

Miller Midco 1 Limited

Annual report and financial statements

For the year ended 31 December 2019

Registered number 10854094

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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 2019.

Business review

The principal activity of the company is that of an intermediate holding company.

Stakeholder engagement

Large private companies are required to report on how the directors have complied with their statutory duties under s172 of the Companies Act. Its aim is to promote the success of the company as a whole for the benefit of all stakeholders. We appreciate that stakeholder engagement for the wider group is important in establishing relationships with our employees, shareholders, customers, suppliers, lenders and wider society which not only underpins the good governance of the business but fosters greater understanding of the needs and concerns of our stakeholders. If we listen to our stakeholders and encourage positive relationships this will impact on the way we conduct business, our policies processes and procedures. This company is a holding company which holds bonds that are traded on the stock exchange, therefore the Bondholders are deemed to be the only stakeholder other than the shareholders.

Bondholders	What that means
<ul style="list-style-type: none"> • Quarterly results published on our website, provide all interested parties including bondholders and relationship banks, with access to regular financial information • Quarterly result calls enabling dialogue with the CEO, CFO and bondholders • Regular meetings the main UK lending institutions 	<p>We are committed to reporting our results on a quarterly basis to enable the Group's bondholders to receive timely and transparent financial information to assist them in their decision making. This is further supported by regular meetings. We believe that this approach, allied to our business performance, has resulted in excellent lender relationships.</p>

Principal risks and uncertainties

The principal risks and uncertainties for the company is its ability to pay amounts due under the terms of its shareholder loans, which is in turn dependent upon the ability of its subsidiary to pay the amounts due on the intercompany debt from it. Miller Midco 1 Limited ("the company") is part of the Miller Homes Group Limited Group ("MHGL"). The directors are of the opinion that there is no difference between the principal risks and uncertainties between the company and MHGL. The principal risks and uncertainties of MHGL have been reported in the financial statements of MHGL, which can be obtained from the address as detailed in note 10.

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
 Director
 27 February 2020

Miller House
 2 Lochside View
 Edinburgh
 EH12 9DH

Directors' report

Principal activity

The principal activity of the company is that of an intermediary holding company.

Results and dividends

As set out in the profit and loss account on page 7 neither a profit nor a loss was made during the year. No dividend was paid during the year.

Directors

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

Christopher Endors
Julie M Jackson
Ian Murdoch


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.

On behalf of the Board



Julie Jackson
Director
27 February 2020

2 Centro Place
Pride Park
Derby
DE24 8RF

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, 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 101 *Reduced Disclosure Framework*.

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 its profit or loss for that year. In preparing the 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLER MIDCO 1 LIMITED

1 Our opinion is unmodified

We have audited the financial statements of Miller Midco 1 Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and loss account and Other comprehensive income, Statement of changes in equity, Balance sheet and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 December 2019 and of the its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The Risk	Our Response
Parent Company Valuation of Investment £151.0m (2018: £151.0m) Risk direction: unchanged	Valuation of Investment There is a possibility that the carrying value of investments is not supported by either the net assets or forecast profitability of the underlying entities.	Our audit approach included: <ul style="list-style-type: none"> • Historical comparisons: Comparing budgeted and latest company information to assess the Company's ability to accurately forecast. • Sensitivity analysis: Performing sensitivity analysis on the assumptions utilised in forecasting information; • Assessing Transparency: We assessed the adequacy of the related disclosures in the financial statements

3 Our application of materiality and an overview of the scope of our audit

Materiality for the parent company financial statements as a whole was set at £1.0m (2018: £4.0m), determined with reference to a benchmark of total assets, of which it represents 0.35% (2018: 1.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £50,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, 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.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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.



Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG
11 March 2020

Profit and loss account and Other comprehensive income

For the year ended 31 December 2019 (comparative period from 6 July 2017 to 31 December 2018)

	Note	2019 £000	2018 £000
Finance costs	3	(11,983)	(17,903)
Finance income	4	11,983	17,903
Profit on ordinary activities before taxation	2	-	-
Tax on profit on ordinary activities	5	-	-
Profit for the financial year / period		-	-

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 10 to 14 form part of these financial statements.

Statement of changes in equity
 For the year ended 31 December 2019

	Share capital £000	Profit and Loss account £000	Total equity £000
As at 6 July 2017 (date of incorporation)	-	-	-
Result for the period	-	-	-
Transactions with others, recorded directly in equity			
Share capital issue	151,000	-	151,000
Balance at 31 December 2018	151,000	-	151,000
Result for the year	-	-	-
Balance at 31 December 2019	151,000	-	151,000

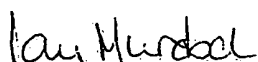
The notes on pages 10 to 14 form part of these financial statements.

Balance sheet
 As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	6	151,000	151,000
Current assets			
Debtors			
- due after one year	7	131,408	119,425
		131,408	119,425
Creditors: amounts falling due in more than one year	8	(131,408)	(119,425)
Net current assets		-	-
Net assets		151,000	151,000
Capital and reserves			
Called up share capital	9	151,000	151,000
Profit and loss account		-	-
Equity shareholders' funds		151,000	151,000

The notes on pages 10 to 14 form part of these financial statements.

These financial statements were approved by the board of directors on 27 February 2020 and were signed on its behalf by:



Ian Murdoch
 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

Miller Midco 1 Limited is a private company incorporated and domiciled in the UK. The register number is 10854094 and the registered address is, 2 Centro Place, Pride Park, Derby, DE24 8RF.

These financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- disclosures in respect of related party transactions;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and

As the consolidated financial statements of Miller Homes Group Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 *Financial Instrument Disclosures*:

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company is exempt by virtue of section 400 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.

Application of new and revised standards

The following new standard is effective for annual periods beginning on or after 1 January 2019.

- IFRS 16 – effective from 1 January 2019

There are no leases in the company therefore the new standard did not have any impact on the Company's Statement of Financial Position.

Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1. Accounting policies (continued)

Going concern

After making appropriate enquiries, the directors have assessed that the company has limited remaining working capital requirements and have a reasonable expectation that it has adequate resources to enable it to meet these liabilities as they fall due for payment for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the annual financial statements.

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 periods.

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.

Investments

Investments are held at cost less any provision for impairment.

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.

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.

Notes (continued)

2. Expenses and auditor's remuneration

	2019 £000	2018 £000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	2	2
	<u>2</u>	<u>2</u>

Auditor's remuneration was borne by Miller Homes Limited.

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

3. Finance costs

	2019 £000	2018 £000
Interest payable on shareholder loans	11,983	17,903
	<u>11,983</u>	<u>17,903</u>

4. Finance income

	2019 £000	2018 £000
Interest receivable on amounts owed by subsidiary undertaking	11,983	17,903
	<u>11,983</u>	<u>17,903</u>

5. Taxation

	2019 £000	2018 £000
Analysis of charge for the year		
UK corporation tax		
Total current tax charge	-	-
	<u>-</u>	<u>-</u>
Tax charge for the year	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge

The current tax charge for the year equals the standard rate of corporation tax in the UK of 19%. At the balance sheet date the corporate tax rate was enacted to reduce to 17% from 1 April 2020.

Notes (continued)

6. Investments		
	2019	2018
	£000	£000
Share capital in subsidiaries	151,000	151,000
	<u> </u>	<u> </u>

The principal investments of the company as at 31 December 2019 were:

	Share type	Principal activities	Share Holding
Miller Midco 2 Limited	Ordinary	Holding Company	100%

The registered address of the above company is 2 Centro Place, Pride Park, Derby, DE24 8RF.

7. Debtors: due after one year		
	2019	2018
	£000	£000
Amounts owed by subsidiary undertaking	131,408	119,425
	<u> </u>	<u> </u>

The amounts owed by subsidiary undertakings accrue interest at 10% per annum and fall due in 2027.

8. Creditors: amounts falling due in more than one year		
	2019	2018
	£000	£000
Shareholder loan	131,408	119,425
	<u> </u>	<u> </u>

The principal shareholder is disclosed in note 10 as the controlling party. The shareholder loan is listed on The International Stock Exchange. Amounts are repayable in 2027. Interest accrues at 10% per annum. The loan, including accrued interest, matures in 2027.

9. Called up shared capital		
	2019	2018
	£000	£000
<i>Allotted and fully paid:</i> 151,000,000 ordinary shares of £1	151,000	151,000
	<u> </u>	<u> </u>

Notes *(continued)*

10. Immediate and ultimate parent company

The company's immediate and ultimate parent company is Miller Homes Group Limited which is registered and incorporated in the United Kingdom.

The largest and smallest group in which the results of this company are consolidated is that headed by Miller Homes Group Limited. The consolidated financial statements are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ. The address of the company and of its ultimate parent company is 2 Centro Place, Derby, DE24 8RF.

At the date of approval of these financial statements the company was ultimately controlled by Bridgepoint, through BEV Nominees Limited as nominee for funds managed by Bridgepoint Advisers Limited, whose address is 95 Wigmore Street, London, W1U 1FB

11. Accounting estimates and judgements

Key sources of estimation uncertainty

The company believes that there are no areas of material estimation uncertainty which affect the financial results.