006
	£	£
Auditors remuneration	840	1,000
Management fees payable to fellow subsidiary (included in administrative expenses)	-	86,216
	<hr/>	<hr/>

Notes (continued)

3. Interest payable and similar charges

	2007 £	2006 £
Interest on bank loan	-	5,871

4. Interest receivable and similar income

	2007 £	2006 £
Bank interest receivable	19,128	40,351

5. Tax on ordinary activities

Analysis charge for the year	2007 £	2006 £
UK Corporation tax:		
Current tax on income for the year	9,184	737,173
Deferred tax – origination of timing difference	-	-
Prior year adjustment	-	94,166
Tax on profit on ordinary activities	9,184	831,339

Intercompany balances are stated after amounts due in respect of group relief receivable/payable

Factors affecting tax charge for year

The current tax charge for the year is equal to (2006 higher than) than the standard rate of corporation tax in the UK 30% (2006 30%) The difference is explained below

Current tax reconciliation	2007 £	2006 £
Profit on ordinary activities before tax	30,614	2,457,243
Current tax at 30% (2006 30%)	9,184	737,173
<i>Effect of</i>		
Corporation tax on transfer pricing adjustment (note 12)	115,665	78,627
Reimbursement from shareholders	(115,665)	(78,627)
Prior year adjustment	-	94,166
Total current tax charge (see above)	9,184	831,339

Notes (continued)

6. Dividend

	2007 £	2006 £
Ordinary dividend	-	2,600,000
	<u> </u>	<u> </u>

7. Debtors

	2007 £	2006 £
Corporation tax recoverable (see note 8)	106,481	-
Other debtors	1,388	26,482
	<u> </u>	<u> </u>
	107,869	26,482
	<u> </u>	<u> </u>

8. Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts due to parent undertaking	327,073	211,409
Amounts due to related parties	-	46,786
Trade creditors	-	282,966
Corporation tax	-	657,268
Accruals and deferred income	112,402	45,533
	<u> </u>	<u> </u>
	439,475	1,243,962
	<u> </u>	<u> </u>

Notes (continued)

9. Called up share capital

	2007 £	2006 £
<i>Authorised, allotted, called up & fully paid</i>		
500 A ordinary shares of £1 each	500	500
500 B ordinary shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

The A&B shares have equal voting rights and rank par passu as set out in the articles of the company

10. Profit and loss account

	£
At 31 December 2006	253,198
Profit for the year	21,430
	<u>274,628</u>
At 31 December 2007	<u>274,628</u>

11. Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Profit for the year	21,430	1,625,904
Dividend paid (note 6)	-	(2,600,000)
Shareholders' funds at start of year	254,198	1,228,294
	<u>275,628</u>	<u>254,198</u>
Shareholders' funds at end of year	<u>275,628</u>	<u>254,198</u>

12. Related party disclosures

The company is controlled jointly by Miller Homes Holdings Limited and Ark Capital Limited

Where amounts payable to shareholders are not at market value, the shareholders reimburse/ receive payment from the company for an amount equivalent to the corporation tax payable/ receivable in respect of the difference

During the year the company paid construction and development costs of £94,425 (2006 £1,220,883) to Miller Homes Limited, a subsidiary of Miller Homes Holdings Limited, together with management fees of £nil (2006 £86,216). At the year end £325,794 (2006 £210,130) was owed to The Miller Group Limited, £nil (2006 £46,786) to Miller Homes Limited and £1,279 (2006 £1,279) to PJ Gadsby