Miller (Cobblers Hall) Limited

Directors' Report and Financial Statements

For the year ended 31 December 2010
Registered number 05483570

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Contents

Directors' Report

The directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2010

Principal activity

The principal activity of the company is that of residential property development The company is expected to sell its final housing unit by the end of 2012, at which time it will cease to trade As the directors do not intend to acquire a replacement trade, these financial statements have not been prepared on a going concern basis

Results and dividends

The result for the year is set out in the profit and loss account The directors are unable to recommend the payment of a dividend for the year

Directors

The directors of the company during the year were

Ewan T Anderson	(resigned 29 March 2011)
Brian Light	(resigned 31 May 2010)
Moira J Kinniburgh	
John S Richards	
Ian Murdoch	(appointed 29 March 2011)

Disclosure of information to auditor

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 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

Ian Murdoch

Ian Murdoch
Director
21 March 2012

2 Centro Place
Pride Park
Derby
DE24 8RF

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 As explained in note 1, the directors do not believe it is appropriate to prepare these financial statements on a going concern basis

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

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's 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 2010 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) These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements

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

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

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 2010 and of its loss 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 Director's 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.

28 March 2012

M Ross (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Profit and Loss Account
For the year ended 31 December 2010

	Note	**2010** **£**	2009 £
Turnover	*1*	**3,317,378**	1,728,795
Cost of sales		**(4,531,278)**	(1,311,454)
Gross (loss)/profit		**(1,213,900)**	417,341
Administrative expenses		**(475)**	(2,145)
Operating (loss)/profit		**(1,214,375)**	415,196
Interest payable and similar charges	*3*	**(210,672)**	(206,707)
(Loss)/profit on ordinary activities before taxation	*2*	**(1,425,047)**	208,489
Tax on (loss)/profit on ordinary activities	*4*	**-**	136
(Loss)/profit for the financial year	*10*	**(1,425,047)**	208,625

There are no recognised gains or losses other than those disclosed above

The results for the financial year have been derived from continuing activities

The notes on pages 6 to 10 form part of these financial statements

Balance Sheet
As at 31 December 2010

	Note	2010 £	2009 £
Current assets			
Stocks and work in progress	5	**3,748,285**	6,543,773
Debtors	6	**190,507**	286,639
		3,938,792	6,830,412
Creditors: amounts falling due within one year	7	**(9,183)**	(18,849)
Total assets less current liabilities		**3,929,609**	6,811,563
Creditors: amounts falling out with one year	8	**(8,230,444)**	(9,687,351)
Net liabilities		**(4,300,835)**	(2,875,788)
Capital and reserves			
Called up share capital	9	**2**	2
Profit and loss account	10	**(4,300,837)**	(2,875,790)
Shareholders' deficit	11	**(4,300,835)**	(2,875,788)

The notes on pages 6 to 10 form part of these financial statements

These financial statements were approved by the board of directors on 21 March 2012 and were signed on its behalf by

Ian Murdoch

Ian Murdoch
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

The company continues to sell residential units and expects to sell its final units during 2012, at which time it will cease to trade As the directors do not intend to acquire a replacement trade, these financial statements have not been prepared on a going concern basis.

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 The incentives offered to customers affect the recognition of turnover Where cash incentives are given the full cash amount is deducted from turnover Where properties are sold under a shared equity scheme, up to 25% of the value of the property is offered to the customer by way of an interest free loan from a fellow subsidiary undertaking In recognising the initial sale of the properties sold under shared equity schemes, the company includes the relevant value in turnover and balances with fellow subsidiary undertakings

Development work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value Net realisable value in relation to housing stocks is assessed by taking account of estimated selling price less all estimated costs of completion and appropriate attributable overheads

The directors have refined the methodology used in applying this accounting policy by re-assessing the overheads to be included in determining the net realisable value of housing stocks and work in progress The aggregate financial impact associated with this refinement is to reduce housing work in progress as at 31 December 2010 by £0 4m and to reduce current year operating profit by an equivalent amount. The directors believe this accounting policy refinement has the effect of more closely aligning the application of the company's accounting policy with equivalent policies adopted by the company's housing industry peers

