

## **Miller Wates (Southwater) Limited**

### **Annual report and financial statements**

For the year ended 31 December 2020

Registered number 09867524

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*Miller Wates (Southwater) Limited  
Annual report and financial statements  
Registered number 09867524  
For the year ended 31 December 2020*

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## **Strategic report**

The directors have pleasure in presenting their annual report and audited financial statements for the year ended 31 December 2020.

### **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 2020 is set out in the profit and loss account on page 8. The directors do not recommend the payment of a dividend (2019: £nil).

### **Principal risks and uncertainties**

Miller Wates (Southwater) Limited ("the company") is jointly controlled by Miller Homes Holdings Limited ("MHHL") and Wates Group Limited. All operations are performed by Miller Homes Limited ("MHL"), a wholly owned subsidiary of MHHL. MHHL is, in turn, controlled by Miller Homes Group Holdings plc ("MHGH"). The directors are of the opinion that there is no difference between the principal risks and uncertainties between the company and MHGH. The principal risks and uncertainties of MHGH have been reported in the financial statements of MHGH, which can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3V2.

### **Key performance indicators**

The directors do not believe that an analysis using key performance indicators would enhance the understanding of the users of these financial statements, given the simplicity of the financial statements.

By order of the Board

*Julie Jackson*

**Julie M Jackson  
Director  
9 September 2021**

2 Centro Place  
Pride Park  
Derby  
DE24 8RF

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## **Directors' report**

### **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	(appointed 1 September 2020)
Alykhan Meghani	(resigned 13 July 2020)
Martin Leach	(resigned 13 July 2020)
Darren Jones	(resigned 31 July 2020)

### **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.

### **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



**Julie Jackson**  
**Director**  
**9 September 2021**

**2 Centro Place  
Pride Park  
Derby  
DE24 8RF**

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## **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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 2020 which comprise the profit and loss account and other comprehensive income, statement of changes in equity, balance sheet, cashflow statement 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 2020 and of its 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 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.
- Reading Board minutes.

## **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.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

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 which move cost from the profit and loss account into inventory on the balance sheet and 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.

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

*(continued)*

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.

### **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.

### **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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, 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.



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

*(continued)*

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).

### **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.

*B Marks.*

**Bruce Marks (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG  
9 September 2021

*Miller Wates (Southwater) Limited*  
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*For the year ended 31 December 2020*

## **Profit and loss account and other comprehensive income**

*For the year ended 31 December 2020*

		<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Note		
Turnover		<b>11,673,355</b>	18,551,423
Cost of sales		<b>(8,943,017)</b>	(13,833,362)
<b>Gross profit</b>		<b>2,730,338</b>	4,718,061
Administrative expenses		<b>(224,401)</b>	(449,876)
<b>Operating profit</b>		<b>2,505,937</b>	4,268,185
Interest income and similar income		<b>2,664</b>	10,237
Interest payable and similar charges	3	<b>(41,052)</b>	(347,949)
<b>Profit before taxation</b>	2	<b>2,467,549</b>	3,930,473
Taxation	4	<b>(468,834)</b>	(746,876)
<b>Profit for the financial year</b>		<b>1,998,715</b>	3,183,597

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 12 to 18 form part of these financial statements.

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## **Statement of changes in equity**

*For the year ended 31 December 2020*

	<b>Share capital £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance as at 31 December 2018	1,000	2,580,641	2,581,641
Profit for the year	-	3,183,597	3,183,597
<b>Balance at 31 December 2019</b>	<b>1,000</b>	<b>5,764,238</b>	<b>5,765,238</b>
Profit for the year	-	1,998,715	1,998,715
<b>Balance at 31 December 2020</b>	<b>1,000</b>	<b>7,762,953</b>	<b>7,763,953</b>

The notes on pages 12 to 18 form part of these financial statements.

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## Balance sheet

As at 31 December 2020

	Note	2020 £	2019 £
<b>Current assets</b>			
Stocks	5	5,102,235	9,933,741
Debtors – due within one year	6	5,032,815	972,696
Cash and cash equivalents		157,507	2,637,417
		<b>10,292,557</b>	<b>13,543,854</b>
<b>Creditors: amounts falling due within one year</b>	7	<b>(2,528,604)</b>	<b>(4,542,138)</b>
<b>Total assets less current liabilities</b>		<b>7,763,953</b>	<b>9,001,716</b>
<b>Creditors: amounts falling due in more than one year</b>	8	<b>-</b>	<b>(3,236,478)</b>
<b>Net assets</b>		<b>7,763,953</b>	<b>5,765,238</b>
<b>Capital and reserves</b>			
Called up share capital	9	1,000	1,000
Profit and loss account		7,762,953	5,764,238
<b>Equity shareholders' surplus</b>		<b>7,763,953</b>	<b>5,765,238</b>

The notes on pages 12 to 18 form part of these financial statements.

