

MDL Holdings Limited

Registered number: 09858936

Directors' report and financial statements

For the year ended 31 December 2017

THURSDAY



S791V6T7

SCT

28/06/2018

#336

COMPANIES HOUSE

MDL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Michael Carruthers Richard De Blaby Euan Haggerty (resigned 11 May 2017) David Milloy Gordon Moore Graeme Shankland Albert Smith Andrew Sutherland Michael Whitman
Company secretary	Kirsty MacGregor (resigned 11 May 2017)
Registered number	09858936
Registered office	Condor House St Paul's Churchyard London EC4M 8AL

MDL HOLDINGS LIMITED

CONTENTS

	Page
Group strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 7
Consolidated profit and loss account	8
Consolidated statement of comprehensive income	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated statement of cash flows	14 - 15
Notes to the financial statements	16 - 38

MDL HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors submit their report and financial statements for the year ended 31 December 2017.

MDL Holdings Limited is the holding company of Miller Developments, formerly the commercial property division of The Miller Group (UK) Limited. The principal activity of the Company is that of a holding company. The Company's investments are in subsidiaries and joint ventures which are involved in property development.

Key Highlights

- Profit before tax excluding exceptional costs of £1.2 million
- Turnover of £32.1 million dominated by activities at two of the Group's larger developments sites, Omega in Warrington and Arena Central in Birmingham
- 5 million sq ft commercial development pipeline together with land with potential for over 3,000 residential units

Business review

Miller Developments delivered a profit before tax (excluding exceptional items) of £1.2 million (2016: £4.6 million). The business has had an active year with significant further development at its key longer-term development sites at Omega near Warrington and Arena Central in Birmingham, along with securing planning consents and progressing the planning status at its residential change of use sites.

At Omega, a further logistics unit was completed on Omega South during the year which is a 108,070 sq ft production, storage and distribution unit for Dominos, the well-known pizza company. This has taken total development since 2012 to over 3.4m sq ft. Funding was recently secured from Mountpark to speculatively develop 750,000 sq ft of logistics space over 4 buildings with practical completion scheduled for November 2018. Omega is perceived as the pre-eminent manufacturing and logistics site in the Northwest of England and is well-placed to benefit from ongoing demand in what is a relatively buoyant property sector.

Omega also completed its second residential land sale having secured planning consent for the next stage of development on Omega South which included a proposal for up to 1,100 new homes plus retail, leisure and community uses. Miller Homes have commenced construction of Phase 1 for 200 units in total with the sale of Phase 2 in the year to Redrow comprising 247 units which will also be completed in 2018. Both include homes for private sale and affordable homes.

Our joint venture at Arena Central in Birmingham has continued with a sale agreement signed in the autumn for the development of the 240,000 sq ft 3 Arena Central Grade A office building which has been pre-let to the UK government on a 25-year lease with the development funded by L&G with full occupation expected by 2020. The 14-storey building will house more than 3,600 civil servants from a number of departments including HM Revenue and Customs (HMRC) and the Department for Work and Pensions (DWP). In addition, the development of the 210,000 sq ft 2 Arena Central Grade A office building (the head office of HSBC UK's ring-fenced bank serving personal and business customers) neared completion. The project is developing a turnkey building for HSBC, which they themselves are funding, will be handed over for occupation in 2018. The joint venture is continuing to provide the necessary infrastructure which will benefit the balance of the site and help facilitate the development of the remaining 3 areas.

As a result of the continued depressed state of the oil and gas sector, Miller Developments is managing its Aberdeen landholdings to maximise the available revenues and control our holding costs. D2 Business Park, Dyce is well placed to benefit from both any recovery and the completion in 2018 of the Aberdeen Western Periphery Route (AWPR) which is accessed directly from the Airport Link Road which dissects D2. The majority of the site is fully serviced and platformed and ready for immediate development and benefits from a flexible planning consent. Miller Developments also owns a number of property interests through its Miller Cromdale joint venture in Aberdeen's North Dee Business Quarter, which will continue to be managed until such time as the market recovers to allow future development.

