Miller Developments Limited

Registered number: SC178108

Directors' report and financial statements

For the year ended 31 December 2016

MILLER DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	Andrew Sutherland Euan J E Haggerty David T Milloy Kirsty F MacGregor (resigned 31 May 2017)
Registered number	SC178108
Registered office	Miller House 2 Lochside View Edinburgh Park Edinburgh Midlothian EH12 9DH

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors submit their report and financial statements for the year ended 31 December 2016.

Miller Developments Limited and its subsidiaries, along with Miller Developments Holdings Limited, Miller Holdings (International) Limited and their related subsidiaries, operate as a commercial property business, formerly the commercial property division of The Miller Group (UK) Limited. The principal activity of the Company is that of property development. The Company employs the Miller Developments staff that provide services and manage the other property owning companies that form the Miller Developments commercial property business.

Key highlights and business review

Miller Developments produced an operating loss of £2.0 million excluding exceptional costs (2015: £2.5 million profit excluding exceptional costs) on turnover of £0.7 million (2015: £22.7 million). The board considers these two measures to be the key performance indicators of the company.

The reduction in both profit and turnover relates to a slow down in development of the Company's long-term development site at D2 Business Park, Aberdeen. As a result of the continued depressed state of the oil and gas sector, Miller Developments is managing its Aberdeen landholdings to maximise the available revenues and control our holding costs. D2 Business Park, Dyce is well placed to benefit from both any recovery and the completion in 2017 of the Aberdeen Western Periphery Route (AWPR) which is accessed directly from the Airport Link Road which dissects D2. The site is fully serviced and platformed and ready for immediate development and benefits from a flexible planning consent.

Development portfolio

Our strategy is to maintain a cross-sector commercial property business with a focus on both high margin activities such as the purchase of land with potential for planning enhancement as well as large scale pre-let developments with lower margins but strong return on capital. We adopt a highly entrepreneurial approach to generate value across all sectors.

The Miller Developments business portfolio, incorporating Miller Developments Limited, its parent company Miller Developments Holdings Limited, Miller Holdings (International) Limited and including subsidiaries and joint ventures, has a mixed portfolio comprising long term, major development projects and shorter term cash generative opportunities. The business continues to focus resource and new investment on land with potential to add value through obtaining a change of use planning consent with a particular emphasis on residential and as a result the Miller Developments business currently has a 5 million sq ft commercial development pipeline together with land with potential for over 3,000 residential units.

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

Risk management

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

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

Outlook

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

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

There is continued political and economic uncertainty resulting from the forthcoming Brexit negotiations with the EU which will no doubt have repercussions for all sectors of the economy including property. Given the lack of clarity of the ultimate outcome, it must be considered an additional downside risk to the business' operations but one which we are very aware of and is at the forefront of our strategic planning. The potential for a second Scottish Independence Referendum adds a further layer of uncertainty but it is too early to draw any firm conclusions.

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

This report was approved by the board and signed on its behalf.

David T Milloy
Director

Date: 29 June 2017

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. 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.

Results and dividends

The loss for the year, after taxation, amounted to £2,334,000 (2015 - profit £437,000).

Directors

The directors who served during the year were:

Andrew Sutherland
Euan J E Haggerty
David T Milloy
Kirsty F MacGregor (resigned 31 May 2017)

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium sized Companies and Group (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1. These matters include a fair review of the Company's business and a description of the Company's principal risks and uncertainties.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Disclosure of information to auditor

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

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

Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor.

This report was approved by the board and signed on its behalf by:

David T Milloy
Director

Date: 29 June 2017

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLER DEVELOPMENTS LIMITED

We have audited the financial statements of Miller Developments Limited for the year ended 31 December 2016 set out on pages 9 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; 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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
30 June 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £000
Turnover		741	22,680
Cost of sales		(733)	(16,534)
Gross profit		8	6,146
Administrative expenses		(2,014)	(3,598)
Exceptional administrative expenses	10	(804)	(1,459)
Operating (loss)/profit		(2,810)	1,089
Income from fixed assets investments	6	300	-
Interest receivable and similar income	7	81	17
Interest payable and expenses	8	-	(530)
(Loss)/profit before tax		(2,429)	576
Tax on (loss)/profit	9	95	(139)
(Loss)/profit for the year		(2,334)	437

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 10 to 23 form part of these financial statements.

**BALANCE SHEET
AS AT 31 DECEMBER 2016**

	Note		2016 £000		2015 £000
Fixed assets					
Tangible assets	11		223		152
Investments	12		-		-
Current assets					
Developments in progress		6,959		7,492	
Debtors: amounts falling due within one year	13	3,438		4,538	
Cash at bank and in hand		1,029		3,710	
		11,426		15,740	
Creditors: amounts falling due within one year	14	(5,546)		(7,162)	
Net current assets			5,880		8,578
Total assets less current liabilities			6,103		8,730
Provisions for liabilities					
Other provisions	15	(254)		(547)	
			(254)		(547)
Net assets			5,849		8,183
Capital and reserves					
Called up share capital	16		-		-
Share premium account	17		1,700		1,700
Profit and loss account	17		4,149		6,483
			5,849		8,183

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

David T Milloy
Director

Date: 29 June 2017

Andrew Sutherland
Director

Date: 29 June 2017

The notes on pages 10 to 23 form part of these financial statements.

