

Miller Wates (Wallingford) Limited

Annual report and financial statements

For the year ended 31 December 2020

Registered number 10430383

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Miller Wates (Wallingford) Limited
Annual report and financial statements
Registered number 10430383
Year ended 31 December 2020

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*Miller Wates (Wallingford) Limited
Annual report and financial statements
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Year ended 31 December 2020*

Directors' 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.

Results and dividends

The profit for the year ended 31 December 2020 is set out in the profit and loss account on page 7. The directors do not recommend the payment of a dividend (2019: £nil).

Directors

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

David Brocklebank
Julie Jackson
David Bowen
Michael Brayshaw
Natalie Flint
Tracey Forbes-Taylor
Alykhan Meghani (resigned 13 July 2020)
Martin Leach (resigned 13 July 2020)
Ian Murdoch (resigned 31 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.

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

Julie Jackson

**Julie Jackson
Director
9 September 2021**

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; and
- 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 (Wallingford) Limited

Opinion

We have audited the financial statements of Miller Wates (Wallingford) 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 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 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.
- Reading Board minutes.

Independent auditor's report to the members of Miller Wates (Wallingford) 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 (Wallingford) 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.

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 and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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.

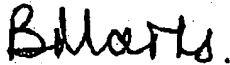
Independent auditor's report to the members of Miller Wates (Wallingford) Limited

(continued)

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.



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 (Wallingford) Limited
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Profit and loss account and other comprehensive income

For the year ended 31 December 2020

		2020 £	2019 £
Turnover		1,439,750	15,184,104
Cost of sales		(1,301,344)	(12,018,954)
Gross profit		138,406	3,165,150
Administrative expenses		(5,266)	(221,074)
Operating profit		133,140	2,944,076
Interest income and similar income		105	678
Interest payable and similar charges	3	(103)	(85,980)
Profit before taxation	2	133,142	2,858,774
Taxation	4	(25,297)	(543,254)
Profit for the financial year		107,845	2,315,520

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.

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Statement of changes in equity

For the year ended 31 December 2020

	Share capital £	Profit and Loss account £	Total equity £
Balance at 31 December 2018	1,000	1,515,668	1,516,668
Profit for the year	-	2,315,520	2,315,520
Balance at 31 December 2019	1,000	3,831,188	3,832,188
Profit for the year	-	107,845	107,845
Balance at 31 December 2020	1,000	3,939,033	3,940,033

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

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Balance sheet

As at 31 December 2020

	Note	2020 £	2019 £
Current assets			
Stocks	5	288,669	971,224
Debtors – due within one year	6	4,244,301	3,720,569
Cash		1,909	17,042
		4,534,879	4,708,835
Creditors: amounts falling due within one year	7	(594,846)	(876,647)
Total assets less current liabilities		3,940,033	3,832,188
Net assets		3,940,033	3,832,188
Capital and reserves			
Called up share capital	8	1,000	1,000
Profit and loss account		3,939,033	3,831,188
Equity shareholders' funds		3,940,033	3,832,188

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 9 September 2021 and were signed on its behalf by:

Mike Brayshaw

Michael Brayshaw
 Director

David Bowen

David Bowen
 Director

Notes

(Forming part of the financial statements)

1. Accounting policies

Miller Homes (Wallingford) Limited (the "company") is a company limited by shares and incorporated and domiciled in the UK.

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) as issued in August 2014. The presentation currency of these financial statements is Sterling.

The accounting policies for the year ended 31 December 2020 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 and net current assets of £3,940,033. 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 for 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 period (2019: £nil).

3. Interest payable and similar charges

	2020 £	2019 £
Interest payable on bank overdraft	103	242
Interest payable on shareholder loans	-	85,738
	103	85,980

Notes (continued)

4. Taxation

Analysis of charge for the year	2020 £	2019 £
UK corporation tax		
Current year charge	(25,297)	(543,167)
Adjustment in respect of prior year	-	(87)
Tax charge for the year	(25,297)	(543,254)

Factors affecting tax charge for 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	133,142	2,858,774
Current tax at 19% (2019: 19%)	(25,297)	(543,167)
Effect of:		
Prior year adjustments	-	(87)
Total tax charge	(25,297)	(543,254)

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	-	413,873
Work in progress	-	232,081
Part exchange properties	288,669	325,270
	288,669	971,224

Notes (continued)

6. Debtors: due within one year

	2020	2019
	£	£
Trade debtors	30,000	30,000
Amounts due from parent undertakings (see note 10)	4,197,000	3,670,000
Other debtors	17,301	20,569
	4,244,301	3,720,569

7. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed to related parties (see note 10)	556,365	577,856
Accruals and deferred income	13,184	22,984
Corporation tax payable	25,297	275,807
	594,846	876,647

8. 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
	1,000	1,000

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.

Notes (continued)

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 by MHHL in respect of outstanding loans	2,098,500	1,835,000
Amounts owed by Wates Group Limited in respect of outstanding loans	2,098,500	1,835,000
Amounts owed to Miller Homes Limited in respect of development services provided	556,365	577,856
Transactions between the company and MHHL in respect of interest charges on loans	-	42,869
Transactions between the company and Wates Group Limited in respect of interest charges on loans	-	42,869
Transactions between the company and Miller Homes Limited in respect of development services provided	6,583,881	6,011,356
Transactions between the company and Miller Homes Limited in respect of management fees	-	216,074

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

11. Accounting estimates and judgements

Critical accounting judgements in applying the company's accounting policies

The company believes that there are no areas of material estimation uncertainty which affect the financial results.