MDL HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

During the year there were also receipts from Cala following residential planning consent being granted at Riccarton, on the outskirts of Edinburgh, where we jointly promote our individual ownerships, the sale of 60 acres to Arnold Clarke at Linwood for commercial use and the remainder of the development site at Fort William was sold to Ben Nevis Motors and the Highland Council. Work continues on obtaining planning consent for the 55 acre site in Newton Mearns, Glasgow which was purchased in 2016.

The business continues to focus resource and new investment on land with potential to add value through obtaining a change of use planning consent with a particular emphasis on residential. Progress continues on the development at our 63.4 acre brownfield site in Paisley (owned in joint venture) for residential use with contracts concluded with 2 national housebuilders and the sale of the first phase of our 31 acre site at Markinch in Fife, to Persimmon, with completion of both expected in late Spring 2018.

Miller Developments is well placed to capitalise on occupier and investment demand for commercial and residential property and land with further development and planning progress on its key development and change of use sites.

Principal risks and uncertainties

A strong risk management culture and strategy is firmly embedded in our approach to business. Prior to committing to any new development, we look to agree a significant proportion of pre-lets/pre-sales. Where the development contains an obligation to undertake significant construction works we will either forward fund or obtain bank finance. A significant amount of our business is undertaken in joint venture with established and trusted partners along with new partners who share similar values. We provide development management, project management and accounting services for joint ventures.

We have a core team of experienced property professionals with broad experience and contacts across all sectors to enable the business to maximise the opportunities that exist within the current market.

Outlook

The sale post year-end of our last remaining overseas asset, the shopping centre in Romania, allows us now to focus all our efforts on the UK market.

With the geographic focus of our portfolio, the short term outlook is regionally dependent. The low oil price remains the main factor affecting activity in Aberdeen and impacts the timing of further development on our Aberdeen sites. However, they are well located key strategic development sites that will be able to deliver development activity once the market recovers.

The Northwest logistics market remains very strong and work has now started on a 750,000 sq.ft. site forward funded by Mountpark which is expected to complete in late 2018. The completion of the second residential land sale at Omega South to Redrow will provide up to 260 residential units. Given the success to date of our site at Omega, we would expect the project to continue to deliver a strong performance and contribute significant profits to the business.

Arena Central in Birmingham is establishing itself as a desirable office location and given the size and scale of the site with HSBC almost complete and the new government hub development underway, it is well placed to take advantage of significant office requirements not only in the city but also nationally relocating from other areas of the country, particularly London.

Demand for residential sites by the major housebuilders in the UK provides an opportunity for the business to grow its change of use business and add significant value through planning. We see this continuing to be a more significant part of the business going forward.

There is continued political and economic uncertainty resulting from the ongoing Brexit negotiations with the EU which will no doubt have repercussions for all sectors of the economy including property. Given the lack of clarity

MDL HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

of the ultimate outcome, it must be considered an additional downside risk to the operations of the business but one of which we are very aware and remains at the forefront of our strategic planning. The potential for a second Scottish Independence Referendum adds a further layer of uncertainty but it is too early to draw any firm conclusions.

In summary, while our developments in Aberdeen will continue to be affected by the low oil price in the medium term, the market indicators are positive for the balance of the business. With continued development progress and a strong pipeline of opportunities through our key strategic developments sites at Arena Central in Birmingham and at Omega, Warrington, and a growing change of use business driven by residential demand, we are well placed to continue to deliver a strong performance.

This report was approved by the board on 25 June 2016

and signed on its behalf.



David Milloy
Director

MDL HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting 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;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £733,000 (2016 - £5,031,000).

Particulars of dividends paid are detailed in the Statement of changes in equity.

Directors

The directors who served during the year were:

Michael Carruthers
Richard De Blaby
Euan Haggerty (resigned 11 May 2017)
David Milloy
Gordon Moore
Graeme Shankland
Albert Smith
Andrew Sutherland
Michael Whitman

MDL HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Political contributions and charitable donations

The Group made no political donations during the year. Donations to UK charities amounted to £nil (2016: £900).

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

Miller Centre SRL, a wholly-owned subsidiary of Miller Investitii which is a wholly owned subsidiary of Miller Holdings International Limited, was sold on 14 February 2018.

Auditor

The auditor, KPMG, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 June 2018

and signed on its behalf.



