Highfields Developments Limited

Directors' report and financial statements
For the year ended 31 December 2015
Registered number 5850751

Contents

Directors' report

The directors present their annual report and audited accounts for the year ended 31 December 2015.

Principal activity

The principal activity of the company is residential property development. All properties were sold during 2012.

Results and dividend

The result for the year ended 31 December 2015 is set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend (2014: £nil).

Directors

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

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

Disclosure of information to auditor

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

The directors have taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a Strategic report.

Auditor

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

By order of the Board

Julie M Jackson
Director
14 September 2016

2 Centro Place
Pride Park
Derby
DE24 8RF

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

Independent auditor's report to the members of Highfields Developments Limited

We have audited the financial statements of Highfields Developments Limited for the year ended 31 December 2015 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is in accordance with 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 web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its result 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in not preparing a Strategic report.

15 September 2016

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

Profit and loss account and Other comprehensive income
for the year ended 31 December 2015

	Note	**2015** **£000**	2014 £000
Administrative expenses		-	-
Loss on ordinary activities after taxation		-	-
Taxation		-	-
Loss on ordinary activities after taxation		-	-

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 7 to 11 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2015

	Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	-	5	5
Loss for the year	-	-	-
Balance at 31 December 2014	-	5	5
Loss for the year	-	-	-
Balance at 31 December 2015	**-**	**5**	**5**

The notes on pages 7 to 11 form part of these financial statements.

Balance sheet
As at 31 December 2015

	Note	**2015**	2014
		£000	£000
Current assets			
Debtors – amounts falling due within one year	*5*	**5**	-
Cash in bank and in hand		**-**	24
		5	24
Creditors: amounts falling due within one year	*6*	**-**	(19)
Net assets		**5**	5
Capital and reserves			
Called up share capital	*7*	**-**	-
Profit and loss account		**5**	5
Equity shareholders' funds		**5**	5

The notes on pages 7 to 11 form part of these financial statements.

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

Ian Murdoch

Ian Murdoch
Director

Notes
(forming part of the financial statements)

1. Accounting policies

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

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

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

The company's parent undertaking, Miller Homes Holdings Limited includes the company in its consolidated financial statements. The consolidated financial statements of Miller Homes Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the address in note 10. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1. Accounting policies *(continued)*

Going concern

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

Basis of accounting

As the company's results are consolidated within its ultimate parent company, The Miller Homes Group (UK) Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 102 section 33 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Basic financial instruments

Trade and other debtors / creditors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes *(continued)*

1. Accounting policies *(continued)*

Taxation

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

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

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

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

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

2. Auditor's remuneration

Auditor's remuneration was paid by a fellow subsidiary undertaking, Miller Homes Limited in both the current and prior year and is disclosed in the accounts of that company.

3. Staff numbers and costs

Other than directors, the company has no employees (2014: nil). The remuneration of the directors is borne by a fellow subsidiary undertaking.

4. Taxation

	2015	2014
	£000	£000
Analysis of credit in year		
UK corporation tax		
Total current tax credit	-	-
Tax credit for the year	-	-

Notes *(continued)*

4. Taxation *(continued)*

The current tax credit for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%) as explained below.

	2015	2014
	£000	£000
Tax reconciliation		
Loss for the year	-	-
Total tax credit	-	-
Loss excluding tax	-	-
Current tax at 20.25% (2014: 21.50%)	-	-
Effect of:		
Group relief surrendered for nil consideration	-	-
Total current tax credit	-	-

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

5. Debtors: Amounts falling due within one year

	2015	2014
	£000	£000
Amounts owed by fellow subsidiary undertaking	**5**	-

6. Creditors: Amounts falling due within one year

	2015	2014
	£000	£000
Amounts due to fellow subsidiary undertaking	-	19

7. Share capital

	2015	2014
	£	£
Allotted but unpaid		
2 Ordinary shares at £1 each	**2**	2

Notes *(continued)*

8. Contingent liabilities

The company, along with certain fellow subsidiaries is a joint guarantor of the group's bank facilities.

The group's bank has security by way of a debenture over the whole assets and undertakings of the company.

9. 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.

Critical accounting judgements in applying the company's accounting policies

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

10. Immediate and ultimate parent company

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

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

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