Miller Developments Regeneration Limited

Directors' report and financial statements

For the year ended 31 December 2011

Registered number SC207809

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011.

Principal activity

The principal activity of the company is that of property development. In March 2011, a 120 acre former car tyre factory at Linwood was transferred from Miller Developments Limited to Miller Developments Regeneration Limited.

Results and dividends

The result for the year after providing for taxation amounted to a loss of £16,785 (2010: profit of £39,441).

A dividend of £12,558,175 was paid during the year (2010: £Nil).

Directors

The directors who held office during the year were as follows:

Phil Miller

Andrew Sutherland

David Milloy

Donald Borland

Euan Haggerty (appointed 1 July 2011)

John Richards (appointed 10 February 2012)

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board

Donald Borland

Director
20 April 2012

2 Lochside View
Edinburgh Park
Edinburgh
EH12 9DH

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 and applicable law (UK Generally Accepted Accounting Practice).

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 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 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 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.

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Miller Developments Regeneration Limited

We have audited the financial statements of Miller Developments Regeneration Limited for the year ended 31 December 2011 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 2, 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm

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 2011 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Hugh Harvie
(Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

23.04.2012

Profit and loss account
for the year ended 31 December 2011

	Note	2011 £	2010 £
Cost of sales		**(15,951)**	39,441
Gross (loss)/profit		**(15,951)**	39,441
Administrative expenses		**(957)**	-
Operating (loss)/profit		**(16,908)**	39,441
Interest received		**123**	-
(Loss)/profit on ordinary activities before taxation	*2*	**(16,785)**	39,441
Tax on profit on ordinary activities	*4*	**-**	-
(Loss)/profit for the financial year	*10*	**(16,785)**	39,441

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

The loss for the year has been derived from continuing operations

The notes on pages 6 to 11 form part of these financial statements.

Balance sheet
As at 31 December 2011

	Note	**2011**	2010
		£	£
Current assets			
Work in progress	*5*	**1,358,862**	-
Debtors	*6*	**23,533**	12,558,275
Bank		**4,147**	-
		1,386,542	12,558,275
Creditors: amounts falling due within one year	*7*	**(19,696)**	(14,600,000)
Net current assets/(liabilities)		**1,366,846**	(2,041,725)
Creditors: amounts falling due in more than one year	*8*	**(1,383,531)**	-
Net liabilities		**(16,685)**	(2,041,725)
Capital and reserves			
Called up share capital	*9*	**100**	100
Profit and loss account	*10*	**(2,058,610)**	(2,041,825)
Special reserve	*10*	**2,041,825**	-
Deficit in shareholders' funds	*11*	**(16,685)**	(2,041,725)

The notes on pages 6 to 11 form part of these financial statements.

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

Donald Borland

Director

20 April 2011

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 except as noted below.

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, notwithstanding the loss for the period of £16,785 and net liabilities of £16,685, which the directors believe to be appropriate for the following reasons. The company finances its day to day working capital requirements through funds advanced to the company by its parent company. The funds provided by the immediate parent company at 31 December 2011 amounted to £1,383,531 (note 8).

Notwithstanding the partial loan waiver in February 2012 (see post balance sheet events note, note 13), the company's immediate parent company Miller Developments Holdings Limited has indicated to the company that it will continue to provide it with such funds as are necessary to enable it to meet its liabilities as they fall due. This support will continue for at least the next 12 months from the date of approval of these financial statements.

Based upon the undertaking outlined above, and after making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual financial statements.

As the company is a wholly owned subsidiary of The Miller Group Limited, the company has taken advantage of the exemption contained in FRS8 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 this company is included, can be obtained from the address given in note 14.

Cash flow statement
Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement, as it qualifies as a small company.

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain terms 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.

Stocks and work in progress
Stocks comprise of development work in progress and are carried at cost plus attributable overheads or net realisable value if lower.

Notes *(continued)*

Dividends on shares presented within shareholders' funds
Dividends unpaid at the balance sheet dare are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Classification of financial instruments issued by the company
Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company: and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2 (Loss)/profit on ordinary activities before taxation

Auditors' remuneration is paid by a fellow subsidiary company, Miller Developments Limited and is disclosed in the accounts of that company.

3 Directors and employees

There were no emoluments paid to directors during the year (2010: nil). There were no employee or staff costs during the year (2010: nil).