Taxation

The charge for taxation is based on the profit for the year and takes in to account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred taxation is recognised, without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 Deferred tax assets are recognised to the extent that these amounts are considered more likely than not to be recoverable in the foreseeable future

Notes (continued)

1 **Accounting policies** *(continued)*

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

Cash flow statement

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

2 **(Loss)/profit on ordinary activities before taxation**

	2010	2009
	£	£
This is stated after charging -		
Auditor's remuneration	**475**	1,090
Exceptional charge/(credit) – write down of land and housing stock	**1,198,520**	(412,980)

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

3 **Interest payable and similar charges**

	2010	2009
	£	£
Interest payable on bank loan	**210,672**	206,707

Notes *(continued)*

4 Tax on (loss)/profit on ordinary activities

Analysis of charge for the year

	2010 £	2009 £
UK corporation tax.		
Prior year adjustment	-	136
Tax on (loss)/profit on ordinary activities	-	136

Factors affecting tax charge for year
The current tax charge for the year is higher than (2009 lower than) the standard rate of corporation tax in the UK of 28% (2009 28%)

Current tax reconciliation

	2010 £	2009 £
(Loss)/profit on ordinary activities before tax	**(1,425,047)**	208,489
Current tax at 28% (2009 28%)	**(399,013)**	58,377
Effect of		
Prior year adjustment	-	136
Current year losses for which no deferred tax asset has been provided	**399,013**	-
Utilisation of brought forward losses	-	(58,377)
Total current tax charge (see above)	-	136

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011 The Budget on 25 March 2011 announced an incremental rate reduction from 27% to 26% to apply from 1 April 2011 This will reduce the company's future tax charge accordingly

No deferred tax asset has been recognised because it is not possible to confirm with reasonable assurance that sufficient future taxable profit will be available against which the company can utilise its tax losses

5. Stocks and work in progress

	2010 £	2009 £
Work in progress	**3,748,285**	6,441,230
Part exchange properties	-	102,543
	3,748,285	6,543,773

Notes *(continued)*

6 Debtors

	2010	2009
	£	£
Unpaid share capital	**2**	2
Amounts owed by fellow subsidiary undertaking	**190,505**	286,637
	190,507	286,639

7 Creditors: amounts falling due within one year

	2010	2009
	£	£
Accruals and deferred income	**9,183**	18,849

8 Creditors. amounts falling out with one year

	2010	2009
	£	£
Bank loan (secured)	**4,583,046**	6,039,953
Loan from fellow subsidiary undertaking	**3,647,398**	3,647,398
	8,230,444	9,687,351

Final repayment of the bank loan is due to be made by 29 February 2012 The bank loan is secured against the company's assets and bears interest at commercial rates The loan from the fellow subsidiary undertaking is not subject to any interest charge and repayment is due subsequent to the repayment of the bank loan and, only then, on the basis that the company has sufficient resources available to it to make such repayment Following the company's bank refinancing in 2012, final repayment of the bank loan is now due to be made by 30 June 2013

9 Called up share capital

	2010	2009
	£	£
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up, and unpaid		
2 ordinary shares of £1 each	**2**	2

Notes *(continued)*

10. Profit and loss account

	2010	2009
	£	£
At beginning of year	**(2,875,790)**	(3,084,415)
(Loss)/profit for the year	**(1,425,047)**	208,625
At end of year	**(4,300,837)**	(2,875,790)

11 Reconciliation of movement in shareholders' deficit

	2010	2009
	£	£
(Loss)/profit for the year	**(1,425,047)**	208,625
Shareholders' deficit at beginning of year	**(2,875,788)**	(3,084,413)
Shareholders' deficit at end of year	**(4,300,835)**	(2,875,788)

12 Immediate and ultimate parent company

As at 31 December 2010, 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, 4th 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 LP