

R.H.MILLER (LEISURE) LIMITED

Registered number: SC65346

Directors' Report and Financial Statements

For the year ended 31 January 2006



R.H.MILLER (LEISURE) LIMITED

Company Information

Directors

R H Miller
J C Mahoney

Secretary

JC Mahoney (appointed 16 June 2005)

Registered office

Fordel
Lauder Road
Dalkeith
EH22 2PH

Registered number

SC65346

Auditors

Scott-Moncrieff
Chartered Accountants
Registered Auditor
17 Melville Street
Edinburgh
EH3 7PH

Principal banker

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

R.H.MILLER (LEISURE) LIMITED

Financial Statements

For the year ended 31 January 2006

| Contents | Page |
|-----------------------------------|-------------|
| Directors' Report | 1 |
| Independent Auditors' Report | 2 |
| Profit and Loss Account | 3 |
| Balance Sheet | 4 |
| Notes to the Financial Statements | 5 - 10 |

R.H.MILLER (LEISURE) LIMITED

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 January 2006.

Principal activity

The principal activity and core business of the company continued to be petrol retailing and the provision of other leisure activities.

Directors and their interests

The directors during the year were:

R H Miller
J C Mahoney

Mr Miller is also a director of the parent company R.H.Miller (Group) Limited. Mr Miller's beneficial holding in that company is disclosed in the parent company's financial statements.

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 of the company for that period. 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

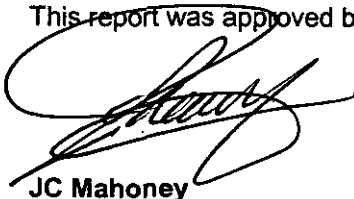
Auditors

The auditors, Scott-Moncrieff, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Small company exemptions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 26/6/2006 and signed on its behalf by:



JC Mahoney
Secretary

R.H.MILLER (LEISURE) LIMITED

Independent auditor's report to the shareholders of R.H.Miller (Leisure) Limited

We have audited the financial statements of R.H.Miller (Leisure) Limited for the year ended 31 January 2006 set out on pages 3 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on pages 5 to 6.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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.

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

Basis of 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 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 as at 31 January 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Scott-Moncrieff

**Scott-Moncrieff
Chartered Accountants
Registered Auditor**

**17 Melville Street
Edinburgh
EH3 7PH**

Date: 26 June 2006

R.H.MILLER (LEISURE) LIMITED**Profit and Loss Account****For the year ended 31 January 2006**

| | Note | 2006 £ | 2005 £ |
|---|-------------|--------------------|--------------------|
| Turnover | | 9,120,331 | 8,163,922 |
| Cost of sales | | <u>(7,896,176)</u> | <u>(7,026,572)</u> |
| Gross profit | | 1,224,155 | 1,137,350 |
| Administrative expenses | | (1,190,397) | (1,127,760) |
| Other operating income | 2 | <u>12,298</u> | <u>13,914</u> |
| Operating profit | 3 | 46,056 | 23,504 |
| Interest receivable | | 7,829 | 6,625 |
| Interest payable and similar charges | | <u>(48,824)</u> | <u>(40,665)</u> |
| Profit/(loss) on ordinary activities before taxation | | 5,061 | (10,536) |
| Tax on profit/(loss) on ordinary activities | 5 | <u>(4,095)</u> | <u>(364)</u> |
| Profit/(loss) on ordinary activities after taxation | 12 | <u>966</u> | <u>(10,900)</u> |

The notes on pages 5 to 10 form part of these financial statements.

R.H.MILLER (LEISURE) LIMITED

Balance Sheet

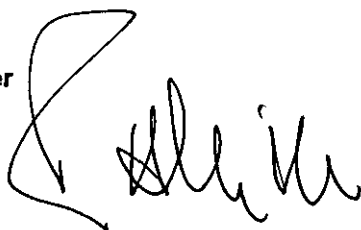
At 31 January 2006

| | Note | 2006 £ | 2005 £ |
|--|------|----------------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 6 | 93,464 | 127,919 |
| Current assets | | | |
| Stocks | 7 | 666,117 | 664,669 |
| Debtors | 8 | 1,368,761 | 941,051 |
| Cash at bank and in hand | | 1,614 | 1,009 |
| | | <u>2,036,492</u> | <u>1,606,729</u> |
| Creditors: amounts falling due within one year | 9 | <u>(1,870,433)</u> | <u>(1,414,246)</u> |
| Net current assets | | 166,059 | 192,483 |
| Total asset less current liabilities | | <u>259,523</u> | <u>320,402</u> |
| Creditors: amounts falling due after more than one year | 10 | <u>(165,735)</u> | <u>(227,580)</u> |
| Net assets | | <u><u>93,788</u></u> | <u><u>92,822</u></u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 90,000 | 90,000 |
| Profit and loss account | 12 | 3,788 | 2,822 |
| Shareholders' funds | | <u><u>93,788</u></u> | <u><u>92,822</u></u> |

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

The financial statements were authorised for issue by the board on 26/6/2006 and signed on its behalf by:

R H Miller
Director



The notes on pages 5 to 10 form part of these financial statements.