David Milloy
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MDL HOLDINGS LIMITED

Opinion

We have audited the financial statements of MDL Holdings Limited ("the company") for the year ended 31 December 2017 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MDL HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Katie Morrison (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2EG
26 JUNE 2018

MDL HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Turnover	4	32,142	49,611
Cost of sales		(30,196)	(42,714)
Gross profit		<u>1,946</u>	<u>6,897</u>
Administrative expenses		(2,577)	(2,980)
Operating (loss)/profit	5	(631)	3,917
Group share of profits in joint ventures		2,049	1,462
Group share of profits in associates		4	37
Income from fixed asset investments		33	1,398
Loss on disposal of tangible fixed assets		-	(1,968)
Interest receivable and similar income	9	41	75
Interest payable and similar expenses	10	(684)	(875)
Profit before tax		<u>812</u>	<u>4,046</u>
Tax on profit	11	(79)	985
Profit for the financial year		<u><u>733</u></u>	<u><u>5,031</u></u>

The notes on pages 16 to 38 form part of these financial statements.

These activities relate to continuing operations.

MDL HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £000	2016 £000
Profit for the financial year	733	5,031
Other comprehensive income		
Revaluation of existing interest in Joint Venture	-	1,313
Currency translation differences	159	572
Other comprehensive income	-	40
Other comprehensive income for the year	159	1,925
Total comprehensive income for the year	892	6,956

MDL HOLDINGS LIMITED
REGISTERED NUMBER: 09858936

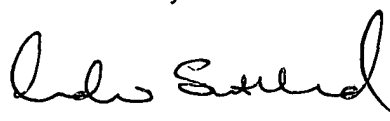
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	12	2,232	2,494
Tangible fixed assets	13	169	223
Investments	14	22,392	22,242
		<u>24,793</u>	<u>24,959</u>
Current assets			
Stocks	15	18,885	21,423
Debtors: amounts falling due within one year	16	26,723	17,188
Cash and cash equivalents	17	17,630	34,246
		<u>63,238</u>	<u>72,857</u>
Creditors: amounts falling due within one year	18	(33,890)	(31,036)
Net current assets		<u>29,348</u>	<u>41,821</u>
Total assets less current liabilities		<u>54,141</u>	<u>66,780</u>
Creditors: amounts falling due after more than one year		(9,317)	(8,016)
Provisions for liabilities	21	(669)	(534)
Net assets		<u>44,155</u>	<u>58,230</u>
Capital and reserves			
Called up share capital	22	81	81
Revaluation reserve		1,313	1,313
Merger reserve		919	919
Profit and loss account		41,842	55,917
Shareholders' funds		<u>44,155</u>	<u>58,230</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

25 June 2018


David Milloy
 Director


Andrew Sutherland
 Director

The notes on pages 16 to 38 form part of these financial statements.

MDL HOLDINGS LIMITED
REGISTERED NUMBER: 09858936

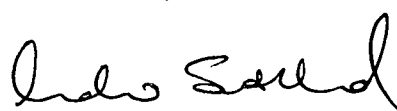
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	14	81	81
		<u>81</u>	<u>81</u>
Current assets			
Cash and cash equivalents	17	44	-
		<u>44</u>	<u>-</u>
Creditors: amounts falling due within one year	18	(11)	-
		<u>(11)</u>	<u>-</u>
Net current assets		33	-
Total assets less current liabilities		<u>114</u>	<u>81</u>
Net assets		<u>114</u>	<u>81</u>
Capital and reserves			
Called up share capital	22	81	81
Profit and loss account		33	-
Shareholders' funds		<u>114</u>	<u>81</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

25 June 2018


David Milloy
 Director


Andrew Sutherland
 Director

MDL HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	81	1,313	919	55,917	58,230
Comprehensive income for the year					
Profit for the year	-	-	-	733	733
Currency translation differences	-	-	-	159	159
Other comprehensive income for the year	-	-	-	159	159
Total comprehensive income for the year	-	-	-	892	892
Dividends	-	-	-	(14,967)	(14,967)
At 31 December 2017	81	1,313	919	41,842	44,155

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2016	81	-	919	50,274	51,274
Comprehensive income for the year					
Profit for the year	-	-	-	5,031	5,031
Currency translation differences	-	-	-	572	572
Surplus on revaluation of other fixed assets	-	1,313	-	-	1,313
Other comprehensive income	-	-	-	40	40
Other comprehensive income for the year	-	1,313	-	612	1,925
Total comprehensive income for the year	-	1,313	-	5,643	6,956
At 31 December 2016	81	1,313	919	55,917	58,230

The notes on pages 16 to 38 form part of these financial statements.