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

	Share premium account	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2015	-	6,046	6,046
Comprehensive income for the year			
Profit for the year	-	437	437
Capital contribution	1,700	-	1,700
At 1 January 2016	1,700	6,483	8,183
Comprehensive income for the year			
Loss for the year	-	(2,334)	(2,334)
At 31 December 2016	1,700	4,149	5,849

The notes on pages 10 to 23 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes; and

As the Company's results are included in the financial statements of the ultimate parent undertaking, MDL Holdings Limited, the company has, in accordance with s401 of The Companies Act 2006, taken the exemption to prepare group financial statements. These financial statements present information about the Company as an individual entity and not about its group.

The following principal accounting policies have been applied:

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The financial arrangements applicable to the Company form part of a wider arrangement involving all the operations of its parent company, Miller Developments Holdings Limited. The directors of Miller Developments Holdings Limited have prepared detailed cash flow forecasts for all its operations (the "Miller Developments" business) and are satisfied that the group has adequate resources to continue in operational existence and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

Although amounts due to the parent company and other group companies are technically repayable on demand, the parent company and other group companies will only require repayment once the company has generated sufficient funds from its property development activities. This is not anticipated to be for at least 12 months from the date of approval of these financial statements. Accordingly, the directors of this company continue to adopt the going concern basis in preparing the annual financial statements.

1. Accounting policies (continued)

1.3 Revenue

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

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

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

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

1.4 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 10%
Computer Equipment	- 20-33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

1.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1. Accounting policies (continued)

1.6 Development work in progress

Developments in progress are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

1.7 Debtors

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

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

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

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

1. Accounting policies (continued)

1.9 Financial instruments (continued)

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

1.10 Creditors

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

1.11 Finance costs

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

1.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.13 Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on bank balances and funds invested.

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

Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

1.14 Provisions for liabilities

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1. Accounting policies (continued)

1.15 Taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

1.16 Exceptional items

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

1.17 Share Based Payments

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

2. Judgments in applying accounting policies and key sources of estimation uncertainty

Key sources of estimation uncertainty:

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

Critical accounting judgements in applying the Company's accounting policies:

The Company believes that the most significant judgement applied is the valuation of property related assets included in the Balance Sheet. Development work in progress is stated at the lower of cost and net realisable value.

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

3. Auditor's remuneration

	2016	**2015**
	£000	**£000**
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	-	50

From 2016, audit fees are payable by Miller Developments Holdings Limited, the Company's parent, and disclosed in its accounts.

4. Employees

The aggregate payroll costs were as follows:

	2016 £000	2015 £000
Wages and salaries	1,554	2,394
Social security costs	199	276
Cost of defined contribution scheme	83	199
	1,836	2,869

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

	2016 No.	2015 No.
Operational	6	9
Administration	12	15
Other	3	4
	21	28

5. Directors' Remuneration

	2016 £000	2015 £000
Emoluments	1,008	1,324
Company contributions to money purchase pension schemes	28	78
Compensation for loss of office	-	682
	1,036	2,084

The aggregate of remuneration, bonus and other related payments of the highest paid director was £286,755 (2015: £861,551 including compensation for loss of office), and company pension contributions of £NIL (2015: £NIL) were made to a money purchase scheme on his behalf. The Group headed by MDL Holdings Limited, of which the Company is a member, operates a long term incentive scheme which rewards executive directors and other senior management for performance over a period of greater than one year. Performance conditions are aligned to the growth in value of the Group. Current forecasts indicate that this scheme will be fully equity settled and details are included in the financial statements of MDL Investments Limited, a fellow group company in which the scheme sits. However, prospective changes in the value of the Group could result in the requirement to adopt cash settled accounting. There is uncertainty over when this amount will ultimately be paid. Some executive directors also participate in an annual bonus scheme. Amounts payable in respect of the annual scheme are shown with directors' emoluments. During the year, the Company made short-term loans to directors as follows: Andrew Sutherland - £17,390; David Milloy - £17,390; Kirsty MacGregor - £924 and Euan Haggerty - £1,034. All of these loans remain outstanding as at 31 December 2016. These loans are interest free and are repayable upon receipt of monies from the Group's management incentive plan by the individuals.