These financial statements were approved by the board of directors on 9 September 2021 and were signed on its behalf by:

*Mike Brayshaw*

Michael Brayshaw  
Director

*David Bowen*

David Bowen  
Director

*Miller Wates (Southwater) Limited  
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## **Cashflow statement**

*for the year ended 31 December 2020*

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the year	1,998,715	3,183,597
Finance income	(2,664)	(10,237)
Finance cost	41,052	347,949
Taxation	468,834	746,876
Operating profit before changes in working capital	2,505,937	4,268,185
Working capital movements:		
Movement in trade and other receivables	(4,060,118)	101,484
Movement in inventories	4,831,506	5,269,338
Movement in trade and other payables	(2,037,535)	2,678,086
Cash generated from operations	1,239,790	12,317,093
Interest paid	(41,052)	(347,949)
Interest received	2,664	10,237
Corporation tax paid	(444,834)	(1,275,761)
<b>Net cash inflow from operating activities</b>	756,568	10,703,620
<b>Cash flows from financing activities</b>		
Decrease in shareholder loans	(3,236,478)	(7,249,448)
Decrease in other long term borrowings	-	(1,900,000)
<b>Net cash outflow from financing activities</b>	(3,236,478)	(9,149,448)
(Decrease)/Increase in cash and cash equivalents	(2,479,910)	1,554,172
Cash and cash equivalents at beginning of the year	2,637,417	1,083,245
<b>Cash and cash equivalents at end of the year</b>	157,507	2,637,417

The notes on pages 12 to 18 form part of these financial statements.

## **Notes**

*(Forming part of the financial statements)*

### **1. Accounting policies**

Miller Homes (Southwater) Limited (the "company") is a company limited by shares and incorporated and domiciled in the UK. The registered address is 2 Centro Place, Pride Park, Derby, Derbyshire, DE24 8RF.

These company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 11.

#### ***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 and net current assets of £7,763,953. It 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.

Given the nature of the company's business there has been no significant interruption to date from COVID-19 and the company has continued to trade with limited impact. 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:

	2020 £	2019 £
<i>Auditor's remuneration:</i>		
Audit of these financial statements	3,000	3,000

The company has no employees (2019: nil). The directors did not receive any remuneration from the company during the year (2019: £nil).

### 3. Interest payable and similar charges

	2020 £	2019 £
Interest payable on bank loans and overdrafts	94	15,001
Interest payable on shareholder loans	40,958	332,948
	<b>41,052</b>	<b>347,949</b>



## Notes (continued)

### 4. Taxation

Analysis of charge for the year	2020 £	2019 £
<b>UK corporation tax</b>		
Current year tax charge	(468,834)	(746,790)
Adjustment in respect of prior years	-	(86)
<b>Tax charge for the year</b>	<b>(468,834)</b>	<b>(746,876)</b>

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

The current tax charge on the profit on ordinary activities for the year is equal to (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

Tax reconciliation	2020 £	2019 £
Profit for the year before taxation	2,467,549	3,930,473
Current tax at 19% (2019: 19%)	(468,834)	(746,790)
<i>Effect of:</i>		
Adjustment in respect of prior years	-	(86)
<b>Total tax charge</b>	<b>(468,834)</b>	<b>(746,876)</b>

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

### 5. Stocks

	2020 £	2019 £
Land	2,869,628	6,118,849
Work in progress	2,014,445	3,326,455
Part exchange properties	218,162	488,437
	<b>5,102,235</b>	<b>9,933,741</b>

## **Notes** *(continued)*

### **6. Debtors: due within one year**

	2020	2019
	£	£
Trade debtors	-	309,010
Other debtors	85,620	86,766
Loans due from related parties (see note 10)	4,290,000	-
Taxes recoverable	657,195	576,920
	<u>5,032,815</u>	<u>972,696</u>

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

	2020	2019
	£	£
Trade creditors	419,000	-
Amounts owed to related parties (see note 10)	1,555,253	1,516,345
Accruals and deferred income	145,020	2,640,462
Corporation tax creditor	409,331	385,331
	<u>2,528,604</u>	<u>4,542,138</u>

### **8. Creditors: amounts falling due in more than one year**

	2020	2019
	£	£
Shareholder loans (see note 10)	<u>-</u>	<u>3,236,478</u>

The shareholder loans are subject to interest at 4% and are repayable on completion of the last unit of the development site, which is expected to be greater than one year from the balance sheet date. During the year the loan was repaid.

## Notes (continued)

### 9. Called up share capital

	2020	2019
	£	£
<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.

### 10. 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 Miller Homes Group Limited.

	2020	2019
	£	£
Amounts owed to MHHL in respect of outstanding loans	-	1,618,239
Amounts owed to Wates Group Limited in respect of outstanding loans	-	1,618,239
Amounts owed by MHHL in respect of outstanding loans	<b>2,145,000</b>	-
Amounts owed by Wates Group Limited in respect of outstanding loans	<b>2,145,000</b>	-
Amounts owed to Miller Homes Limited in respect of development services provided	<b>1,555,253</b>	1,516,345
Transactions between the company and MHHL in respect of interest charges on loans	<b>20,479</b>	166,474
Transactions between the company and Wates Group Limited in respect of interest charges on loans	<b>20,479</b>	166,474
Transactions between the company and Miller Homes Limited in respect of development services provided	<b>3,843,553</b>	8,416,890
Transactions between the company and Miller Homes Limited in respect of management fees	<b>219,135</b>	444,876

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

## **Notes** *(continued)*

### **11. Accounting estimates and judgements**

#### *Key sources of estimation uncertainty*

##### *Carrying value of stocks*

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.