MDL HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	81	-	81
Comprehensive income for the year			
Profit for the year	-	15,000	15,000
	-	15,000	15,000
Total comprehensive income for the year			
Dividends	-	(14,967)	(14,967)
	-	(14,967)	(14,967)
At 31 December 2017	81	33	114

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Total equity
	£000	£000
At 1 January 2016	-	-
	-	-
Total comprehensive income for the year		
Share capital issued	81	81
	81	81
At 31 December 2016	81	81

The notes on pages 16 to 38 form part of these financial statements.

MDL HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £000	2016 £000
Cash flows from operating activities		
Profit for the financial year	733	5,031
Adjustments for:		
Amortisation of intangible assets	262	131
Depreciation of tangible assets	56	61
Loss on disposal of tangible assets	-	1,968
Interest paid	684	875
Interest received	(41)	(75)
Taxation credit/(charge)	79	(985)
Decrease in stocks	2,538	503
Increase in debtors	(9,535)	(9,421)
Increase in creditors	3,411	11,748
Increase/(decrease) in provisions	135	(1,048)
Share of profits from fixed asset investments	(33)	(1,398)
Share of profits in joint ventures	(2,049)	(1,462)
Share of profits in associates	(4)	(37)
Foreign exchange	159	572
Net cash generated from operating activities	(3,605)	6,463
Cash flows from investing activities		
Purchase of tangible fixed assets	(2)	(153)
Sale of tangible fixed assets	-	9,578
New loans to joint ventures	(324)	(1,776)
Joint ventures loans repaid	787	451
Interest received	41	75
Dividends received	844	415
Acquisition of subsidiaries, net of cash acquired	-	2,868
Income from investments	629	6,377
Net cash from investing activities	1,975	17,835

MDL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £000	2016 £000
Cash flows from financing activities		
Repayment of loans	(805)	(4,769)
Increase in loan funding	1,470	3,562
Dividends paid	(14,967)	-
Interest paid	(684)	(875)
Net cash used in financing activities	(14,986)	(2,082)
Net (decrease)/increase in cash and cash equivalents	(16,616)	22,216
Cash and cash equivalents at beginning of year	34,246	12,030
Cash and cash equivalents at the end of year	17,630	34,246
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	17,630	34,246
	17,630	34,246

MDL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

MDL Holdings Limited is a Company limited by shares, registered in England and Wales. Its registered office is Condor House, St Paul's Churchyard, London, EC4M 8AL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated profit and loss account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.4 Going concern

MDL Holdings Limited and its subsidiaries operate as Miller Developments, formerly the commercial property division of The Miller Group (UK) Limited. The day to day working capital requirements of Miller Developments are provided through cash generated by the Company and its subsidiary companies, and banking facilities provided by Santander PLC to a subsidiary company, Miller Developments Holdings Limited.

At the year end and the date of signing these accounts amounts drawn under these facilities were £2,170,000. The banking facilities are subject to certain financial covenants.

In relation to the Group's working capital requirements, the directors have prepared cash flow forecasts and financial projections which indicate that the Company and the wider Miller Developments business will continue to have sufficient resources available to it to enable it to continue in operational existence and meet its liabilities as they fall due for payment for a period of at least twelve months from the date of approval of these financial statements. These projections also show compliance with banking covenants. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue represents the value of the sales of property developments, rents receivable, management fees and other property income.

Where revenue is derived from long term contracts the value of work done during the year ascertained by reference to contract measurement in accordance stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

MDL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated profit and loss account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the revaluation model, intangible assets shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent impairment losses - provided that the fair value can be determined by reference to an active market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the balance sheet date.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development agreements	-	10	years
Goodwill	-	10	years

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	-	10%
Office & computer equipment	-	20% to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated profit and loss account.

