

Aqua Portfolio Limited

(Formerly Miller Properties (Aqua) Limited)

Directors' report and financial statements

For the year ended 31 December 2010

Registered number 5605478

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Contents

	Page No
Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and financial statements	2
Independent auditor's report to the members of Aqua Portfolio Limited	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Change of name

On the 26th January 2012, the company changed its name from Miller Properties (Aqua) Limited to Aqua Portfolio Limited

Business review, results and dividends

Until 29th February 2012, the company's principal activity was property development. On this date, the company sold all of its stock to The Royal Bank of Scotland and the directors took the decision to cease trading. As the directors intend to liquidate the company they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 16.

The company made a loss for the year of £9,115,054 (2009 profit of £671,723). No dividends were paid during the year (2009 nil).

Directors

The directors who held office during the year and to the date of signing were

Phil Miller

David Milloy

Andrew Sutherland

Donald Borland

Euan Haggerty (appointed 1 July 2011)

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 ought to have taken as a director to make himself 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 auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



Euan Haggerty
Director

14 June 2012

33 Bruton Street
London
W1J 6QU

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. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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 Aqua Portfolio Limited

We have audited the financial statements of Aqua Portfolio Limited for the year ended 31 December 2010 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). These financial statements have not been prepared on a going concern basis for the reason set out in note 1.

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 (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/private.cfm

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 2010 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 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



Hugh Harvie
(Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

13-6 . 2012

**Profit and loss account
 for the year ended 31 December 2010**

	Note	2010 £	2009 £
Turnover	2	1,641,661	1,540,151
Cost of sales - normal		(296,149)	(482,462)
- exceptional	3	(10,167,964)	-
Gross (loss)/profit		(8,822,452)	1,057,689
Administrative expenses		(951)	(41,007)
Operating (loss)/profit		(8,823,403)	1,016,682
Interest receivable	5	3,278	639
Interest payable	6	(294,929)	(345,598)
(Loss)/profit on ordinary activities before taxation	3	(9,115,054)	671,723
Tax on (loss)/profit on ordinary activities	7	-	-
(Loss)/profit for the financial year		(9,115,054)	671,723

The company has no recognised gains or losses other than the results for the above financial years

The results for the financial years have been derived from discontinuing activities

The notes on pages 6 to 10 form part of these financial statements

Balance sheet
As at 31 December 2010

	Note	2010 £	2009 £
Current assets			
Stock	8	12,235,000	22,526,867
Debtors	9	711,365	446,996
Cash at bank and in hand		1,214,788	1,420,732
		<u>14,161,153</u>	<u>24,394,595</u>
Creditors: amounts falling due within one year	10	<u>(34,612,686)</u>	<u>(17,057,474)</u>
Net current (liabilities)/assets		<u>(20,451,533)</u>	<u>7,337,121</u>
Creditors: amounts falling due in more than one year	11	<u>-</u>	<u>(18,673,600)</u>
Net liabilities		<u>(20,451,533)</u>	<u>(11,336,479)</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	<u>(20,451,534)</u>	<u>(11,336,480)</u>
Deficit in shareholders' funds	14	<u>(20,451,533)</u>	<u>(11,336,479)</u>

The notes on pages 6 to 10 form part of these financial statements

These financial statements were approved by the board of directors and were signed on its behalf by



Euan Haggerty

Director

14 June 2012

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 to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules. As required by FRS 18 21 and as permitted by SI 2008/420 Schedule 1 (10) (2), the directors have prepared the financial statements on the basis that the company is no longer a going concern.

On the 29th February 2012, the company sold all of its stock to The Royal Bank of Scotland for £12,235m. Also on this date, the company's immediate parent company, Miller Developments Holdings Limited waived the intercompany loan of £16,256,572 due to it by the company and the company's bankers The Royal Bank of Scotland agree to waive the remaining bank debt. At this point, the company was in a net assets position of nil and the directors took the decision to liquidate the company.

As the company is a wholly owned subsidiary of The Miller Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The Miller Group Limited, within which the company is included, can be obtained from the address given in note 15.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of The Miller Group Limited and its cash flows are included within the consolidated cash flow statement of that group.

Stocks

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 or accelerated 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.

2 Turnover

Turnover represents income received from the rental of commercial property and development sales and excludes value added tax. Turnover arises entirely in the United Kingdom.

Notes (continued)

3	(Loss)/profit on ordinary activities before taxation	2010 £	2009 £
	(Loss)/profit on ordinary activities before taxation is stated after charging		
	Write down of development work in progress	10,167,964	-

Auditor's remuneration is paid by a fellow subsidiary company, Miller Developments Limited and is disclosed in the accounts of that company

4 Directors and employees

There were no emoluments paid to directors during the year (2009 nil) There were no employee or staff costs during the year (2009 nil)

5 Interest receivable

	2010 £	2009 £
Bank interest	-	420
Other	3,278	219
	<u>3,278</u>	<u>639</u>

6 Interest payable

	2010 £	2009 £
Bank loans and overdrafts	294,929	345,598

Notes (continued)

7 Taxation

Analysis of charge in year

	2010 £	2009 £
<i>UK corporation tax</i>		
Current tax on (loss)/profit for the year	-	-
Total current tax	-	-

Factors affecting the tax (credit)/charge for the current year

Current tax (credit)/charge for the year is lower than (2009 lower than) the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below

	2010 £	2009 £
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(9,115,054)	671,723
Current tax at 28% (2009 28%)	(2,552,215)	188,082
Effects of		
Group relief received for nil consideration	-	(188,082)
Losses carried forward	(2,552,215)	
Total current tax charge (see above)	-	-

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010, a reduction to 26% was substantively enacted on 29 March 2011, effective from 1 April 2011 and a further reduction to 25% was substantively enacted on 5 July 2011 and will be effective from 1 April 2012. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge.

8 Stocks

	2010 £	2009 £
Development work in progress	12,235,000	22,526,867

Notes (continued)

9 Debtors

	2010 £	2009 £
Trade debtors	84,943	38,091
Other debtors	550,670	369,160
Prepayments and accrued income	75,752	39,745
	<u>711,365</u>	<u>446,996</u>

10 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loans	17,673,600	-
Amounts owed to fellow group companies	16,256,572	16,256,572
Trade creditors	43,513	6,728
Accruals and deferred income	308,182	558,494
Other creditors	212,524	179,025
Taxation and social security	118,295	56,655
	<u>34,612,686</u>	<u>17,057,474</u>

11 Creditors: amounts falling due in greater than one year

	2010 £	2009 £
Bank loans	-	18,673,600
	<u>-</u>	<u>18,673,600</u>
Analysis of debt		
Debt can be analysed as falling due		
Less than one year	17,673,600	-
Between one and two years	-	18,673,600
	<u>-</u>	<u>18,673,600</u>

The bank has security by way of a debenture over the whole assets and undertakings of the company and a first legal charge over the property

Notes (continued)

12 Share capital

	2010 £	2009 £
Authorised		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and unpaid		
1 Ordinary share of £1 each	1	1
	<u> </u>	<u> </u>

13 Profit and loss account

	2010 £
At beginning of year	(11,336,480)
Loss for the year	(9,115,054)
	<u> </u>
At end of year	(20,451,534)
	<u> </u>

14 Reconciliation of movements in deficit shareholders' funds

	2010 £	2009 £
(Loss)/profit for the year	(9,115,054)	671,723
Opening shareholders' deficit	(11,336,479)	(12,008,202)
	<u> </u>	<u> </u>
Closing deficit in shareholders' funds	(20,451,533)	(11,336,479)
	<u> </u>	<u> </u>

15 Immediate and ultimate parent company

At 31 December 2010, the company's immediate parent company is Miller Developments Holdings Limited and its ultimate parent company is The Miller Group Limited. Both companies are 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 Group Limited. The consolidated financial statements of The Miller Group Limited and the financial statements of Miller Developments Holdings Limited 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 controlled by GSO Capital Partners LP, a division of the Blackstone Group LP.

16 Post Balance Sheet event

In February 2012, The Miller Group Limited, (Aqua Portfolio Limited's ultimate parent company) completed a restructuring of its existing banking facilities and secured significant new third party investment.

Also on this date, the company's immediate parent company, Miller Developments Holdings Limited waived the intercompany loan of £16,256,572 due to it by the company and the company's bankers The Royal Bank of Scotland agree to waive the remaining bank debt of £2.8m.