

# **Miller Developments Regeneration Limited**

## **Directors' report and financial statements**

For the year ended 31 December 2012

Registered number SC207809

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## Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012.

### Principal activity and business review

The principal activity of the company is that of property development. In 2011, the company acquired a 120 acre site at Linwood near Glasgow that previously accommodated a car tyre factory. During the year, following revision of the planning consent, 2 tranches of land were sold at the development site for a total of £1.6m.

### Results and dividends

The result for the year after providing for taxation amounted to a profit of £936,089 (2011: loss of £16,785). A dividend of £950,000 was paid during the year (2011: £12,588,175).

The principal activity of the company is that of property development.

In February 2012, The Miller Group Limited (Miller Development Regeneration Limited's ultimate parent company) completed a refinancing that equipped it with additional investment capital and a significantly strengthened balance sheet. This transaction provided:

- a significantly strengthened balance sheet
- refinancing of existing lender debt to provide five year committed facilities
- the platform to further develop the existing business
- support from a long-term investor group

The debt restructuring resulted in the conversion and waiver of £264m of existing bank debt for ordinary shares. New Group lending facilities of £238m have been made available to the Group for the period through to February 2017. In addition, a consortium led by GSO Capital Partners International has injected £160m of new equity share capital into The Miller Group Limited. These events have transformed the Miller Group's financial standing.

As part of the wider refinancing an exercise was undertaken in order to restructure the balance sheet of this company. The financial restructuring of this company comprised:

- Miller Developments Holdings Limited waived an intercompany loan due to it from the company of £73,255 for nil consideration

The movement in the net asset position of the company reflecting the effect of each of the transactions above, plus the profit for the year, is set out below:

	£
Net liabilities at 31 December 2011	(16,685)
Profit for year ending 31 December 2012	936,089
Capital contribution	73,255
Dividend paid	(950,000)
Net assets at 31 December 2012	<u>42,659</u>

**Directors' Report (continued)**

**Directors**

The directors who held office during the year and at the date of signing were as follows:

Phil Miller

Andrew Sutherland

David Milloy

Donald Borland

Euan Haggerty

John Richards (appointed 10 February 2012)

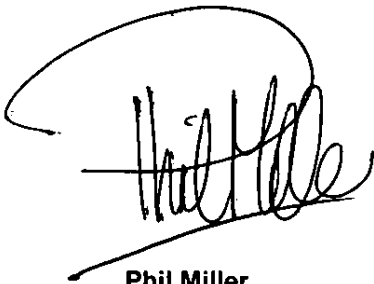
**Disclosure of information to auditor**

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

A handwritten signature in black ink, appearing to read 'Phil Miller', with a large, sweeping loop at the top left.

**Phil Miller**

*Director*

19 April 2013

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 judgements 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.

## **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 2012 set out on pages 5 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 3, 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 Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://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 2012 and of its profit 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**  
(Senior Statutory Auditor)  
*For and on behalf of KPMG LLP, Statutory Auditor*  
Chartered Accountants

25-4-2013

**Profit and loss account  
 for the year ended 31 December 2012**

	<i>Note</i>	<b>2012 £</b>	<b>2011 £</b>
Turnover	1	<b>1,583,083</b>	-
Cost of sales		<b>(647,338)</b>	(15,951)
<b>Gross profit/(loss)</b>		<b>935,745</b>	(15,951)
Administrative expenses		<b>(69)</b>	(957)
<b>Operating profit/(loss)</b>		<b>935,676</b>	(16,908)
Interest received		<b>413</b>	123
<b>Profit/(loss) on ordinary activities before taxation</b>	2	<b>936,089</b>	(16,785)
Tax on profit/(loss) on ordinary activities	4	-	-
<b>Profit/(loss) for the financial year</b>	10	<b>936,089</b>	(16,785)

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

The profit for the year has been derived from continuing operations

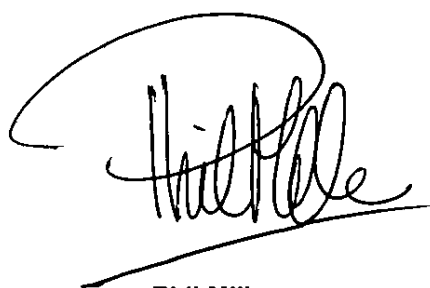
The notes on pages 7 to 11 form part of these financial statements.

**Balance sheet**  
**As at 31 December 2012**

	Note	2012 £	2011 £
<b>Current assets</b>			
Work in progress	5	1,612,430	1,358,862
Debtors	6	358,297	23,533
Bank		1,013,786	4,147
		<u>2,984,513</u>	<u>1,386,542</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(460,828)</u>	<u>(19,696)</u>
<b>Net current assets</b>		<u>2,523,685</u>	<u>1,366,846</u>
<b>Creditors: amounts falling due in more than one year</b>	8	<u>(2,481,026)</u>	<u>(1,383,531)</u>
<b>Net assets/(liabilities)</b>		<u>42,659</u>	<u>(16,685)</u>
<b>Capital and reserves</b>			
Called up share capital	9	100	100
Profit and loss account		42,559	(2,058,610)
Special reserve	10	-	2,041,825
<b>Shareholders' funds/(deficit)</b>	11	<u>42,659</u>	<u>(16,685)</u>

The notes on pages 7 to 11 form part of these financial statements.