MDL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

MDL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.15 Finance costs

Finance costs are charged to the consolidated profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.17 Share based payments

The Company has granted shares in the Company to employees of one of its subsidiaries, Miller Developments Limited. These shares are part of a long term incentive scheme and the Company accounts for these as an increase in the cost of investment in that company equivalent to the fair value of the award to the employees, spread over the period in which they are expected to benefit from that award. The corresponding credit is recognised in equity.

2.18 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the consolidated profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.19 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Interest income

Interest income is recognised in the consolidated profit and loss account using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.21 Borrowing costs

All borrowing costs are recognised in the consolidated profit and loss account in the year in which they are incurred.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.23 Taxation

Tax is recognised in the consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.24 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. Judgments in applying accounting policies and key sources of estimation uncertainty**Key sources of estimation uncertainty**

The Group believes that there are no areas of material uncertainty which affect the financial statements.

Critical accounting judgements in applying the Group's accounting policies

The Group believes that the most significant judgement applied is whether the valuation of property related assets included in the Balance Sheet and incorporated in the Group's investments in joint ventures. Development work in progress is stated at the lower of cost and net realisable value.

The Group reviews the carrying value of its development work in progress and investment in joint ventures on a quarterly basis taking into consideration development progress and future anticipated market conditions to assess net realisable value. There is a degree of uncertainty in making such assessments.

4. Turnover

All turnover relates to principle activities of the Group. Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	31,691	49,093
Rest of Europe	451	518
	<u>32,142</u>	<u>49,611</u>

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2017 £000	2016 £000
Depreciation of tangible fixed assets	56	61
Management fees	(360)	(496)
Exceptional costs - redundancy and restructuring costs	412	597
Amortisation of intangible assets, including goodwill	262	131
	<u></u>	<u></u>

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	13	13
Fees payable to the Group's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	42	42

7. Employees

	2017 £000	2016 £000
Wages and salaries	790	1,554
Social security costs	97	199
Contributions to defined contribution plans	26	83
Share based payments	-	40
Provision for cash settled MIP	-	(100)
	913	1,776

The average monthly number of employees during the year was as follows:

	2017 No.	2016 No.
Operational	3	6
Administration	2	12
Other	-	3
	5	21

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	602	1,008
Contribution to money purchase pension schemes	12	28
Compensation for loss of office	319	-
	<u>933</u>	<u>1,036</u>

The aggregation of remuneration, bonus and other related payments including compensation for loss of office of the highest paid director was £261,839 (2016: £286,755) and company pension contributions of £4,992 (2016: £nil) were made to a money purchase scheme on his behalf.

The Group operates a long term incentive scheme which rewards executive directors and other senior management for performance over a period of greater than one year. Performance conditions are aligned to the growth in value of the Group headed by MDL Holdings Limited. Current forecasts indicate that this scheme will be fully equity settled and details are included in the financial statements of MDL Investments Limited, a subsidiary company in which the scheme sits. However, prospective changes in the value of the Group could result in the requirement to adopt cash settled accounting. There is uncertainty over when this amount will ultimately be paid. Some executive directors also participate in an annual bonus scheme. Amounts payable in respect of the annual scheme are shown with directors' emoluments.

As at 31 December 2017 short-term loans to directors were outstanding as follows: Andrew Sutherland - £17,390 (2016: £17,390) and David Milloy - £17,390 (2016: £17,390). These loans are interest free and are repayable upon receipt of monies from the Group's management incentive plan by the individuals. Short term loans to Kirsty MacGregor - £924 and Euan Haggerty - £1,034 were waived on 31 May 2017 and 30 June 2017 respectively following their resignation as Directors.

9. Interest receivable

	2017 £000	2016 £000
Bank interest receivable	<u>41</u>	<u>75</u>

10. Interest payable and similar charges

	2017 £000	2016 £000
Bank interest payable	158	142
Other loan interest payable	526	733
	<u>684</u>	<u>875</u>

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	186	677
Adjustments in respect of previous periods	(107)	(1,662)
Total current tax	<u>79</u>	<u>(985)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	<u>812</u>	<u>4,046</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	157	809
Effects of:		
Adjustments to tax charge in respect of prior periods	(107)	(1,662)
Non-taxable income	-	(249)
Tax in relation to JVs	(395)	(292)
Tax in relation to LLPs	404	119
Non-taxable losses	-	389
Overseas tax	18	(105)
Other non taxable items	2	6
Total tax charge/(credit) for the year	<u>79</u>	<u>(985)</u>

