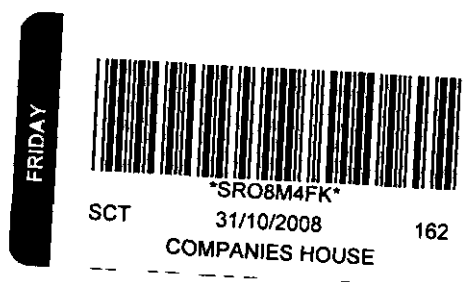


**MILLERBOS LIMITED**

**Directors' report and financial statements**

For the year ended 31 December 2007

Registered number SC209180



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

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## Directors' report

The directors present their report and audited financial statements for the year ended 31<sup>st</sup> December 2007

### Principal activities

The principal activity of the company is property development

### Business review

The loss for the financial year amounted to £2,000,016, (2006 profit of £14) The directors do not recommend the payment of a dividend

### Directors

The directors of the company during the year were

|              |   |
|--------------|---|
| DW Borland   | (appointed 20 August 2007)  |
| T M Deans    | (resigned 1 June 2007)  |
| P H Miller   |   |
| J M Jackson  | (resigned alternate director 1 June 2007 (appointed director 1 June 2007) |
| M Wood       | (resigned 20 August 2007)   |
| A Sutherland | (appointed 4 July 2007)   |

### Disclosure of information to auditors

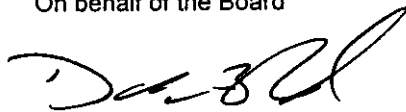
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Elective Resolutions

An elective resolution was signed by the members on 28<sup>th</sup> June 2001 to dispense with the following legal requirements

The holding of Annual General Meetings, the obligation to appoint auditors annually, the laying of accounts and reports before the Company in general meeting

On behalf of the Board



D W Borland  
Director  
27.10.2008

Edinburgh

## **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)

The financial statements are required by law to 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 year

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 proper accounting records that 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 1985. 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 auditors' report to the members of Millerbos Limited

We have audited the financial statements of Millerbos Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Director's Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK generally Accepted Accounting practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
KPMG LLP  
Chartered Accountants  
Registered Auditor

28 October 2008

**Profit and loss account**  
 for the year ended 31<sup>st</sup> December 2007

|  | <i>Note</i> | 2007<br>£   | 2006<br>£   |
|--|-------------|-------------|-------------|
| Turnover   | 2           | -           |             |
| Cost of sales                                      |             | (2,000,000) |             |
|  |             | <hr/>       | <hr/>       |
| <b>Gross profit</b>                                |             |             |             |
| Administrative expenses                            |             | (18)        |             |
|  |             | <hr/>       | <hr/>       |
| <b>Operating loss</b>                              |             | (2,000,018) |             |
| Interest receivable                                | 5           | 2           | 14          |
|  |             | <hr/>       | <hr/>       |
| <b>(Loss)/profit on activities before taxation</b> | 4           | (2,000,016) | 14          |
| Tax on (loss)/profit on ordinary activities        | 6           |             |             |
|  |             | <hr/>       | <hr/>       |
| <b>(Loss)/profit for the financial year</b>        |             | (2,000,016) | 14          |
|  |             | <hr/> <hr/> | <hr/> <hr/> |

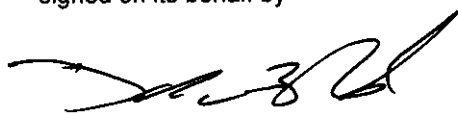
There are no recognised gains or losses for the year other than the (loss)/profit for the above financial years

