

Miller Developments Southern Limited

Directors' report and financial statements

31st December 2001

Registered number SC178108



SCT SZ55MB97 0186
COMPANIES HOUSE 31/05/02

Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent Auditors' Report to the Members of Miller Developments Southern Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their report and audited accounts for the year ended 31 December 2001.

Principal activity

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

Business review

The loss after taxation for the year was £157,497 (2000: profit of £750,097)

Directors

The directors of the company during the year were:

J S Richards
P H Miller

The directors had no interests in the shares of the company during the year. Their interests in the shares of the present company are shown in the accounts of that company.

Auditors

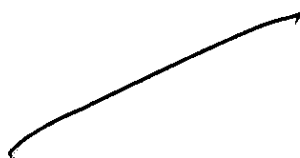
In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Iain L MacKinnon

Secretary

22nd May 2002



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 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;
- 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 Developments Southern Limited

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

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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG

Edinburgh

Chartered Accountants
Registered Auditors

29 May 2002

Profit and loss account
 for the year ended 31 December 2001

	Note	2001 £	2000 £
Turnover	2	4,361,549	6,091,068
Cost of sales		(2,681,129)	(4,296,999)
Gross profit		1,680,420	1,794,069
Administrative expenses		1,968	(16,798)
Operating profit	3	1,682,388	1,777,271
Interest payable	5	(1,587,328)	(1,027,518)
Interest receivable	6	1,373	344
Profit on ordinary activities before taxation		96,433	750,097
Taxation	7	(253,930)	-
Retained (loss)/profit for the year		(157,497)	750,097
Retained loss brought forward		(444,914)	(1,195,011)
Retained loss carried forward		(602,411)	(444,914)

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

Balance sheet
at 31 December 2001

	Note	2001 £	2000 £
Fixed Assets			
Investments	8	281,333	277,890
Current assets			
Stocks and work in progress	9	15,321,044	11,504,967
Debtors	10	9,922,526	5,735,086
		<u>25,243,570</u>	<u>17,240,053</u>
Creditors: amounts falling due within than one year	11	<u>(26,127,312)</u>	<u>(17,962,855)</u>
Net current liabilities		<u>(883,742)</u>	<u>(722,802)</u>
Net liabilities		<u>(602,409)</u>	<u>(444,912)</u>
Capital and reserves			
Share Capital	12	2	2
Profit and loss account	13	<u>(602,411)</u>	<u>(444,914)</u>
Equity shareholders' deficit		<u>(602,409)</u>	<u>(444,912)</u>

These accounts were approved by the board of directors on 22nd May 2002 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 basis of accounting.

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 14.

Development work in progress

Development work in progress is carried at cost plus attributable overheads or net realisable value if lower.

2 Turnover

Turnover represents income received from the rental and sale of property developments and arises entirely in the United Kingdom.

3 Operating profit

2001	2000
£	£

This is stated after charging.

Auditors' remuneration	-	1,000
	_____	_____

4 Remuneration of directors

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

Notes (continued)

5 Interest payable

	2001 £	2000 £
To Group Companies	1,587,328	1,026,795
To Third Parties	-	723
	<u>1,587,328</u>	<u>1,027,518</u>

6 Interest receivable

	2001 £	2000 £
From Third Parties	1,373	344
	<u>1,373</u>	<u>344</u>

7 Taxation

	2001 £	2000 £
UK Corporation Tax at 30%	28,930	-
Adjustment in respect of previous year	225,000	-
	<u>253,930</u>	<u>-</u>

8 Investments

Cost	Shares in Associated Undertaking £	Shares in Joint Ventures £	Loans to Joint Ventures £	Total £
At 31 December 2000	240	500	277,150	277,890
Additions	-	-	3,443	3,443
At 31 December 2001	<u>240</u>	<u>500</u>	<u>280,593</u>	<u>281,333</u>

The Joint Ventures and Associated Undertakings are:-

Joint Venture/ Associate	Principal Activity	Country of Registration	Ordinary Share Capital Owned
Lothian Fifty (523) Limited	Property Development	Scotland	50%
Retail and Leisure Developments Limited	Property Development	Scotland	50%
Quoin Estates and Developments Limited	Property Development	England	24%

Notes (continued)

9	Work in Progress	2001 £	2000 £
	Commercial development	15,321,044	11,504,967
10	Debtors	2001 £	2000 £
	Amounts owed by parent company and subsidiaries	9,625,995	5,560,165
	Trade debtors	125,076	13,381
	Other debtors	171,455	161,540
		9,922,526	5,735,086
11	Creditors: amounts falling due after more than one year	2001 £	2000 £
	Trade creditors	117,426	14,090
	Bank overdraft	24,578,454	16,866,044
	Amounts owed to parent company and subsidiaries	403,857	470,366
	Other taxation and social security	644,118	-
	Other	287,757	212,352
	Accruals and deferred income	95,700	400,003
		26,127,312	17,962,855
	The overdraft is secured by an inter-company composite guarantee from The Miller Group Limited and certain subsidiaries also having access to the facility.		
12	Share capital	2001 £	2000 £
	Equity		
	Authorised, allotted, called up and fully paid:		
	2 ordinary shares of £1 each	2	2

Notes (continued)

13 Reconciliation of movement in shareholders' deficit

	2001 £	2000 £
(Loss)/Profit for the year	(157,497)	750,097
Opening shareholders' deficit	(444,912)	(1,195,009)
	<hr/>	<hr/>
Closing shareholders' deficit	(602,409)	(444,912)
	<hr/>	<hr/>

14 Contingent Liabilities

The company has jointly guaranteed the unsecured multi-currency overdraft facility of The Miller Group Limited and certain subsidiaries.

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.