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Intangible assets**Group**

	Goodwill £000	Intangible assets £000	Total £000
Cost			
At 1 January 2017	1,313	1,313	2,626
At 31 December 2017	1,313	1,313	2,626
Amortisation			
At 1 January 2017	66	66	132
Charge for the year	131	-	131
On revalued assets	-	131	131
At 31 December 2017	197	197	394
Net book value			
At 31 December 2017	1,116	1,116	2,232
At 31 December 2016	1,247	1,247	2,494

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets**Group**

	Fixtures & fittings £000	Office & computer equipment £000	Total £000
Cost			
At 1 January 2017	3,264	507	3,771
Additions	-	2	2
At 31 December 2017	<u>3,264</u>	<u>509</u>	<u>3,773</u>
Depreciation			
At 1 January 2017	3,264	284	3,548
Charge for the period on owned assets	-	56	56
At 31 December 2017	<u>3,264</u>	<u>340</u>	<u>3,604</u>
Net book value			
At 31 December 2017	<u>-</u>	<u>169</u>	<u>169</u>
At 31 December 2016	<u>-</u>	<u>223</u>	<u>223</u>

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Fixed asset investments**Group**

	Shares in joint venture undertakings £000	Results in joint venture undertakings £000	Loans to joint venture undertakings £000	Total £000
Cost or valuation				
At 1 January 2017	51	2,982	19,209	22,242
Additions	-	-	324	324
JV profit share adjustment	-	(592)	-	(592)
Repayments	-	(844)	(787)	(1,631)
Share of profit/(loss)	-	2,049	-	2,049
At 31 December 2017	51	3,595	18,746	22,392
Net book value				
At 31 December 2017	51	3,595	18,746	22,392
At 31 December 2016	51	2,982	19,209	22,242

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Fixed asset investments (continued)**Principal undertakings**

The following were principal undertakings of the Company and are all incorporated in the United Kingdom:

Name	Class of shares	Holding	Principal activity
MDL Investments Limited	Ordinary	100 %	Property development
Miller Developments Holdings Limited	Ordinary	100 %	Property development
Miller Holdings (International) Limited	Ordinary	100 %	Property development
Miller Group Holdings (UK) Limited	Ordinary	100 %	Property development
Omega Warrington Limited	Ordinary	100 %	Property development
Miller Developments Limited	Ordinary	100 %	Property development
Miller Lochside View Limited	Ordinary	100 %	Property development
Miller Developments Regeneration Limited	Ordinary	100 %	Property development
Miller Fort William Limited	Ordinary	100 %	Property development
Miller Developments Northern Limited	Ordinary	100 %	Property development
Miller (Arden House) Limited	Ordinary	100 %	Property development
Miller (Queen's Drive) Limited	Ordinary	100 %	Property development
Miller (Arena Central) Limited	Ordinary	100 %	Property development

Principal participating interests**Joint ventures**

Name	Country of incorporation	Class of shares	Holding	Principal activity
Arena Central Developments LLP	UK	Ordinary	50%	Property development
Miller Cardenden Limited	UK	Ordinary	50%	Property development
Miller Cromdale (West Wing) LLP	UK	Ordinary	50%	Property development
Miller Cromdale (Arden House) LLP	UK	Ordinary	50%	Property development
Miller Craigrossie Hawkhead LLP	UK	Ordinary	40%	Property development
Miller Markinch Limited	UK	Ordinary	50%	Property development
Newton Mearns Patterton Limited	UK	Ordinary	40%	Property development

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Fixed asset investments (continued)**Company**

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	81
At 31 December 2017	<u>81</u>
Net book value	
At 31 December 2017	<u>81</u>
At 31 December 2016	<u>81</u>

15. Stocks

	Group 2017 £000	Group 2016 £000
Development work in progress	<u>18,885</u>	<u>21,423</u>

16. Debtors

	Group 2017 £000	Group 2016 £000
Trade debtors	21,713	11,125
Other debtors	3,098	3,378
Prepayments and accrued income	1,912	2,685
	<u>26,723</u>	<u>17,188</u>

