

SKERRICHA PROPERTIES LIMITED

Directors' report and financial statements

For the year ended 31 December 2005

Registered number SC162639



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005

Principal activities

The principal activity of the company is that of property investment

Business review

The net loss after providing for taxation amounted to £506,740 (2004 £472,797)

Proposed dividend

The directors do not recommend the payment of a dividend

Directors and directors' interests

The Directors who held office during the year were as follows

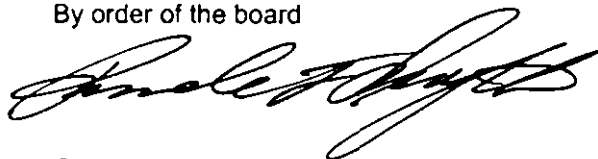
P H Miller
M Wood
J M Jackson (Resigned 25 February 2005)
T M Deans

The directors had no interests in the shares of the company during the year. The interests of P H Miller in the shares of The Miller Group Limited, the ultimate parent company, are shown in the accounts of that company. The interests of M Wood, JM Jackson and TM Deans in the shares of The Miller Group Limited are shown in the accounts of Miller Developments Holdings Limited (formerly Miller Investments Holdings Ltd), the intermediate parent company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re appointment of KPMG LLP as auditors of the company will be proposed at the forthcoming annual general meeting

By order of the board



Secretary
P J Smyth

20 October 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Skerricha Properties Limited

We have audited the financial statements of Skerricha Properties Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

20 October 2006

Profit and loss account
for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	2	6,241,784	307,329
Cost of sales		(6,233,143)	(317,878)
Gross profit/(loss)		<u>8,641</u>	<u>(10,549)</u>
Administrative expenses		(20,157)	(59,192)
Operating loss		<u>(11,516)</u>	<u>(69,741)</u>
Other interest receivable and similar income	5	59,902	1,868
Interest payable and similar charges	6	(772,301)	(607,551)
Loss on ordinary activities before taxation	3	<u>(723,915)</u>	<u>(675,424)</u>
Tax on loss on ordinary activities	7	217,175	202,627
Loss for the year	14	<u>(506,740)</u>	<u>(472,797)</u>

The company has no recognised gains or losses other than the loss for the above financial years

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

Balance sheet
at 31 December 2005

	<i>Note</i>	2005 £	2004 £
Fixed assets			
Investments	8	1,102,743	1,102,743
Current assets			
Stocks	9		5,582,000
Debtors	10	692,241	6,787,883
Cash at bank and in hand		5,984,798	554,486
		<u>6,677,039</u>	<u>12,924,369</u>
Creditors, amounts falling due within one year	11	<u>(8,759,317)</u>	<u>(14,499,907)</u>
Net current liabilities		<u>(2,082,278)</u>	<u>(1,575,538)</u>
Net liabilities		<u>(979,535)</u>	<u>(472,795)</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	(979,537)	(472,797)
Shareholders' funds	15	<u>(979,535)</u>	<u>(472,795)</u>

These financial statements were approved by the board of directors on 2 October 2006 and were signed on its behalf by



P. H. Miller
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The financial statements have been prepared on the going concern basis as the shareholders have indicated that they will continue to support the company

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statements as it is a wholly owned subsidiary undertaking of The Miller Group Limited and its cash flows are included within the consolidated cash flow statement of that company

As the company is a wholly owned subsidiary of The Miller Group, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The Miller Group Limited, within which the company is included, can be obtained from the address given in note 16

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value

Development work in progress

Development work in progress has been valued at cost plus attributable overheads or net realisable value if lower

Taxation

The charge for taxation is based on the loss for the year end and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Profit recognition

Profits in respect of sales of residential and commercial properties are taken at the time of legal completion

2 Turnover

Turnover represents income received from the rental of commercial property and development sales and excludes value added for tax. Turnover arises entirely in the United Kingdom

Notes (continued)