R.H.MILLER (LEISURE) LIMITED

Notes to the Financial Statements

For the year ended 31 January 2006

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Cash Flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement under the Financial Reporting Standard for Smaller Entities.

Turnover

Turnover is the value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculate to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|----------------------|-------------------------------|
| Heritable properties | - between 15 & 50 years |
| Plant and equipment | - 20% and 33.3% straight line |
| Motor vehicles | - 25% straight line |

Heritable buildings are depreciated to write down the cost less estimated residual value over their remaining useful life by equal annual instalments. Where buildings are maintained to such a standard that their residual value is not less than their cost or valuation, no depreciation is charged as it is not material.

Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Finance lease are those where substantially all of the benefit and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to provide a constant periodic rate of charge on the net obligation outstanding in each period.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

R.H.MILLER (LEISURE) LIMITED

Notes to the Financial Statements

For the year ended 31 January 2006

Deferred tax

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Pension costs

The company operates a defined contribution scheme in respect of its employees. The assets of the scheme are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year.

2 Other operating income

| | 2006 £ | 2005 £ |
|----------------------|---------------|---------------|
| Rent receivable | - | 2,022 |
| Sundry income | 4,166 | 4,167 |
| Commissions received | 8,132 | 7,725 |
| | <u>12,298</u> | <u>13,914</u> |

3 Operating profit

| | 2006 £ | 2005 £ |
|--|-----------|-----------|
| Operating profit is stated after charging: | | |
| Depreciation of tangible assets | 55,028 | 69,078 |
| Auditors' remuneration | 9,829 | 10,992 |
| Pension costs | 6,033 | 7,222 |
| | <u></u> | <u></u> |

4 Directors' emoluments

The directors did not receive any emoluments during the year.

During the year there were no retirement benefits accruing to directors in respect of money purchase pension schemes.

5 Taxation

| | 2006 £ | 2005 £ |
|-----------------------------------|----------------|--------------|
| UK corporation tax - current year | (4,095) | (1,016) |
| Deferred taxation | - | 652 |
| | <u>(4,095)</u> | <u>(364)</u> |

There were no factors that affected the tax charge for the year which has been calculated on the profit on ordinary activities before tax at the standard rate of corporation tax in the UK.

There were no factors that may affect future tax charges.

R.H.MILLER (LEISURE) LIMITED

Notes to the Financial Statements

For the year ended 31 January 2006

6 Tangible fixed assets

| | Plant and equipment £ | Motor vehicles £ | Total £ |
|---------------------------|-----------------------------|------------------------|------------|
| Cost | | | |
| At 1 February 2005 | 493,368 | 3,000 | 496,368 |
| Additions | 26,229 | - | 26,229 |
| Disposals | (18,752) | - | (18,752) |
| At 31 January 2006 | 500,845 | 3,000 | 503,845 |
| Depreciation | | | |
| At 1 February 2005 | 365,449 | 3,000 | 368,449 |
| Depreciation for the year | 55,028 | - | 55,028 |
| Disposals | (13,096) | - | (13,096) |
| At 31 January 2006 | 407,381 | 3,000 | 410,381 |
| Net book value | | | |
| At 31 January 2006 | 93,464 | - | 93,464 |
| At 31 January 2005 | 127,919 | - | 127,919 |

Included within fixed assets are assets held under finance lease and hire purchase agreements with a net book value of £29,772 (2005: £76,287). Depreciation charged on these assets during the year was £12,224 (2005: £18,958).

7 Stocks

| | 2006 £ | 2005 £ |
|--------|-----------|-----------|
| Stocks | 666,117 | 664,669 |

8 Debtors

| | 2006 £ | 2005 £ |
|------------------------------------|-----------|-----------|
| Trade debtors | 85,133 | 72,617 |
| Amounts owed by group undertakings | 1,195,316 | 836,464 |
| Other debtors | 29,092 | - |
| Prepayments and accrued income | 59,220 | 31,970 |
| | 1,368,761 | 941,051 |

Included within amounts owed by group undertakings is £680,821 (2005: £361,642) due by R.H. Miller (Agricultural) Limited and £514,495 (2005: £474,822) due by R.H. Miller (Group) Limited.