MDL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank and in hand	17,630	34,246	44	-

18. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank loans	1,345	834	-	-
Other loans	-	1,147	-	-
Trade creditors	199	175	-	-
Corporation tax	-	765	-	-
Other taxation and social security	2,752	3,704	-	-
Other creditors	17,322	12,190	11	-
Accruals and deferred income	12,272	12,221	-	-
	33,890	31,036	11	-

19. Creditors: Amounts falling due after more than one year

	Group 2017 £000	Group 2016 £000
Bank loans	1,550	2,866
Other loans	7,767	5,150
	9,317	8,016

MDL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20. Loans

This note provides information about the contractual terms of the Group's and parent company's interest bearing loans and borrowings, which are measured at amortised cost.

	Group 2017 £000	Group 2016 £000
Amounts falling due within one year		
Bank loans	1,345	834
Other loans	-	1,147
	<u>1,345</u>	<u>1,981</u>
Amounts falling due 2-5 years		
Bank loans	1,550	2,170
Other loans	7,767	-
	<u>9,317</u>	<u>2,170</u>
Amounts falling due after more than 5 years		
Bank loans	-	696
Other loans	-	5,150
	<u>-</u>	<u>5,846</u>
	<u>10,662</u>	<u>9,997</u>

Terms and debt repayment schedule

Group	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2017 £000	2016 £000
Santander banking facilities	GBP	2.40%	2021	Bi annual	2,170	2,790
Temvar Center SRL Bank loan	EUR	4.00%	2021	Monthly	725	910
Omega Warrington Limited – WBC loan	GBP	7.50%	2021	Staged development completion	3,199	2,970
Omega Warrington Limited – WBC loan	GBP	7.70%	2022	Staged development completion	4,569	3,327

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. Provisions

Group

	Onerous lease £000	Other £000	Total £000
At 1 January 2017	254	280	534
Charged to profit or loss	-	204	204
Utilised in year	(69)	-	(69)
At 31 December 2017	185	484	669

22. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
449,143,960 (2016 - 449,144,000) Ordinary 'A' shares of £0.0001 each	45	45
182,782,211 (2016 - 182,782,200) Ordinary 'B' shares of £0.0001 each	18	18
54,953,829 (2016 - 54,953,800) Ordinary 'C' shares of £0.0001 each	6	6
32,400,000 Ordinary 'D' shares of £0.0001 each	3	3
20,250,000 Ordinary 'E' shares of £0.0001 each	2	2
70,470,000 Ordinary 'F' shares of £0.0001 each	7	7
100,000 G shares of £0.0001 each	0	0
	81	81

A, B, C, D, E and F ordinary shares all rank equally with respect to voting, dividends and capital returns. G shares are not ordinary shares and G shareholders are not entitled to vote or receive dividends. In relation to capital returns, G shares shall as a class be entitled to receive £0.01.

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

23. Pension commitments

In February 2016, the Group set up the Miller Developments Limited Personal Pension Plan, a new Miller Developments Group wide defined contribution scheme for Miller Developments employees only. This plan is also an independently administered scheme with Friends Life where the assets of the scheme are held separately from those of the Group.

The total expense relating to these plans in the current year was £43,508 (2016: £105,167). There were £2,974 contributions payable to the fund at the balance sheet date.

24. Contingent liabilities

Miller Developments Holdings Limited, a subsidiary company and member of the Group, along with certain fellow group undertakings is a joint guarantor of the bank facilities provided by Santander plc to this subsidiary company. At the year end and the date of signing these accounts the amounts drawn under these facilities were £2,170,000. The bank has security by way of a debenture over the whole assets and undertakings of Miller Developments Holdings Limited and the same certain fellow group undertakings.

25. Related party transactions

The Group had amounts owed by joint ventures in respect of outstanding loans and other outstanding receivables of £18.8m (2016: £19.2m) as per Note 14.

Management fees earned during the year from joint ventures were £0.4 million (2016: £0.5 million).

Loans to directors totalled £34,780 at the year end (2016: £36,738) and are detailed in Note 8.

Key management of the Group are deemed to be the directors and details of remuneration is set out in note 8.

