Miller (Cobblers Hall) Limited

Directors' Report and Financial Statements

31 December 2007
Registered number 05483570

Contents

Directors' Report

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

Principal activity

The principal activity of the company is that of residential property development The directors consider the year end financial position to be satisfactory

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

Directors

The directors of the company during the year were

Ewan T Anderson	
Donald W Borland	(Resigned 20 August 2007)
Brian Light	
Michael Poxton	
Moira J Kinniburgh	(appointed 5 September 2007)

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

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP therefore continue in office

By order of the Board

Pamela J Smyth
Secretary

30 May 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 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 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 (Cobblers Hall) Limited

We have audited the financial statements of Miller (Cobblers Hall) 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 Director's 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 statements give 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 loss for the year then 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

KPMG LLP
Chartered Accountants
Registered Auditor
Edinburgh

30 May 2008

Profit and Loss Account

For the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover		**6,004,251**	4,835,561
Cost of sales		**(5,664,496)**	(4,138,364)
Gross profit		**339,755**	697,197
Administrative expenses		**(408,909)**	(489,814)
Operating (loss)/profit		**(69,154)**	207,383
Interest payable and similar charges	3	**(520,392)**	(580,476)
Loss on ordinary activities before taxation		**(589,546)**	(373,093)
Tax on loss on ordinary activities	4	**176,864**	111,928
Loss for the financial year	10	**(412,682)**	(261,165)

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

Balance Sheet
As at 31 December 2007

	Note	2007 £	2006 £
Current assets			
Stocks and work in progress	5	**9,611,895**	11,811,029
Debtors	6	**230,532**	1,052
		9,842,427	11,812,081
Creditors: amounts falling due within one year	7	**(7,167,280)**	(375,855)
Total assets less current liabilities		**2,675,147**	11,436,226
Creditors: amounts falling out with one year	8	**(3,647,397)**	(11,995,794)
Net liabilities		**(972,250)**	(559,568)
Capital and reserves			
Called up share capital	9	**2**	2
Profit and loss account	10	**(972,252)**	(559,570)
Deficit in Shareholders' Funds	11	**(972,250)**	(559,568)

These financial statements were approved by the board of directors on 30 May 2008 and were signed on its behalf by

Ewan T Anderson
Director

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 financial statements have been prepared under the historical cost basis of accounting and in accordance with applicable accounting standards

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company's results are consolidated within its ultimate parent company, The Miller Group Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of The Miller Group Limited, within which this company is included, can be obtained from the address in note 12

Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale of new houses and is based on the selling price for the unit, net of any cash incentives, and is recognised on legal completion and receipt of cash

Going concern

Notwithstanding the deficit in shareholder funds at 31 December 2007, the financial statements have been prepared on the basis of a going concern as the parent undertaking has confirmed that it will for the foreseeable future and for a period of at least twelve months from the date of approval of the financial statements continue to make available such funds as are needed by the company and that it will not seek repayment of the amounts already made available

Development work in progress

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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

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

Notes *(continued)*

Staff numbers and costs

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

2. Loss on ordinary activities before taxation

	2007	2006
	£	£
This is stated after charging -		
Auditors remuneration	**1,050**	620
Management fees payable to fellow subsidiary (including as administrative expenses)	**408,909**	489,814

3 Interest payable and similar charges

	2007	2006
	£	£
Interest payable on bank loan	**520,392**	580,476

4. Tax on loss on ordinary activities

Analysis of charge for the year

	2007	2006
	£	£
UK corporation tax:		
Current tax on loss in year	-	-
Group relief receivable	**(176,864)**	(111,928)
Tax on loss on ordinary activities	**(176,864)**	(111,928)

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 higher than (2006 higher than) the standard rate of corporation tax in the UK (30%) (2006 30%)

Current tax reconciliation

	2007	2006
	£	£
Loss on ordinary activities before tax	**(589,546)**	(373,093)
Current tax at 30%	**(176,864)**	(111,928)
Effect of		
Group relief receivable	**176,864**	111,928
Total current tax charge (see above)	-	-

Notes *(continued)*

5. Stocks and work in progress

	2007 £	2006 £
Work in progress	**9,141,051**	11,811,029
Part exchange properties	**470,844**	-
	9,611,895	11,811,029

6. Debtors

	2007 £	2006 £
Other debtors	**1,997**	1,050
Unpaid share capital	**2**	2
Amounts due from fellow subsidiaries	**228,533**	-
	230,532	1,052

7. Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loan	**7,131,631**	-
Other creditors	**-**	2,058
Accruals and deferred income	**35,651**	42,658
Amounts owed to fellow subsidiaries	**-**	331,139
	7,167,280	375,855

8. Creditors: amounts falling out with one year

	2007 £	2006 £
Bank loan	**-**	8,348,397
Intercompany loan	**3,647,397**	3,647,397
	3,647,397	11,955,794

The bank loan is subject to interest at base rate plus 1 15% and final repayment is due to be made by September 2008 The bank loan is secured against the company's assets The shareholder loan is not subject to any interest charge and repayment is due subsequent to the repayment of the repayment of the bank loan

Notes *(continued)*

9. Called up share capital

	2007	2006
	£	£
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up, but unpaid		
2 ordinary shares of £1 each	**2**	2

10. Profit and loss account

	2007	2006
	£	£
At beginning of year	**(559,570)**	(298,405)
Retained loss for the year	**(412,682)**	(261,165)
At end of year	**(972,252)**	(559,570)

11. Reconciliation of movement in shareholders' funds

	2007	2006
	£	£
Loss for the year	**(412,682)**	(261,165)
Shareholders' funds at beginning of year	**(559,568)**	(298,403)
Shareholders' funds at end of year	**(972,250)**	(559,568)

12. 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, 37 Castle Terrace, Edinburgh, EH1 2EB