R.H.MILLER (LEISURE) LIMITED**Notes to the Financial Statements****For the year ended 31 January 2006****9 Creditors: amounts falling due within one year**

| | 2006 | 2005 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts | 1,174,504 | 866,323 |
| Trade creditors | 568,250 | 363,579 |
| Dividends payable | - | 56,000 |
| Corporation tax | 4,095 | 1,016 |
| Other taxation and social security | 18,623 | 10,741 |
| Finance lease and hire purchase | 14,744 | 28,498 |
| Other creditors | 27,252 | 26,293 |
| Accruals and deferred income | 62,965 | 61,796 |
| | <u>1,870,433</u> | <u>1,414,246</u> |

Bank loans and overdrafts amounting to £1,332,481 (2005: £1,071,401) are secured by a bond and floating charge over all the assets of the company. The bank loans and overdrafts are also secured by a cross company guarantee between the company, R.H. Miller (Group) Limited and R.H. Miller (Agricultural) Limited.

The bank loans are repayable over the next six years; interest is charged at 1.75% over the base rate.

10 Creditors: amounts falling due after more than one year

| | 2006 | 2005 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| Bank loans | 157,977 | 205,078 |
| Finance lease and hire purchase | 7,758 | 22,502 |
| | <u>165,735</u> | <u>227,580</u> |

Amounts are due within the following periods:

| | | |
|----------------------------|----------------|----------------|
| Between two and five years | 165,735 | 190,904 |
| In five years or more | - | 36,676 |
| | <u>165,735</u> | <u>227,580</u> |

See note 9 for details of the repayment terms and applicable rate of interest.

11 Share capital

| | 2006 | 2005 |
|---|----------------|----------------|
| | £ | £ |
| Authorised | | |
| 100,000 Ordinary Shares of £1 each | <u>100,000</u> | <u>100,000</u> |
| Allotted, called up and fully paid | | |
| 90,000 Ordinary Shares of £1 each | <u>90,000</u> | <u>90,000</u> |

R.H.MILLER (LEISURE) LIMITED

Notes to the Financial Statements

For the year ended 31 January 2006

12 Reserves

| | Profit and loss account £ |
|-----------------------|------------------------------------|
| At 1 February 2005 | 2,822 |
| Transfer for the year | 966 |
| At 31 January 2006 | <u>3,788</u> |

13 Operating lease commitments

At 31 January 2006 the company had annual commitments under non-cancellable operating leases as follows:

| | 2006 | | 2005 | |
|----------------------------|--------------------------|----------------------|--------------------------|----------------------|
| | Land & buildings £ | Other leases £ | Land & buildings £ | Other leases £ |
| Within one year | 7,500 | - | 7,500 | 4,393 |
| Between two and five years | 6,250 | 6,732 | - | 13,348 |
| Over five years | - | - | 6,250 | - |
| | <u>13,750</u> | <u>6,732</u> | <u>13,750</u> | <u>17,741</u> |

14 Pension commitments

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,033 (2005: £7,222).

At 31 January 2006 contributions amounting to £1,395 (2005: £1,395) were payable to the fund and are included in creditors.

The pension scheme is approved as a stakeholder scheme by the Inland Revenue.

15 Cross Guarantee

The company has a cross guarantee arrangement with the other group companies under which each company guarantees the obligations of the others to the group bankers without limit.

At 31 January 2006 group obligations amounted to £2,043,896 (2005: £1,143,914).

R.H.MILLER (LEISURE) LIMITED

Notes to the Financial Statements

For the year ended 31 January 2006

16 Related parties

The company is under the control of Mr R.H. Miller, the managing director and sole shareholder of R.H. Miller (Group) Limited. R.H. Miller (Group) Limited own 100% of the issued share capital of R.H. Miller (Leisure) Limited and R.H. Miller (Agricultural) Limited.

During the year the company paid rent and management charges to R.H. Miller (Group) Limited of £163,413 (2005: £161,262) and £72,453 (2005: £74,551) respectively.

At the year end, the balance due from R.H. Miller (Group) Limited was £514,495 (2005: £474,822).

At the year end, the balance due from R.H. Miller (Agricultural) Limited was £680,821 (2005: £361,642).

The amounts due from both companies are interest free and have no fixed terms of repayment.

Mr Miller has lent money to the company on an interest free basis. The amount due to Mr Miller at the year end was £27,252 (2005: £26,293).

The company rents premises from R.H. Miller (Agricultural) Limited Directors' Pension Scheme. During the year rent of £13,750 (2005: £13,750) was paid to the pension scheme. At the year end there were no amounts outstanding.

17 Controlling party

The ultimate controlling party is Mr R.H.Miller.

The ultimate parent company is R.H.Miller (Group) Limited, a company registered in Scotland.