The result for the year has been derived from continuing activities

**Balance sheet**  
 at 31 December 2007

|   | <i>Note</i> | 2007<br>£          | 2006<br>£      |
|---|-------------|--------------------|----------------|
| <b>Fixed assets</b>   |             |                    |                |
| Investments   | 7           | 11,646,966         | 7,300,050      |
| <b>Current assets</b>   |             |                    |                |
| Cash at bank and in hand                                      |             | 370                | 386            |
|   |             | <u>370</u>         | <u>386</u>     |
| <b>Creditors</b> amounts falling due within one year          | 8           | (1,875)            | (1,875)        |
| <b>Net current liabilities</b>                                |             | <u>(1,505)</u>     | <u>(1,489)</u> |
| <b>Total assets less current liabilities</b>                  |             | 11,645,461         | 7,298,561      |
| <b>Creditors</b> amounts falling due after more than one year | 9           | (13,651,352)       | (7,304,436)    |
| <b>Net liabilities</b>  |             | <u>(2,005,891)</u> | <u>(5,875)</u> |
| <br><b>Capital and reserves</b>                               |             |                    |                |
| Share capital   | 10          | 100                | 100            |
| Profit and loss account                                       | 11          | (2,005,991)        | (5,975)        |
| <b>Deficit in shareholders' funds</b>                         | 12          | <u>(2,005,891)</u> | <u>(5,875)</u> |

These financial statements were approved by the board of directors on 27 October 2008 and were signed on its behalf by



**D W Borland**  
 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 preparation**

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost basis of accounting

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £2,005,891, which the directors believe to be appropriate for the following reasons. Should the company require working capital it may call on its parent Company *Miller Developments Holdings Limited* for these funds. *Miller Developments Holdings Limited* has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds 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 undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### **Investments**

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

#### **Cash flow statement**

The company is exempt from the requirement of Financial Reporting Standard 1 (revised), 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 company.

As the company is a wholly owned subsidiary of The Miller group Limited, the company has taken advantage of the exemption contained in FRS8 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 this company is included, can be obtained from the address given in note 13.

### 2 Turnover

Turnover represents development sales and rental income. Turnover is stated net of Value Added Tax.

### 3 Remuneration of directors

There were no emoluments paid to directors during the year.

### 4 Auditors' remuneration

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



**Notes (cont'd)**

|          |                                       |                   |                   |
|----------|---------------------------------------|-------------------|-------------------|
| <b>5</b> | <b>Interest receivable</b>            | <b>2007</b>       | <b>2006</b>       |
|          |                                       | £                 | £                 |
|          | Interest on bank loans and overdrafts | 2                 | 14                |
|          |                                       | <u>          </u> | <u>          </u> |

|          |   |                   |                   |
|----------|---|-------------------|-------------------|
| <b>6</b> | <b>Taxation</b>                             | <b>2007</b>       | <b>2006</b>       |
|          |   | £                 | £                 |
|          | Analysis of charge in year                  |                   |                   |
|          | <b>UK Corporation tax</b>                   |                   |                   |
|          | Current tax on income for the year          | <u>          </u> | <u>          </u> |
|          | Tax on (loss)/profit on ordinary activities | <u>          </u> | <u>          </u> |

**Factors affecting the tax charge for the current year**

The current tax charge for the year is lower than (2006 lower than) the standard rate of corporation tax in the UK 30% (2006 30%) The differences are explained below

|   |                   |                   |
|---|-------------------|-------------------|
|   | <b>2007</b>       | <b>2006</b>       |
|   | £                 | £                 |
| <b>Current tax reconciliation</b>                       |                   |                   |
| (Loss)/profit on ordinary activities before tax         | (2,000,016)       | 14                |
|   | <u>          </u> | <u>          </u> |
| Current tax at 30% (2006 30%)                           | (600,005)         | 4                 |
| Effects of<br>Group relief surrendered<br>Marginal rate | 600,005           | (4)               |
|   | <u>          </u> | <u>          </u> |
| Total current tax charge (see above)                    | <u>          </u> | <u>          </u> |

