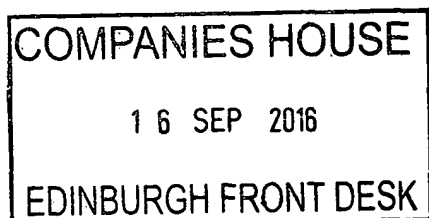


Miller Homes Cambuslang Limited

Annual report and financial statements

For the year ended 31 December 2015

Registered number SC337900



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Strategic report

The directors have pleasure in presenting their annual report and audited financial statements for the year ended 31 December 2015.

Business review

The principal activity of the company is that of residential property development. During the year the company traded as normal.

Results and dividends

The profit for the year ended 31 December 2015 is set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2014: £nil).

Principal risks and uncertainties

Miller Homes Cambuslang Limited ("the company") is part of the Miller Homes Holdings Limited group ("MHHL"). The directors are of the opinion that there is no difference between the principal risks and uncertainties between the company and MHHL. The principal risks and uncertainties of MHHL have been reported in the financial statements of MHHL, which can be obtained from the address as detailed in note 11.

Key performance indicators

The directors do not believe that an analysis using key performance indicators would enhance the understanding of the users of these financial statements, given the simplicity of the financial statements.

By order of the Board



Julie M Jackson
Company Secretary
14 September 2016

Miller House
2 Lochside View
Edinburgh
EH12 9DH

Directors' report

Directors

The directors of the company during the year and to the date of this report were as follows:

Ian Murdoch
Julie M Jackson
Donald Borland (resigned 31 March 2016)

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

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

By order of the Board



Julie M Jackson
Director
14 September 2016

Miller House
2 Lochside View
Edinburgh
EH12 9DH

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.



Independent auditor's report to the members of Miller Homes Cambuslang Limited

We have audited the financial statements of Miller Homes Cambuslang Limited for the year ended 31 December 2015 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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, and express an opinion on, 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 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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2015 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 Strategic Report and the Directors' 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.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of **KPMG LLP, Statutory Auditor**
Chartered Accountants
Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG

15 September 2016

Profit and loss account and Other comprehensive income

For the year ended 31 December 2015

		2015 £	2014 £
Turnover	1	2,029,142	8,672,643
Cost of sales		(1,440,025)	(6,720,035)
Gross profit		589,117	1,952,608
Administrative expenses		(3,671)	(3,500)
Operating profit		585,446	1,949,108
Interest receivable and similar income	3	748	-
Interest payable and similar charges	4	(15)	(52,942)
Profit on ordinary activities before taxation	2	586,179	1,896,166
Tax on profit on ordinary activities	5	-	-
Profit for the financial year		586,179	1,896,166

There are no items of Other comprehensive income other than those disclosed above.

The results for the financial year have been derived from continuing activities.

The notes on pages 8 to 14 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2015

	Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2014	2	(718,105)	(718,103)
Profit for the year	-	1,896,166	1,896,166
Balance at 31 December 2014	2	1,178,061	1,178,063
Profit for the year	-	586,179	586,179
Balance at 31 December 2015	2	1,764,240	1,764,242

The notes on pages 8 to 14 form part of these financial statements.

Balance sheet

As at 31 December 2015

	Note	2015 £	2014 £
Current assets			
Stocks	6	140,108	1,731,234
Debtors	7	1,697,507	2
Cash and cash equivalents		855	300
		<u>1,838,470</u>	<u>1,731,536</u>
Creditors: amounts falling due within one year	8	(74,228)	(553,473)
Total assets less current liabilities		<u>1,764,242</u>	<u>1,178,063</u>
Net assets		<u><u>1,764,242</u></u>	<u><u>1,178,063</u></u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account		<u>1,764,240</u>	<u>1,178,061</u>
Equity shareholders' funds		<u><u>1,764,242</u></u>	<u><u>1,178,063</u></u>

The notes on pages 8 to 14 form part of these financial statements.

These financial statements were approved by the board of directors on 14 September 2016 and were signed on its behalf by:



Ian Murdoch
Director

Notes

(Forming part of the financial statements)

1. Accounting policies

Miller Homes Cambuslang Limited (the "company") is a company limited by shares and incorporated and domiciled in the UK.

These company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the company has made no measurement and recognition adjustments.

The company's parent undertaking, Miller Homes Holdings Limited includes the company in its consolidated financial statements. The consolidated financial statements of Miller Homes Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the address in note 11. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the company has not retrospectively changed its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 10.

Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1. Accounting policies (continued)

Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons. The day to day working capital requirements of the company are provided through funds provided by its fellow subsidiary company, Miller Homes Limited. The directors of Miller Homes Limited have indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company, and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this subsidiary company support the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Basis of accounting

As the company's results are consolidated within its ultimate parent company, The Miller Homes Group (UK) Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 102 section 33 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).

