Miller (Barrow) Limited

Directors' Report and Financial Statements

31 December 2009
Registered number SC290235

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Directors' Report

The directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2009.

Principal activity

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

Results and dividends

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
Michael H Brayshaw
Christopher J Endsor
Andrew J Noton
Moira J Kinniburgh
John S Richards (appointed 2 March 2009)

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

Pamela J Smyth
Secretary **27 April 2010**

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

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Independent auditors' report to the members of Miller (Barrow) Limited

We have audited the financial statements of Miller (Barrow) Limited for the year ended 31 December 2009 set out on pages 4 to 10. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 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.

28 April 2010

M Ross (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Profit and Loss Account

For the year ended 31 December 2009

	Note	2009 £	2008 £
Turnover	*1*	**4,414,215**	992,987
Cost of sales		**(4,238,930)**	(923,524)
Gross profit		**175,285**	69,463
Administrative expenses		**(2,145)**	(235,458)
Operating profit/(loss)		**173,140**	(165,995)
Interest payable and similar charges	*3*	**(130,058)**	(270,922)
Profit/(loss) on ordinary activities before taxation	*2*	**43,082**	(436,917)
Tax on profit/(loss) on ordinary activities	*4*	**(448)**	-
Profit/(loss) for the financial year	*10*	**42,634**	(436,917)

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

Balance Sheet
As at 31 December 2009

	Note	**2009** £	2008 £
Current assets			
Stocks and work in progress	*5*	**4,839,499**	8,774,402
Debtors	*6*	**30,436**	7,203
		4,869,935	8,781,605
Creditors: amounts falling due within one year	*7*	**(501,860)**	(8,764,942)
Total assets less current liabilities		**4,368,075**	16,663
Creditors: amounts falling out with one year	*8*	**(4,308,778)**	-
Net assets		**59,297**	16,663
Capital and reserves			
Called up share capital	*9*	**2**	2
Profit and loss account	*10*	**59,295**	16,661
Shareholders' funds	*11*	**59,297**	16,663

These financial statements were approved by the board of directors on 27 April 2010 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 financial statements have been prepared on the going concern basis. The company finances its day to day working capital requirements through a combination of funds advanced to the company by a fellow subsidiary undertaking and project specific bank term loan facilities.

As explained in note 8, the funds provided by a fellow subsidiary undertaking, which at 31 December 2009 amounted to £3,021,597, are not repayable until such time as the bank term loan facilities have been repaid and, only then, on the basis that the company has sufficient funds remaining, following repayment of the bank indebtedness, to settle the inter company indebtedness.

In relation to the company's short term working capital requirements, the directors have prepared cash flow forecasts which indicate that the company should continue to have sufficient resources available to it to enable 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.

The company's ultimate parent, The Miller Group Limited has indicated to the company that it will continue to provide it with such funds as are necessary to enable it to meet its liabilities as they fall due and that it will not seek repayment of the amounts currently made available. This support will continue for at least the next 12 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.

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. Where cash incentives are given the full cash amount is deducted from turnover. Where properties are sold under a shared equity scheme, up to 25% of the value of the property is offered to the customer by way of an interest free loan from a fellow subsidiary undertaking. In recognising the initial sale of the properties sold under shared equity schemes, the company includes the relevant value in turnover and in amounts due from fellow subsidiary undertakings.

Development work in progress

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

Notes *(continued)*

1. Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the year and takes in to account taxation deferred or accelerated 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 which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19. Deferred tax assets are recognised to the extent that these amounts are considered more likely than not to be recoverable in the foreseeable future.

Dividend 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

This is stated after charging:	**2009**	2008
	£	£
Auditors' remuneration	**370**	375
Management fee payable to fellow subsidiary (included as administrative expenses)	**-**	235,458

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

3. Interest payable and similar charges

	2009	2008
	£	£
Interest payable on bank loan	**130,058**	270,922

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

Analysis of charge for the year

	2009	2008
UK corporation tax:	**£**	£
Prior year adjustment	**(448)**	-
Tax on profit/(loss) on ordinary activities	**(448)**	-

Intercompany balances are stated after amounts due in respect of group relief receivable/ payable.

Notes *(continued)*

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

Factors affecting tax charge for year
The current tax charge for the year is lower than (2008: higher than) the standard rate of corporation tax in the UK of 28% (2008: 28.5%).

Current tax reconciliation	2009 £	2008 £
Profit/(loss) on ordinary activities before tax	**43,082**	(436,917)
Current tax at 28% (2008: 28.5%)	**12,063**	(124,521)
Effect of:		
Current year losses for which no deferred tax has been provided	**-**	124,521
Utilisation of brought forward losses	**(12,063)**	-
Prior year adjustment	**(448)**	-
Total current tax charge (see above)	**(448)**	-

There are tax losses carried forward of £50,378 for which no deferred tax asset has been recognised.

5. Stocks and work in progress

	2009 £	2008 £
Work in progress	**4,839,499**	8,311,467
Part exchange properties	**-**	462,935
	4,839,499	8,774,402

6. Debtors

	2009 £	2008 £
Unpaid share capital	**2**	2
Other debtors	**30,434**	7,201
	30,436	7,203

Notes *(continued)*

7. Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank loan (secured)	-	5,537,494
Loan owed to fellow subsidiary undertaking	-	3,021,597
Accruals and deferred income	158,762	14,997
Amounts from fellow subsidiary undertaking	343,098	190,854
	501,860	8,764,942

8. Creditors: amounts falling due out with one year

	2009	2008
	£	£
Bank loan (secured)	1,287,181	-
Loan from fellow subsidiary undertaking	3,021,597	-
	4,308,778	-

Final repayment of the bank loan is due to be made by 31 January 2011. The bank loan is secured against the company's assets and bears interest at commercial rates. The loan from the fellow subsidiary undertaking is not subject to any interest charge and repayment is due subsequent to the repayment of the bank loan and, only then, on the basis that the company has sufficient resources available to it to make such repayment.

9. Called up share capital

	2009	2008
	£	£
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up, and unpaid:		
2 ordinary shares of £1 each	2	2

10. Profit and loss account

	2009	2008
	£	£
At beginning of year	16,661	453,578
Profit/(loss) for the year	42,634	(436,917)
At end of year	59,295	16,661

Notes *(continued)*

11. Reconciliation of movement in shareholders' funds

	2009	2008
	£	£
Profit/(loss) for the year	**42,634**	(436,917)
Shareholders' funds at beginning of year	**16,663**	453,580
Shareholders' funds at end of year	**59,297**	16,663

12. Immediate and ultimate parent company

The company's immediate parent company is Miller Homes Holdings 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, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.