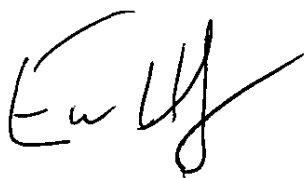
These financial statements were approved by the board of directors and were signed on its behalf by:



**Phil Miller**

Director

19 April 2013



**Euan Haggerty**

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 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, 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 immediate parent company Miller Developments Holdings Limited and through funds received from development sales. The funds provided by the immediate parent company at 31 December 2012 amounted to £2,480,400 (2011: £1,382,155).

Miller Developments Holdings Limited (MDHL), Miller Developments Limited (MDL) and Miller Holdings International Limited (MHIL) and their subsidiaries (including the company), operate as a largely autonomous developments division of The Miller Group Limited. The day to day working capital requirements of MDHL, MDL and MHIL are provided through cash generated by themselves and companies within the developments division.

The financing arrangements applicable to Miller Developments Regeneration Limited (and MDHL, MDL and MHIL) also form part of the wider financing arrangements of The Miller Group Limited. As explained in note 14, Miller Developments Regeneration Limited, (and MDHL, MDL and MHIL) are guarantors to The Miller Group Limited consolidated bank arrangements. In February 2012, The Miller Group Limited secured £160m of new equity investment and restructured its banking facilities with new Group lending facilities of £238m being made available through to February 2017.

In relation to the company's working capital requirements, the directors have prepared cash flow forecasts which indicate that the company and the developments division will continue to have sufficient resources available to it to continue in operational existence by meeting its day to day liabilities as they fall due for payment for a period of at least twelve months from the date of approval of these financial statements.

In light of the foregoing, the directors continue to believe that it remains appropriate to prepare the financial statements on a going concern basis.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated 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 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 shown in note 13

**Turnover**

Turnover represents income received from development land sales and other development activities and excludes value added tax. Turnover arises entirely in the United Kingdom.

**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 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.

**Notes (continued)**

**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.

**Dividends on shares presented within shareholders' funds**

Dividends unpaid at the balance sheet date 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.

**2 Profit/(loss) 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 (2011: nil). There were no employee or staff costs during the year (2011: nil).

**4 Taxation**

Analysis of charge/(credit) in year

	2012 £	2011 £
<i>UK corporation tax</i>		
Total current tax charge/(credit)	-	-
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	-	-
	<hr/> <hr/>	<hr/> <hr/>

*Factors affecting the tax charge/(credit) for the current year*

Current tax is lower than (2011: lower than) the standard rate of corporation tax in the UK 24.5 %, (2011: 26.5 %). The differences are explained below:

	2012 £	2011 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	936,089	(16,785)
	<hr/>	<hr/>
Current tax at 24.5% (2011: 26.5%)	229,341	(4,448)
Effects of:		
Group relief (received)/surrendered for nil consideration	(229,341)	4,448
	<hr/>	<hr/>
Total current tax (see above)	-	-
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduced the company's future current tax charge accordingly.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge.

**5 Stock**

	2012 £	2011 £
Work in progress	1,612,430	1,358,862

**6 Debtors**

	2012 £	2011 £
Trade debtors	12,123	-
Other debtors	346,174	23,533
	358,297	23,533

**7 Creditors: amounts falling due within one year**

	2012 £	2011 £
Trade creditors	105,689	19,696
Other creditors	355,139	-
	460,828	19,696

**8 Creditors: amounts falling due in more than one year**

	2012 £	2011 £
Amounts due to group companies	2,481,026	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.

During the year, the company's immediate parent company waived an amount of £73,255 for nil consideration as part of the Group refinancing.

Notes (continued)

9 Called up share capital

	2012 £	2011 £
<b>Authorised</b>		
50 "A" Ordinary shares of £1 each	50	50
50 "B" Ordinary shares of £1 each	50	50
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>
	2012 £	2011 £
<b>Allocated, called up and unpaid</b>		
50 "A" Ordinary shares of £1 each	50	50
50 "B" Ordinary shares of £1 each	50	50
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

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

10 Reserves

	Special Reserve £	Profit and loss account £
At beginning of year	2,041,825	(2,058,610)
Profit for the year	-	936,089
Transfer to profit and loss reserve	(2,041,825)	2,041,825
Capital contribution	-	73,255
Dividend paid	-	(950,000)
	<hr/>	<hr/>
At end of year	-	42,559
	<hr/>	<hr/>

11 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit/(loss) for the financial year	936,089	(16,785)
Opening shareholders' deficit	(16,685)	(2,041,725)
Cancellation of share capital	-	14,600,000
Capital contribution	73,255	-
Dividend paid	(950,000)	(12,558,175)
	<hr/>	<hr/>
<b>Closing shareholders' funds/(deficit)</b>	<b>42,659</b>	<b>(16,685)</b>
	<hr/>	<hr/>

**Notes (continued)**

**12 Contingent liabilities**

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 fixed security over the property assets of the company and a debenture over the whole assets and undertakings of the company.

**13 Immediate and ultimate parent company**

At 31 December 2012, the company's immediate parent company is Miller Developments Holdings Limited and its ultimate parent company is The Miller Group Limited. Miller Developments Holdings Limited is registered in England. The Miller Group Limited is registered in Scotland and both are 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, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

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