

MILLER INVESTMENTS NORTHERN LIMITED

Directors' report and financial statements

For the year ended 31 December 2004

Registered number SC60893



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 December 2004.

Principal activity

The principal activity of the company is that of commercial property development.

Results and dividend

The retained profit for the year was £134,051 (2003: £122,004). The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year were:


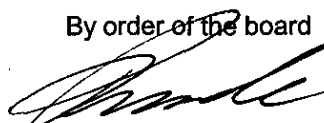
JS Richards
PH Miller

The directors had no interests in the shares of the company during the year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Pamela J Smyth
Secretary
22 July 2005

Edinburgh

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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.

Independent Auditors' report to the members of Miller Investments Northern Limited

We have audited the financial statements on pages 4 to 9.

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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP

Edinburgh

Chartered Accountants
Registered Auditors

1 September 2005

Profit and loss account
 For the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	2	55,712	112,358
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		55,712	112,358
Administrative expenses		(14)	(8,917)
		<hr/>	<hr/>
Operating profit		55,698	103,441
Interest receivable	4	216,037	172,857
Interest payable	3	(212,684)	(154,294)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		59,051	122,004
Tax on profit on ordinary activities	6	75,000	-
		<hr/>	<hr/>
Retained profit for the year		134,051	122,004
		<hr/>	<hr/>

There are no recognised gains or losses other than the profit for the year.

Balance sheet
at 31 December 2004

	Note	2004 £	2003 £
Fixed assets			
Investments	7	-	6,374,703
Current assets			
Debtors	8	5,746,705	1,658,593
Creditors: amounts falling due within one year	9	(3,879,732)	(6,300,374)
Net current assets/(liabilities)		<u>1,866,973</u>	<u>(4,641,781)</u>
Total assets less current liabilities		<u>1,866,973</u>	<u>1,732,922</u>
Net assets		<u>1,866,973</u>	<u>1,732,922</u>
Capital and Reserves			
Share capital	10	100	100
Profit and loss account	11	1,866,873	1,732,822
Equity shareholders' funds	12	<u>1,866,973</u>	<u>1,732,922</u>

These financial statements were approved by the board of directors on 22 July 2005 and were signed on its behalf by:



P H Miller
 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 accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

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 (or investees of the group qualifying as related parties). The consolidated financial statements of The Miller Group Limited, within which this company is included, can be obtained from the address given in note 15.

Development work in progress

Development work in progress is carried 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 and sale of property developments and arises entirely in the United Kingdom.

3 Interest payable

	2004 £	2003 £
To group companies	212,684	154,294
	<hr/>	<hr/>

4 Interest receivable

	2004 £	2003 £
Income from fixed asset investment loans	216,037	172,857
	<hr/>	<hr/>

Notes (cont'd)

5 Remuneration of directors

There were no emoluments paid to directors during the year or in the previous year.

6 Taxation

	2004 £	2003 £
Analysis of charge in period		
UK Corporation tax		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	(75,000)	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	(75,000)	-
	<hr/>	<hr/>
<i>Factors affecting the tax charge for the period</i>		

The current tax charge for the period is lower than (2003: equal to) the standard rate of corporation tax in the UK 30% (2003: 30%). The differences are explained below:

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	59,051	122,004
	<hr/>	<hr/>
Current tax at 30% (2003: 30%)	17,715	36,601
Effects of:		
Group relief received	(17,715)	(36,601)
Adjustment in respect of prior periods	(75,000)	-
	<hr/>	<hr/>
Total current tax (see above)	(75,000)	-
	<hr/>	<hr/>

The company's liability to corporation tax will be covered by way of group relief or met by Miller Investments Holdings Limited, for which no payment will be made.

7 Investments

	Joint ventures		Total
	Shares £	Loans £	£
Cost			
At beginning of year	101	6,374,602	6,374,703
Additions	-	1,216,037	1,216,037
Disposals / transfers	(101)	(7,590,639)	(7,590,740)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>

Notes (cont'd)

8 Debtors

	2004 £	2003 £
Trade debtors	4,895	34,653
Owed by group undertakings	5,741,810	1,623,940
	<u>5,746,705</u>	<u>1,658,593</u>

9 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	3,873,413	2,888,021
Amounts owed to group undertakings	6,267	3,405,788
Other creditors	52	6,565
	<u>3,879,732</u>	<u>6,300,374</u>

The overdraft is secured by an inter-company composite guarantee from The Miller Group Limited and certain subsidiaries also having access to the facility.

10 Share capital

	2004 £	2003 £
Equity		
<i>Authorised, allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Profit and loss account

	2004 £	2003 £
At beginning of year	1,732,822	1,610,818
Retained profit for the year	134,051	122,004
At year end	<u>1,866,873</u>	<u>1,732,822</u>

12 Reconciliation of movement in shareholders' funds

	2004 £	2003 £
Profit for the year	134,051	122,004
Opening shareholders' funds	<u>1,732,922</u>	<u>1,610,918</u>
Closing shareholders' funds	<u>1,866,973</u>	<u>1,732,922</u>

Notes (cont'd)

13 Contingent Liabilities

The company has with certain other subsidiaries, jointly guaranteed the unsecured multi-currency revolving credit facilities available to the parent company, The Miller Group Limited.

14 Related Party Transactions

The company had interests (details of which are set out in Note 7 to the Financial Statements) in Edinburgh Quay Limited and the Barnsley Miller Partnership Limited which were transferred to Miller Investments Holdings Limited during the year. Interest of £216,037 (2003: £172,857) was received from Edinburgh Quay Limited during the year ended 31 December 2004.

15 Ultimate parent company

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