

Miller (Duloch 1) Limited

Directors' Report and Financial Statements

31 December 2008

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 2008.

Principal activity

The principal activity of the company is that of residential 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. The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year were:

Ewan T Anderson
Brendan McShane
Andrew Riddle (resigned 30 September 2008)
Moir J Kinniburgh

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/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

On behalf of the Board



Ewan T Anderson
Director

6 April 2009

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 and applicable law (UK Generally Accepted Accounting Practice).

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 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 Miller (Duloch 1) Limited

We have audited the financial statements of Miller (Duloch 1) Limited for the year ended 31 December 2008 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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. In addition we 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 2008 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

KPMG LLP
Chartered Accountants
Registered Auditor
Edinburgh

6 April 2009

Profit and Loss Account

For the year ended 31 December 2008

	<i>Note</i>	2008 £	2007 £
Turnover		215,000	6,003,407
Cost of sales		(193,239)	(5,248,330)
Gross profit		21,761	755,077
Administrative expenses		545	(365,086)
Operating profit		22,306	389,991
Interest payable and similar charges	3	-	(20,894)
Profit on ordinary activities before taxation	2	22,306	369,097
Tax on profit on ordinary activities	4	(6,517)	(110,729)
Profit for the financial year	10	15,789	258,368

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

Balance Sheet

As at 31 December 2008

	Note	2008 £	2007 £
Current assets			
Stocks and work in progress	5	828,153	1,074,431
Debtors	6	875	64
Cash at bank		-	108,047
		<u>829,028</u>	<u>1,182,542</u>
Creditors: amounts falling due within one year	7	<u>(431,722)</u>	<u>(801,025)</u>
Net assets		<u>397,306</u>	<u>381,517</u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	397,305	381,516
Shareholders' funds	10	<u>397,306</u>	<u>381,517</u>

These financial statements were approved by the board of directors on 6 April 2009 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.

The company is in the final stage of the development with only 6 units remaining to be sold. Having reviewed the company's cash flow forecasts, the directors are satisfied the company has sufficient resources available for it to be able to continue to fund the company's operations and, accordingly, the financial statements continue to be prepared 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'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 11.

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. Profit on ordinary activities before taxation

This is stated after charging:	2008	2007
	£	£
Auditors' remuneration	1,095	1,050
Management fees payable to fellow subsidiary (included in administrative expenses)	(545)	365,086
	<hr/>	<hr/>

3. Interest payable and similar charges

	2008	2007
	£	£
Interest payable on bank loan	-	20,894
	<hr/>	<hr/>

4. Tax on profit on ordinary activities

Analysis of charge for the year	2008	2007
	£	£
UK corporation tax:		
Group relief payable at 28% (2007: 30%)	6,246	110,729
Prior year adjustment	271	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	6,517	110,729
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Intercompany balances are stated after amounts due in respect of group relief receivable/ payable.

Factors affecting tax charge for year

The group relief payable of £6,246 is equal to (2007: equal to) the standard rate of corporation tax in the UK 28% (2007: 30%).

5. Stocks and work in progress

	2008	2007
	£	£
Work-in-progress	828,153	936,251
Part exchange properties	-	138,180
	<hr/>	<hr/>
	828,153	1,074,431
	<hr/>	<hr/>

Notes (continued)

6. Debtors

	2008 £	2007 £
Unpaid share capital	1	1
Other debtors	874	63
	<u>875</u>	<u>64</u>

7. Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts owed to fellow subsidiary undertaking	174,380	288,524
Loan owed to fellow subsidiary undertaking	254,152	509,151
Accruals and deferred income	3,190	3,350
	<u>431,722</u>	<u>801,025</u>

8. Called up share capital

	2008 £	2007 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up, and unpaid:</i>		
1 ordinary share of £1 each	1	1

9. Profit and loss account

	2008 £	2007 £
At beginning of year	381,516	123,148
Profit for the year	15,789	258,368
	<u>397,305</u>	<u>381,516</u>
At end of year		

Notes *(continued)*

10. Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Profit for the year	15,789	258,368
Shareholders' funds at beginning of year	381,517	123,149
Shareholders' funds at end of year	397,306	381,517

11. Immediate and ultimate parent company

The company's immediate parent company is Miller Homes Special Projects Portfolio Limited and its ultimate parent company is The Miller Group Limited. Both companies are registered in Scotland and incorporated in Great Britain and their accounts can be obtained from The Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.