

Iliad Miller (No.2) Limited

Directors' Report and Financial Statements

31 December 2003

Registered Number SC225524



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Directors' Report and Financial Statements

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Directors' Report

The Directors have pleasure in presenting their report and audited financial statements for the period to 31 December 2003.

Results and Dividends

The result for the period is set out in the profit and loss account on page 4.

Activity

The principal activity of the company is that of property development. The directors consider the period end financial position to be satisfactory.

Directors and Directors' Interests

The Directors of the company during the period were:

David Anastasiou	
Eleftherios Eleftheriou	
Ian H MacKay	(resigned 14 February 2003)
Ewan T Anderson	
Darren Bell	(appointed 14 February 2003)

None of the Directors had any interest in the share capital of the company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Ewan T Anderson
Director

21 October 2004

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of Iliad Miller (No 2) Limited

We have audited the financial statements on pages 4 to 9.

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

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Directors' Report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of Audit Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor

27 October 2004

Profit and loss account

For the period ended 31 December 2003

	<i>Note</i>	12 months to 31 December 2003 £	14 months to 31 December 2002 £
Net interest payable	3	(98,637)	(117)
Loss on ordinary activities before taxation		<u>(98,637)</u>	<u>(117)</u>
Tax on ordinary activities	4	29,591	35
Retained loss for the period		<u>(69,046)</u>	<u>(82)</u>
Profit and loss reserve at start of period		(82)	-
Profit and loss reserve at end of period		<u><u>(69,128)</u></u>	<u><u>(82)</u></u>

There are no recognised gains or losses other than those disclosed above.

The result for the year is derived from continuing operations.

Balance sheet

As at 31 December 2003

	<i>Note</i>	2003 £	2002 £
Current assets			
Stocks	5	3,836,962	737,380
Debtors	6	40,850	72,077
		<hr/>	<hr/>
		3,877,812	809,457
Creditors: amounts falling due within one year	7	(3,946,840)	(68,386)
		<hr/>	<hr/>
Net current (liabilities)/assets		(69,028)	741,071
Creditors: amounts falling due in more than one year	8	-	(741,053)
		<hr/>	<hr/>
Net (liabilities)/assets		(69,028)	18
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		(69,128)	(82)
		<hr/>	<hr/>
Equity shareholders' (deficit)/funds		(69,028)	18
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 21 October 2004 and were signed on its behalf by:



Ewan T Anderson
Director

Notes

(Forming part of the financial statements)

1. Accounting policies

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

Basis of accounting

The accounts are prepared under the historical cost basis and in accordance with applicable Accounting Standards.

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

Going Concern

The company has been established to carry out a specific property development. The directors have adopted what they regard as the prudent policy of expensing interest as incurred. As a result of this policy the company has incurred a loss on its activities to date and has net liabilities as at 31 December 2003. The development being undertaken is progressing well and the company expects to make an overall profit when it is completed.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation 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.

Turnover

Turnover represents the invoiced value of sales and other services provided to third parties during the period, exclusive of value added tax.

Development work in progress

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

2. Directors emoluments

There were no emoluments paid to Directors of the company during the period.

3. Net interest payable

	12 months to 31 December 2003 £	14 months to 31 December 2002 £
Bank interest payable	98,637	117

Notes (continued)

4. Tax on ordinary activities

	2003 £	2002 £
UK corporation tax		
Total current tax	-	-
Deferred tax – taxable losses	(29,591)	(35)
	<hr/>	<hr/>
Tax on ordinary activities	(29,591)	(35)
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2002: higher) than the standard rate of corporation tax in the UK (30%, 2002: 30%).

	2003 £	2002 £
Current tax requirements		
Loss on ordinary activities before tax	(98,637)	(117)
Current tax at 30% (2002: 30%)	(29,591)	(35)
Effects of		
Deferred tax - originates at timing differences	29,591	35
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

5. Stocks

	2003 £	2002 £
Land work-in-progress	300,000	300,000
Development work-in-progress	3,536,962	437,380
	<hr/>	<hr/>
	3,836,962	737,380
	<hr/>	<hr/>

6. Debtors

	2003 £	2002 £
Amounts owed by parent undertakings	100	100
Deferred tax asset (see note 9)	29,626	35
Other debtors	11,124	71,942
	<hr/>	<hr/>
	40,850	72,077
	<hr/>	<hr/>

Notes (continued)

7. Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loan	3,557,531	-
Amounts owed to parent undertakings	19,361	-
Accruals and deferred income	369,948	68,386
	<u>3,946,840</u>	<u>68,386</u>

The bank loan, which is repayable by 30th April 2004 is guaranteed in part by Miller Residential Development Services Limited, and secured over all the company's property and assets.

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

	2003 £	2002 £
Bank Loan	-	741,053
	<u>-</u>	<u>741,053</u>

9. Deferred tax

	2003 Tax losses £	2002 Tax losses £
At beginning of year	35	-
Credited to profit and loss account	29,591	35
	<u>29,626</u>	<u>35</u>
At end of year (see note 6)	<u>29,626</u>	<u>35</u>

10. Called up share capital

	2003 £	2002 £
<i>Authorised, Allotted and fully paid:</i>		
50 Ordinary 'A' shares of £1 each	50	50
50 Ordinary 'B' shares of £1 each	50	50
	<u>100</u>	<u>100</u>

Both "A" and "B" shares have the same voting rights and rank pari passu as set out in the Memorandum and Articles of Association of the company.

Notes *(continued)*

11. Related party disclosures

The company is controlled jointly by The Miller Group Limited and Iliad Group Limited. During the period the company paid management fees and reimbursed construction costs and fees of £nil (2002:£176,250) to The Miller Group Limited and £nil (2002:£264,375) to Iliad Group Limited. At the year end £19,361 was owed to The Miller Group.

During the year the company paid fees to Andrew Louis Property Consultant Partnership of £29,625.

Eleftherios Eleftheriou and David Anastasiou jointly control Andrew Louis Property Consultant Partnership.