Miller Lochside View Limited

Directors' Report and Financial Statements

For the period ended 31 December 2005

Registered Number SC275002

Contents

Directors' Report

The Directors have pleasure in presenting their report and audited financial statements for the 14 months to 31 December 2005

Principal activities

The principal activity of the company is the holding of fixed assets for use in the group.

Business review

The company was incorporated on 21st October 2004 The company commenced business as a property investment company on 21st October 2004 The company made a loss for the period of £91,701

Proposed dividend

The directors do not recommend the payment of a dividend

Directors

The Directors of the company during the year were

M Wood	(Appointed 21/10/2004)
P H Miller	(Appointed 21/10/2004)

None of the Directors had any interest in the share capital of the company The interests of P H Miller in the shares of The Miller Group Limited, the parent company, are shown in the accounts of that company The interests of M Wood in the shares of The Miller Group Limited are shown in the accounts of Miller Developments Holdings Limited, the intermediate parent company.

Auditors

KPMG LLP were appointed as first auditors by the directors In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company will be proposed at a forthcoming annual general meeting

By order of the Board

P J Smyth
Secretary
18th August 2006

Edinburgh

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

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 Miller Lochside View Limited

We have audited the financial statements of Miller Lochside View Limited for the period ended 31 December 2005 which comprise Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the period from 21 October 2004 (date of incorporation) to 31 December 2005, and

- have been properly prepared in accordance with the Companies Act 1985

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Edinburgh

18 June **2006**

Profit and loss account

For the period ended 31 December 2005

	Note	14 months to 31 December 2005 £
Turnover		**1,384,103**
Cost of sales		**(124,635)**
Gross profit		**1,259,468**
Administrative expenses		**(671,353)**
Operating profit	3	**588,115**
Net interest payable	4	**(781,561)**
Loss on ordinary activities before taxation		**(193,446)**
Tax on loss on ordinary activities	5	**101,745**
Retained loss for the period	12	**(91,701)**

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

The loss for the period is derived from continuing operations

Balance sheet

As at 31 December 2005

	Note	2005 £
Fixed Assets	6	13,855,824
Current assets		
Debtors	7	6,056,158
		6,056,158
Creditors: amounts falling due within one year	8	(11,003,682)
Net current liabilities		(4,947,524)
Creditors: amounts falling due in more than one year	9	(9,000,000)
Net liabilities		(91,700)
Capital and reserves		
Called up share capital	11	1
Profit and loss account	12	(91,701)
Deficit in equity shareholders' funds		(91,700)

These financial statements were approved by the board of directors on 18th August 2006 and were signed on its behalf by.

P H Miller
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 financial statements have been prepared on the going concern basis as the parent company has indicated that it will continue to support the company

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

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 (or investees of the group qualifying as related parties) 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

Taxation

The charge for taxation is based on the profit for the period 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.

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows·

Freehold properties	2 per cent
Office equipment	10 to 20 per cent

Notes *(continued)*

2. Directors emoluments

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

During the period there were no employees of the company other than the directors

3. Loss on ordinary activities before taxation

	2005 £
Loss on ordinary activities before taxation is stated after charging·	
Auditors remuneration ·	
Audit	1,500
Other services	1,000
Depreciation of office equipment	582,820

4. Net interest payable

	2005 £
Interest payable – internal group	162,992
Bank interest payable	618,569
	781,561

5. Tax on ordinary activities

Analysis of charge in the period	2005 £
Deferred tax	
Origination/reversal of timing differences	101,745
Adjustments in respect of prior years	-
	101,745

Notes *(continued)*

Factors affecting the current tax charge for the period

The current tax charge for the period is less than the standard rate of corporation tax in the UK. 30% The differences are explained below.

	2005
	£
Current tax reconciliation	
Loss on ordinary activities before tax	**(193,446)**
Current tax at 30%	**(58,034)**
Effects of:	
Capital allowances for period in excess of depreciation	**(43,711)**
Total current tax credit	**(101,745)**

6. Fixed Assets

	Land & Buildings	**Office Equipment**	**Total**
	£	**£**	**£**
Cost			
At date of incorporation	-	-	-
Additions	14,102,814	335,830	14,438,644
At 31 December 2005	14,102,814	335,830	14,438,644
Depreciation			
At date of incorporation	-	-	-
Charge for period	329,066	253,754	582,820
At 31 December 2005	329,066	253,754	582,820
Net book value at 31 December 2005	**13,773,748**	**82,076**	**13,855,824**

Notes *(continued)*

7. Debtors

	2005
	£
Amounts owed by group undertakings	5,952,629
Other debtors	1,784
Deferred tax asset (note 10)	101,745
	6,056,158

8. Creditors: amounts falling due within one year

	2005
	£
Bank overdraft	8,299,979
Trade creditors	51,979
Amounts owed to group undertakings	2,632,849
Accruals & deferred income	18,875
	11,003,682

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

	2005
	£
Bank Loan	9,000,000

Analysis of debt

	2005
	£
Debt can be analysed as falling due·	
In five years or more	9,000,000

The bank term loan is repayable by January 2010 Interest is charged on the outstanding balance at 0.95% above basic rate The term loan is secured by a standard security over Miller House and a floating charge over Miller Lochside View

Notes *(continued)*

10. Deferred tax

	Tax losses 2005 £
At beginning of year	-
Credited to profit and loss account	101,745
At end of period (see note 5)	101,745
Accelerated capital allowances	43,711
Losses available for set off in future years	58,034
Deferred tax asset	101,745

11. Called up share capital

	2005 £
Authorised:	
100 Ordinary shares of £1 each	100
Allotted, called up and fully paid	
1 Ordinary share of £1 each	1

12. Profit and loss account

	2005 £
At date of incorporation	-
Loss for the period	(91,701)
At 31 December 2005	(91,701)

Notes *(continued)*

13. Reconciliation of movements in shareholders' funds

	2005 £
At date of incorporation	-
New share capital subscribed	1
Loss for the period	(91,701)
Closing shareholders' deficit	**(91,700)**

14. Ultimate parent company

The company's ultimate parent company is The Miller Group Limited, a company registered in Scotland The accounts of The Miller Group Limited can be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB