

# **Miller (Duloch 1) Limited**

## **Directors' Report and Financial Statements**

31 December 2006

Registered number SC286037



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## **Directors' Report**

The directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2006

### **Principal activity**

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

### **Results for the year**

The result for the year is set out in the profit and loss account.

### **Directors**

The directors of the company during the year were

Ewan T Anderson  
Brendan McShane  
Robert G Sneddon (resigned 31 August 2006)  
Donald Borland  
Andrew Riddle (appointed 13 November 2006)


### **Disclosure of information to auditors**

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 auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the Board



**Pamela J Smyth**  
Secretary

**12 June 2007**

## **Statement of Directors' Responsibilities**

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 (Duloch 1) Limited

We have audited the financial statements of Miller (Duloch 1) Limited for the year ended 31 December 2006 which comprise the 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 3, 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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP  
Chartered Accountants  
Registered Auditor  
Edinburgh

15 August 2007

**Profit and Loss Account**  
 For the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover		5,024,575	-
Cost of sales		(4,199,959)	-
<b>Gross profit</b>		<b>824,616</b>	-
Administrative expenses		(388,661)	-
<b>Operating profit</b>		<b>435,955</b>	-
Interest payable and similar charges	3	(189,710)	(69,947)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>246,245</b>	<b>(69,947)</b>
Tax on profit/(loss) on ordinary activities	4	(73,873)	20,723
<b>Retained profit/(loss) for the year</b>	<b>11</b>	<b>172,372</b>	<b>(49,224)</b>

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

**Balance Sheet**  
**As at 31 December 2006**

	Note	2006 £	2005 £
<b>Current assets</b>			
Stocks and work in progress	5	3,795,281	3,461,867
Debtors	6	789	20,724
		<hr/>	<hr/>
		3,796,070	3,482,591
<b>Creditors: amounts falling due within one year</b>	7	(2,263,770)	(189,570)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		1,532,300	3,293,021
<b>Creditors: amounts falling out with one year</b>	8	(1,409,151)	(3,342,244)
		<hr/>	<hr/>
<b>Net assets/(liabilities)</b>		123,149	(49,223)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss account	10	123,148	(49,224)
		<hr/>	<hr/>
<b>Shareholders' funds/(deficit)</b>	11	123,149	(49,223)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 12 June 2007 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 financial statements have been prepared under the historical cost basis of accounting and in accordance with applicable accounting standards

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's results are consolidated within its ultimate parent company, The Miller Group Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 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 in note 12

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the sale of new houses and is based on the selling price for the unit, net of any cash incentives, and is recognised on legal completion and receipt of cash

#### ***Development work in progress***

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

#### ***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 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

#### ***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

#### ***Staff numbers and costs***

The company has no employees The directors did not receive any remuneration from the company during the period



**Notes** *(continued)*

**2. Auditors remuneration**

	2006 £	2005 £
Auditors remuneration	620	600

**3. Interest payable and similar charges**

	2006 £	2005 £
Interest payable on bank loan	189,710	69,947

**4. Tax on profit/(loss) on ordinary activities**

Analysis of charge for the year

	2006 £	2005 £
<b>UK corporation tax:</b>		
Current tax on income in year	73,873	
Group relief receivable		(20,723)
Tax on loss on ordinary activities	73,873	(20,723)

***Factors affecting tax charge for year***

The current tax charge for the year is equal to (2005 higher than) the standard rate of corporation tax in the UK 30%

**Current tax reconciliation**

	2006 £	2005 £
Profit/(loss) on ordinary activities before tax	246,245	(69,947)
Current tax at 30%	73,873	(20,984)
<i>Effect of</i>		
Disallowed expenditure		261
Total current tax charge/(credit)	73,873	(20,723)

**Notes** *(continued)*

**5. Stocks and work in progress**

	2006 £	2005 £
Work in progress	3,795,281	3,461,867

**6. Debtors**

	2006 £	2005 £
Other debtors	788	
Amounts owed by parent undertaking	-	20,723
Unpaid share capital	1	1
	<u>789</u>	<u>20,724</u>

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

	2006 £	2005 £
Bank loan	1,653,350	
Accruals and deferred income	58,961	11,756
Amounts owed to fellow subsidiary undertaking	551,459	177,814
	<u>2,263,770</u>	<u>189,570</u>

**8. Creditors: amounts falling out with one year**

	2006 £	2005 £
Bank loan		2,524,303
Shareholder loan	1,409,151	817,941
	<u>1,409,151</u>	<u>3,342,244</u>

The bank loan is subject to interest at base rate plus 1.0% and final repayment is due to be made by 30 June 2007. The bank loan is secured against the company's assets. The shareholder loan is not subject to any interest charge and repayment is due subsequent to the repayment of the bank loan.

## Notes (continued)

### 9. Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up, but unpaid</i>		
1 Ordinary share of £1 each	1	1
	<hr/>	<hr/>

### 10 Profit and loss account

	2006 £	2005 £
At beginning of year	(49,224)	
Retained profit/(loss) for the year	172,372	(49,224)
	<hr/>	<hr/>
At end of year	123,148	(49,224)
	<hr/>	<hr/>

### 11. Reconciliation of movement in shareholders' funds

	2006 £	2005 £
Profit/(loss) for the year	172,372	(49,224)
New shares issued	-	1
	<hr/>	<hr/>
Total movements during the year	172,372	(49,223)
Shareholders' funds at beginning of year	(49,223)	
	<hr/>	<hr/>
Shareholders' funds/(deficit) at end of year	123,149	(49,223)
	<hr/>	<hr/>

### 12. Ultimate parent company

The company is a subsidiary undertaking of The Miller Group Limited which is the ultimate parent company incorporated in Scotland

The largest group in which the results of the company are consolidated is that headed by The Miller Group Limited, incorporated in Scotland. The smallest group in which they are consolidated is that headed by Miller Homes Holdings Limited, incorporated in Scotland. The consolidated financial statements of these groups are available to the public and may be obtained from The Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB