

# **TMGL Holdings Limited**

## **Directors' report and financial statements**

For the year ended 31 December 2016  
Registered number SC412598

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

### Principal activity

The company is a holding company.

### Results and dividends

The company made a loss after tax of £2.7m (2015: profit of £25.1m) in the year. No dividend will be paid.

### Directors

The directors who held office during the year and up to the date of signing were as follows:

Christopher Endsor  
Ian Murdoch (appointed 1<sup>st</sup> April 2016)  
Donald Borland (resigned 31<sup>st</sup> 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 they ought to have taken as a director to make themselves 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.

On behalf of the Board



**Julie Jackson**

Secretary  
5<sup>th</sup> June 2017

2 Lochside View  
1<sup>st</sup> Floor  
Edinburgh Park  
Edinburgh  
EH12 9DH

## **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), 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.

# KPMG LLP

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG  
United Kingdom

## Independent auditor's report to the members of TMGL Holdings Limited

We have audited the financial statements of TMGL Holdings Limited for the year ended 31 December 2016 set out on pages 4 to 12. 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 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, 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 website at [www.frc.org.uk/auditscopeukprivate](http://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 2016 and of its loss 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 is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006

### 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Hugh Harvie   
(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 June 2017

## Profit and loss account

for the year ended 31 December 2016

|   | Note | 2016<br>£000   | 2015<br>£000    |
|---|------|----------------|-----------------|
| Administrative expenses - Normal                              |      | (2,164)        | (1,508)         |
| Administrative expenses – Exceptional                         | 3    | -              | (9,828)         |
| <b>Operating loss</b>   |      | <b>(2,164)</b> | <b>(11,336)</b> |
| <b>Gain on sale of investments</b>                            |      | <b>-</b>       | <b>34,727</b>   |
|   |      | (2,164)        | 23,391          |
| Interest  | 4    | (16)           | 67              |
| <b>(Loss) / profit on ordinary activities before taxation</b> |      | <b>(2,180)</b> | <b>23,458</b>   |
| Taxation  | 5    | (515)          | 1,678           |
| <b>(Loss) / profit for the financial year</b>                 |      | <b>(2,695)</b> | <b>25,136</b>   |

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

The notes on pages 7 to 12 form part of these financial statements.

## Balance sheet

as at 31 December 2016

|  | Note | 2016<br>£000    | 2015<br>£000    |
|--|------|-----------------|-----------------|
| <b>Fixed assets</b>  |      |                 |                 |
| Investments  | 6    | 125,000         | 125,000         |
| <b>Current assets</b>  |      |                 |                 |
| Debtors:   |      |                 |                 |
| Due within one year  | 7    | 451             | 6,464           |
| Due after more than one year                                   | 7    | 24,671          | 21,445          |
| Cash   |      | 56              | 4,116           |
|  |      | <u>25,178</u>   | <u>32,025</u>   |
| <b>Creditors: amounts falling due within one year</b>          | 8    | <u>(50,498)</u> | <u>(57,892)</u> |
| <b>Net current liabilities</b>                                 |      | <u>(25,320)</u> | <u>(25,867)</u> |
| <b>Total assets less current liabilities</b>                   |      | <u>99,680</u>   | <u>99,133</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 9    | <u>(24,795)</u> | <u>(21,553)</u> |
| <b>Net assets</b>  |      | <u>74,885</u>   | <u>77,580</u>   |
| <b>Capital and reserves</b>                                    |      |                 |                 |
| Called up share capital  | 10   | -               | -               |
| Share premium  |      | 50,304          | 50,304          |
| Profit and loss account  |      | 24,581          | 27,276          |
| <b>Equity shareholders' funds</b>                              |      | <u>74,885</u>   | <u>77,580</u>   |

The notes on pages 7 to 12 form part of these financial statements.

These financial statements were approved by the Board of Directors on 5<sup>th</sup> June 2017 and were signed on its behalf by:



**Ian Murdoch**  
Director

## Statement of changes in equity

|  | Called up<br>Share<br>capital<br>£'000 | Share<br>Premium<br>account<br>£'000 | Profit & loss<br>account<br>£'000 | Total<br>shareholders'<br>equity<br>£'000 |
|--|--|--------------------------------------|-----------------------------------|---|
| Balance at 1 January 2015                      | -                                      | 50,304                               | 2,140                             | 52,444                                    |
| <b>Total comprehensive income for the year</b> |  |                                      |                                   |   |
| Profit for the year                            | -                                      | -                                    | 25,136                            | 25,136                                    |
| Total comprehensive income for the year        | -                                      | -                                    | 25,136                            | 25,136                                    |
| <b>Balance at 31 December 2015</b>             | <b>-</b>                               | <b>50,304</b>                        | <b>27,276</b>                     | <b>77,580</b>                             |
| Balance at 1 January 2016                      | -                                      | 50,304                               | 27,276                            | 77,580                                    |
| <b>Total comprehensive income for the year</b> |  |                                      |                                   |   |
| Loss for the year                              | -                                      | -                                    | (2,695)                           | (2,695)                                   |
| Total comprehensive income for the year        | -                                      | -                                    | (2,695)                           | (2,695)                                   |
| <b>Balance at 31 December 2016</b>             | <b>-</b>                               | <b>50,304</b>                        | <b>24,581</b>                     | <b>74,885</b>                             |

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

TMGL Holdings Limited (the "company") is a company limited by shares and incorporated and domiciled in the UK.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These 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 amendments to FRS 102 issued in July 2015 and effective immediately have been applied. Amounts in the financial statements have been rounded to the nearest £1,000.

The company's ultimate parent undertaking includes the company in its consolidated financial statements. The consolidated financial statements are available to the public and may be obtained from the address provided 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;
- 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.

### ***Basis of preparation***

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 principal 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 support the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

### ***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.

**1. Accounting policies (continued)**

***Taxation***

The charge for taxation is based on the profit or loss 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 (including past trading losses) which have arisen but not reversed by the balance sheet date.

***Investments***

Investments are stated at cost less provision for permanent impairment.

**2. Expenses and auditor's remuneration**

Auditor remuneration of £1,000 (2015: £1,000) was borne by the ultimate parent company, The Miller Homes Group (UK) Limited, during the year.

No directors received remuneration from the company in respect of their services during the year. The directors are also directors of the ultimate parent company, The Miller Homes Group (UK) Limited, and their remuneration for services to the group is disclosed in the Group accounts. It is impractical to allocate their remuneration to individual group companies.

**3. Exceptional items**

|  | <b>2016</b><br><b>£000</b> | 2015<br>£000 |
|--|----------------------------|--------------|
| Waiver of loan to subsidiary undertaking | -                          | 8,148        |
| Restructuring costs                      | -                          | 1,680        |
|  | <u>-</u>                   | <u>9,828</u> |

**4. Interest**

|  | <b>2016</b><br><b>£000</b> | 2015<br>£000 |
|--|----------------------------|--------------|
| <u>Interest Payable</u>                    |                            |              |
| Shareholder loan interest                  | (3,242)                    | (1,553)      |
| <u>Interest Receivable</u>                 |                            |              |
| Interest on loan to subsidiary undertaking | 3,226                      | 1,445        |
| Other Interest receivable                  | -                          | 175          |
| <b>Net interest</b>                        | <u>(16)</u>                | <u>67</u>    |

**5. Taxation**

|                                       | <b>2016</b><br><b>£000</b> | 2015<br>£000 |
|---------------------------------------|----------------------------|--------------|
| <i>Analysis of charge in the year</i> |                            |              |
| <i>UK corporation tax</i>             |                            |              |
| Prior year credit                     | -                          | 778          |
| Deferred tax                          | (515)                      | 900          |
|                                       | <u>(515)</u>               | <u>1,678</u> |

The current tax charge for the year is higher (2015: tax credit is higher) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

**5. Taxation (continued)**

|   | 2016<br>£000        | 2015<br>£000        |
|---|---------------------|---------------------|
| (Loss) / profit on ordinary activities before tax | <u>(2,180)</u>      | <u>23,458</u>       |
| Current tax at 20% (2015: 20.25%)                 | 436                 | (4,750)             |
| Non-taxable income                                | -                   | 7,430               |
| Non-deductible expenses                           | (436)               | (1,721)             |
| Prior year charge                                 | (515)               | 778                 |
| Effect of change in rate                          | -                   | (59)                |
| <b>Total corporation tax (charge)/credit</b>      | <u><b>(515)</b></u> | <u><b>1,678</b></u> |

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) have also been substantively enacted.

These reductions will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 December 2016.

**6. Investments**

| <b><i>Shares in subsidiary undertakings</i></b> | <b>Cost<br/>£000</b>  |
|---|-----------------------|
| At start and end of year                        | <u><b>125,000</b></u> |

The principal undertakings in which the company's interests at the year end are more than 20% are as follows:

|                               | <b>Principal<br/>activities</b> | <b>Country of<br/>registration</b> | <b>Share<br/>capital %</b> |
|-------------------------------|---------------------------------|------------------------------------|----------------------------|
| Miller Homes Holdings Limited | Residential development         | Scotland                           | 100                        |
| Miller Homes Limited          | Residential development         | Scotland                           | 100                        |

**7. Debtors**

**Due within one year**

|                                  | 2016<br>£000      | 2015<br>£000        |
|----------------------------------|-------------------|---------------------|
| Other debtors                    | 66                | 944                 |
| Deferred taxation                | 385               | 900                 |
| Amounts due from group companies | -                 | 4,620               |
|                                  | <u><b>451</b></u> | <u><b>6,464</b></u> |

**Due after more than one year**

|                                  | 2016<br>£000         | 2015<br>£000         |
|----------------------------------|----------------------|----------------------|
| Amounts due from group companies | <u><b>24,671</b></u> | <u><b>21,445</b></u> |

Following the year end the amount due after more than one year was repaid.

**7. Debtors (continued)**

| <b>Deferred tax</b>     | <b>2016</b>  | <b>2015</b> |
|-------------------------|--------------|-------------|
|                         | <b>£000</b>  | <b>£000</b> |
| At beginning of year    | <b>900</b>   | -           |
| (Charge)/credit in year | <b>(515)</b> | 900         |
| <b>At end of year</b>   | <b>385</b>   | 900         |

The elements of the deferred tax balance calculated at 19% (2015: 19%) are as follows:

|            | <b>2016</b> | <b>2015</b> |
|------------|-------------|-------------|
|            | <b>£000</b> | <b>£000</b> |
| Tax losses | <b>385</b>  | 900         |

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

|                                 | <b>2016</b>   | <b>2015</b> |
|---------------------------------|---------------|-------------|
|                                 | <b>£000</b>   | <b>£000</b> |
| Amounts due to group companies  | <b>49,359</b> | 54,829      |
| Accruals                        | <b>1,130</b>  | 3,009       |
| Other taxes and social security | <b>9</b>      | 54          |
|                                 | <b>50,498</b> | 57,892      |

**9. Creditors: amounts falling due after more than one year**

|                        | <b>2016</b>   | <b>2015</b> |
|------------------------|---------------|-------------|
|                        | <b>£000</b>   | <b>£000</b> |
| Loan from shareholders | <b>24,795</b> | 21,553      |

The loan is due to certain shareholders of the ultimate parent company, The Miller Homes Group (UK) Limited. The loan is for a 5 year term and bears interest at 15% per annum, payable on redemption. Proceeds from the loan were lent on to the company's principal trading subsidiary, Miller Homes Limited, in equivalent terms. Following the year end the loan was repaid.

**10. Share capital**

|                              | <b>2016</b> | <b>2015</b> |
|------------------------------|-------------|-------------|
|                              | <b>£</b>    | <b>£</b>    |
| <b>Authorised and issued</b> |             |             |
| Ordinary shares of £1 each   | <b>4</b>    | 4           |

**11. Immediate and ultimate parent company**

At 31 December 2016, the company's ultimate parent company is The Miller Homes Group (UK) Limited. The company is registered in Scotland and incorporated in the United Kingdom.

The largest group in which the results of the company are consolidated is that headed by The Miller Homes Group (UK) Limited. The consolidated financial statements of The Miller Homes Group (UK) Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, 4<sup>th</sup> 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.

## 12. Group companies

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, associates and joint ventures and the effective percentage of equity owned as at 31 December 2016 are disclosed below. All companies are incorporated in the United Kingdom unless indicated below and engaged in housebuilding, commercial property and mining operations.

