MILLER PARKGATE (NO1) LIMITED

Directors' report and financial statements

For the year ended 31 December 2008

Registered number 05986711

Contents

Directors' report

The directors have the pleasure in submitting their annual report and audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company is property development.

Results

The loss after providing for taxation amounted to £235,639 (2007: loss of £49,493).

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the period were:

D W Borland
N J Harris (Resigned 20/10/2008)
J M Jackson
P H Miller
A Sutherland
M Wood

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

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

D Borland
Director
13th May 2009

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).

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 its 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.

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

Independent auditors' report to the members of Miller Parkgate (No 1) Limited

We have audited the financial statements of Miller Parkgate (No 1) Limited for the year ended 31 December 2008 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 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 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 2008 and of its loss for the year ended the 31 December 2008;
- 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

Date
18 May 2009

Profit and loss account

For the year ended 31 December 2008

	Note	2008 £	14 months to 31 December 2007 £
Turnover	2	-	-
Cost of sales		**(99,940)**	(8,351)
Gross loss		**(99,940)**	(8,351)
Administrative expenses		**(576)**	(42,366)
Operating loss		**(100,516)**	(50,717)
Interest payable	5	**(155,597)**	-
Interest receivable	6	**20,474**	1,224
Loss on ordinary activities before taxation	4	**(235,639)**	(49,493)
Tax on loss on ordinary activities	7	-	-
Loss for the financial period		**(235,639)**	(49,493)

There are no recognised gains or losses other than the loss for the period.

The loss for the year has been derived from continuing activities.

Balance sheet
at 31 December 2008

	Note	**2008**	2007
		£	£
Current assets			
Work in progress	*8*	**3,866,176**	3,166,561
Debtors	*9*	**29,740**	2
Cash at bank and in hand		**196,853**	999,243
		4,092,769	4,165,806
Creditors: amounts falling due within one year	*10*	**(2,866,147)**	-
Net current assets		**1,226,622**	4,165,806
Creditors: amounts falling due more than one year	*11*	**(1,511,752)**	(4,215,297)
Net liabilities		**(285,130)**	(49,491)
Capital and reserves			
Share capital	*12*	**2**	2
Profit and loss account	*13*	**(285,132)**	(49,493)
Shareholders' deficit		**(285,130)**	(49,491)

These financial statements were approved by the board of directors on 13th May 2009 and were signed on its behalf by:

Donald Borland
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 preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost basis of accounting.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company finances its day to day working capital requirements through a combination of funds advanced to the company by its parent undertaking and project specific bank term loan facilities.
The funds provided by the parent undertaking, which at 31 December 2008 amounted to £1,511,752, are not repayable until such time as the bank term loan facilities have been repaid and, only then, on the basis that the company has sufficient funds remaining, following repayment of the bank indebtedness, to settle the inter company indebtedness. In addition, as explained in note 10, the bank term loan facilities, which were initially repayable by July 2009, were, subsequent to the year end, extended and are now not fully repayable until December 2010.

In relation to the company's short term working capital requirements, the directors have prepared cash flow forecasts which indicate that the company should continue to have sufficient resources available to it to enable it to continue in operational existence by meeting its day to day liabilities as they fall due for payment for a period of at least twelve months from the date of approval of these financial statements.

In light of the foregoing, the directors continue to believe that it remains appropriate to prepare the financial statements on a going concern basis.

As the company is a wholly owned subsidiary of The Miller Group Limited, the company has taken advantage of the exemption contained in FRS 8 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 the company is included, can be obtained from the address shown in note 16.

Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Development work in progress

Development work in progress is carried at cost plus attributable overheads or net realisable value if lower.

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred or accelerated 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.

Notes (cont'd)

2 Turnover

Turnover represents development sales and rental income. Turnover is stated net of Value Added Tax.

3 Remuneration of directors

There were no emoluments paid to directors during the period.

4 Auditors' remuneration

Auditors' remuneration is paid by a fellow subsidiary company, Miller Developments Limited and is disclosed in the accounts of that company.

5 Interest Payable

	2008 £	14 months to 31 Dec 2007 £
Loan interest	**155,597**	-

6 Interest Receivable

	2008 £	14 months to 31 Dec 2007 £
Bank Interest	**20,474**	1,224

7 Tax on loss on ordinary activities

	2008	14 months to 31 Dec 2007
Analysis of charge in period	£	£
UK corporation tax		
Current tax on income for the period	-	-
Tax on loss on ordinary activities	-	-

Factors affecting the tax charge for the current period

Current tax for the period is lower than the standard rate of corporation tax in the UK 28.5% (2007: 30%.) The differences are explained below:

Notes (cont'd)

7

	2008	14 months to 31 Dec 2007
	£	£
Current tax reconciliation		
Loss on ordinary activities before tax	**(235,639)**	(49,493)
Current tax at 28.5%	**(67,157)**	(14,848)
Effects of:		
Group relief surrendered	**67,157**	14,848
Total current tax charge (see above)	**-**	-

8 Development work in Progress

	2008	2007
	£	£
Development sites	**3,866,176**	3,166,561

9 Debtors

	2008	2007
	£	£
Unpaid share capital	**2**	2
Other Debtors	**29,738**	-
	29,740	2

10 Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade Creditors	**53,788**	-
Other Creditors	**46,968**	-
Accruals	**6,111**	-
Bank Loan (secured)	**2,759,280**	-
	2,866,147	-

The bank loan is secured by a standard security over the development work in progress. The bank term loan was initially repayable by July 2009, however, post year end, a facility extension has been granted and the loan is now fully repayable by December 2010.

Notes (cont'd)

11 Creditors: amounts falling due greater than one year

	2008 £	2007 £
Bank Loan (secured)	-	1,040,385
Amounts owed to shareholders	**1,511,752**	3,174,912
	1,511,752	4,215,297

12 Share capital

	2008 £	2007 £
Authorised, allotted, called up and unpaid		
2 Ordinary shares of £1 each	**2**	2

13 Profit and loss account

	2008 £	2007 £
At beginning of year	**(49,493)**	-
Loss for the period	**(235,639)**	(49,493)
At end of period	**(285,132)**	(49,493)

14 Reconciliation of movement in shareholders' deficit

	2008 £	2007 £
Loss after taxation for the period	**(235,639)**	(49,493)
Share capital issued	-	2
Net reduction to shareholders' funds	**(235,639)**	(49,491)
Opening Shareholder deficit	**(49,491)**	-
Closing deficit in shareholders' funds	**(285,130)**	(49,491)

Notes (cont'd)

15. Contingent liabilities

The company has, with certain other Group companies, jointly provided guarantees in support of property specific term loan facilities made available by The Lloyds Banking Group to certain other Group companies.

16. Ultimate parent company

The company's ultimate parent company is The Miller Group Limited, a company registered in Scotland. The accounts of The Miller Group Limited can be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.