|          |                      |                                 |                                |
|----------|----------------------|---------------------------------|--------------------------------|
| <b>7</b> | <b>Investments</b>   |                                 |                                |
|          |                      | <b>Shares in<br/>Subsidiary</b> | <b>Loans to<br/>Subsidiary</b> |
|          | <b>Cost</b>          | £                               | £                              |
|          | At beginning of year | 50                              | 7,300,000                      |
|          | Additional           | 50                              | 6,346,866                      |
|          |                      | <u>          </u>               | <u>          </u>              |
|          | At end of year       | <b>100</b>                      | <b>13,646,866</b>              |
|          |                      | <u>          </u>               | <u>          </u>              |
|          | <b>Provisions</b>    |                                 |                                |
|          | At beginning of year |                                 |                                |
|          | Impairment losses    |                                 | 2,000,000                      |
|          |                      | <u>          </u>               | <u>          </u>              |
|          | At end of year       |                                 | <b>2,000,000</b>               |
|          |                      | <u>          </u>               | <u>          </u>              |

**Notes (cont'd)**

**7 Investments (cont'd)**

|                       | Shares in<br>Subsidiary<br>£ | Loans to<br>Subsidiary<br>£ | Total<br>£ |
|-----------------------|------------------------------|-----------------------------|------------|
| <b>Net book value</b> |                              |                             |            |
| At 31 December 2006   | 50                           | 7,300,000                   | 7,300,050  |
| At 31 December 2007   | 100                          | 11,646,866                  | 11,646,966 |
|                       | 100                          | 11,646,866                  | 11,646,966 |

The company in which the company's interest is more than 20% is

| Name   | Country of<br>Incorporation | Principal<br>Activity   | Percentage<br>of Ordinary<br>Shares held | Profit for<br>the Year | Net Liabilities |
|--|-----------------------------|-------------------------|--|------------------------|-----------------|
| Miller<br>Developments<br>Regeneration UK<br>Ltd | UK                          | Property<br>Development | 100%                                     | £42,698                | £2,019,638      |

**8 Creditors' amounts falling due within one year**

|                 | 2007<br>£ | 2006<br>£ |
|-----------------|-----------|-----------|
| Other creditors | 1,875     | 1,875     |
|                 | 1,875     | 1,875     |
|                 | 1,875     | 1,875     |

**9 Creditors' amounts falling due after more than one year**

|                           | 2007<br>£  | 2006<br>£ |
|---------------------------|------------|-----------|
| Loan due to shareholders' | 13,651,352 | 7,304,436 |
|                           | 13,651,352 | 7,304,436 |
|                           | 13,651,352 | 7,304,436 |

There is no fixed repayment date and no interest has been charged on this amount

**10 Called up share capital**

|   | 2007<br>£ | 2006<br>£ |
|---|-----------|-----------|
| <b>Authorised, allotted, called up and fully paid</b> |           |           |
| A Ordinary shares of £1 each                          | 50        | 50        |
| B Ordinary shares of £1 each                          | 50        | 50        |
|   | 100       | 100       |
|   | 100       | 100       |

Only the A shares carry voting and distribution rights

**Notes** (cont'd)

| 11 | Profit and loss account | Profit and loss<br>account<br>£ |
|----|-------------------------|---------------------------------|
|    | At beginning of year    | (5,975)                         |
|    | Loss for the year       | (2,000,016)                     |
|    |                         | <hr/>                           |
|    | <b>At end of year</b>   | <b>(2,005,991)</b>              |
|    |                         | <hr/> <hr/>                     |

| 12 | Reconciliation of movement in shareholders' deficit | 2007<br>£          | 2006<br>£      |
|----|---|--------------------|----------------|
|    | Opening deficit in shareholders funds               | (5,875)            | (5,889)        |
|    | (Loss)/profit for the year                          | (2,000,016)        | 14             |
|    |   | <hr/>              | <hr/>          |
|    | <b>Closing deficit in shareholders' funds</b>       | <b>(2,005,891)</b> | <b>(5,875)</b> |
|    |   | <hr/> <hr/>        | <hr/> <hr/>    |

**13 Ultimate parent company**

The company's ultimate parent is The Miller Group Limited, which is registered in Scotland and incorporated in Great Britain. The accounts of The Miller Group Limited can be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB