

# **Miller Wates (Southwater) Limited**

## **Annual report and financial statements**

For the year ended 31 December 2022

Registered number 09867524

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## **Directors' report**

### **Business review**

The principal activity of the company is that of residential property development. During the year the company traded as normal.

### **Results and dividends**

The profit for the year ended 31 December 2022 is set out in the profit and loss account on page 8. During the year no dividend was declared (2021: £9,000,000).

### **Directors**

The directors of the company during the year and to the date of this report were as follows:

David Brocklebank  
Ian Murdoch  
Julie Jackson  
David Bowen  
Michael Brayshaw  
Natalie Flint  
Tracey Forbes-Taylor  
Philip Wainwright

### **Disclosure of information to auditor**

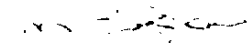
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors have taken advantage of the Small Company exemptions provided by Section 414B of the Companies Act 2006 and have not prepared a Strategic report.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



**Michael Brayshaw**  
**Director**  
**28 September 2023**

2 Centro Place  
Pride Park  
Derby  
DE24 8RF

## **Statement of directors' responsibilities in respect of the Annual report and the financial statements**

The directors are responsible for preparing the Annual 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 applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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;
- assess the company'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 company 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 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 to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Miller Wates (Southwater) Limited**

### **Opinion**

We have audited the financial statements of Miller Wates (Southwater) Limited ("the company") for the year ended 31 December 2022 which comprise the profit and loss account and other comprehensive income, the statement of changes in equity, the balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of 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 company 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**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected, or alleged fraud.

## **Independent auditor's report to the members of Miller Wates (Southwater) Limited** *(continued)*

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue transactions are sufficiently non complex and the point at which revenue can be recognized is sufficiently free from judgement that the risk of a material misstatement within revenue in relation to fraud is acceptably low.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries with unusual cash account combinations and material journals posted after the financial close date.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Independent auditor's report to the members of Miller Wates (Southwater) Limited** *(continued)*

### **Directors' report**

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **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, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their 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; 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 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 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.

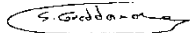
A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **Independent auditor's report to the members of Miller Wates (Southwater) Limited**

*(continued)*

### **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.



**Slim Gueddana (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG  
29 September 2023



## Profit and loss account and other comprehensive income

For the year ended 31 December 2022

		2022	2021
		£	£
	Note		
Turnover		1,086,870	9,667,435
Cost of sales		(1,594,886)	(7,140,034)
<b>Gross (loss)/profit</b>		<b>(508,016)</b>	2,527,401
Administrative expenses		(10,000)	(119,901)
<b>Operating (loss)/profit</b>		<b>(518,016)</b>	2,407,500
Interest income and similar income		1,000	27
Interest payable and similar charges	3	(182)	(101)
<b>(Loss)/profit before taxation</b>	2	<b>(517,198)</b>	2,407,426
Taxation	4	98,268	(457,411)
<b>(Loss)/profit for the financial year</b>		<b>(418,930)</b>	1,950,015

There are no items of other comprehensive income other than those disclosed above.

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

The notes on pages 10 to 15 form part of these financial statements.

**Statement of changes in equity**  
For the year ended 31 December 2022

	Share capital £	Profit and loss account £	Total equity £
<b>Balance as at 31 December 2020</b>	<b>1,000</b>	<b>7,762,953</b>	<b>7,763,953</b>
Profit for the year	-	1,950,015	1,950,015
Dividend	-	(9,000,000)	(9,000,000)
<b>Balance at 31 December 2021</b>	<b>1,000</b>	<b>712,968</b>	<b>713,968</b>
Loss for the year	-	(418,930)	(418,930)
<b>Balance at 31 December 2022</b>	<b>1,000</b>	<b>294,038</b>	<b>295,038</b>

The notes on pages 10 to 15 form part of these financial statements.

## Balance sheet

As at 31 December 2022

	Note	2022 £	2021 £
<b>Current assets</b>			
Stocks	5	519,847	1,162,564
Debtors – due within one year	6	1,500,150	1,078,275
Cash and cash equivalents		1,357	33,916
		<b>2,029,362</b>	<b>2,874,755</b>
<b>Creditors: amounts falling due within one year</b>	7	<b>(1,734,324)</b>	<b>(2,160,787)</b>
<b>Total assets less current liabilities</b>		<b>295,038</b>	<b>713,968</b>
<b>Net assets</b>		<b>295,038</b>	<b>713,968</b>
<b>Capital and reserves</b>			
Called up share capital	8	1,000	1,000
Profit and loss account		294,038	712,968
<b>Equity shareholders' surplus</b>		<b>295,038</b>	<b>713,968</b>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The notes on pages 10 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 28 September 2023 and were signed on its behalf by:



Michael Brayshaw  
Director



David Bowen  
Director

## Notes

(Forming part of the financial statements)

### 1. Accounting policies

Miller Wates (Southwater) Limited (the "company") is a private company limited by shares incorporated, registered and domiciled in England in the UK. The registered number is 09867524 and the registered office address is 2 Centro Place, Derby, DE24 8RF.

These financial statements were prepared in accordance with Section 1A Small entities of Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 102). The presentation currency of these financial statements is Sterling.

The accounting policies for the year ended 31 December 2022 set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Under Section 1A Small entities of FRS 102, the company is not required to prepare a cash flow statement.

#### **Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **Going concern**

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

At the year end, the company had net assets of £295,038. Following the completion of the Company's residential property development during the year, the directors expect the level of future trading activity to reduce. The company manages its day to day and medium term funding requirements through cash balances. These balances are forecast to provide sufficient liquidity to finance seasonal cash flows in the ordinary course of business.

