COMPANIES HOUSE
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Miller Developments Limited

Registered number: SC178108

Directors' report and unaudited financial statements

For the year ended 31 December 2018

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COMPANIES HOUSE

MILLER DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	Andrew Sutherland David T Milloy
Registered number	SC178108
Registered office	1 Exchange Crescent Conference Square Edinburgh EH3 8UL

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the unaudited financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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 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 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;
- 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 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.

Results and dividends

The loss for the year, after taxation, amounted to £5,650,000 (2017 - loss £3,760,000).

No dividend was paid during the year (2017 - £NIL).

Directors

The directors who served during the year and up to the date of this report were:

Andrew Sutherland
David T Milloy

Small companies note

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

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

David Milloy (Feb 13, 2019)

David T Milloy
Director

Date: Feb 13, 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Turnover		1,030	74
Cost of sales		(3,630)	(49)
Write down of development work in progress		-	(2,412)
Gross loss		(2,600)	(2,387)
Administrative expenses		(1,121)	(1,754)
Loan waiver		(1,929)	(319)
Operating loss		(5,650)	(4,460)
Income from fixed assets investments		-	700
Loss before tax		(5,650)	(3,760)
Tax on loss	4	-	-
Loss for the financial year		(5,650)	(3,760)

There was no other comprehensive income for 2018 (2017: £NIL).

These results are derived from continuing operations.

The notes on pages 6 to 14 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note		2018 £000		2017 £000
Fixed assets					
Tangible assets	5		41		168
Investments	6		-		-
			41		168
Current assets					
Development work in progress		110		4,710	
Debtors: amounts falling due within one year	7	1,767		2,844	
Cash at bank and in hand		249		474	
		2,126		8,028	
Creditors: amounts falling due within one year	8	(5,728)		(5,922)	
Net current (liabilities)/assets			(3,602)		2,106
Total assets less current liabilities			(3,561)		2,274
Provisions for liabilities					
Other provisions	9	-		(185)	
			-		(185)
Net (liabilities)/assets			(3,561)		2,089
Capital and reserves					
Called up share capital	10		-		-
Share premium account	11		1,700		1,700
Profit and loss account	11		(5,261)		389
			(3,561)		2,089

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

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

DTM
David Milloy (Feb 13, 2019)

David T Milloy
Director

Date: Feb 13, 2019

Andrew Sutherland
Andrew Sutherland (Feb 13, 2019)

Andrew Sutherland
Director

Date: Feb 13, 2019

The notes on pages 6 to 14 form part of these financial statements.

1. General information

Miller Developments Limited is a private company limited by shares and incorporated in Scotland, SC178108. The registered office is 1 Exchange Crescent, Conference Square, Edinburgh, EH3 8UL.

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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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.

The following principal accounting policies have been applied:

2.2 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.

2. Accounting policies (continued)

2.3 Turnover

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

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

Where turnover 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 turnover 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.

2.4 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.

2.5 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.

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2. Accounting policies (continued)

2.14 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.

3. Employees

The average monthly number of employees, excluding directors, during the year was 5 (2017 - 5).

4. Taxation

Factors affecting tax charge for the year

The tax charge assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(5,650)	(3,760)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(1,074)	(724)
Effects of:		
Non-taxable income	362	135
Group relief surrendered for nil consideration	712	589
Total tax charge for the year	-	-

5. Tangible fixed assets

	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost			
At 1 January 2018	145	509	654
Disposals	-	(159)	(159)
At 31 December 2018	145	350	495
Depreciation			
At 1 January 2018	145	341	486
Charge for the year	-	56	56
Disposals	-	(88)	(88)
At 31 December 2018	145	309	454
Net book value			
At 31 December 2018	-	41	41
At 31 December 2017	-	168	168

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Fixed asset investments

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

	2018 £000	2017 £000
M2 (Warriston Road) Limited	-	1
Miller Fort William Limited	2	2
Cost and NBV	2	3

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Holding	Country of incorporation
Miller Fort William Limited	Property development	100 %	UK

7. Debtors

	2018 £000	2017 £000
Trade debtors	1	31
Amounts owed by group undertakings (note 12)	1,206	2,216
Amounts owed by related parties (note 12)	160	39
Other debtors	332	496
Prepayments and accrued income	68	62
	1,767	2,844

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	-	1
Amounts owed to group undertakings (note 12)	4,361	3,320
VAT payable	1	-
Other creditors	58	483
Accruals and deferred income	1,308	2,118
	5,728	5,922

9. Provisions

	Onerous lease provision £000
At 1 January 2018	185
Charged to profit or loss	(185)
At 31 December 2018	-

Provisions relate to onerous lease.

10. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
3 Ordinary shares of £1 each	3	3

11. Reserves

Share premium

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

Profit & loss account

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Related party transactions

As at the 31 December 2018 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.

13. 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 2018 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.