26. Post balance sheet events

Miller Centre SRL, a wholly-owned subsidiary of Miller Investitii which is a wholly owned subsidiary of Miller Holdings International Limited, was sold on 14 February 2018.

27. Controlling party

As at the date of approval of these financial statements, the Company is ultimately controlled by GSO Capital Partners LP, a division of the Blackstone Group LP.

MDL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

28. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

The registered office for the following entities is Condor House, St Paul's Churchyard, London, United Kingdom, EC4M 8AL.

Wholly Owned Subsidiaries

MDL Investments Limited
Miller Developments Holdings Limited
Miller (St Neots) Limited
Miller (Nottingham) Limited
Miller Tower Wharf Limited
Miller Developments Four Limited
Miller Developments Five Limited
Cussins Commercial Developments Limited
Cussins Property Group Limited
Cussins Homes (North) Limited
Cussins Homes Limited
Miller Fort William Limited
Miller (Arena Central) Limited
Miller (Queen's Drive) Limited
Omega Warrington Limited
South Queensferry

The registered office for the following entities is Miller House, 2 Lochside View, Edinburgh Park, Edinburgh, EH12 9DH.

Wholly Owned Subsidiaries

Miller Holdings (International) Limited
Miller Group Holdings (UK) Limited
Miller Developments Limited
Miller Lochside View Limited
Miller Developments One Limited
Miller Developments Regeneration Limited
Miller Developments Northern Limited
Miller Prestonholm Limited
Miller (Ardent House) Limited
Miller (Gainsborough) Limited
Miller Inverness Limited
Miller Developments Three Limited
Miller Developments (Management Services) Limited
Miller Developments (Warriston) Road Limited
Miller Alpha Limited
Miller Alpha Limited Partnership

The registered office for the following entities is No 18 Crisului Street, Room 1, Brasov County, Brasov, Romania:

Wholly Owned Subsidiaries

SC Miller Centre SRL
SC Miller Investitii SRL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

29. Participating interests**Joint Ventures**

The registered office for the following entities is Condor House, St Paul's Churchyard, London, United Kingdom, EC4M 8AL.

Joint Ventures	Ownership
Miller Cardenden Limited	50%
Arena Central Developments LLP	50%
SQ3 Limited	50%
City Road Basin Limited	51%
Miller Birch Limited	50%
Miller Birch (Nottingham) Limited	50%
Miller Birch (Chellaston) Limited	50%

The registered office for the following entities is Miller House, 2 Lochside View, Edinburgh Park, Edinburgh, EH12 9DH.

Joint Ventures	Ownership
Miller Cromdale (West Wing) LLP	50%
Miller Cromdale (Ardent House) LLP	50%
Miller Cromdale Esslemont LLP	50%
Miller Cromdale Liberty LLP	50%
Miller Cromdale Riverside Business Park Limited	50%
Miller Cromdale (Old Ford Road) Limited	50%
Miller Cromdale Limited	50%
Miller King Auchendinny LLP	50%
Miller King Kirkcaldy Limited	50%
Miller Markinch Limited	50%
Miller Craigrossie Hawkhead LLP	40%
Newton Mearns Patterton Limited	40%
SQ1 LLP	50%
Miller Northpoint (Pacific Quay) Limited	50%
Pacific Quay Developments Limited	50%
Edinburgh Quay Limited	51%
Edinburgh Quay (Three) Limited	51%
Centros Miller Holdings Limited	56%
Centros Miller 1999 Limited	56%

The registered office for the following entities is Berkeley House, 19 Portsmouth Road, Cobham, Surrey, KT11 1JG.

Joint Ventures	Ownership
Thirlstone Centros Miller Limited	28%

MDL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

30. Management companies

The registered office for the following entities is Condor House, St Paul's Churchyard, London, United Kingdom, EC4M 8AL.

Management Companies

Omega North Management Company Limited
Omega South Management Company Limited
Omega South (Zone 7) Management Company Limited
Arena Central Management Limited
Langley Mill Management Company Limited

The registered office for the following entities is Dumfries House, Dumfries Place, Cardiff, CF10 3ZF.

Management Companies

ng2 Phase 3 Car Park Management Company Limited
ng2 Triangle Car Park Management Company Limited
ng2 Phase 4 Car Park Management Company Limited
Miller Cedar Nottingham Management Limited