### **Directly held subsidiaries of the Company**

Miller Homes Holdings Limited - A  
Miller Homes UK plc - B  
Grain Holdco Limited - A  
L Williams & Co Limited - B  
Miller Mining Limited - A  
JH & L Coal Inc (Indiana, USA) - H  
James Miller & Partners Inc (Delaware USA) - H  
Miller Developments (South Wales) Limited - B

### **Indirectly held subsidiaries, associates and joint ventures**

#### **Miller Homes - Subsidiaries (all 100%)**

|   |   |
|---|---|
| Pennant Vehicle Leasing Limited - A             | Miller Homes Special Projects Portfolio Limited – A |
| Miller Homes Limited – A                        | Miller (Telford South) Limited – A                  |
| Birch Limited – B                               | Miller Homes (Eccles) Limited - B                   |
| Birch Homes Limited – B                         | Miller Homes St Neots Limited – A                   |
| Birch Commercial Limited - B                    | Miller Homes Two Limited – A                        |
| Arwinrise Limited – C                           | Miller Maidenhead Limited – B                       |
| Cussins Homes (Yorks) Limited – B               | Miller Residential (Northern) Limited – B           |
| Highfields Developments Limited – B             | Miller Shared Equity Limited – A                    |
| Emerald Shared Equity Limited – B               | FHL Nominees (No 1) Limited – B                     |
| James Miller & Partners Limited – A             | Fairclough Homes Limited – B                        |
| Land & City Properties (Bollington) Limited – A | Viewton Properties Limited – B                      |
| Lemmington Estates Limited – B                  | MF Development Company UK Limited – B               |
| Miller (Barrow) Limited – A                     | MF Development Funding Company UK Limited – B       |
| Miller (Cobblers Hall) Limited – B              | Miller Fairclough UK Limited – B                    |
| Miller (Telford North) Limited – A              | CDC2020 Limited – B                                 |
| Miller Airdrie Limited – B                      | Fairclough Homes Group Limited – B                  |
| Miller East Kilbride Limited – A                | Miller Fairclough Management Services Limited – B   |
| Miller Framwellgate Limited – B                 | MF Strategic Land Limited – B                       |
| Miller Fullwood Limited – B                     | Alderview Homes (Carrickstone) Limited – A          |
| Miller Gadsby (Burton Albion) Limited – B       | Miller Belmont Limited – A                          |
| Miller Homes (Yorkshire) Limited – A            | Miller Residential Development Services Limited – A |
| Miller Homes Cambridge Limited – B              | Lowland Plaid Limited – D                           |
| Miller Homes Cambuslang Limited – A             |   |
| Miller Homes City Quay Limited – B              |   |

**Group Companies (continued)**

**Miller Homes – Joint Ventures (all 50%)**

St Andrews Brae Developments Limited – E  
Miller Wates (Didcot) Limited – B  
Miller Wates (Southwater) Limited – B  
Miller Wates (Wallingford) Limited – B  
Miller Wates (Bracklesham) Limited – B  
College Street Residential Developments Limited - A  
Croftport Homes Limited – A  
Iliad Miller (No 2) Limited – A  
Iliad Miller Limited - A  
Mount Park Developments Limited – A  
Perth Land and Estates Limited – A  
Canniesburn Limited – F  
Lancefield Quay Limited – A  
Miller Applecross (Edinburgh Quay) Limited – A  
Miller Gadsby (Castle Marina) Limited – B  
Scotmid-Miller (Great Junction Street) Limited – A

**Miller Homes – Associates (45%)**

New Laurieston (Glasgow) Limited – G

**Miller Homes – Limited liability partnership (33.33%)**

Telford NHT 2011 LLP – A

The letter shown following the name of each related company identifies the address of the registered office of that company as follows:

- A – 2 Lochside View, Edinburgh
- B – 2 Centro Place, Pride Park, Derby
- C – Redburn Court, Earl Grey Way, North Shields
- D – 18 Bothwell Street, Glasgow
- E – Kent House, 14-17 Market Place, London
- F – Johnstone House, 52-54 Rose Street, Aberdeen
- G – 3 Cockburn Street, Edinburgh
- H – 420 South 25<sup>th</sup> Street, Terre Haute, Indiana, USA.