6. Income from investments

	2016 £000	2015 £000
Dividends received from subsidiary companies	300	-

7. Interest receivable

	2016 £000	2015 £000
Bank interest	81	17

8. Interest payable and similar charges

	2016 £000	2015 £000
Other interest payable	-	530

9. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	(95)	304
Adjustments in respect of previous periods	-	(165)
Taxation on (loss)/profit on ordinary activities	(95)	139

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
(Loss)/profit on ordinary activities before tax	(2,429)	576
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(486)	117
Effects of:		
Expenses not deductible for tax purposes	-	37
Overseas tax	(95)	150
Adjustments to tax charge in respect of prior periods	-	(165)
Non-taxable income	60	-
Group relief surrendered for a nil consideration	426	-
Total tax charge for the year	(95)	139

Factors that may affect future tax charges

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

10. Exceptional items

	2016 £000	2015 £000
Exceptional costs	804	1,459

Exceptional costs related to restructuring costs, write down of development work in progress and loss on disposal of fixed assets (2015 - restructuring costs only).

11. Tangible fixed assets

	Fixtures & fittings £000	Computer Equipment £000	Total £000
Cost			
At 1 January 2016	165	395	560
Additions	-	153	153
Disposals	(20)	(41)	(61)
At 31 December 2016	145	507	652
Depreciation			
At 1 January 2016	159	249	408
Charge for the year	3	58	61
Disposals	(17)	(23)	(40)
At 31 December 2016	145	284	429
Net book value			
At 31 December 2016	-	223	223
At 31 December 2015	6	146	152

12. Fixed asset investments

Investments in the share capital of subsidiary companies are as follows:

	2016 £000	2015 £000
Miller Developments (Warriston Road) Limited	1	1
Miller Fort William Limited	2	2
Cost and NBV	3	3

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Holding	Country of incorporation
Miller Developments (Warriston Road) Limited[1]	Property development	100 %	UK
Miller Fort William Limited[2]	Property development	100 %	UK

Joint venture undertakings

The following were joint venture undertakings of the Company where the direct investment is held by Miller Developments (Warriston Road) Limited:

Name	Principal activity	Holding	Country of incorporation
Miller Kirkcaldy Limited[1]	Property development	50 %	UK
Miller Markinch Limited[1]	Property development	50 %	UK
Miller Auchendinny LLP[1]	Property development	50 %	UK
Miller Cardenden Limited[2]	Property development	50 %	UK

The registered address' of the above companies were as follows:
[1] - Miller House, 2 Lochside View, Edinburgh Park, Edinburgh, EH12 9DH
[2] - Condor House, St Paul's Churchyard, London, United Kingdom, EC4M 8AL

13. Debtors

	2016 £000	2015 £000
Trade debtors	22	283
Amounts owed by group undertakings (note 21)	2,552	2,402
Amounts owed by related parties (note 21)	282	770
Other debtors	426	675
Prepayments and accrued income	156	408
	3,438	4,538

14. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	42	595
Amounts owed to group undertakings (note 21)	1,435	572
Corporation tax	154	154
Other creditors	840	1,900
Accruals and deferred income	3,075	3,941
	5,546	7,162

15 Provisions

	Onerous lease provision £000	Other £000	Total £000
At 1 January 2016	282	265	547
Charged to the profit or loss	(28)	(265)	(293)
At 31 December 2016	254	-	254

Provisions relate to potential overseas tax liabilities and an onerous lease provision.

16. Share capital

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
3 Ordinary shares of £1 each	3	3

17. Reserves

Share premium

Share premium includes consideration recieved on allotment of share capital above par value.

Profit & loss account

Profit and loss includes all current and prior period retained profits and losses.

18. Contingent liabilities

The Company, along with its parent and certain fellow group undertakings, is a joint guarantor of the parents' banking facilities provided by Santander plc. At the year end, and the date of signing these accounts, amounts drawn under these facilities were £2,790,000. The bank has security by way of a floating charge over the whole assets of the undertakings of the Company, the parent and same certain fellow group undertakings.

19. Pension commitments

During the prior year, the Company participated in the Miller Group Limited Personal Pension Plan, a Miller Group wide defined contribution scheme. The assets of the scheme are held separately from those of the Miller Developments and Miller Group in an independently administered scheme with Friends Life.

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

The total expense relating to these plans in the current year was £105,167 (2015: £224,606).

20. Commitments under operating leases

Contractual commitments to purchase tangible fixed assets at the year-end were £NIL (2015: 262,000).

21. Related party transactions

As at the 31 December 2016 the Company was ultimately a wholly owned subsidiary of MDL Holdings Limited and so it is exempt from the requirements of FRS102.33 to disclose transactions with other subsidiaries in the group headed by MDL Holdings Limited.

22. Controlling party and parent undertaking

The Company is a subsidiary undertaking of Miller Developments Holdings Limited, a Company incorporated and domiciled in the United Kingdom.

At 31 December 2016 the Company's ultimate parent Company was MDL Holdings Limited, a Company incorporated and domiciled and the United Kingdom. The Company is ultimately controlled by GSO Capital Partners LP, a division of the Blackstone Group LP.

The largest Company in which the results for the year ended 31 December 2016 of the Company is consolidated is that of MDL Holdings Limited. The consolidated financial statements of this group will be available to the public and may be obtained from the Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.