The directors have prepared projected cash flow forecasts for the twelve months from the date of approval of these financial statements. Based on these cash flows the directors believe that the company has sufficient resources to enable the company to continue to meet its financial obligations as they fall due during the next 12 months.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Notes (continued)

### 1. Accounting policies (continued)

#### **Basic financial instruments**

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of the instrument or of a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

All financial assets and liabilities are initially measured at transaction price. Non-current debt instruments, which meet the conditions set out in paragraph 11.9 of FRS 102, are subsequently measured at amortised cost using the effective interest method.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

#### **Stocks and development work in progress**

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

Land purchased on deferred payment terms is recorded at fair value. Any difference between fair value and the amount which will ultimately be paid is charged as interest payable in the income statement over the deferral period.

The purchase and subsequent sale of part exchange properties is an activity undertaken in order to achieve the sale of a new property. As such, the activity is regarded as a mechanism for selling. Accordingly, impairments and gains and losses on the sale of part exchange properties are classified as a cost of sale, with the sales proceeds of part exchange properties not being included in turnover.

#### **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. Where cash incentives are given the full cash amount is deducted from turnover.

#### **Interest receivable and interest payable**

Interest payable and similar charges includes interest payable on bank and shareholder loans.

Other interest receivable and similar income includes interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

## Notes (continued)

### 1. Accounting policies (continued)

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2. Expenses and auditor's remuneration

Included in the profit for the year are the following:

	2022 £	2021 £
<i>Auditor's remuneration:</i>		
Audit of these financial statements	10,000	3,000

The company has no employees (2021: nil). The directors did not receive any remuneration from the company during the year (2021: £nil).

### 3. Interest payable and similar charges

	2022 £	2021 £
Interest payable on bank loans and overdrafts	182	101

## Notes (continued)

### 4. Taxation

Analysis of credit/(charge) for the year	2022	2021
	£	£
<b>UK corporation tax</b>		
Current year credit/(charge)	98,268	(457,411)
<b>Tax credit/(charge) for the year</b>	<b>98,268</b>	<b>(457,411)</b>

#### *Factors affecting tax credit for the year*

The current tax credit on the loss for the year is equal to (2021: equal to) the standard rate of corporation tax in the UK of 19% (2021: 19%).

<b>Tax reconciliation</b>	2022	2021
	£	£
(Loss)/profit for the year before taxation	(517,198)	2,407,426
Current credit/(charge) at 19% (2022: 19%)	98,268	(457,411)
<b>Total tax credit/(charge)</b>	<b>98,268</b>	<b>(457,411)</b>

The UK Corporation Tax rate increased to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

### 5. Stocks

	2022	2021
	£	£
Land	-	278,952
Work in progress	-	363,765
Part exchange properties	519,847	519,847
	<b>519,847</b>	<b>1,162,564</b>

### 6. Debtors: due within one year

	2022	2021
	£	£
Other debtors	78,158	78,275
Loans due from related parties (see note 9)	1,430,000	1,600,000
	<b>1,508,158</b>	<b>1,678,275</b>

## Notes (continued)

### 7. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	625,092	886,099
Amounts owed to related parties (see note 9)	423,259	1,137,076
Accruals and deferred income	680,120	33,491
Corporation tax creditor	5,853	104,121
	<b>1,734,324</b>	<b>2,160,787</b>

### 8. Called up share capital

	2022	2021
	£	£
<i>Allotted, called up, but not fully paid:</i>		
500 ordinary A shares of £1 each	500	500
500 ordinary B shares of £1 each	500	500
	<b>1,000</b>	<b>1,000</b>

The A&B shares have equal voting rights. All shares rank pari-passu as set out in the articles of the company. All other rights are set out in the articles of the company. The holders of ordinary shares are entitled to receive dividends as declared from time to time.

### 9. Related party disclosures

The company is jointly controlled by Miller Homes Holdings Limited ("MHHL") and Wates Group Limited.

The ultimate parent company of MHHL is AP Castle Holdings SCSp, which has its registered office address at 7 Rue de la Chapelle, L-1325, Luxembourg.

Wates Group Limited has no ultimate parent company and has its registered office address at Wates House, Station Approach, Leatherhead, Surrey, KT22 7SW.

	2022	2021
	£	£
Amounts owed by MHHL in respect of outstanding loans	715,000	800,000
Amounts owed by Wates Group Limited in respect of outstanding loans	715,000	800,000
Amounts owed to Miller Homes Limited in respect of development services provided	(423,259)	(1,137,076)
Transactions between the company and Miller Homes Limited in respect of development services provided	(1,267,980)	(2,778,476)
Transactions between the company and Miller Homes Limited in respect of management fees	-	(114,541)

Miller Homes Limited is a wholly owned subsidiary of Miller Homes Holdings Limited.



**Notes** *(continued)*

**10. Accounting estimates and judgements**

*Key sources of estimation uncertainty*

*Carrying value of stocks and cost of sales*

Stocks of land and development work in progress are stated at the lower of cost and net realisable value. Due to the nature of development activity and in particular, the length of the development cycle, the company has to allocate site wide development costs such as infrastructure between units being built and/or completed in the current year and those for future years. These estimates are reflected in the margin recognised on developments where unsold plots remain, and in the carrying value of land and work in progress. There is a degree of uncertainty in making such estimates.

The company has established internal controls that are designed to ensure an effective assessment is made of inventory carrying values and the costs to complete developments. The company reviews the carrying value of its inventories on a quarterly basis with these reviews performed on a site by site basis using forecast sales prices and anticipated costs to complete based on a combination of the specific trading conditions of each site in addition to future anticipated general market conditions.