Notes ***(continued)***

4 Taxation

Analysis of (credit)/charge in year

	2011 £	2010 £
UK corporation tax		
Total current tax (credit)/charge	-	-
Tax on profit on ordinary activities	-	-

Factors affecting the tax(credit)/charge for the current year
Current tax is lower than (2010:lower) the standard rate of corporation tax in the UK 26.5%, (2010: 28 %). The differences are explained below:

	2011 £	2010 £
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	**(16,785)**	39,441
Current tax at 26.5% (2010: 28%)	**(4,448)**	11,043
Effects of:		
Group relief surrendered/(received) for nil consideration	**4,448**	(11,043)
Total current tax (see above)	-	-

Any future liability to corporation tax will be covered by way of group relief or met by The Miller Group Limited, for which no repayment will be made.

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010, a reduction to 26% was substantively enacted on 29 March 2011, effective from 1 April 2011 and a further reduction to 25% was substantively enacted on 5 July 2011 and will be effective from 1 April 2012. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge

5 Stock

	2011 £	2010 £
Work in progress	**1,358,862**	-

6 Debtors

	2011 £	2010 £
Amounts due from group companies	-	12,558,275
Other debtors	**23,533**	-

Notes *(continued)*

7 Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	**19,696**	-
Shares classified as liabilities	-	14,600,000
	19,696	14,600,000

8 Creditors: amounts falling due in more than one year

	2011	2010
	£	£
Amounts due to group companies	**1,383,531**	-

Although amounts due to the parent undertaking are technically repayable on demand, the company has received confirmation from the relevant parties that no repayment will be sought for at least 12 months from the date of approval of these financial statements.

9 Called up share capital

	2011	2010
	£	£
Authorised		
50 "A" Ordinary shares of £1 each	**50**	50
50 "B" Ordinary shares of £1 each	**50**	50
	100	100

	2011	2010
	£	£
Allocated, called up and unpaid		
50 "A" Ordinary shares of £1 each	**50**	50
50 "B" Ordinary shares of £1 each	**50**	50
	100	100

The A and B shares have equal voting rights and rank pari-passu as set out in the articles of the company.

Notes *(continued)*

10 Profit and loss account

	Special Reserve £	Profit and loss account £
At beginning of year	-	(2,041,825)
Loss for the year	-	(16,785)
Cancellation of share capital	14,600,000	-
Dividend paid	(12,558,175)	-
At end of year	2,041,825	(2,058,610)

On the 16th February 2011, a special resolution was passed to reduce the share capital of the company by cancelling the preference shares. The total amount was transferred to distributable reserves on the 16th February 2011, following registration of cancellation by the Registrar of Companies for Scotland.

11 Reconciliation of movements in shareholders' deficit

	2011 £	2010 £
(Loss)/profit for the financial year	(16,785)	39,441
Opening shareholders' deficit	(2,041,725)	(2,081,166)
Cancellation of share capital	14,600,000	-
Dividend paid	(12,558,175)	-
Closing shareholders' deficit	(16,685)	(2,041,725)

12 Contingent liabilities

At 31 December 2011, the company has, with certain other subsidiaries, jointly guaranteed the bank facilities available to the ultimate parent company, the Miller Group Limited, and certain of its subsidiaries.

In February 2012 The Miller Group Limited completed a restructuring of its existing bank facilities and secured significant new third party investment. The company, along with certain fellow subsidiaries is a joint guarantor of the new bank facilities.

The Group's banks have security by way of a debenture over the whole assets and undertakings of the company.

Notes *(continued)*

13 Post balance sheet events

In February 2012, The Miller Group Limited (Miller Developments Regeneration Limited's ultimate parent company) completed a restructuring of its existing banking facilities and secured significant new third party investment. As part of the refinancing the company's intercompany funding has been restructured in order to strengthen its financial position. This restructuring has also transformed Miller Developments Regeneration Limited's financial position from that shown in the balance sheet as at 31 December 2011

As part of the group refinancing, an amount due to Miller Developments Holdings Limited of £73,255, was waived for nil consideration. Had this taken place at 31st December 2011, the company would have had a net asset position of £56,570 rather than a reported net liabilities of £16,685.

14 Immediate and ultimate parent company

At 31 December 2011, the company's immediate parent company is Miller Developments Holdings Limited and its ultimate parent company is The Miller Group Limited. Both companies are registered in Scotland and incorporated in the United Kingdom.

The largest group in which the results of the company are consolidated is that headed by The Miller Group Limited. The consolidated financial statements of The Miller Group Limited and the financial statements of Miller Developments Holdings Limited are 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.

At the date of approval of these financial statements the company was controlled by GSO Capital Partners LP, a division of the Blackstone Group LP.