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes (continued)

1. Accounting policies (continued)

Stocks and development work in progress

Stocks are stated at the lower of cost and net realisable value. Net realisable value in relation to land and work in progress is assessed by taking account of estimated selling price less all estimated costs of completion.

Land purchased on deferred payment terms is recorded at fair value. Any difference between fair value and the amount which will ultimately be paid is charged as interest payable in the income statement over the deferral period.

The purchase and subsequent sale of part exchange properties is an activity undertaken in order to achieve the sale of a new property. As such, the activity is regarded as a mechanism for selling. Accordingly, impairments and gains and losses on the sale of part exchange properties are classified as a cost of sale, with the sales proceeds of part exchange properties not being included in turnover.

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 balances with fellow subsidiary undertakings.

Interest receivable and Interest payable

Interest payable and similar charges includes interest payable on bank loans.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Notes (continued)

1. Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Expenses and auditor's remuneration

Included in the profit and loss are the following:	2015	2014
	£	£
<i>Auditor's remuneration:</i>		
Audit of these financial statements	2,785	2,800
<i>Amounts receivable by the company's auditors and their associates in respect of:</i>		
Other tax advisory services	700	700

The company has no employees (2014: nil). The directors did not receive any remuneration from the company during the year (2014: £nil).

3. Interest receivable and similar income

	2015	2014
	£	£
Interest receivable on bank balances	748	-

4. Interest payable and similar charges

	2015	2014
	£	£
Interest payable on bank loans	15	52,942

Notes (continued)

5. Taxation

	2015 £	2014 £
UK corporation tax:		
Total current tax charge	-	-
Tax charge for the year	-	-

Factors affecting tax charge for year

The current tax charge on the profit on ordinary activities for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%).

Tax reconciliation	2015 £	2014 £
Profit for the year	586,179	1,896,166
Total tax charge	-	-
Profit excluding tax	586,179	1,896,166
Current tax at 20.25% (2014: 21.50%)	(118,701)	(407,676)
<i>Effect of:</i>		
Utilisation of tax losses not previously recognised	-	216,518
Group relief received for nil consideration	118,701	191,158
Total tax charge	-	-

A reduction in the UK corporation tax rate to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. The Chancellor has announced additional planned reductions to 17% by 2020. This will reduce the company's future current tax charge accordingly.

6. Stocks

	2015 £	2014 £
Land	140,108	713,339
Work in progress	-	677,946
Part exchange properties	-	339,949
	140,108	1,731,234

Land and work in progress recognised as cost of sales in the year amounted to £1,475,926 (2014: £6,732,325). The write-down of stocks to net realisable value amounted to £nil (2014: £nil). The reversal of write-downs amounted to £nil (2014: £124,577). The write-down and reversal are included in cost of sales.

Notes (continued)

7. Debtors

	2015 £	2014 £
Amounts owed by fellow subsidiary undertakings	1,697,505	-
Unpaid share capital	2	2
	<u>1,697,507</u>	<u>2</u>

8. Creditors: amounts falling due within one year

	2015 £	2014 £
Accruals and deferred income	74,228	8,174
Loan from fellow subsidiary undertaking	-	545,299
	<u>74,228</u>	<u>553,473</u>

The loan from the fellow subsidiary undertaking was repaid during the year.

9. Called up share capital

	2015 £	2014 £
<i>Allotted, called up, and unpaid:</i>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

10. Accounting estimates and judgements

Key sources of estimation uncertainty

Carrying value of inventories

Inventories of land and development work in progress are stated at the lower of cost and net realisable value. Due to the nature of development activity and in particular, the length of the development cycle, the company has to allocate site wide development costs such as infrastructure between units being built and/or completed in the current year and those for future years. These estimates are reflected in the margin recognised on developments where unsold plots remain, and in the carrying value of land and work in progress. There is a degree of uncertainty in making such estimates.

The company has established internal controls that are designed to ensure an effective assessment is made of inventory carrying values and the costs to complete on developments. The company reviews the carrying value of its inventories on a quarterly basis with these reviews performed on a site by site basis using forecast sales prices and anticipated costs to complete based on a combination of the specific trading conditions of each site in addition to future anticipated general market conditions.

Notes (continued)

10. Accounting estimates and judgements (continued)

Critical accounting judgements in applying the company's accounting policies

The company believes that the major judgement applied is the use of the going concern principle which supports the valuation of assets included in the Balance sheet.

11. Immediate and ultimate parent company

The company's immediate parent company is Miller Homes Holdings Limited and its ultimate parent company is The Miller Homes Group (UK) Limited. Both companies are registered in Scotland and incorporated in Great Britain.

The largest group in which the results of the company are consolidated is that headed by The Miller Homes Group (UK) Limited. The smallest group in which they are consolidated into is that headed by Miller Homes Holdings Limited. The consolidated financial statements of these groups are available to the public and may be obtained from The Registrar of Companies, Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

At the date of approval of these financial statements the company was ultimately controlled by GSO Capital Partners LP, a division of the Blackstone Group LP.