3 Loss on ordinary activities before taxation

	2005 £	2004 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Management/Admin Fee	15,000	
Auditors remuneration		
	<u> </u>	<u> </u>

Auditors' remuneration is paid by the immediate parent company, Miller Developments Holdings Limited and is disclosed in the accounts of that company

4 Remuneration of directors

There were no emoluments paid to directors during the year

5 Interest receivable and similar income

	2005 £	2004 £
Bank interest	59,902	1,868
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	2005 £	2004 £
On bank loans and overdrafts	642,516	475,144
Shareholder loan interest	129,785	132,407
	<u> </u>	<u> </u>
	772,301	607,551
	<u> </u>	<u> </u>

Notes (continued)

7 Taxation

Analysis of charge in year

	2005 £	2004 £
UK corporation tax		
Current tax on income for the year		
Adjustments in respect of prior years		
Total current tax		
Deferred tax (see note 12)	(217,175)	(202,627)
Tax on loss on ordinary activities	(217,175)	(202,627)

Factors affecting the tax credit for the current year

The current tax charge for the year is higher than (2004 higher than) the standard rate of corporation tax in the UK (30%) (2004 30%)

	2005 £	2004 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(723,915)	(675,424)
Current tax at 30% (2004 30%)	(217,175)	(202,627)
<i>Effects of</i>		
Losses carried forward	217,175	202,627
Total current tax charge (see above)	(217,175)	(202,627)

8 Fixed asset investments

<i>Shares</i>	Shares in group Undertakings £
Cost	
At 31 December 2004	1,102,743
Additions	
At 31 December 2005	1,102,743

Notes (continued)

The companies in which the company's interest at the year end is more than 20% are as follows

Subsidiary undertakings	Country of incorporation	Principal activity	Percentage of ordinary shares held	Profit / (loss) for the year	Net assets / (liabilities)
Skerricha Properties (Glenrothes) Limited	UK	Property development	100%	(59,991)	(128,180)
Skerricha Properties (Inverness) Limited	UK	Property development	100%	587,129	723,404
Skerricha Properties (Newcastle) Limited	UK	Property development	100%	2,241,461	2,577,027

9 Work in progress

	2005 £	2004 £
Development site		5,582,000

10 Debtors

	2005 £	2004 £
Trade debtors	9,966	60,525
Amounts owed by parent undertaking	2	2
Amounts owed by subsidiary companies	29,084	6,304,860
Prepayments and accrued income	77,846	69,538
Deferred taxation (see note 12)	419,802	202,627
Other debtors	155,541	150,331
	692,241	6,787,883

Notes (continued)

11 Creditors' amounts falling due within one year

	2005 £	2004 £
Trade Creditors	1,949	1,930
Amounts owed to parent company undertaking	8,045,532	3,050,032
Accruals and deferred income	578,130	314,358
Other creditors	46,694	33,587
Bank loan		11,100,000
Taxation and social security	87,012	
	<u>8,759,317</u>	<u>14,499,907</u>

12 Deferred tax

	£
At 31 December 2004	202,627
Credit to profit and loss account	217,175
	<u>419,802</u>
At 31 December 2005	<u>419,802</u>

The deferred tax asset relates to tax losses and will be relieved against future taxable profits

13 Called up share capital

	2005 £	2004 £
Authorised		
Equity Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
Equity Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

14 Profit and loss account

	£
At 31 December 2004	(472,797)
Loss for the year	(506,740)
	<u>(979,537)</u>
At 31 December 2005	<u>(979,537)</u>

15 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Loss for the financial year	(506,740)	(472,797)
Opening shareholders' deficit	(472,795)	2
Closing shareholders' deficit	(979,535)	(472,795)

16 Ultimate parent company

The company is a subsidiary undertaking of The Miller Group , a company registered in Scotland
The accounts of The Miller Group can be obtained from the Register of Companies, Companies
House, 37 Castle Terrace, Edinburgh EH1 2GB